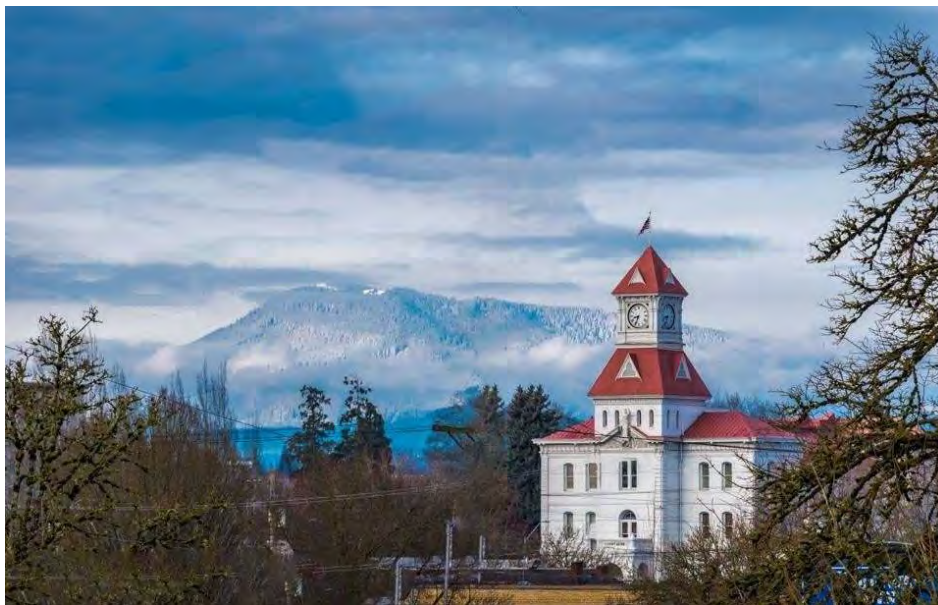


**BENTON COUNTY, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2021**



*Benton County Historic Courthouse*

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Prepared by:  
Financial Services Department  
Mary Otley, CPA  
Chief Financial Officer

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# INTRODUCTORY SECTION



*Mary's Peak at Sunset*



**Finance, Auditing & Tax Collection**  
4077 SW Research Way  
P.O. Box 964  
Corvallis OR 97339-0964

(541) 766-6767  
FAX (541) 766-6848

December 31, 2021

To the Honorable Members of the Board of Commissioners  
and Citizens of Benton County, Oregon

We are pleased to submit the County's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021, together with the report thereon of Benton County's independent auditors. This report is published to provide the Board of County Commissioners, our citizens, County staff, and other readers with detailed information about the financial position and results of operations of the County, and to demonstrate fiscal and operational accountability in the use of County resources. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with Benton County management. To provide a reasonable basis for making these representations, management has established an internal control structure designed to safeguard County assets against loss, theft, or misappropriation, and to compile sufficient, reliable information for the preparation of the County's financial statements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

### **THE REPORT**

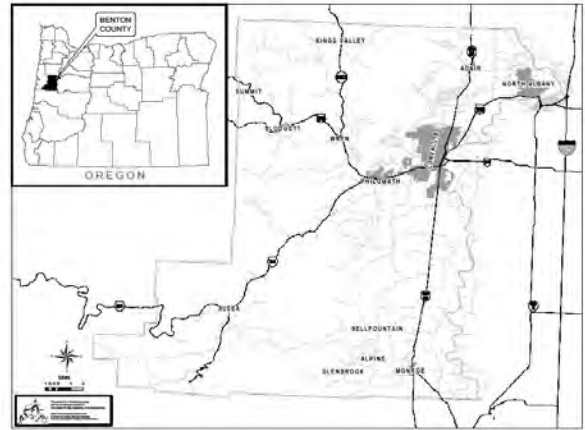
In accordance with Oregon law, SingerLewak LLP has audited the County's basic financial statements. The objective of the audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2021, are free of material misstatement. The audit was conducted in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in Governmental Auditing Standards issued by the comptroller General of the United States, and Minimum Standards for Audits of Oregon Municipal Corporations as prescribed by the Secretary of State, State of Oregon. The unmodified opinion rendered in this report indicates that the financial statements were prepared in accordance with generally accepted accounting principles (GAAP) accepted in the United States of America and meet the standards prescribed by the Secretary of State. The auditor's report on these financial statements is located in the Financial Section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

## **PROFILE OF BENTON COUNTY, OREGON**

Benton County was incorporated December 23, 1847, and is located along the Willamette River, approximately 40 miles from the Pacific Ocean. The County includes an area of 679 square miles, has a population of 92,901 and a true cash value of \$15,133,873,561.

Benton County is governed according to its Home Rule Charter, which became effective January 1973. The County's charter adopted in 1973 has had several subsequent amendments. The County is governed by a Board of Commissioners, consisting of three full-time commissioners, who are elected to four-year terms. The Board of Commissioners conducts all legislative business of the County.



Benton County provides a full range of services including public safety, health services, park facilities, public works, assessment and tax collection for all county taxing districts, juvenile services, corrections and probation, community development and internal administrative support. Alsea, Alpine, Cascade View, Hidden Valley and South Third County Service Districts provide sewer and water services as legally separate County Service Districts, which function, in essence, as departments of the County and therefore have been included as integral parts of the County's financial statements. These "blended component units" are reported within the Business-Type portion of the financial statements. Benton County Library Services District, OSU Agricultural Extension Service District, Alsea Human Services Service District, and 911 Emergency Communications Services County Service District are legally separate taxing entities which function as departments of Benton County and are also included in the County's financial reports. These "blended component units" are reported as part of the Special Revenue Funds. Additional information on these eight entities can be found in Note 1 of the notes to the financial statements.

The County's biennial budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County's budget is adopted by the Board of Commissioners by fund and by program. The expenditure appropriations lapse at the end of the biennium. Additional resources and corresponding appropriations may be added to the budget during the biennium through a supplemental budget process. Original and supplemental budgets may be modified during the biennium by the use of appropriation transfers between categories. Appropriation transfers must be approved by the Board of Commissioners in public meetings. During the first year of the biennium, 2 supplemental budgets were adopted.

Budget to actual comparisons are provided in this report for each individual fund for which an appropriated budget was adopted. For the General, Road Fund, Local Option Levy Fund, and American Rescue Plan Fund this comparison is provided in the Required Supplementary Information. For all other funds with appropriated budgets, this comparison is presented in the other supplementary section of this report.

## **ECONOMIC CONDITIONS AND OUTLOOK**

With 50% of the revenue dependent on resources from state and federal governments, state fiscal condition is a critical issue for county government. As the state has increased and/or cut back the resources it provides to county programs, the County has made adjustments in staff and services.

In Oregon, the issue is further compounded by the fact that voters approved three property tax reform measures that reduced local district's ability to raise funds through local property tax increases.

Benton County, unlike any other area in the region shows a small percentage (16.2%) of its population aged 65 and older and a large percentage (20.4%) of its population under 19 years of age. The large student population at Oregon State University affects the percentage of 15 to 24 year olds.

The City of Corvallis and Benton County have maintained a strong employment base. The Corvallis Metropolitan Statistical Area was at a 8.4% unemployment rate in July, 2021, compared to the state average of 10.6%. The 5% increase from the same time in 2019 is almost solely attributable to the Coronavirus Pandemic. Three of the top ten employers in Corvallis have developed into regional economic drivers. Oregon State University, with its main campus in Corvallis also has campuses in Newport and Bend and is expanding its online presence. Samaritan Health Services and the Corvallis Clinic continue to expand in the mid-Willamette Valley area.

State and local education make up the County’s largest industry, accounting for approximately 12,031 jobs or 25% of the total work force. State and local education includes the local public school districts as well as Oregon State University (OSU). OSU is one of only two universities in the country designated as a combined land, space, sea, and sun grant university. OSU enrolls approximately 26,500 students and employs approximately 11,196 people. OSU serves as Oregon’s leading source of basic applied research in forestry, agriculture, fisheries, engineering, electronics, home economics and sciences for the development of human, land, atmospheric and oceanic resources and receives more than \$250 million in annual funded research, making OSU one of the nation’s leading research universities. Other federal and state and local public administration employment totals approximately 3,278 jobs or 8.9% of the total work force.

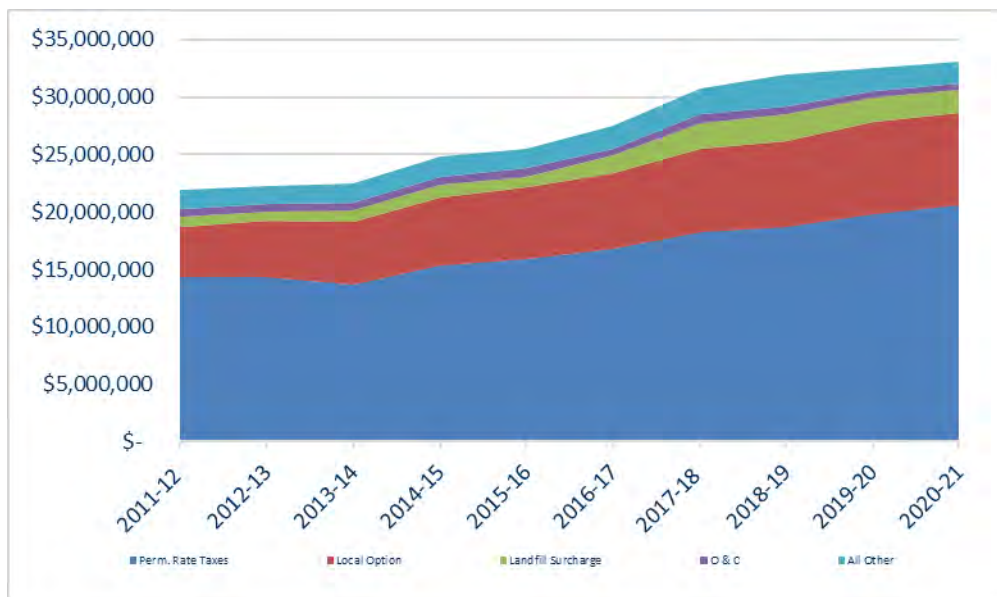
**Outlook**

Benton County is in sound fiscal position due to years of conservative financial management. In November of 2017, voters renewed a Health and Safety five year local option levy. This levy was renewed for 5 years.

The 2017 levy approved a maximum of 90 cents per thousand dollars of assessed value.

The County’s major general revenues come from property tax, the Oregon & California Forest funds, and a surcharge on landfill use. Over the last 10 years the percentage of general revenues from property tax has increased from 70% to 83% of all general revenues. The following chart shows the change in general revenues over the last ten years.

**Benton County General Revenues – 2011-12 through 2020-21**



**MAJOR INITIATIVES**

Facilities Improvements – In February of 2020, the County purchased an office building for \$7.25 million. This building is intended to consolidate several departments currently located in various buildings throughout the county. Departments anticipated to be located in the building include the Board of Commissioners, County Counsel, Records and Elections, Financial Services, Human Resources, Assessment, Information Technology, Juvenile Services and Community Development. The County also began construction of a new Lincoln Health Center.

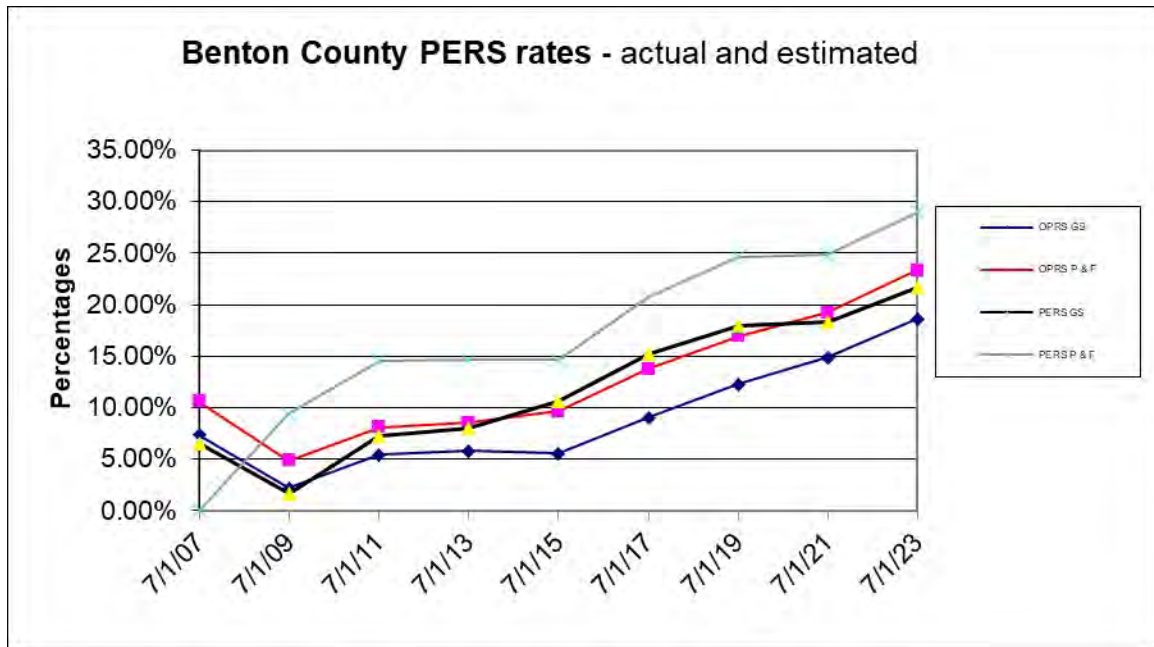
House Bill 2017-A was signed by the Governor increasing the State Gas Tax and Vehicle Registration fees phasing in the increases over the next several years. This action increases road maintenance and improvements resources for the County by an estimated \$1.1 million per year over the next several years.

The County has been greatly impacted by the Coronavirus pandemic.

The County will continue to be challenged by the increasing cost of the Oregon Public Employees Retirement System (OPERS), which will also affect the flow of resources for State supported programs. Local governments throughout the State of Oregon continue to experience budget reductions due to slow property tax growth. Due to citizen backed initiatives, the property tax rate in Oregon is limited in growth to 3% annually at best.

The County will also have to respond to citizen-based initiatives and the actions of other agencies such as the federal government and the State of Oregon. Some of the future initiatives include the:

- **Cost of Public Employee Retirement:** Given the complex history of public employee retirement costs in Oregon it is important to understand some key points as it affects current and future payroll costs to Benton County. In an effort to reduce the future increase in retirement cost, the County deposited \$5 million into a “side account” with PERS on July 2, 2020. This deposit resulted in immediate rate reduction of 1.29%. The side account deposits are project to result in a 3.56% decrease in projected rates for 2021-23.



- Limitation on property tax growth and the impact on revenues, which will limit the County’s ability to continue to provide the historical levels of service.
- Unknown implications of COVID-19 and the impact of federal funding to address the pandemic.

## **RELEVANT FINANCIAL POLICIES**

### ***Contingency & Reserve Policies:***

- Budget Contingency: Each operating fund shall strive to budget a contingency total of not less than one-twenty fourth (1/24) of budgeted operating expense for the biennium.
- Working Capital Reserves: All Fund budgets shall reserve resources to cover its annual working capital requirements. Each Fund shall budget a combination of total contingency and unappropriated fund balance sufficient to meet its annual requirements for working capital based on an analysis of historical trends, or that fiscal period revenue and expenditure plan.

### ***Indirect Cost Allocation Plan(s):***

The Budget Officer shall annually prepare an indirect cost plan allocating the cost of central services to all cost centers consistent with Federal Office of Management and Budget (OMB) Circular A-87 requirements. The following services are included in the Indirect Cost Allocation Plan:

- Human resources
- Budget preparation, monitoring & planning
- Payroll services
- Accounts payable
- Cash receipting, investments and treasury management
- General accounting & audit services
- Data system operations
- Acquisition and replacement of central computer services
- Legal counsel
- General property and liability insurance
- Administrative Services Department administration
- Retirement liability
- Interdepartmental delivery/courier and mail processing

## **FUTURE ISSUES**

- Labor negotiations with the County's unions and agreements that expire as follows:
  - American Federation of State, County, and Municipal Employees (AFSCME) – expired June 30, 2021, final settlement anticipated in January of 2022;
  - Benton County Deputy Sheriff's Association (BCDSA) expires June 30, 2022;
  - Oregon Nurses Association (ONA) expires June 30, 2025.
- Health insurance cost increases. The County became self-insured August 1, 2020, which should slow the rate of increase over historical trends.
- COVID-19 – no one could have foreseen the impacts that the current pandemic would have on Benton County, the United States, or the world. The shutdowns have affected every aspect of life in the community and has required all community members to be resilient and work together to comply with the Governor's Stay Home/Stay Safe orders. Impacts to our community members, local businesses, and other governmental agencies are real and for some are severe. The shutdowns and other related regulations have reduced revenue for the County while increasing cost to deliver service.

The County has adjusted service levels and delivery to take appropriate precautions that minimize interactions consistent with Federal guidance and State regulations to manage impacts to health-care professionals, hospitals and long-term care systems. The County's operations were well positioned financially to have flexibility with respect to service adjustments through fiscal years 2020 and 2021 and continuing into fiscal year 2022.

## **LONG-TERM FINANCIAL PLANNING**

Benton County budgets on a biennial basis. In preparing the budget, departments are asked to project budgets for two additional biennia (six years total). The County uses these projections to develop the current budget and strategically plan for the future. The County also prepares a ten year Capital Project Plan which is updated biennially in conjunction with the preparation of the budget.

## **AWARDS AND ACKNOWLEDGEMENTS**

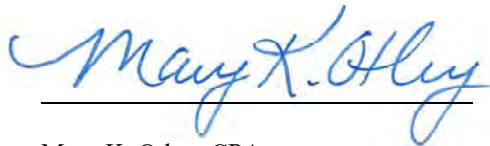
### ***Certificate of Achievement***

The Government Finance Officer's Association of the United States and Canada (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to Benton County, Oregon for its CAFR for the last thirty-three consecutive fiscal years. In order to be awarded a Certificate of Achievement, the County must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

### ***Acknowledgments***

I would like to express my sincere gratitude to the County personnel who contributed to this report, especially to Debbie Parsons, Finance Manager for all of her assistance throughout the year and in preparing this report.

Respectfully submitted,



Mary K. Otley, CPA  
Chief Financial Officer



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Benton County  
Oregon**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morrill*

Executive Director/CEO

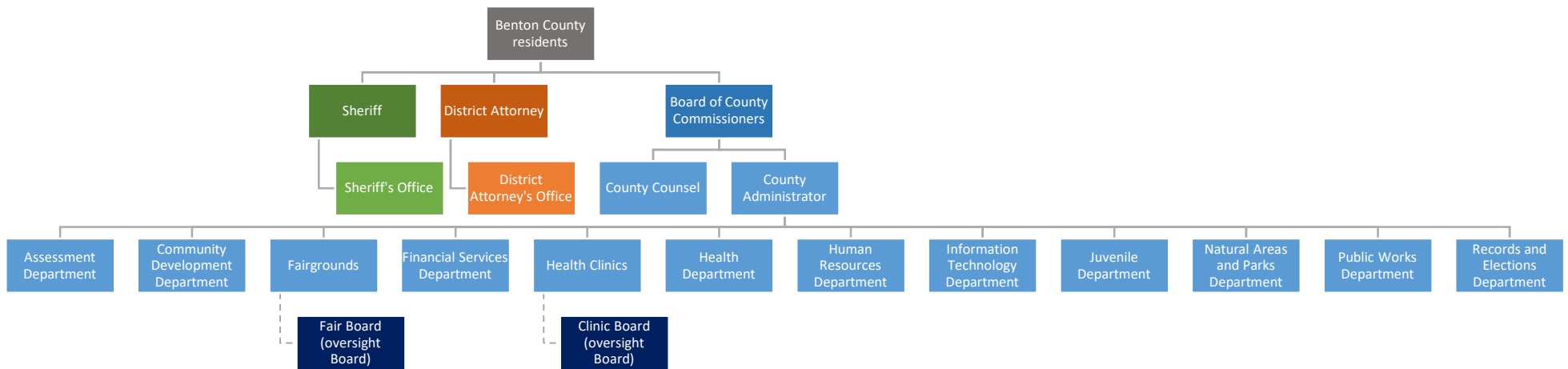


# *Benton County, Oregon*

## ELECTED OFFICIALS

June 30, 2021

<u>Official</u>	<u>Office</u>	<u>Address</u>
Xan Augerot	Commissioner/Chair	205 NW 5 <sup>th</sup> Street Corvallis, OR 97333
Pat Malone	Commissioner	205 NW 5 <sup>th</sup> Street Corvallis, OR 97333
Nancy Wyse	Commissioner	205 NW 5 <sup>th</sup> Street Corvallis, OR 97333
Jefri Van Arsdall	Sheriff	180 NW 5 <sup>th</sup> Street Corvallis, OR 97330
John Haroldson	District Attorney	120 NW 4 <sup>th</sup> Street Corvallis, OR 97330



Benton County Organizational Chart

# FINANCIAL SECTION



*Barn at Beazell Memorial Park*

**INDEPENDENT AUDITOR'S REPORT**

Board of County Commissioners  
Benton County  
Corvallis, Oregon

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Benton County (the "County") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

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

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

**Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Benton County as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

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

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 – 17, budgetary comparison information on pages 71 – 74, Schedules of Proportionate Share of the Net Pension Liability, Contributions, Proportionate Share of the Net Other Postemployment Benefit Liability (Asset), Other Postemployment Benefit Contributions and Changes in the County's Total Other Postemployment Benefit Liability and Related Ratios on pages 75 – 79 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 management's discussion and analysis and the required supplementary information on pages 75 – 79 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 and schedules related to the County's net pension and other postemployment benefit liabilities on pages 75 – 79 because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The budgetary comparison schedules of the General, Road, Local Option Levy and American Rescue Plan Funds on pages 71 – 74 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 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 budgetary comparison schedules of the General, Road and Local Option Levy, American Rescue Plan Funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, supplementary information and other financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Other Information (continued)**

The supplementary information and other financial schedules 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 and other financial schedules are fairly stated in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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 it.

**Reports on Other Legal and Regulatory Requirements**

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

**Other Reporting Required by Oregon State Regulations**

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated January 31, 2022, on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

 Singer Lewak LLP

January 31, 2022

By:



Bradley G. Bingenheimer, CPA, Partner

## *Management's Discussion and Analysis*

We offer readers of Benton County's financial statements the following narrative and analysis of the County's financial activities for the fiscal year ended June 30, 2021. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page i, and financial statements, which begin on page 19.

### *Financial Highlights:*

- On a government-wide basis, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$169,517,043 (*net position*) as of June 30, 2021, an increase of \$10,513,621 from June 30, 2020. This increase is due in large part to an increase of \$4.7 million in property tax revenue, approximately \$18 million federal and state funds received to address costs of the COVID pandemic and a \$10.5 million increase in expenditures.
- On a governmental basis, the County reported a combined fund balance of \$52,786,191, an increase of \$17,779,332 from the prior year. Of this balance, \$29,693,481 is available to meet the County's obligations. The remainder is either assigned, committed, restricted or non-spendable.
- At the end of the year, unassigned fund balance for the General Fund was \$29,693,481 or 56.25% of total General Fund expenditures plus transfers to other funds.
- The County's total liabilities and deferred inflows of resources increased by \$8,650,618. This increase was due to an increase in net pension liability of \$11,207,061, a decrease of \$1,140,356 in OPEB liability, a decrease of \$1,953,864 in long-term debt and an increase of \$837,777 in all other liabilities combined.

### *Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to Benton County's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are a component of the County's comprehensive annual financial report. These statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business reporting. One of the strengths of the *government-wide financial statements* is that they eliminate what has had the appearance of double counting of internal service fund (charge-back) operations. These statements reflect the charged expenses in the programs for which services were provided, but do not reflect the expenses a second time as the costs that comprise these charges.

The *statement of net position* presents information on all of the County's assets and liabilities, with the difference between the two reported as *net position*. The County's capital assets (land, buildings, equipment and infrastructure) are included in this statement and reported net of their accumulated depreciation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

## ***Management Discussion and Analysis - Continued***

The *statement of activities* presents information showing how the County's net position has changed during the 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 may result in cash flows in future fiscal periods (e.g., uncollected property taxes and earned but unused leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by intergovernmental revenues and property taxes (*governmental activities*) from other functions which are designed to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include: general government, public safety, public works, health services, justice services, community services, cultural and educational, and parks and natural resources. Business-type activities include water and sewer services, county health clinics, and rental of county-owned properties.

The government-wide financial statements can be found on pages 19 and 20 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts (revenues, expenses, assets and liabilities) that is used to control resources that have been segregated for specific activities. Benton County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds utilized by the County can be divided into three categories: *governmental funds, proprietary funds and fiduciary funds.*

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the *government-wide financial statements*. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at fiscal year-end. 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 financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains eighteen individual governmental funds (1 general fund, 15 special revenue funds, 1 debt service fund and 2 capital project funds). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Road Fund, the Local Option Levy Fund, and the American Rescue Plan Fund. These are considered to be major governmental funds. Data from other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

Benton County adopts a biennial appropriation budget for all governmental funds. Budgetary comparison schedules have been provided to demonstrate budgetary compliance.



## ***Management Discussion and Analysis - Continued***

**Proprietary funds.** The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its water and sewer, external fleet operations, health clinics, and real estate rental operations. *Internal service funds* are an accounting tool used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its motorpool, facilities, mail, photocopy, worker's compensation, central administration, telephones and computer replacement operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for each of the enterprise funds. Internal service fund operations are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The major proprietary fund financial statements can be found on pages 23 through 25 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement, because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 26 and 27.

**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 financial statements can be found beginning on page 28.

**Other information.** Required supplementary information and other supplementary information including combining and individual fund statements and schedules can be found starting on page 67 of this report.

### ***Government-wide Financial Analysis***

As noted earlier, net position may serve over time as a useful indicator of the County's financial position.

The largest portion of the County's net position (96.8%) reflects investment in capital assets (land, buildings, work in progress, improvements, machinery and equipment, bridges and infrastructure) less any related debt to acquire those assets that is still outstanding. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

**Management Discussion and Analysis - Continued**

Fiscal Year 2021 ended with net position \$10,513,621 more than the end of Fiscal Year 2020. Net position may serve as a useful indicator of an entity's financial strength as it measures the entity's excess of assets and other resources over its obligations on a long-term basis.

<b>BENTON COUNTY'S Net Position</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Current and other assets	\$ 71,212,045	\$ 53,264,365	\$ 5,921,165	\$ 7,656,080	\$ 77,133,210	\$ 60,920,445
Capital assets	165,615,023	165,695,324	7,799,494	5,173,917	173,414,517	170,869,241
Total assets	<u>236,827,068</u>	<u>218,959,689</u>	<u>13,720,659</u>	<u>12,829,997</u>	<u>250,547,727</u>	<u>231,789,686</u>
Deferred outflows of resources	16,917,517	16,615,063	6,469,404	6,365,660	23,386,921	22,980,723
Long-term liabilities	72,249,306	67,080,635	19,432,153	16,820,026	91,681,459	83,900,661
Other liabilities	7,104,399	6,700,713	2,275,874	1,677,159	9,380,273	8,377,872
Total liabilities	<u>79,353,705</u>	<u>73,781,348</u>	<u>21,708,027</u>	<u>18,497,185</u>	<u>101,061,732</u>	<u>92,278,533</u>
Deferred inflows of resources	2,426,296	2,522,152	929,577	966,302	3,355,873	3,488,454
<b>Net position:</b>						
Net investment in capital assets	149,939,267	149,279,146	6,832,118	4,171,190	156,771,385	153,450,336
Restricted	12,906,846	1,785,474	-	-	12,906,846	1,785,474
Unrestricted	9,118,471	8,206,632	(9,279,659)	(4,439,020)	(161,188)	3,767,612
Total net position	<u>\$ 171,964,584</u>	<u>\$ 159,271,252</u>	<u>\$(2,447,541)</u>	<u>\$ (267,830)</u>	<u>\$ 169,517,043</u>	<u>\$ 159,003,422</u>

The County's net position increased during the year primarily due a \$18 million influx of federal and state grant funds to address the COVID-19 pandemic costs and a \$9.7 million increase in long-term pension related liabilities. This resulted from the implementation of GASB 68 in FY 2015 that requires pension related items be recorded in the government-wide statements. In addition, the State of Oregon's PERS system financial position changed dramatically from June 30, 2014 to June 30, 2015 due to an Oregon Supreme Court decision in the spring of 2015 that overturned a number of cost savings legislative changes to the pension system's terms for retirees.

GASB 75 was implemented in FY 2018 and has had additional impact on the deferred inflows and outflows on the statements. Prior years included OPEB liability, but did not include the additional associated deferred inflows and outflows.

The following table illustrates the effect of GASB 68 and GASB 75 on net position in last two years:

	Balance July 1, 2021	Balance July 1, 2020	Change in Net Position
Pension liability	\$ (58,806,318)	\$ (47,599,257)	\$ (11,207,061)
OPEB liability	(3,461,665)	(4,602,021)	1,140,356
OPEB asset	316,826	533,956	(217,130)
Deferred outflows	23,386,921	22,980,725	406,196
Deferred inflows	(3,355,873)	(3,488,456)	132,583
	<u>\$ (41,920,109)</u>	<u>\$ (32,175,053)</u>	<u>\$ (9,745,056)</u>

**Management Discussion and Analysis - Continued**

92.5% or \$156,771,385 of Benton County's net position of \$169,517,043 represents its investment in capital assets including land, infrastructure, buildings, roads and equipment, net of related debt. These assets are used to provide core services to Benton County citizens. The portion of net position restricted for use in public works, community services and cultural & educational programs totaled \$3,838,908 or 2.2%. Due in part to the significant increase in the pension liability and its impact on net position, the unrestricted category of net position is negative for business-type activities by a total of (\$2,447,541).

**BENTON COUNTY'S Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,244,698	\$ 8,367,559	\$17,493,282	\$ 16,356,586	\$ 22,737,980	\$ 24,724,145
Operating grants and contributions	43,267,881	25,739,868	8,077,445	7,341,582	51,345,326	33,081,450
Capital grants and contributions	120,075	1,003,151	-	-	120,075	1,003,151
General revenues:						
Property taxes	36,947,466	32,268,163	-	-	36,947,466	32,268,163
Interest and investment earnings	538,461	931,947	48,329	118,602	586,790	1,050,549
Sale of capital assets	-	53,440	-	-	-	-
Grants and contributions not restricted to specific programs	161,324	204,487	98,369	-	259,693	204,487
Total revenue	<u>86,279,905</u>	<u>68,568,615</u>	<u>25,717,425</u>	<u>23,816,770</u>	<u>111,997,330</u>	<u>92,331,945</u>
Expenses:						
General government	15,222,414	14,396,414	-	-	15,222,414	14,396,414
Public safety	21,549,942	17,005,129	-	-	21,549,942	17,005,129
Public works	8,231,184	6,719,321	-	-	8,231,184	6,719,321
Health services	11,465,022	9,311,045	-	-	11,465,022	9,311,045
Justice services	6,391,006	5,183,045	-	-	6,391,006	5,183,045
Community services	2,803,163	3,762,304	-	-	2,803,163	3,762,304
Cultural & educational	5,423,335	5,541,621	-	-	5,423,335	5,541,621
Parks & natural resources	1,502,521	1,408,484	-	-	1,502,521	1,408,484
Interest on long-term debt	837,306	1,578,317	-	-	837,306	1,578,317
Water and sewer	-	-	165,709	176,143	165,709	176,143
Health services	-	-	26,267,883	23,826,191	26,267,883	23,826,191
Real estate rental	-	-	1,624,224	1,726,246	1,624,224	1,726,246
Total expenses	<u>73,425,893</u>	<u>64,905,680</u>	<u>28,057,816</u>	<u>25,728,580</u>	<u>101,483,709</u>	<u>90,634,260</u>
Change in net position before transfers	12,854,012	3,662,935	(2,340,391)	(1,911,810)	10,513,621	1,751,125
Transfers	(160,680)	(41,041)	160,680	41,041	-	-
Change in net position	<u>12,693,332</u>	<u>3,621,894</u>	<u>(2,179,711)</u>	<u>(1,870,769)</u>	<u>10,513,621</u>	<u>1,751,125</u>
Net position-beginning	<u>159,271,252</u>	<u>155,649,358</u>	<u>(267,830)</u>	<u>1,602,939</u>	<u>159,003,422</u>	<u>157,252,297</u>
Net position-ending	<u>\$171,964,584</u>	<u>\$159,271,252</u>	<u>\$ (2,447,541)</u>	<u>\$ (267,830)</u>	<u>\$169,517,043</u>	<u>\$ 159,003,422</u>

**Management Discussion and Analysis - Continued**

As shown in the preceding table, the net position of the County increased by \$10,513,621 during FY 2021. Discussion and analysis of the changes for both governmental activities and business-type activities are included below.

**Changes due to governmental activities**

During Fiscal Year 2021, the net position for governmental activities increased by \$12,693,332. The table below shows generally the cause for this increase.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Net program expense	\$ (24,793,239)	\$ (29,795,102)	\$ 5,001,863
General revenues & transfers	37,486,571	33,416,997	4,069,574
General effects on net position	<u>\$ 12,693,332</u>	<u>\$ 3,621,895</u>	<u>\$ 9,071,437</u>

Some of the factors included above:

- Property tax revenue increased by \$4,679,303 due to new construction in the County.
- Operating grant revenue increased by \$17,528,013.
- Pension expense increased, having a negative effect of \$9,603,112.
- Depreciation expense decreased from \$3,063,656 in 2020 to \$3,646,550 in 2021 for a negative effect of \$598,964,

**Changes due to business-type activities**

During FY 20210, the net position of business-type activities decreased by \$2,179,711. The impacts on the changes in net position for the business-type activities are indicated below.

- A major contributor to the decrease was the operations of the County’s Health Center. The Health Center’s revenues were \$23.7 million and expenses were \$26.3 million.

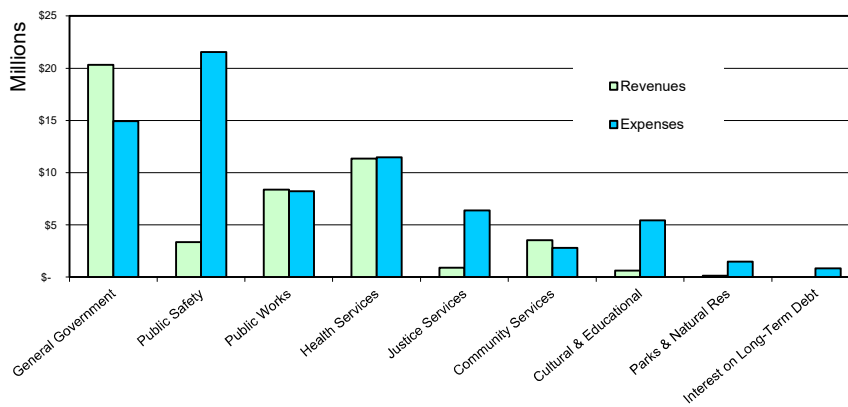
**Management Discussion and Analysis - Continued**

The following graphs show the County's Governmental Activities expenses and revenues by program and revenue by sources.

**Revenues by Source - Governmental Activities**



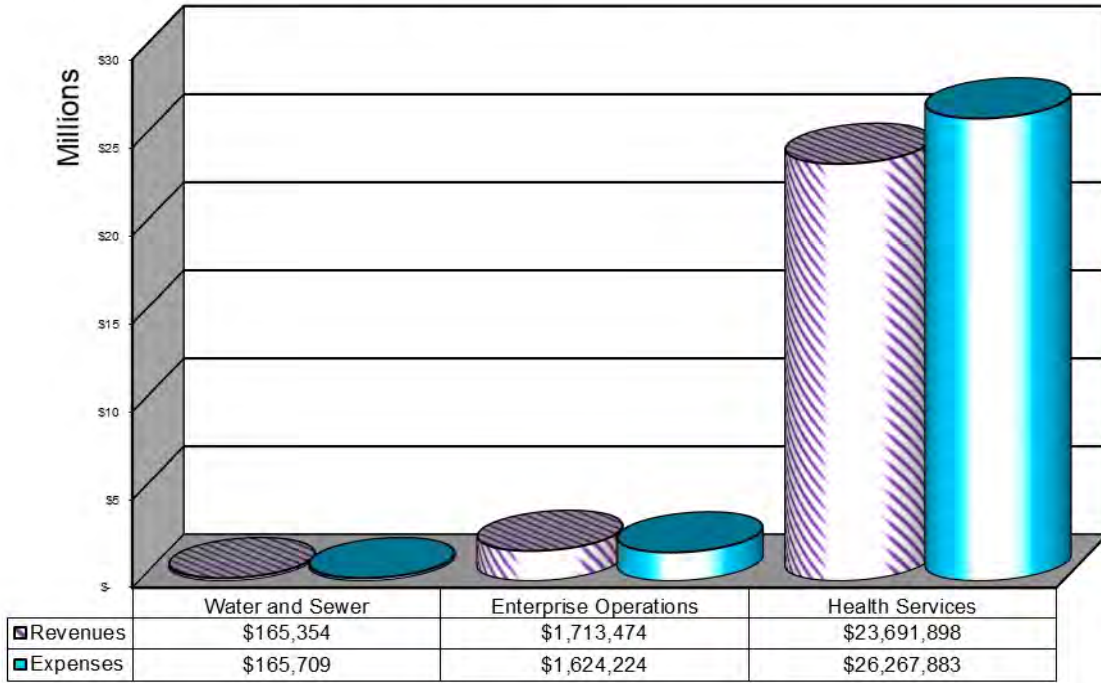
**Expenses & Program Revenues - Governmental Activities**



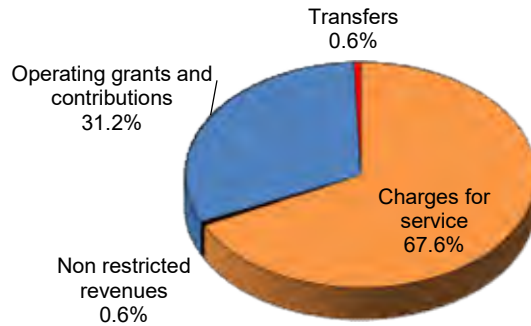
**Management Discussion and Analysis - Continued**

The following graphs show the County’s Business-type Activities expenses and revenues by program and revenue by sources.

**Expenses and Program Revenues – Business-type Activities**



**Revenues by Source – Business-type Activities**



**Management Discussion and Analysis - Continued**

**Financial Analysis of Governmental Funds**

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

**Governmental funds.** The focus of the County’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the County itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the County Board of Commissioners.

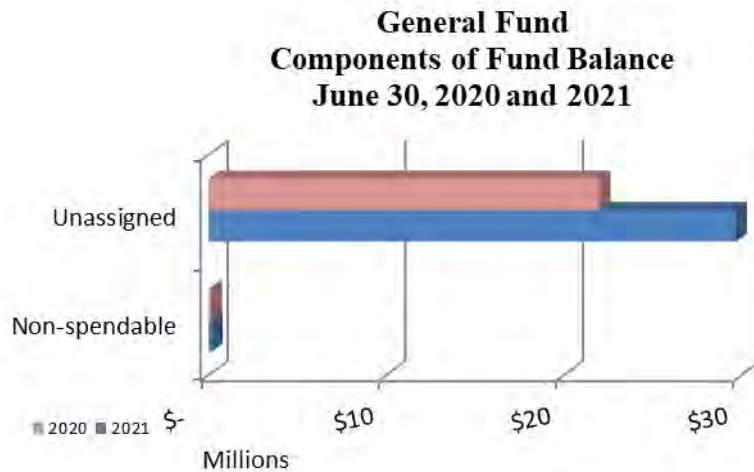
Under GASB 54, the General Fund is the only fund type that should have a positive unassigned fund balance. Unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of a fiscal year. See Footnote IV-H for more information on the details behind each fund balance category. In other governmental funds, negative fund balances are reported as unassigned.

At June 30, 2021 the County’s governmental funds reported combined fund balances of \$52,786,191. Fund balance constitutes unassigned fund balance, which is available for spending at the county’s discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form, 2) legally required to be maintained intact 3) restricted for particular purposes, 4) committed for particular purposes, or 5) assigned for particular purposes.

**Governmental funds -Fund balances**

	<u>2021</u>	<u>2020</u>
Non-spendable	\$ 483,758	\$ 529,567
Restricted	18,330,780	8,019,545
Committed	4,278,172	4,448,432
Assigned	-	-
Unassigned	<u>29,693,481</u>	<u>22,009,315</u>
Total	<u>\$ 52,786,191</u>	<u>\$ 35,006,859</u>

The *General Fund* is the chief operating fund of the County utilizing assets not otherwise restricted as to use. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$29,693,481 while the total fund balance was \$29,875,265. There are only two components of the General Fund fund balance: Unassigned and Non-spendable. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund expenditures plus transfers to other funds. Unassigned fund balance represents 61.7% of total general fund expenditures and transfers to other funds, while total fund balance represents approximately 62.1% of that same amount.



Although not reflected in the County’s financial reports as a designation of fund balance, the County anticipates that the first three months of expenditures in the subsequent fiscal year will be substantially covered by the ending fund balance. This is made necessary by the timing of the General Fund’s major revenue sources, property taxes, which are not available until October and November. The amount of the fund balance that was identified as *unappropriated ending fund balance*, thereby making it unavailable until the subsequent year, was \$5,000,000.

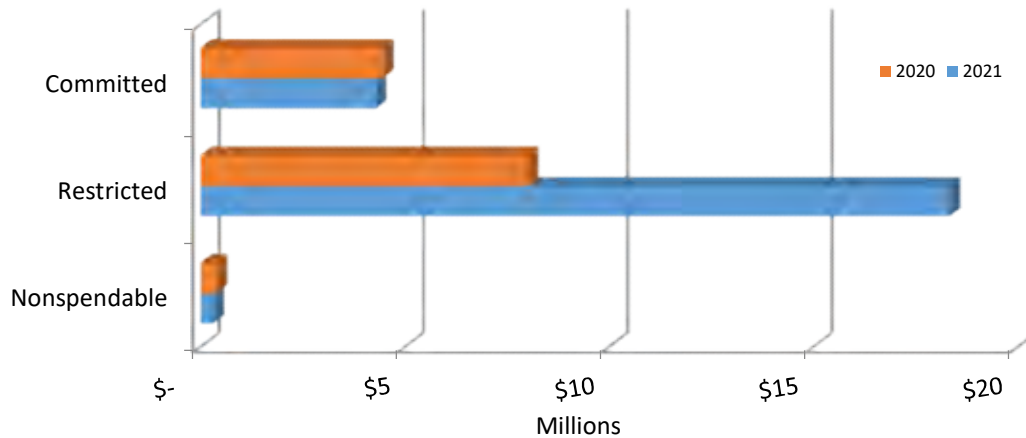
The fund balance of the General Fund increased by \$7,721,831 or 34.9% during the current fiscal year. Key factors were as follows:

- Revenue growth continues to outpace expenditure growth. The revenue increase was largely an increase in property tax revenue and COVID-19 related funding.
- Expenditures decrease by 1% over the prior year.



*Management Discussion and Analysis - Continued*

**Other Governmental Funds  
Components of Fund Balance  
June 30, 2021 and 2020**



*Road Fund* – fund balance increased by \$1,403,120 or 64.3%. This increase was due to delay of several major road improvement projects until fiscal year 2022.

*Local Option Levy Fund* – fund balance decreased by \$1,369,400 or 34%. This fund was established to account for a five- year local option levy to fund selected county services. The decrease is due to the transfer out to the general fund bring the fund’s fund balance into the parameters outlined in the financial policies.

*American Rescue Plan Fund* – fund balance increased by \$9,049,293. This fund was created late in the 2019-21 biennium to account for the funds received and to be received through the American Rescue Plan.

**Proprietary funds.** The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position in the Health Center at the end of the year was \$(8,203,505), this is a decrease of \$3,835,321. An increase in operating revenues and expenditures of \$2.3 million and \$2.5 million respectively and \$2.7 million increase in capital assets are the driving forces for the change as shown in the table below. As shown in the following table, pension and OPEB costs are also a factor in the decrease in unrestricted net position.

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Deferred Outflows	\$ 6,469,404	\$ 6,365,660	\$ 103,744
OPEB asset	87,760	147,906	(60,146)
Net OPEB Obligation	(958,881)	(1,274,760)	315,879
OPEB liability	(16,289,350)	(13,184,994)	(3,104,356)
Deferred Inflows	(929,577)	(966,302)	36,725
Net changes due to pension & OPEB	<u>\$ (11,620,644)</u>	<u>\$ (8,912,490)</u>	<u>\$ (2,708,154)</u>

*Management Discussion and Analysis - Continued*

*General Fund Budgetary Highlights*

**Original budget compared to final budget.** Differences between the original expenditure budget and the end of the biennium adjusted budget had total increases of \$11,431,342 or 11.3%. The increases are primarily related to COVID response/CARES Act funding. Major components of these increases are summarized below:

- \$4 million –CARES Act funding for COVID-19 response
- \$5 million – projected FEMA funding
- \$2 million – Justice Improvement System Program

**Final budget compared to actual results.** At the end of the first year of the biennium, the following are the percentages of general fund revenues received:

<b>Revenue Source</b>	<b>Estimated Revenues</b>	<b>Actual Revenues</b>	<b>Percentage</b>
Taxes	\$ 39,255,243	\$ 40,564,332	103%
Licenses and permits	5,505,920	5,811,479	106%
Intergovernmental	38,794,271	36,793,411	95%
Charges for services	9,221,429	10,313,160	112%
Investment earnings	510,000	816,675	160%
Miscellaneous	127,700	337,851	265%
	<u>\$ 93,414,563</u>	<u>\$ 94,636,908</u>	101%

All revenues are higher than estimated for the biennium. Property taxes were up due to new construction, licenses and permits increase was largely from additional landfill revenues and charges for services were a result of building permit revenue increases. Modestly rising interest rates along with larger cash balances resulted in the large increase in investment earnings. The estimate for investment earnings has been very conservatively budgeted in this uncertain climate.

**Management Discussion and Analysis - Continued**

**Capital Asset and Debt Administration**

**Capital assets.** The County’s investment in capital assets for its governmental and business type activities at year-end amounts to \$173,414,517 (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings, machinery and equipment, roads, and bridges.

**Benton County's Capital Assets**

(Net of depreciation)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Land	\$ 10,461,159	\$ 10,461,159	\$ 308,474	\$ 308,474	\$ 10,769,633	\$ 10,769,633
Construction in progress	707,765	67,785	3,123,209	353,115	3,830,974	420,900
Land improvements	1,202,114	1,151,172	-	-	1,202,114	1,151,172
Buildings	27,907,701	27,536,362	2,414,955	2,483,710	30,322,656	30,020,072
Intangibles	600,067	671,470	34,053	41,579	634,120	713,049
Machinery and equipment	4,443,384	4,083,645	187,887	205,073	4,631,271	4,288,718
Infrastructure	120,292,833	121,723,733	1,730,916	1,781,967	122,023,749	123,505,700
<b>Total</b>	<b>\$ 165,615,023</b>	<b>\$ 165,695,326</b>	<b>\$ 7,799,494</b>	<b>\$ 5,173,918</b>	<b>\$ 173,414,517</b>	<b>\$ 170,869,244</b>

Major capital asset events this fiscal year included the following:

- Lincoln Clinic construction in the amount of \$3.1 million.
- Infrastructure improvements in the amount of \$1.6 million.

Additional information of the County’s capital assets can be found in Note IV.D in the Notes to Financial Statements section of this report.

**Long-term debt.** At the end of this fiscal year, the County had total debt outstanding of \$28,623,130, all of which is backed by the full faith and credit of the County.

**Benton County's Outstanding Debt**

General Obligation, Revenue, and Full Faith and Credit Obligations, and Capital Leases

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Full faith and credit obligations	\$ 26,805,174	\$ 28,711,492	\$ 1,817,956	\$ 1,939,685	\$ 28,623,130	\$ 30,651,177
<b>Total</b>	<b>\$ 26,805,174</b>	<b>\$ 28,711,492</b>	<b>\$ 1,817,956</b>	<b>\$ 1,939,685</b>	<b>\$ 28,623,130</b>	<b>\$ 30,651,177</b>

Additional information of the County’s long-term debt can be found in Note IV. F. in the Notes to Financial Statements section of this report.

## *Management Discussion and Analysis - Continued*

### ***Economic Factors and 2019-21 Biennium's Budget and Rates***

- The unemployment rate for Benton County at the close of the fiscal year was 8.7%. This is up 5.40% from the same time last year. The large increase is due to the COVID-19 pandemic and layoffs. The rate is not expected to significantly change before the end of the next fiscal year.
- **Key strategies in preparing the 2019-21 biennial budget were:**
  - Development of the 2019-21 budget was guided by a single overriding goal directed by the Board of Commissioners: produce a General Fund budget where current revenue equals current expenditures. Do not rely on prior year's surplus to finance ongoing operations.
  - The County budgeted to deposit \$5,000,000 into a side-account with PERS to offset future pension rate increases. The state of Oregon had a matching program for deposits to PERS side accounts, as a result, Benton County received a \$1,250,000 additional deposit into the County's PERS side account.
- **Key resource assumptions:**
  - Growth in discretionary revenue, in particular property tax revenue due to new construction.
  - Increases in surcharge revenue from Coffin Butte landfill. The contract ended December 31, 2020 and was renegotiated. It is estimated that revenues will increase with the new contract.
  - General Fund ending balances from 2017-19 were stronger than planned due to operational savings and modestly better revenue than estimated.
- **Key expenditure assumptions:**
  - Total cost of personnel salaries and wages would increase by 2.5% per year.
  - Medical insurance premiums were estimated to increase 14% in the first year and 12% in the second year of the biennium. Due to changes in insurance carriers, introduction of a high deductible option, change to self-insurance and good claims experience, health insurance growth has averaged just 6% annually since 2008.
  - Employer retirement costs (PERS) would increase the County's internal payroll rates by an average of 15%.
- **Change in health insurance funding:**

Effective August 1, 2017, Benton County became self-funded for one of the dental plans that covers approximately 200 employees. Effective August 1, 2018, the County became self-funded for all medical insurance, as well.

All of these factors were considered in preparing the County's budget for biennium 2019-21.

The County's revised adopted biennial budget for 2019-21 at June 30, 2021 was \$360,531,474 for all budgeted funds. Budgeted funds included the general fund, special revenue, capital projects, debt service, fiduciary, enterprise and internal service funds. The general fund biennial budget at June 30, 2021 is \$117,877,418 as compared to \$87,557,950 for the previous biennium. The increase is primarily due to three factors: (1) an increase in the amount budgeted for property tax revenues and beginning balances, (2) an increase in the personnel cost due to increased health insurance and retirement costs (3) receipt of COVID related funding.

## *Management Discussion and Analysis - Continued*

### *Requests for Information*

This financial report is designed to provide citizens, customers, investors, creditors and others with an interest in Benton County, a general overview of the County's finances and to demonstrate accountability for the funds it receives. Questions concerning any of the information provided in this report, or requests for additional financial information, should be addressed to:

Benton County Financial Services  
4077 SW Research Way  
Corvallis, OR 97333  
<https://www.co.benton.or.us/finance>

**BENTON COUNTY, OREGON****STATEMENT OF NET POSITION**

June 30, 2021

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and investments	\$ 62,868,664	\$ 2,817,260	\$ 65,685,924
<b>Receivables:</b>			
Accounts	1,902,687	3,227,160	5,129,847
Taxes and assessments	755,411	5,270	760,681
Intergovernmental	4,003,999	-	4,003,999
Interest	18,479	-	18,479
Loans	158,057	-	158,057
Internal balances	564,828	(564,828)	-
Inventory	363,950	328,135	692,085
Prepays	346,904	20,408	367,312
Net OPEB asset	229,066	87,760	316,826
<b>Capital assets:</b>			
Land and construction in progress	11,168,924	3,431,683	14,600,607
Other capital assets (net of accumulated depreciation)	154,446,099	4,367,811	158,813,910
<b>Total assets</b>	<b>236,827,068</b>	<b>13,720,659</b>	<b>250,547,727</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related items	554,340	200,248	754,588
Pension related items	16,363,177	6,269,156	22,632,333
<b>Total deferred outflows of resources</b>	<b>16,917,517</b>	<b>6,469,404</b>	<b>23,386,921</b>
<b>LIABILITIES</b>			
Accounts payable	2,006,430	1,255,678	3,262,108
Accrued payroll costs	1,829,510	654,125	2,483,635
Other accrued liabilities	347,164	5,245	352,409
Unearned revenue	60,000	-	60,000
<b>Noncurrent liabilities:</b>			
Due within one year	2,861,295	360,826	3,222,121
Due in more than one year:	72,249,306	19,432,153	91,681,459
<b>Total liabilities</b>	<b>79,353,705</b>	<b>21,708,027</b>	<b>101,061,732</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related items	1,078,420	413,170	1,491,590
Pension related items	1,347,876	516,407	1,864,283
<b>Total deferred inflows of resources</b>	<b>2,426,296</b>	<b>929,577</b>	<b>3,355,873</b>
<b>NET POSITION</b>			
Net investment in capital assets	149,939,267	6,832,118	156,771,385
Restricted for:			
General government	9,067,938	-	9,067,938
Public works	968,161	-	968,161
Community services	2,353,484	-	2,353,484
Cultural and educational	517,263	-	517,263
Unrestricted	9,118,471	(9,279,659)	(161,188)
<b>Total net position</b>	<b>\$ 171,964,584</b>	<b>\$ (2,447,541)</b>	<b>\$ 169,517,043</b>

The notes to the basic financial statements are an integral part of this statement.

**BENTON COUNTY, OREGON**

**STATEMENT OF ACTIVITIES**

*For the Year Ended June 30, 2021*

	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Change in Net Position</i>		
	<i>Charges for Services</i>	<i>Operating Grants and Contributions</i>	<i>Capital Grants and Contributions</i>	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
	<i>Expenses</i>					
<b>Governmental activities:</b>						
General government	\$ 15,222,414	\$ 1,848,736	\$ 18,457,925	\$ -	\$ 5,084,247	\$ 5,084,247
Public safety	21,549,942	245,640	3,003,770	120,075	(18,180,457)	(18,180,457)
Public works	8,231,184	932,707	7,436,547	-	138,070	138,070
Health services	11,465,022	1,411,667	9,947,657	-	(105,698)	(105,698)
Justice services	6,391,006	206,988	704,635	-	(5,479,383)	(5,479,383)
Community services	2,803,163	65,998	3,468,136	-	730,971	730,971
Cultural and educational services	5,423,335	425,646	208,102	-	(4,789,587)	(4,789,587)
Parks and natural resources	1,502,521	107,316	41,109	-	(1,354,096)	(1,354,096)
Interest on long-term obligations	837,306	-	-	-	(837,306)	(837,306)
Total governmental activities	<u>73,425,893</u>	<u>5,244,698</u>	<u>43,267,881</u>	<u>120,075</u>	<u>(24,793,239)</u>	<u>(24,793,239)</u>
<b>Business-type activities</b>						
Water and sewer	165,709	165,354	-	-	\$ (355)	(355)
Health services	26,267,883	15,717,455	7,974,444	-	(2,575,984)	(2,575,984)
Enterprise operations	1,624,224	1,610,473	103,001	-	89,250	89,250
Total business-type activities	<u>28,057,816</u>	<u>17,493,282</u>	<u>8,077,445</u>	<u>-</u>	<u>(2,487,089)</u>	<u>(2,487,089)</u>
<b>Totals</b>	<u><u>\$ 101,483,709</u></u>	<u><u>\$ 22,737,980</u></u>	<u><u>\$ 51,345,326</u></u>	<u><u>\$ 120,075</u></u>	<u><u>(24,793,239)</u></u>	<u><u>(2,487,089)</u></u>
		<b>General revenues:</b>				
		Property taxes-general use		36,947,466	-	36,947,466
		Unrestricted investment earnings		538,461	48,329	586,790
		Sale of assets		-	-	-
		Grants and contributions not restricted to specific programs		161,324	98,369	259,693
		<b>Transfers</b>		(160,680)	160,680	-
		Total general revenues and transfers		<u>37,486,571</u>	<u>307,378</u>	<u>37,793,949</u>
		Changes in net position		<u>12,693,332</u>	<u>(2,179,711)</u>	<u>10,513,621</u>
		<b>Net position - beginning</b>		<u>159,271,252</u>	<u>(267,830)</u>	<u>159,003,422</u>
		<b>Net position - ending</b>		<u><u>\$ 171,964,584</u></u>	<u><u>\$ (2,447,541)</u></u>	<u><u>\$ 169,517,043</u></u>

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*The notes to the basic financial statements are an integral part of this statement*

**BENTON COUNTY, OREGON****BALANCE SHEET****GOVERNMENTAL FUNDS**

June 30, 2021

	<u>General</u>	<u>Road</u>	<u>Local Option Levy</u>	<u>American Rescue Plan</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and investments	\$ 28,128,368	\$ 2,097,505	\$ 2,858,946	\$ 9,049,293	\$ 7,156,547	\$ 49,290,659
Receivables:						
Accounts	633,537	744,792	-	-	196,259	1,574,588
Taxes and assessments	457,995	8,428	216,026	-	72,962	755,411
Intergovernmental	2,693,266	953,758	-	-	356,975	4,003,999
Advances to other funds	564,828	-	-	-	-	564,828
Loans	-	-	-	-	158,057	158,057
Inventory	-	288,487	-	-	7,964	296,451
Prepays	181,784	4,559	725	-	3,315	190,383
<b>Total assets</b>	<b>\$ 32,659,778</b>	<b>\$ 4,097,529</b>	<b>\$ 3,075,697</b>	<b>\$ 9,049,293</b>	<b>\$ 7,952,079</b>	<b>\$ 56,834,376</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 914,520	\$ 379,254	\$ 58,329	\$ -	\$ 53,200	\$ 1,405,303
Accrued payroll	1,208,071	123,010	175,020	-	11,806	1,517,907
Other accrued liabilities	219,414	-	-	-	-	219,414
<b>Total liabilities</b>	<b>2,342,005</b>	<b>502,264</b>	<b>233,349</b>	<b>-</b>	<b>65,006</b>	<b>3,142,624</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	382,508	-	185,803	-	110,765	679,076
Unavailable revenue-unearned income	60,000	-	-	-	-	60,000
Unavailable revenue-loans receivable	-	8,428	-	-	158,057	166,485
<b>Total deferred inflows of resources</b>	<b>442,508</b>	<b>8,428</b>	<b>185,803</b>	<b>-</b>	<b>268,822</b>	<b>905,561</b>
<b>FUND BALANCES</b>						
Nonspendable	181,784	293,046	725	-	8,203	483,758
Restricted	-	3,293,791	2,655,820	9,049,293	3,331,876	18,330,780
Committed	-	-	-	-	4,278,172	4,278,172
Unassigned	29,693,481	-	-	-	-	29,693,481
<b>Total fund balances</b>	<b>29,875,265</b>	<b>3,586,837</b>	<b>2,656,545</b>	<b>9,049,293</b>	<b>7,618,251</b>	<b>52,786,191</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 32,659,778</b>	<b>\$ 4,097,529</b>	<b>\$ 3,075,697</b>	<b>\$ 9,049,293</b>	<b>\$ 7,952,079</b>	<b>\$ 56,834,376</b>

The notes to the basic financial statements are an integral part of this statement.



# **BENTON COUNTY, OREGON**

## **RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS**

### **TO THE STATEMENT OF NET POSITION**

June 30, 2021

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**Total fund balance (page 21)** **\$ 52,786,191**

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

Capital assets used in governmental activities are not financial resources and, therefore are reported only in the government-wide statements 137,521,762

Other long-term assets/liabilities are prepaid or are not available to pay for current period expenditures and therefore, are deferred in the fund statements:

Unavailable revenue in governmental fund statement	845,561
Net OPEB asset	229,066
Deferred outflows - pensions	13,353,076
Deferred outflows - OPEB	554,340
Deferred inflows - pensions	(1,099,927)
Deferred inflows - OPEB	(1,078,420)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 18,182,291

The statement of net position reports a liability for the entity's proportionate share of the net pension liability related to its participation in Oregon Public Employee Retirement System (OPERS) (34,695,728)

Other long-term liabilities that are not due and payable in the current period are not reported in the governmental funds include:

Compensated absences	(2,786,799)
Pension bonds	(9,216,295)
Accrued interest on long-term debt	(127,750)
Other post employment benefits (OPEB)	(2,502,784)

**Net position of governmental activities (page 17)** **\$ 171,964,584**

*The notes to the basic financial statements are an integral part of this statement.*

**BENTON COUNTY, OREGON****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	<u>General</u>	<u>Road</u>	<u>Local Option Levy</u>	<u>American Rescue Plan</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Taxes and assessments	\$ 20,652,304	\$ -	\$ 8,227,675	\$ -	\$ 8,072,335	\$ 36,952,314
Licenses and permits	2,795,558	-	-	-	-	2,795,558
Intergovernmental	20,956,386	7,436,547	12,532	9,037,227	3,149,705	40,592,397
Charges for services	5,399,642	786,349	-	-	652,376	6,838,367
Interest	369,433	13,487	40,988	12,066	102,487	538,461
Miscellaneous	118,952	1,046	7,400	-	33,926	161,324
Total revenues	<u>50,292,275</u>	<u>8,237,429</u>	<u>8,288,595</u>	<u>9,049,293</u>	<u>12,010,829</u>	<u>87,878,421</u>
<b>EXPENDITURES</b>						
Current:						
General government	13,229,101	-	3,337	-	27,947	13,260,385
Public safety	12,974,116	-	3,150,107	-	3,689,864	19,814,087
Public works	-	5,178,642	-	-	120,260	5,298,902
Health services	10,057,352	-	218,138	-	154,395	10,429,885
Justice services	5,109,454	-	682,573	-	63,896	5,855,923
Community services	535,267	-	-	-	1,991,691	2,526,958
Cultural and educational services	170,089	-	-	-	5,139,086	5,309,175
Parks and natural resources	1,378,312	-	-	-	-	1,378,312
Debt service:						
Principal	-	-	-	-	1,255,000	1,255,000
Interest	-	-	-	-	864,683	864,683
Capital outlay	825,097	1,533,859	-	-	752,288	3,111,244
Total expenditures	<u>44,278,788</u>	<u>6,712,501</u>	<u>4,054,155</u>	<u>-</u>	<u>14,059,110</u>	<u>69,104,554</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,013,487</u>	<u>1,524,928</u>	<u>4,234,440</u>	<u>9,049,293</u>	<u>(2,048,281)</u>	<u>18,773,867</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	5,563,831	-	-	-	3,310,287	8,874,118
Transfers out	<u>(3,855,487)</u>	<u>(121,808)</u>	<u>(5,603,840)</u>	<u>-</u>	<u>(287,518)</u>	<u>(9,868,653)</u>
Total other financing sources (uses)	<u>1,708,344</u>	<u>(121,808)</u>	<u>(5,603,840)</u>	<u>-</u>	<u>3,022,769</u>	<u>(994,535)</u>
Net change in fund balances	7,721,831	1,403,120	(1,369,400)	9,049,293	974,488	17,779,332
<b>Fund balances - beginning</b>	<u>22,153,434</u>	<u>2,183,717</u>	<u>4,025,945</u>	<u>-</u>	<u>6,643,763</u>	<u>35,006,859</u>
<b>Fund balances - ending</b>	<u>\$ 29,875,265</u>	<u>\$ 3,586,837</u>	<u>\$ 2,656,545</u>	<u>\$ 9,049,293</u>	<u>\$ 7,618,251</u>	<u>\$ 52,786,191</u>

The notes to the basic financial statements are an integral part of this statement.

# **BENTON COUNTY, OREGON**

## **RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES For the Year Ended June 30, 2021**

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*Amounts reported for governmental activities in the statement of activities (page 18) are different because:*

<b>Net change in fund balances - total governmental funds (page 21)</b>	<b>\$ 17,779,332</b>
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	
Capital outlay expenditures in governmental funds	3,011,939
Depreciation expense	(3,646,550)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is allocated to governmental and business-type	588,297
Governmental funds defer revenues that do not provide current financial resources. However, the Statement of Activities recognizes such revenues at their net realizable value when earned, regardless of when received.	(4,848)
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	965,095
The changes in net pension liability (asset) and deferred inflows and outflows related to the entity's participation in OPERS are reported as pension expense on the statement of activities.	(5,665,839)
The net effect of various miscellaneous transactions involving capital assets (for example: sales, trade-ins, and donations) is to decrease net position.	(107,521)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes related to long-term liabilities include:	
Accrual of compensated absences	(160,098)
Accrual of other postemployment benefits	(93,852)
Accrued interest	27,377
	<hr/>
<b>Change in net position of governmental activities (page 18)</b>	<b>\$ <u>12,693,332</u></b>

**BENTON COUNTY, OREGON**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
June 30, 2021

	<i>Business-type Activities</i>			<i>Governmental Activities</i>	
	<i>Health Center</i>	<i>East Linn Clinic</i>	<i>Non-major Enterprise Funds</i>	<i>Totals</i>	<i>Internal Service Funds</i>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 2,009,790	\$ 465,040	\$ 342,430	\$ 2,817,260	\$ 13,578,005
Accounts receivable	2,399,878	495,111	332,171	3,227,160	328,099
Interest receivable	-	-	-	-	18,480
Inventory	204,097	35,243	88,795	328,135	67,499
Prepays	12,907	6,035	1,466	20,408	156,521
Total current assets	4,626,672	1,001,429	764,862	6,392,963	14,148,604
Noncurrent assets:					
Net OPEB asset	72,553	15,207	-	87,760	-
Assessments receivable	-	-	5,270	5,270	-
Total non-current assets	72,553	15,207	5,270	93,030	-
Capital assets:					
Land and non-depreciable assets	-	-	308,474	308,474	1,448,651
Land improvements	-	-	-	-	270,822
Buildings	2,042,133	43,115	1,230,986	3,316,234	32,440,579
Intangibles	66,623	16,637	-	83,260	1,705,473
Machinery and equipment	315,504	81,961	36,017	433,482	10,188,531
Utility system	-	-	3,662,746	3,662,746	-
Work in progress	3,055,354	-	67,855	3,123,209	664,670
Less accumulated depreciation	(494,625)	(112,869)	(2,520,417)	(3,127,911)	(18,625,465)
Total capital assets (net of accumulated depreciation)	4,984,989	28,844	2,785,661	7,799,494	28,093,261
Total noncurrent assets	5,057,542	44,051	2,790,931	7,892,524	28,093,261
<b>Total assets</b>	<b>9,684,214</b>	<b>1,045,480</b>	<b>3,555,793</b>	<b>14,285,487</b>	<b>42,241,865</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related items	165,548	34,700	-	200,248	-
Pension related items	5,182,804	1,086,352	-	6,269,156	3,010,101
Total deferred outflows or resources	5,348,352	1,121,052	-	6,469,404	3,010,101
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	1,218,819	14,575	22,284	1,255,678	601,128
Accrued payroll	537,884	89,514	26,727	654,125	311,603
Due to other funds	-	-	550,347	550,347	-
Compensated absences	197,967	25,311	4,102	227,380	140,585
Bonds/notes/loans payable	133,446	-	-	133,446	949,194
Unearned revenue	-	-	-	-	-
Customer deposits	-	-	5,245	5,245	-
Total current liabilities	2,088,116	129,400	608,705	2,826,221	2,002,510
Non-current liabilities:					
PERS bonds payable	748,340	-	-	748,340	1,682,725
Compensated absences	417,969	58,372	23,071	499,412	358,290
OPEB liability	792,721	166,160	-	958,881	-
Advances from other funds	-	-	14,481	14,481	-
Bonds payable	936,170	-	-	936,170	14,956,961
Net pension liability	13,466,647	2,822,703	-	16,289,350	7,821,240
Total non-current liabilities	16,361,847	3,047,235	37,552	19,446,634	24,819,216
<b>Total liabilities</b>	<b>18,449,963</b>	<b>3,176,635</b>	<b>646,257</b>	<b>22,272,855</b>	<b>26,821,726</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	426,921	89,486	-	516,407	247,949
OPEB related items	341,574	71,596	-	413,170	-
Total deferred inflows of resources	768,495	161,082	-	929,577	247,949
<b>NET POSITION</b>					
Net investment in capital assets	4,017,613	28,844	2,785,661	6,832,118	12,417,506
Unrestricted	(8,203,505)	(1,200,029)	123,875	(9,279,659)	5,764,785
<b>Total net position</b>	<b>\$ (4,185,892)</b>	<b>\$ (1,171,185)</b>	<b>\$ 2,909,536</b>	<b>\$ (2,447,541)</b>	<b>\$ 18,182,291</b>

The notes to the basic financial statements are an integral part of this statement.

**BENTON COUNTY, OREGON**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended June 30, 2021

	<i>Business-type Activities</i>			<i>Totals</i>	<i>Governmental</i>
	<i>Health Center</i>	<i>East Linn Clinic</i>	<i>Non-major Enterprise Funds</i>		<i>Internal Service Funds</i>
<b>Operating Revenues</b>					
Charges for services	\$ 14,265,839	\$ 1,451,616	\$ 1,775,827	\$ 17,493,282	\$ 22,484,946
Intergovernmental	6,313,948	1,660,496	103,001	8,077,445	10,069
Investment earnings	-	-	-	-	586,760
Miscellaneous	53,954	43,247	1,168	98,369	275,720
Total operating revenues	20,633,741	3,155,359	1,879,996	25,669,096	23,357,495
<b>Operating Expenses</b>					
Personnel services	14,625,176	2,700,936	641,989	17,968,101	8,835,450
Materials and services	7,699,492	1,121,369	1,068,327	9,889,188	13,395,836
Depreciation/amortization	75,568	21,674	79,226	176,468	1,173,827
Total operating expenses	22,400,236	3,843,979	1,789,542	28,033,757	23,405,113
Operating income (loss)	(1,766,495)	(688,620)	90,454	(2,364,661)	(47,618)
<b>Nonoperating revenues (expenses)</b>					
Investment earnings	35,843	8,900	3,586	48,329	60,339
Interest expense	(23,668)	-	(391)	(24,059)	(375,720)
Gain on sale of assets	-	-	-	-	117,440
Total nonoperating revenues (expenses)	12,175	8,900	3,195	24,270	(197,941)
Income (loss) before transfers	(1,754,320)	(679,720)	93,649	(2,340,391)	(245,559)
Transfers in	1,122,826	-	-	1,122,826	1,160,182
Transfers out	(521,369)	(105,869)	(334,908)	(962,146)	(326,327)
Change in net position	(1,152,863)	(785,589)	(241,259)	(2,179,711)	588,296
<b>Total net position - beginning</b>	<b>(3,033,029)</b>	<b>(385,596)</b>	<b>3,150,795</b>	<b>(267,830)</b>	<b>17,593,995</b>
<b>Total net position - ending</b>	<b>\$ (4,185,892)</b>	<b>\$ (1,171,185)</b>	<b>\$ 2,909,536</b>	<b>\$ (2,447,541)</b>	<b>\$ 18,182,291</b>

The notes to the basic financial statements are an integral part of this statement.

**BENTON COUNTY, OREGON**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUNDS**

For the Year Ended June 30, 2021

	<i>Business-type Activities</i>				<i>Governmental</i>
	<i>Health Center</i>	<i>East Linn Clinic</i>	<i>Non-major Enterprise Funds</i>	<i>Totals</i>	<i>Internal Service Funds</i>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from external customers	\$ 12,992,515	\$ 1,045,319	\$ 1,641,265	\$ 15,679,099	\$ 2,080,662
Receipts from internal customers	-	-	-	-	20,101,648
Grants	6,071,656	1,559,578	103,001	7,734,235	10,069
Investment earnings	-	-	-	-	611,025
Miscellaneous donations	53,954	43,248	1,168	98,370	275,720
Interest earnings distributed	-	-	-	-	(717,328)
Payments to suppliers	(6,848,202)	(1,140,287)	(1,137,835)	(9,126,324)	(12,319,009)
Paid to employees	(12,386,911)	(2,236,694)	(637,445)	(15,261,050)	(7,603,564)
Net cash provided (used) by operating activities	<b>(116,988)</b>	<b>(728,836)</b>	<b>(29,846)</b>	<b>(875,670)</b>	<b>2,439,223</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Principal paid on noncapital debt	(89,105)	-	-	(89,105)	(200,801)
Operating borrowing	-	-	491,631	491,631	-
Transfers in	1,122,826	-	-	1,122,826	1,160,182
Transfers out	(521,369)	(105,869)	(334,908)	(962,146)	(326,327)
Net cash provided (used) by noncapital financing activities	<b>512,352</b>	<b>(105,869)</b>	<b>156,723</b>	<b>563,206</b>	<b>633,054</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(2,725,402)	-	(76,642)	(2,802,044)	(1,848,204)
Disposition of capital assets	-	-	-	-	129,987
Assessments received	-	-	429	429	-
Proceeds from borrowing	-	-	-	-	-
Principal paid on debt	(32,624)	-	(5,065)	(37,689)	(740,423)
Interest paid on debt	(23,668)	-	(391)	(24,059)	(375,720)
Net cash (used) by capital and related financing activities	<b>(2,781,694)</b>	<b>-</b>	<b>(81,669)</b>	<b>(2,863,363)</b>	<b>(2,834,360)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings	35,843	8,901	3,586	48,330	60,339
Net increase (decrease) in cash and cash equivalents	(2,350,487)	(825,804)	48,794	(3,127,497)	298,256
<b>Cash and cash equivalents - beginning</b>	<b>4,360,277</b>	<b>1,290,844</b>	<b>293,636</b>	<b>5,944,757</b>	<b>13,279,749</b>
<b>Cash and cash equivalents - ending</b>	<b>\$ 2,009,790</b>	<b>\$ 465,040</b>	<b>\$ 342,430</b>	<b>\$ 2,817,260</b>	<b>\$ 13,578,005</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (1,766,495)	\$ (688,620)	\$ 90,454	\$ (2,364,661)	\$ (47,618)
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:					
Depreciation/amortization	75,568	21,674	79,225	176,467	1,173,827
Change in:					
Receivables	(1,273,324)	(406,297)	(134,829)	(1,814,450)	(278,372)
Prepays	(5,640)	(1,449)	1,649	(5,440)	(39,486)
Inventory	(16,029)	(15,010)	(88,795)	(119,834)	82,533
Deferred inflows/outflows of resources	(116,128)	(24,341)	-	(140,469)	(213,326)
Unearned revenue	(242,292)	(100,918)	-	(343,210)	-
Net pension liability	2,566,417	537,939	-	3,104,356	1,490,538
Due to customers	-	-	267	267	-
Compensated absences	(36,763)	(1,909)	-	(38,672)	(48,576)
OPEB asset/liability	(211,419)	(44,314)	-	(255,733)	-
Payables	909,117	(5,591)	22,183	925,709	319,703
<b>Net cash provided (used) by operating activities</b>	<b>\$ (116,988)</b>	<b>\$ (728,836)</b>	<b>\$ (29,846)</b>	<b>\$ (875,670)</b>	<b>\$ 2,439,223</b>

The notes to the basic financial statements are an integral part of this statement.

**BENTON COUNTY, OREGON**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
*June 30, 2021*

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	<i>Private-purpose Trust</i>	<i>Custodial</i>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 1,126,881	\$ 1,576,692
Prepays	3,095	-
Receivables:		
Property taxes	-	2,814,055
	<u>                    </u>	<u>                    </u>
Total assets	1,129,976	4,390,747
	<u>                    </u>	<u>                    </u>
<b>LIABILITIES</b>		
Accounts payable	60,273	-
Due to other governmental agencies	-	4,390,747
Other liabilities	14,673	-
	<u>                    </u>	<u>                    </u>
Total liabilities	74,946	4,390,747
	<u>                    </u>	<u>                    </u>
<b>NET POSITION (DEFICIT)</b>		
<i>Held in trust</i>	<u><u>\$ 1,055,030</u></u>	<u><u>\$ -</u></u>

*The notes to the basic financial statements are an integral part of this statement.*

**BENTON COUNTY, OREGON**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
*For the Year Ended June 30, 2021*

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	<i>Private-purpose Trust</i>	<i>Custodial</i>
<b>ADDITIONS</b>		
Private donations	\$ 19,287	\$ -
Property taxes collected	-	166,401,286
Intergovernmental	234,380	1,244,356
Charges for services	44,542	-
Interest earnings	13,846	41,899
	<hr/>	<hr/>
Total additions	312,055	167,687,541
	<hr/>	<hr/>
<b>DEDUCTIONS</b>		
Property tax distributed	-	167,687,541
Personal services	26,711	-
Materials and services	441,150	-
	<hr/>	<hr/>
Total deductions	467,861	167,687,541
	<hr/>	<hr/>
Change in net position	(155,806)	-
<b>Net position - beginning</b>	<hr/>	<hr/>
	1,210,836	-
<b>Net position- ending</b>	<hr/>	<hr/>
	\$ 1,055,030	\$ -
	<hr/> <hr/>	<hr/> <hr/>

*The notes to the basic financial statements are an integral part of this statement.*



# ***BENTON COUNTY, OREGON***

## ***Notes to Basic Financial Statements***

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### ***I. Significant accounting policies***

The financial statements of Benton County, Oregon (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The County's significant accounting policies are described below:

**A. Organization and operation:** Benton County, Oregon is governed by a Board of Commissioners, which is composed of three members elected at large.

In January 1973, voters approved an amendment to the County charter to operate on a home rule basis. The current county departments are:

- Health
- Health Center
- Public Works
- Sheriff
- Financial Services
- Human Resources
- Information Technology
- Records and Elections
- Juvenile
- Community Development
- Natural Areas and Parks and Events
- District Attorney
- County Counsel
- Board of Commissioners
- Assessment

The County provides a number of services for the public including: public safety, highway maintenance, sanitation, health and social services, public improvements, planning, zoning and general administrative services.

**B. Description of the reporting entity:** The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations as follows:

- Alsea County Service District (an enterprise fund)
- Alpine County Service District (an enterprise fund)
- Cascade View County Service District (an enterprise fund)
- West Llewellyn County Service District (a special revenue fund)
- South Third County Service District (an enterprise fund)
- Library Services District (a special revenue fund)
- Agricultural Extension Services (OSU Extension) County Service District (a special revenue fund)
- Hidden Valley County Service District (an enterprise fund)
- Benton County 911 Emergency Services County Service District (a special revenue fund)
- Alsea Human Services County Service District (a special revenue fund)

**I. Significant accounting policies (continued)**

**B. Description of the reporting entity: (continued)**

Activities of all component units are included in these financial statements on a blended basis because the County Commissioners serve as the governing body of these Districts and the County has operational responsibility. Separately issued financial statements of the Library Service District, 911 Emergency Services County Service District and the OSU Extension County Service District are available from Benton County Financial Services. The remaining districts are not required by the state of Oregon to produce separately issued financial statements.

**C. Government-wide and fund financial statements**

**Government-wide financial statements:** The statement of net position and the statement of activities report information on all of the nonfiduciary activities of the County and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Eliminations have been made to minimize the double-counting of internal activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided are not eliminated in the process.

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

**Fund financial statements:** Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major individual governmental funds and major individual enterprise funds. Each is reported as separate columns in the fund financial statements. Remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

**General** –This is the County’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Road** –This fund receives revenue from state highway taxes and road maintenance projects. The expenditures of the Road Fund are restricted under Article IX of the Constitution of the State of Oregon for construction, reconstruction, improvement, repair, maintenance, operation, use and policing of public highways, roads and streets within the County.

**Local Option Levy**– This fund accounts for a five-year local option property tax levy, restricted for health and safety functions.

**American Rescue Plan** – This fund accounts for the funding and expenditures of the American Rescue Plan.

The County reports the following enterprise funds as a major funds:

**Health Center** – This fund reports the activities of County’s Federally Qualified Health Centers.

**East Linn Clinic** – This fund reports the operations of the East Linn Clinics.

Additionally, the government reports the following fund types:

**Special Revenue** – These funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted or committed to finance particular functions or activities.

**I. Significant accounting policies (continued)**

**C. Government-wide and fund financial statements (continued)**

**Debt Service** – These funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

**Capital Projects** – These funds account for expenditures on major construction projects or equipment acquisition. The principal source of revenues is transfers from the General Fund or grants.

**Enterprise** - These funds account for the operations of predominantly self-supporting activities. Enterprise funds account for services rendered to the public on a user charge basis.

**Internal service** – These funds account for central administrative “overhead” services, rental of County space, costs of fleet services, personal computer support, mail and photocopy services, and worker’s compensation coverage provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

**Private purpose trust** – These funds account for all trust agreement transactions, under which all principal and income benefit individuals, private organizations, or other governments. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular trust. The trust funds are dedicated to forest/park preservation, animal legal defense, criminal justice programs, court mediation, cultural trust and diversity partnership activities.

**Custodial** – These funds are used to account for resources received and held in a fiduciary capacity. Disbursements from these funds are made in accordance with the applicable legislative enactment for each particular fund. Accordingly, all assets reported in a custodial fund are offset by a liability to the party on whose behalf they are held. The custodial fund is the property tax distribution fund, which accounts for the collection of property taxes for all taxing districts.

**D. Measurement focus, basis of accounting, and financial statement presentation**

**Government-wide, proprietary fund, and fiduciary fund financial statements** - The government-wide, proprietary fund, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial funds have no measurement focus, but use the accrual basis of accounting to recognize receivables and payables. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

**Governmental fund financial statements** – All governmental fund types are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net fund balance.

***I. Significant accounting policies (continued)***

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

Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. All transactions in the governmental fund financial statements are recorded using the modified accrual basis of accounting, except for:

- Revenues from grants, which are recorded as earned.
- Principal and interest on general long-term debt which are recorded when due.

Significant revenues that were measurable and available at June 30, 2021 under the modified accrual basis of accounting were as follows:

- Federal and state grants, including CARES Act funding (to the extent that revenues are recorded as eligible expenditures are incurred).
- State, county and local shared revenues.
- Property taxes collected within 60 days of year-end.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements; however, interfund services provided are not eliminated in the process.

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

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

**E. Assets, liabilities, and net position or equity**

**1. Cash, cash equivalents and investments**

Cash and cash equivalents includes amounts in demand deposits, cash on hand and amounts in investment pools that have the general characteristics of demand deposit accounts.

The County's investments consist of investments in corporate notes, municipal debt and U.S. Government securities, all of which are authorized by Oregon Revised Statutes. Interest earned from pooled investments is allocated to each fund based on each fund's portion of the total investment balance calculated on a monthly basis.

Investments for the County, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**I. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, and net position or equity (continued)**

**2. Receivables**

**Accounts** – Payment for services in governmental funds and proprietary funds are recorded as revenue when earned.

**Taxes and assessments** – Property taxes receivable in governmental funds, which have been collected within 60 days of year-end, are considered measurable and available, and are recognized as revenues in the funds. All other property taxes receivable in the governmental funds are offset by deferred inflows of resources and, accordingly, have not been recorded as revenues. Assessments receivable, which represent minor improvements benefiting specific property owners, are financed by and recorded in governmental funds. The receivables are offset by a deferred inflows of resources account and are recorded as revenue as they become measurable and available.

Property taxes are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary.

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15<sup>th</sup> of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15<sup>th</sup>, the second one-third on February 15<sup>th</sup>, and the remaining one-third on May 15<sup>th</sup>. A three percent discount is allowed if full payment is made by November 15 and a two percent discount is allowed if two-thirds payment is made by November 15. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one and one third percent per month. Property foreclosure proceedings are initiated four years after the tax due date.

**Intergovernmental** – Federal and state grants and shared revenues are recorded as earned.

**Interest** – amounts accrued on investments at year end.

**Loans** – amounts due from entities outside of the County. The amounts are offset by a deferred inflows of resources in the governmental financial statements.

**3. Interfund transactions**

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as advances to/from other funds. Noncurrent portions of interfund receivables are offset by non-spendable fund balance, which indicates that the amount is not an available current financial resource.

**4. Inventory**

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

***I. Summary of significant accounting policies (continued)***

**E. Assets, liabilities, and net position or equity (continued)**

**5. Prepaids**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids, using the consumption method, in both government-wide and fund financial statements.

**6. Capital assets**

Capital assets, which include property, plant, equipment, intangibles and easements, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

Donated capital assets, donated works of art and similar items, and capital assets received in a service concession agreement are reported at acquisition value rather than fair value.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. There was no construction period interest this fiscal year.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	75
Land improvements	25
Public domain infrastructure	50
Roads	40 to 100
Vehicles	5 to 7
Heavy equipment	10
Office equipment	5
Computer equipment	5
Intangibles	10

**7. Compensated absences**

Vested compensated absences are accrued in the government-wide and proprietary fund financial statements as earned by employees. Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement). Typically funds with personnel are responsible for liquidating this liability, (i.e. General, Road, and Internal Service Funds).

**I. Summary of significant accounting policies (continued)**

**E. Assets, liabilities, and net position or equity (continued)**

**8. Long-term obligations**

All long-term debt is included in the government-wide financial statements. Long-term debt directly related to and expected to be paid from proprietary funds is also included in those funds. Unmatured long-term debt information is shown in Note IV.F.

**9. Funds with a deficit in net position**

Negative net position is reported in two major proprietary funds, the Health Clinic Fund and the East Linn Clinic Fund, and in two internal service funds, the Health Management Service Fund and the Management Service Fund as follows:

<u>Fund</u>	<u>Net (deficit)</u>
Health Center Fund	\$(4,185,892)
East Linn Clinic Fund	(1,171,185)
Management Service Fund	(2,072,880)
Health Management Service Fund	(2,607,233)

The deficit net position balances are due to (1) the recognition of noncurrent liabilities, (2) recording the liabilities and deferred inflows of resources related to the application of GASB 68 and 75. It will be necessary to expend future resources to satisfy the noncurrent liabilities. The amortization in future periods of the deferred inflows of resources will increase net position.

**10. Deferred outflows/inflows of resources**

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, *deferred inflows of resources*, represents a generation of net position that applies to a future period as so will not be recognized as an inflow of resources (revenue) until then.

Deferred inflows of resources are reported on the governmental funds balance sheets as a result of reporting using the modified accrual method. The government funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**11. Net position**

Net position represents the difference between assets plus deferred outflows of resources less liabilities and deferred inflows of resources. The County reports the following subcategories of net position:

*Net investment in capital assets* – Represents the difference between capital assets less accumulated depreciation, deferred outflows of resources, and the outstanding balance of debt directly attributable to the acquisition, construction, or improvement of those assets.

*Restricted net positions* – Net positions are reported as restricted when there are limitations imposed on their use, either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

*Unrestricted* – Represents all other net positions that are not restricted and do not meet the definition of net investment in capital assets.

**II. Reconciliation of government-wide and fund financial statements**

**A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position**

**Deferred inflows of resources and deferred outflows of resources** – Governmental Accounting Standards Board (GASB) Statements No. 68 and 75 includes recognition of deferred inflows and outflows of resources associated with the difference between projected and actual earnings on pension plan investments and other post-employment benefits. These differences are to be recognized in pension expense using a systematic and rational method over a closed five-year period.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Deferred inflows of resources-Pension</b>			
Change of assumptions	\$ 79,948	\$ 30,630	\$ 110,578
Change in proportionate share	529,538	202,880	732,418
Differences between employer contributions and employer's proportionate share of system contributions	738,390	282,897	1,021,287
<b>Total deferred inflows of resources-pensions</b>	<b>\$ 1,347,876</b>	<b>\$ 516,407</b>	<b>\$ 1,864,283</b>
<b>Deferred outflows of resources-Pension</b>			
Differences between expected and actual experience	\$ 1,871,261	\$ 716,928	\$ 2,588,189
Change of assumptions	2,281,751	874,198	3,155,949
Net difference between projected and actual earnings on investments	4,999,443	1,915,416	6,914,859
Change in proportionate share	966,655	370,350	1,337,005
Differences between employer contributions and employer's proportionate share of system contributions	2,617,295	1,002,754	3,620,049
Contributions subsequent to the measurement date	3,626,772	1,389,510	5,016,282
<b>Total deferred outflows of resources-pensions</b>	<b>\$ 16,363,177</b>	<b>\$ 6,269,156</b>	<b>\$ 22,632,333</b>
<b>Deferred inflows of resources-OPEB</b>			
Differences between expected and actual experience	\$ 389,796	\$ 149,341	\$ 539,137
Change in assumptions or inputs	688,417	263,751	952,168
Change in proportionate share	206	79	285
<b>Total deferred inflows of resources-OPEB</b>	<b>\$ 1,078,420</b>	<b>\$ 413,170</b>	<b>\$ 1,491,590</b>
<b>Deferred outflows of resources-OPEB</b>			
Change in assumptions	\$ 271,293	\$ 103,940	\$ 375,233
Change in proportionate share	90,045	34,498	124,543
Differences between expected and actual experience	25,474	9,760	35,234
Contributions subsequent to the measurement date	11,086	4,248	15,334
Benefits payments	156,441	47,803	204,244
<b>Total deferred outflows of resources-OPEB</b>	<b>\$ 554,340</b>	<b>\$ 200,248</b>	<b>\$ 754,588</b>



**III. Stewardship, compliance and accountability**

**A. Budgetary information**

The County budgets all governmental, proprietary and private purpose trust funds as required by state law. No budget was adopted for the West Lewellyn County Service District Special Revenue Fund as no activity was originally anticipated in this fund. The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The County adopts its budget on a program basis, within each fund, using the modified accrual basis of accounting for governmental funds and fiduciary funds and the accrual basis of accounting, except for OPEB, pension related items, and depreciation, for the proprietary funds. The eight major programs of the County are as follows:

- General government
- Public works
- Public safety
- Health services
- Justice services
- Community services
- Cultural and educational services
- Parks and natural resources
- Capital improvement
- Expendable trusts

Additionally, the County budgets for the following activities within each fund:

- Debt service principal and interest
- Interfund transfers and loans
- Contingency

The County allocates the program budget among its various funds and uses more detailed information for the programs mentioned above.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance or by Board authorization of unanticipated revenues received. Original and supplemental budgets may require hearings before the public, publication in newspapers, and approval by the County Commissioners. Once approved, budgets may be modified by transfers of appropriations between the levels of control. During the year, there were numerous resolutions and supplemental budgets approved by the County Commissioners modifying the original budget as adopted. Budget appropriations lapse at year-end.

Budget amounts reflect the original budget amounts and one supplemental budget.

**B. Reconciliation of budgetary basis to GAAP basis fund balance**

The budget of the County, as required by Oregon Local Budget Law, is prepared differently, in some respects, from generally accepted accounting principles. The following is a reconciliation of fund balances prepared on a budgetary basis and fund balances as prepared in accordance with GAAP:

	General	Road	Local Option Levy	American Rescue Plan	Nonmajor Funds
Fund balance - budgetary basis	\$31,019,466	\$ 3,417,758	\$ 2,826,654	\$ 9,049,293	\$ 7,622,093
Inventory	-	288,487	-	-	-
Market adjustment on investments	49,412	3,602	4,911	-	7,964
Accrued payroll	(1,208,071)	(123,010)	(175,020)	-	(11,806)
Loans outstanding	14,458	-	-	-	-
<b>Fund balance - GAAP basis</b>	<b>\$29,875,265</b>	<b>\$ 3,586,837</b>	<b>\$ 2,656,545</b>	<b>\$ 9,049,293</b>	<b>\$ 7,618,251</b>

**IV. Detailed notes on all funds**

**A. Cash and investments**

At year-end, the County’s carrying amount of deposits was \$11,646,347 and the bank balance was \$12,578,055. The County manages custodial risk for deposits and investments in accordance with Oregon Revised Statutes.

ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. Of the County’s bank deposits, \$399,921 was covered by FDIC and the remainder was subject to the State of Oregon collateral pool program.

Cash on hand	\$ 19,211
Deposits with financial institutions	11,646,347
State of Oregon Local Government Investment Pool	53,670,968
Investments	3,052,971
Total cash and investments	<u>\$ 68,389,497</u>
Cash and investments on government-wide statement of net position	\$ 65,685,924
Cash and investments on statement of fiduciary net position	<u>2,703,573</u>
	<u>\$ 68,389,497</u>

*GASB Statement No. 72, Fair Value Measurement and Application (GASB 72)*, specifies a hierarchy of valuation classifications based on whether the inputs to the valuation techniques used in each valuation classification are observable or unobservable. These classifications are summarized in three broad levels listed below:

- Level 1 – Unadjusted quoted prices for identical instruments in active markets.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly, including 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 exchange rates, financing terms, interest rates, yield curves, volatilities, prepayment speeds, loss severities, credit risks and default rates).
- Level 3 – Valuations derived from valuation techniques in which significant inputs or significant valuation drivers are unobservable.

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**A. Cash and investments (continued)**

Federal Agency Securities, Corporate Notes, and Municipal Bonds are categorized as Level 2 based upon a matrix pricing technique that values securities based on their relationship to benchmark quoted prices.

	<u>Total</u>	<u>Quoted prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Corporate Notes	\$ 1,037,542	\$ -	\$ 1,037,542	\$ -
Municipalities	1,016,750	-	1,016,750	-
Federal Agency Securities	998,679	-	998,679	-
	<u>\$ 3,052,971</u>	<u>\$ -</u>	<u>\$ 3,052,971</u>	<u>\$ -</u>

**Credit risk**

The County’s policy, which adheres to State of Oregon law, is to limit its Corporate and Municipal investments to the following: Issuers within Oregon must be rated “A” (bonds) or A-2 / P-2 (commercial paper) or better by Standard and Poor’s, Moody’s Investors Services or any other nationally recognized statistical rating organization. Issuer’s not in Oregon must be rated A-1 / P-1 (commercial paper) or better.

At June 30, 2021, the County held \$3,052,971 of investments.

<u>Investment Type</u>	<u>Weighted Avg. to Maturity</u>	<u>% of Portfolio</u>	<u>Reported Amount</u>
Corporate Notes	.60 years	34.0%	1,037,542
Municipalities	1.09 years	33.3%	1,016,750
Federal Agency Securities	4.89 years	32.7%	998,679
Subtotal for Portfolio Percentages		100.0%	<u>\$ 3,052,971</u>

The Oregon State Treasurer maintains the Oregon Short Term Fund (OSTF), of which the Local Government Investment Pool (LGIP) is a part. The OSTF is not rated by the credit rating agencies. The composite credit quality of the OSTF’s holdings was AA at June 30, 2021. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. LGIP was created to offer a short-term investment alternative to Oregon local governments and it is not registered with the U.S. Securities and Exchange Commission. The investments are regulated by the OSTF Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2021 the fair value of the County’s deposits with the LGIP approximates cost. The OSTF financial statements are available [here](https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/). (https://www.oregon.gov/treasury/public-financial-services/oregon-short-term-funds/)

The LGIP’s portfolio concentration of credit risk at June 30, 2021 included: Commercial Paper (7.5%), Corporate Notes (38.5%), Municipal Bonds (5.2%), U.S. Agency securities (22.3%), Asset backed securities (15.1%), and Temporary Liquidity Guarantee (1.7%), Non US Gov’t (6.3%). The credit risk associated with the investments was AAA rating (20.6%) AA rating (21.6%), A rating (30.7%), BBB rating (10.2%) and not rated (16.8%).

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**A. Cash and investments (continued)**

**Interest rate risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy limits at least half of the County's investment portfolio to maturities of less than 90 days.

**Concentration of credit risk**

The County's investment policy allows for 100% of investments in the LGIP and U.S. Government obligations. There are lesser limits on other investment types. At June 30, 2021, the County's portfolio was invested in Corporate Notes (1.8%), Municipal Bonds (1.8%), and US Agencies (1.8%), LGIP (94.6%).

**B. Receivables**

Receivables as of June 30, 2021 for the County's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, are as follows:

	Accounts	Taxes and assessments	Inter-governmental	Interest	Loans	Total
<b>Governmental activities/funds</b>						
General	\$ 633,537	\$ 457,995	\$ 2,693,266			\$ 3,784,798
Road	744,792	8,428	953,758			1,706,978
Local Option Levy	-	216,026	-			216,026
Nonmajor governmental	196,259	72,962	356,975		158,057	784,253
Internal service	328,099	-	-	18,480		328,099
Total governmental activities	1,902,687	755,411	4,003,999	18,480	158,057	6,820,154
<b>Business-type activities/proprietary funds:</b>						
Health Center	2,399,878	-	-	-	-	2,399,878
East Linn Clinic	495,111	-	-	-	-	495,111
Nonmajor enterprise funds	332,171	5,270	-	-	-	337,441
Total business type activities	3,227,160	5,270	-	-	-	3,232,430
Totals	\$ 5,129,847	\$ 760,681	\$ 4,003,999	\$ 18,480	\$ 158,057	\$ 10,052,584

There is an allowance of \$29,163 as of June 30, 2021 in the business-type Health Center Funds.

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**C. Unavailable revenue**

Governmental funds report *deferred inflows of resources* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At June 30, 2021, the various components of *deferred inflows of resources* reported in the governmental funds were as follows:

	Property Taxes	Loans	Received but not Earned	Unavailable revenue
Governmental Funds:				
General	\$ 382,508	\$ -	\$ 60,000	\$ 442,508
Road	-	8,428	-	8,428
Local Option Levy	185,803	-	-	185,803
Nonmajor governmental	110,765	158,057	-	268,822
Total	<u>\$ 679,076</u>	<u>\$ 166,485</u>	<u>\$ 60,000</u>	<u>\$ 905,561</u>

**D. Capital assets**

**1. Capital asset activity for the year ended June 30, 2021 was as follows:**

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 10,461,159	\$ -	\$ -	\$ 10,461,159
Construction in progress	67,785	664,670	(24,690)	707,765
Total capital assets, not being depreciated	<u>10,528,944</u>	<u>664,670</u>	<u>(24,690)</u>	<u>11,168,924</u>
Capital assets, being depreciated:				
Improvements, other than buildings	2,741,339	132,503	-	2,873,842
Intangibles	3,539,022	23,100	-	3,562,122
Buildings	37,735,605	1,012,512	(21,075)	38,727,042
Machinery and equipment	17,672,601	1,416,829	(354,008)	18,735,422
Infrastructure	271,129,491	1,610,528	-	272,740,019
Total capital assets, being depreciated	<u>332,818,058</u>	<u>4,195,472</u>	<u>(375,083)</u>	<u>336,638,447</u>
Less accumulated depreciation for:				
Improvements, other than buildings	(1,590,167)	(81,561)	-	(1,671,728)
Intangibles	(2,867,552)	(94,503)	-	(2,962,055)
Buildings	(10,199,243)	(641,173)	21,075	(10,819,341)
Machinery and equipment	(13,588,956)	(961,711)	258,629	(14,292,038)
Infrastructure	(149,405,758)	(3,041,428)	-	(152,447,186)
Total accumulated depreciation	<u>(177,651,676)</u>	<u>(4,820,376)</u>	<u>279,704</u>	<u>(182,192,348)</u>
Total capital assets, being depreciated, net	<u>155,166,382</u>	<u>(624,904)</u>	<u>(95,379)</u>	<u>154,446,099</u>
Governmental activities capital assets, net	<u>\$ 165,695,326</u>	<u>\$ 39,766</u>	<u>\$ (120,069)</u>	<u>\$ 165,615,023</u>

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**D. Capital assets (continued)**

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 308,474	\$ -	\$ -	\$ 308,474
Construction in progress	353,115	3,123,209	(353,115)	3,123,209
Total capital assets, not being depreciated	661,589	3,123,209	(353,115)	3,431,683
Capital assets, being depreciated:				
Buildings	3,316,234	-	-	3,316,234
Machinery and equipment	401,530	31,952	-	433,482
Intangibles	83,260	-	-	83,260
Infrastructure	3,662,746	-	-	3,662,746
Total capital assets, being depreciated	7,463,770	31,952	-	7,495,722
Less accumulated depreciation for:				
Buildings	(832,526)	(68,753)	-	(901,279)
Machinery and equipment	(196,457)	(49,138)	-	(245,595)
Intangibles	(41,681)	(7,526)	-	(49,207)
Infrastructure	(1,880,779)	(51,051)	-	(1,931,830)
Total accumulated depreciation	(2,951,443)	(176,468)	-	(3,127,911)
Total capital assets, being depreciated, net	4,512,327	(144,516)	-	4,367,811
Business-type activities capital assets, net	\$ 5,173,916	\$ 2,978,693	\$ (353,115)	\$ 7,799,494

**2. Depreciation expense was charged to functions/programs for the year ended June 30, 2021 are as follows:**

**Governmental activities:**

General government	\$ 38,256
Public safety	175,769
Public works (including infrastructure)	3,064,987
Health services	
Justice services	38,282
Community services	148,927
Cultural and educational services	77,790
Parks and natural resources	102,538
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,173,827
Total depreciation expense - governmental activities	<u>\$ 4,820,376</u>

**Business-type activities:**

Water and sewer	\$ 51,710
Health services	97,243
Real estate rentals	27,515
Total depreciation expense - business-type activities	<u>\$ 176,468</u>

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**E. Interfund transfers:**

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 5,563,831	\$ 3,855,487
Road	-	121,808
Local Option Levy	-	5,603,840
Nonmajor governmental	3,310,287	287,518
<b>Total governmental</b>	<b>8,874,118</b>	<b>9,868,653</b>
Health Center	1,122,826	521,369
East Linn Clinic	-	105,869
Nonmajor enterprise	-	334,908
<b>Total Enterprise</b>	<b>1,122,826</b>	<b>962,146</b>
Internal service	1,160,182	326,327
<b>Total transfers</b>	<b>\$ 11,157,126</b>	<b>\$ 11,157,126</b>

Transfers of \$2,329,339 to the non-major governmental funds were made to provide resources for the payment of the PERS pension bonds from those funds having payroll expenditures. The General Fund transferred \$1,122,826 to the Health Center Fund to cover operating expenditures. The Local Option Levy Fund transferred \$5,391,831 to the General Fund for public safety expenditures.

**F. Long-term debt**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refinance the cost of future pension obligations. General obligation bonds have been issued for both governmental and business-type activities.

General obligation bonds are direct obligations and pledge the full faith and credit of the County. General obligation bonds currently outstanding and transactions during the year are as follows:

	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Balance July 1, 2020</u>	<u>Debt Incurred</u>	<u>Bond Retired</u>	<u>Balance June 30, 2021</u>
Pension Obligation						
PERS bonds-2002	\$ 11,662,750	7.0%	\$ 7,855,000	\$ -	\$ 785,000	\$ 7,070,000
Pension Obligation						
PERS bonds-2004	\$ 7,490,000	4.9 to 6.1 %	5,380,000	-	470,000	4,910,000
Full Faith & Credit Financing						
2018 Series	\$ 7,000,000	2.75%	6,265,000	-	405,000	5,860,000
2020 GO Bonds	\$ 10,575,000		10,575,000		345,000	10,230,000
Total			<u>\$ 30,075,000</u>	<u>\$ -</u>	<u>\$ 2,005,000</u>	<u>\$ 28,070,000</u>

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**F. Long-term debt (continued)**

Bonded debt service requirements at June 30, 2021 (including interest payments of \$8,367,254) have the following maturities:

Fiscal year ending June 30,	Principal	Interest	Total
2022	2,190,000	1,207,144	3,397,144
2023	2,400,000	1,098,131	3,498,131
2024	2,630,000	975,315	3,605,315
2025	1,565,000	836,465	2,401,465
2026	3,150,000	771,718	3,921,718
2027-2031	8,320,000	1,832,467	10,152,467
2032-2036	3,200,000	926,464	4,126,464
2037-2041	2,410,000	551,700	2,961,700
2042-2045	2,205,000	167,850	2,372,850
	<u>\$28,070,000</u>	<u>\$ 8,367,254</u>	<u>\$36,437,254</u>

Annual debt service requirements to maturity are as follows:

Fiscal year ending June 30,	PERS bonds	2018 Loan	2020 GO Bond	Total
2022	\$ 2,222,639	\$ 581,150	\$ 593,355	\$ 3,397,144
2023	2,323,509	579,600	595,022	3,498,131
2024	2,436,605	577,775	590,935	3,605,315
2025	1,229,746	580,675	591,044	2,401,465
2026	2,752,815	578,163	590,740	3,921,718
2027-2031	4,285,925	2,901,163	2,965,379	10,152,467
2032-2036	-	1,161,198	2,965,266	4,126,464
2037-2041	-	-	2,961,700	2,961,700
2042-2045	-	-	2,372,850	2,372,850
	<u>\$ 15,251,239</u>	<u>\$ 6,959,724</u>	<u>\$ 14,226,291</u>	<u>\$ 36,437,254</u>



**IV. Detailed notes on all funds (continued)**

**F. Long-term debt (continued)**

**Full Faith and Credit Obligations**

In March of 2002, Benton County joined with ten other local governments in a joint pension obligation sale. The sale took advantage of low interest rates to refinance the County's unfunded actuarial liability (UAAL) accumulated as of December 31, 2001. The County issued \$11,662,750 in bonds. The County estimates that by funding the actuarial liability, the County will save approximately \$70,000 per year for twenty-eight years (total \$1,960,000) between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Debt service for these obligations is recorded in the Debt Service Fund.

In May of 2004, Benton County joined with nine other local governments in a joint pension bond sale. The sale took advantage of low interest rates to refinance the County's unfunded actuarial liability (UAAL) accumulated as of December 31, 2002. The County issued \$7,490,000 in bonds. The County estimates that by funding the actuarial liability, the County will save approximately \$53,000 per year for twenty-four years between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Debt service for these obligations is recorded in the Debt Service Fund.

On March 7, 2018, Benton County issued \$7,000,000 in full faith and credit debt to pay for the remodel of County's public works facility and the Health Services Building located in Corvallis, Oregon. The debt will be repaid over fifteen years with an interest rate of 2.75%.

On February 13, 2020, Benton County purchased the building at 4500 Research Way in Corvallis, Oregon with the intention of moving administrative and other County functions. The purchase price of the building was \$7,125,000. In June 2020, the County issued \$10,575,000 in full faith and credit obligations to finance this purchase. Additionally, the bond proceeds funded \$1,000,000 of the Lincoln health clinic construction and \$2,000,000 to remodel the 4500 Research Way building. The debt will be repaid over twenty five years. The County received a premium of \$576,177 in the bond sale.

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**F. Long-term debt (continued)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Deletions	Balance June 30, 2021	Due within one year
<b>Governmental activities</b>					
Bonds payable:					
Pension	\$ 12,295,315	\$ -	\$ 1,165,895	\$ 11,129,420	\$ 1,337,760
Building loan	6,265,000	-	405,000	5,860,000	420,000
2020 GO bond	9,575,000	-	312,376	9,262,624	298,794
2020 GO bond premium	576,177	-	23,047	553,130	23,047
Other liabilities:					
OPEB liability	3,327,261	-	824,477	2,502,784	n/a
Net pension liability	34,414,263	8,102,705	-	42,516,968	n/a
Compensated absences	3,174,152	2,468,470	2,356,947	3,285,675	781,694
	<u>69,627,168</u>	<u>10,571,175</u>	<u>5,087,742</u>	<u>75,110,601</u>	<u>2,861,295</u>
<b>Business-type activities:</b>					
Bonds payable:					
Pension	939,685	-	89,105	850,580	102,240
2020 GO bond	1,000,000	-	32,624	967,376	31,206
Other liabilities:					
OPEB liability	1,274,760	-	315,879	958,881	n/a
Net pension liability	13,184,994	3,104,356	-	16,289,350	n/a
Compensated absences	764,130	619,430	656,768	726,792	227,380
	<u>17,163,569</u>	<u>3,723,786</u>	<u>1,094,376</u>	<u>19,792,979</u>	<u>360,826</u>
	<u>\$ 86,790,737</u>	<u>\$ 14,294,961</u>	<u>\$ 6,182,118</u>	<u>\$ 94,903,580</u>	<u>\$ 3,222,121</u>

Internal service funds predominantly serve the governmental activities. Accordingly, their long-term liabilities are included above with governmental activities. At year end \$498,875 of internal service funds compensated absences and \$1,913,125 of PERS bonds payable, \$15,675,755 of bonds payable and \$7,821,240 of net pension liability are included in the above amounts. Also, for the governmental activities, claims and judgments, pension liabilities, and compensated absences have typically been liquidated by the funds that incurred the costs (General, Road, Fair, Corner Preservation, Oregon Health Plan, Court Security, and Health Clinic Funds).

**G. Interfund payables and receivables**

The composition of interfund balances as of June 30, 2021 is as follows:

Receivable Fund	Payable Fund	Amount
General	Enterprise Operations	\$ 550,347
General	South Third CSD	14,055
General	Alsea CSD	426
		<u>\$ 564,828</u>

**IV. Detailed notes on all funds (continued)**

**G. Interfund payables and receivables (continued)**

The amounts due from South Third CSD and Alsea CSD to the General Fund are 10-year loans, payable annually with a 2% interest rate. The amounts due from Enterprise Operations Fund are short term obligations, which will be repaid within 3 months.

**H. Fund balance classifications**

The County reports fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources reported in governmental funds. These classifications are as follows:

- Nonspendable represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories, prepaids, and long-term interfund advances.
- Restricted 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 represents funds formally set aside by the governing body for a particular purpose. The Board of Commissioners may commit fund balance by resolution. The Board of Commissioners may also modify or rescind commitments by resolution.
- Assigned 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. By adoption of the financial policies, both the Chief Financial Officer and the Budget Director have been given this authority by the Board of Commissioners.
- Unassigned 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 Board of Commissioners 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 lastly, unassigned fund balance.

The County first reduces restricted amounts, if any, when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, or unassigned) amounts are available. The County next reduces committed amounts, followed by assigned amounts then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classifications could be used. Sometimes the County will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the County’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

**BENTON COUNTY, OREGON**  
**Notes to Basic Financial Statements**

**IV. Detailed notes on all funds (continued)**

**H. Fund balance classification (continued)**

Below is a schedule of ending fund balances for governmental funds:

	General	Road	Local Option Levy	American Rescue Plan	Non-major	Total
<b>Fund Balances:</b>						
<b>Nonspendable in form</b>	\$ 181,784	\$ 293,046	\$ 725	\$ -	\$ 8,203	\$ 483,758
<b>Restricted for:</b>						
Road construction & maintenance	-	3,293,791	-	-	-	3,293,791
Special transportation	-	-	-	-	2,195,427	2,195,427
Land corner preservation	-	-	-	-	240,283	240,283
Cultural services	-	-	-	-	732,030	732,030
American rescue plan	-	-	-	9,049,293	-	9,049,293
Health and safety	-	-	2,655,820	-	30,070	2,685,890
OSU Extension service	-	-	-	-	76,927	76,927
Court security	-	-	-	-	38,494	38,494
Title III funds	-	-	-	-	18,645	18,645
	<u>-</u>	<u>3,293,791</u>	<u>2,655,820</u>	<u>9,049,293</u>	<u>3,331,876</u>	<u>18,330,780</u>
<b>Committed to:</b>						
Community service	-	-	-	-	182,549	182,549
Capital projects	-	-	-	-	42,269	42,269
Debt service	-	-	-	-	3,349,143	3,349,143
Health services	-	-	-	-	668,726	668,726
Water services	-	-	-	-	996	996
Cemetery operations	-	-	-	-	34,489	34,489
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,278,172</u>	<u>4,278,172</u>
<b>Unassigned:</b>	29,693,481	-	-	-	-	29,693,481
<b>Total Fund Balances</b>	<u>\$ 29,875,265</u>	<u>\$ 3,586,837</u>	<u>\$ 2,656,545</u>	<u>\$ 9,049,293</u>	<u>\$ 7,618,251</u>	<u>\$ 52,786,191</u>

**V. Other information**

**A. Risk management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. In addition, the County has set up a joint trust fund with Valley Landfills, Inc. to be used for any future environmental cleanup or damage control that may be required in the future as a result of landfill operations. As of June 30, 2021 management believes the County was not liable for any closure or post-closure care for the landfill operation.

There have been no settlements in excess of insurance coverage for the year ended June 30, 2021, or the three preceding fiscal years.

**V. Other information (continued)**

**B. Other postemployment benefits (OPEB)**

The County administers a single-employer defined benefit healthcare plan. The plan provides the opportunity for postretirement healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which cover both active and retired participants.

**Implicit subsidy**

**a. Plan description and benefits provided**

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

**b. Plan membership**

As of June 30, 2020 actuarial valuation date, there were 449 active employees, 16 eligible retirees, and 1 spouse of eligible retirees for a total of 469 plan members.

**c. Contributions**

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

For non-BCDSA retirees	\$ 743
For spouses of non-BCDSA retirees	\$ 848
For BCDSA retirees	\$ 1,503

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

At June 30, 2021, the County reported a total OPEB liability of \$3,461,665. The total OPEB liability was measured as of June 30, 2020 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

	<b>Total OPEB Liability</b>
Balances at June 30, 2020	\$ 4,602,021
Changes for the year:	
Service cost	207,099
Interest	163,818
Effect of economic/demographic gains or losses	(324,977)
Change in assumptions or other inputs	(926,859)
Benefit payments	<u>(259,437)</u>
Balances at June 30, 2021	<u>\$ 3,461,665</u>

**V. Other information (continued)**

**B. Other postemployment benefits (OPEB) (continued)**

**d. Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (continued)**

For the year ended June 30, 2021, the County recognized OPEB expense of \$213,632. At June 30, 2021 the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Change of assumptions	\$ 935,327	\$ 375,233
Differences between expected and actual experience	506,748	-
Benefit payments	-	204,244
	<u>                    </u>	<u>                    </u>
Total	<u>\$ 1,442,075</u>	<u>\$ 579,477</u>
Difference between Deferred Outflows and Deferred Inflows		<u>\$ (862,598)</u>

\$204,244 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in personnel expense for future years ending June 30 are as follows:

2022	\$ (157,285)
2023	(157,285)
2024	(157,285)
2025	(157,285)
2026	(130,305)
Thereafter	(307,397)
	<u>\$ (1,066,842)</u>

**e. Actuarial valuation**

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

**V. Other information (continued)**

**B. Other postemployment benefits (OPEB) (continued)**  
**e. Actuarial valuation (continued)**

**Actuarial methods and assumptions used in developing total OPEB liability**

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Election and Lapse Rates	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate
Projected Salary Increases	3.5 percent
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees.

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

Discount rate

The discount rate used to measure the total OPEB liability was 2.21 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.50 percent.

Healthcare cost trend rate

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

Year	Pre-65 Trend
2020	3.75%
2021	5.75
2022	5.25
2023-2025	5.00
2026-2040	4.75
2041-2049	5.00
2050-2064	4.75
2065-2067	4.50
2068-2071	4.25
2072+	4.00

Dental costs are assumed to increase -1.25% for 2020, 4.0 percent in all future years.

**V. Other information (continued)**

**B. Other postemployment benefits (OPEB) (continued)**

**e. Actuarial valuation (continued)**

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

The following presents the County's total OPEB liability calculated using the discount rate of 2.21 percent, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

Employers' OPEB Liability	<u>1% Decrease (1.21%)</u>	<u>Current Discount Rate (2.21%)</u>	<u>1% Increase (3.21%)</u>
Total OPEB liability	\$ 3,692,285	\$ 3,461,665	\$ 3,241,633
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ 3,153,173	\$ 3,461,665	\$ 3,819,187

Changes since prior valuation

Expected Claims and Premiums was updated to reflect changes in available benefits and premium levels. If applicable, expected retiree and dependent costs were updated to reflect current health cost guidelines.

The health care cost trend was updated to reflect changes in current premium levels as well as future expected economic and regulatory conditions.

The mortality, withdrawal and retirement rates were updated to reflect assumptions used in the Oregon PERS December 31, 2019 actuarial valuation.

The data processing assumptions for missing dates of hire and inconsistent or missing PERS tier information were updated to provide a better approximation for missing or inconsistent data.

**Explicit subsidy**

**a. Plan description and benefits provided - explicit subsidy:**

As the result of union negotiations, the County has agreed to provide medical, dental, and vision insurance to qualified retirees as follows:

1. Only full-time regular employees are eligible for full benefits in accordance with this agreement. Regular part-time employees who work at least 20 hours per week are eligible for prorated benefits.
2. The retiree must have completed a minimum of fifteen continuous years of employment with the County and must be eligible for retirement from PERS, even if less than 58 years of age.



**V. Other information (continued)**

**B. Other postemployment benefits (OPEB) (continued)**

**Explicit subsidy (continued)**

**a. Plan description and benefits provided – explicit subsidy (continued):**

3. The retiree must be fully eligible for and either receiving or have applied for retirement benefits from the Public Employee Retirement System (PERS).
4. Insurance coverage is limited to the employee and spouse for AFSCME and ONA members, non-represented employees hired prior to March 1, 2000 and deputies are limited to employee only, the coverage is for a period not to exceed seven years, retirees can elect when coverage begins.
5. The County’s share of insurance premiums is fixed according to premium rates, which are current on the day of retirement. Premium increases occurring during retirement are the responsibility of the retiree.
6. The County will pay a prorated share of the insurance premiums according to years of service.

As of June 30, 2021, there were 16 participants currently eligible to receive benefits. For the fiscal year ended June 30, 2021, the County incurred \$169,458 of expenditures. The County funds this benefit on a “pay-as-you-go” basis.

**b. Funding policy**

The County funds the plan only to the extent of current year insurance premium requirement on a pay-as-you-go basis. Retiree healthcare premiums are paid directly to the insurance provider. The County has not established an irrevocable trust to accumulate assets to fund the cost of the OPEB liabilities that arise from either the implicit or explicit subsidy. OPEB liabilities are primarily liquidated by the General Fund and the Health Clinic Fund.

**C. Retirement health saving plan**

Benton County provides a Retirement Health Savings Plan (RHS) (a defined contribution plan) for those ONA and non-represented employees who are not eligible for the previously described plan. The plan was established as a result of negotiations with labor unions. Any changes to the plan would be a result of negotiations. The County makes monthly deposits into the RHS for each eligible employee according to the following schedule based on years of completed continuous service: The amount actually contributed in fiscal year 2021 was \$107,258.

<u>Years of Service</u>	<u>Annual Contribution</u>
a. 4 to 5	\$ 504
b. 6 to 10	\$1,008
c. 11 to 15	\$1,512
d. 16 to 19	\$2,016
e. 20 plus	\$2,520

**V. Other information (continued)**

**D. Deferred compensation plan**

The County sponsors a deferred compensation plan available to its employees wherein they may execute an individual agreement with the County for amounts earned by them to not be paid until a future date when they are terminated by reason of death, permanent disability, retirement or separation. The deferred compensation plan is qualified under IRC Section 457 and has been approved by the Internal Revenue Service.

Monies accumulated by the County under its deferred compensation plan have been deposited with the International City Management Association Retirement Corporation (ICMA), Oregon Savings Growth Plan and Nationwide Retirement Solutions. These deposits are not subject to the collateral requirements of Oregon law.

**E. Employee retirement systems and pension plans**

**Defined Benefit Pension Plan**

**1) Plan description**

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

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

OPERS produces an independently audited comprehensive annual financial report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: [www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

**2) Description of benefit terms**

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

**Tier One/Tier Two Retirement Benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

**Pension benefits**

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**2) Description of benefit terms (continued)**

members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

**Death benefits**

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

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

**Disability benefits**

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

**Benefit changes after retirement**

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

**Benefits provided under Chapter 238A – OPSRP Pension Program (OPSRP)**

**Pension benefits.**

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

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

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**2) Description of benefit terms (continued)**

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

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

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

**Death benefits**

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

**Disability benefits**

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

**Benefits changes after retirement**

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

**3) Funding policy and contribution rates**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to OPERS Defined Benefit Plan and Other Postemployment Benefit Plans.

Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. {The County has made a lump sum payment to establish a side account, and the County's rates have been reduced.}

Tier 1/tier 2 employer contribution rates for general service employees were 17.97% and 24.67% for public safety employees and the OPSRP employer contribution rates were 12.27% for general service employees and 16.90% for public safety employees. Employer contributions for the year ended June 30, 2021 were \$5,016,281, excluding amounts to fund employer specific liabilities.

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**4) Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions**

**Net pension liability**

At June 30, 2021, the County reported a liability of \$58,806,318 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension asset was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

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

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

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

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

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

The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**4) Net pension liability, etc. (continued)**

Tier 1/Tier 2 pooling arrangement, who are referred to as “Independent Employers”, have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

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

At June 30, 2020, the County’s proportion was .26946402%, which was a decrease of .00571429% from its proportion measured as of June 30, 2019.

**3. Pension expense**

For the year ended June 30, 2021, the County recognized pension expense of \$14,619,393, which includes pension expense of \$9,603,112 and current year contributions of 5,016,281.

On July 2, 2019, the County deposited \$5 million into the Oregon Public Employment Retirement pension fund to be placed into a Side Account. Oregon Senate bill 1049 established an Employer Incentive (matching) Fund and on December 2, the County received a 25% match (\$1,250,000) from the state of Oregon which was also deposited into the County’s side account. The rate relief from that deposit is reflected in the July 1, 2021 pension rates.

**Deferred inflows of resources and deferred outflows of resources**

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, employers will report the following deferred inflows of resources and/or deferred outflows of resources:

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

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

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**5) Net pension liability, etc. (continued)**

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,588,189	\$ -
Change of assumptions	3,155,949	110,578
Net difference between projected and actual earnings on investments	6,914,859	-
Change in proportionate share	1,337,005	732,418
Differences between employer contributions and employer's proportionate share of system contributions	3,620,050	1,021,287
Contributions subsequent to the measurement date	<u>5,016,281</u>	<u>-</u>
Total	<u>\$ 22,632,333</u>	<u>\$ 1,864,283</u>
Net Deferred Outflow/(Inflow) of Resources		<u>\$ 20,768,050</u>

\$5,016,281 reported as deferred outflows of resources related to pensions resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

2022	\$ 3,836,107
2023	4,571,915
2024	4,004,087
2025	3,079,647
2026	260,012
Thereafter	<u>-</u>
	<u>\$ 15,751,768</u>

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**6) Actuarial methods and assumptions used in developing contributions and total pension liability**

The contribution rates (Tier One/ Tier Two and OPSRP) were developed and the total pension liability measured as of June 30, 2020 was based on an actuarial valuation as of December 31, 2018 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Administrative expenses – Tier One/Tier Two	\$32.5 million per year added to normal cost
Projected salary increases	3.5 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<b>Healthy retirees and beneficiaries:</b> Pub-2010 Health Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Active members:</b> Pub-2010 Health Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. <b>Disabled retirees:</b> Pub-2010 Health Retirees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

*UAL amortization*

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected



**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

**6) Actuarial methods and assumptions used in developing contributions and total pension liability**

combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

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

*Discount rate*

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

*Assumed asset allocation*

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	37.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	12.50%
Opportunity portfolio	<u>0.00%</u>
Total	<u>100.00%</u>

*Long-term expected rate of return*

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July of 2019 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation, and the long-term expected rate of return for each major class, calculated using both arithmetic and geometric means, see PERS' audited financial statements at:

<https://www.oregon/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined Benefit Pension Plan (continued)**

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

*Depletion date projection*

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

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

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

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

**7) Sensitivity of the proportionate share of the net pension liability to changes in the discount rate**

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	<b>1% Decrease (6.2%)</b>	<b>Current Discount Rate (7.2%)</b>	<b>1% Increase (8.2%)</b>
Employers' Net Pension Liability			
County's proportionate share of net pension asset or liability	\$ 87,322,525	\$ 58,806,318	\$ 34,894,156

**V. Other information (continued)**

**E. Employee retirement systems and pension plans (continued)**

**Defined contribution plan**

**1) Plan description**

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

**2) Pension benefits**

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

Effective July 1, 2020, for all PERS members earning more than \$2,500 a month, a portion of their 6% IAP contributions are now redirected to a new Employee Pension Stability Account (EPSA). The funds in each member's EPSA will be used to help pay for their future pension benefits. The IAP Redirect is in effect when the PERS system is less than 90% funded, and as of December 31, 2019, the PERS funded status was at 78.6% according to the latest official actuarial valuation.

Tier One/Tier Two members (hired before August 29, 2003)

- 2.5% of the employee's salary that is currently contributed to their IAP (whether paid by the member or their employer) now goes into their EPSA. The remaining 3.5% of salary will continue to go to the member's existing IAP account.
- Members can voluntarily choose to make additional, after-tax contributions of 2.5% into their IAP, allowing their IAP account to remain "whole."

OPSRP members (hired after August 28, 2003)

- 0.75% of the employee's salary that is currently contributed to the IAP (whether paid by the member or their employer) now goes into their EPSA. The remaining 5.25% of salary will continue to go into the member's existing IAP account.
- Members can voluntarily choose to make additional, after-tax contributions of 0.75% into their IAP, allowing their IAP account to remain "whole."

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

**3) Death benefits**

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

**E. Employee retirement systems and pension plans (continued)**

**Defined contribution plan (continued)**

**4) Contributions**

The County makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2021 were \$2,045,440.

**5) Recordkeeping**

PERS contracts with VOYA Financial to maintain IAP participant records.

**F. Defined benefit other postemployment benefits plan**

**1) Plan description**

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: <https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

**2) Description of benefit terms**

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

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

*Other Postemployment Healthcare benefits*

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

To be eligible, the member must:

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

**V. Other information (continued)**

**F. Defined benefit other postemployment benefits plan (continued)**

**2) Description of benefit terms (continued)**

*Surviving spouse or dependent benefits*

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

**7) Contributions**

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

The County contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100 percent, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2021, the County made contributions in the amount of \$15,334 to the RHIA.

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

*Net OPEB liability (asset)*

At June 30, 2021, the County reported an asset of \$316,826 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB asset was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2020, the County's proportion was .15549038 percent, which was a decrease of .120832 percent from its proportion measured as of June 30, 2019.

*OPEB expense*

For the year ended June 30, 2021, the County recognized an increase of payroll expense related to RHIA of \$147,888. The County recognized a total of \$361,520 in OPEB expenses.

*Deferred inflows of resources and deferred outflows of resources*

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

**V. Other information (continued)**

**F. Defined benefit other postemployment benefits plan (continued)**

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

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

At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 32,389
Change of assumptions	-	16,841
Net difference between projected and actual earnings on investments	35,234	-
Change in proportionate share	124,543	284
Contributions subsequent to the measurement date	<u>15,334</u>	
Total	<u>\$ 175,111</u>	<u>\$ 49,514</u>
Net Deferred Outflow/(Inflow) of Resources		<u>\$ 125,597</u>

Deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date in the amount of \$15,334 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense for future years ending June 30 follows:

2022	\$ 34,188
2023	51,936
2024	13,024
2025	11,114
2026	-
Thereafter	-
	<u>\$ 110,262</u>

Actuarial methods and assumptions used in developing total OPEB liability

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

*Retiree healthcare participation*

Health retirees are assumed to participate 32% of the time while disable retirees are assumed to participate 20% of the time.

**V. Other information (continued)**

**F. Defined benefit other postemployment benefits plan (continued)**

*Healthcare cost trend rate*

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

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

*Depletion date projection*

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

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

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

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

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

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.2 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

	1% Point Lower	Current Discount Rate	1% Point Higher
Proportionate share of net OPEB liability/(asset)	\$ (255,785)	\$ (316,826)	\$ (369,021)

**V. Other information (continued)**

**G. Tax abatements**

Benton County has entered into property tax abatement agreements and the County’s property taxes to be received for the 2020-21 levy year were reduced under the following programs:

<u>Program and statutory authority</u>	<u>Amount of Reduction</u>
Enterprise zone – ORS 285C.050-.250	\$ 2,448
Oregon Housing Authority – ORS 307.092	\$ 26,894

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The Benton/Corvallis Enterprise Zone is the local sponsor.

The Enterprise Zone program provides qualified firms that will be making a substantial new capital investment within the defined enterprise zone, a waiver of 100% of the amount of real property taxes attributable to the new investment for a period of five years following completion of the new investment. Land or existing machinery or equipment is not tax exempt, there is no loss of current property tax levies to local taxing jurisdictions.

Oregon Housing Authority provides exemption on property owned or leased by a housing authority. The property of a housing authority is declared to be public property used for the essential public and governmental purposes and, upon compliance with ORS 307.162, the property and the housing authority are exempt from all taxes and special assessments.

**H. Contingent liabilities**

The County is party to various legal proceedings generally incidental to its business. Although the ultimate disposition of these proceedings is not presently determinable, management is vigorously defending the claims and does not believe that adverse determination in any or all of such proceedings will have a material adverse effect upon the financial condition of the County.

Amounts received or receivable from grant 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 that may be disallowed by the grantor cannot be determined at this time, although the government expects such amounts, if any, to be immaterial.



**V. Other information (continued)**

**I. Operating leases**

The County leases building space for operations. Operating lease expense for governmental activities were \$39,760 and for business-type activities were \$114,493. For the fiscal year ended June 30, 2021, none of the leases extend beyond 2026.

Future minimum payments for operating leases, based on fiscal year 2021's level of usage, are as follows:

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
2022	14,904	72,133	87,037
2023	9,304	42,360	51,664
2024	7,704	-	7,704
2025	5,594	-	5,594
2026	2,200	-	2,200
Totals	<u>\$ 39,706</u>	<u>\$ 114,493</u>	<u>\$ 154,199</u>

**J. Unusual Event**

The Coronavirus pandemic has affected the County in various ways. As of the end of the fiscal year, Benton County had access to over \$9 million in relief aid to respond to the pandemic, primarily stemming from the federal American Rescue Plan Act. The county will receive another \$9 million in March of 2022 from the American Rescue Plan Act. The County is developing strategies on how to utilize these funds in accordance to federal guidelines. These funds must be expended by December 31, 2024.

# REQUIRED SUPPLEMENTARY INFORMATION



*Alsea Falls*

**BENTON COUNTY, OREGON****GENERAL FUND***SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)**For the Biennium ended June 30, 2021**As of June 30, 2021*

	<i>Budgeted Amounts</i>		<i>Biennium Actual Amounts</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Taxes	\$ 39,255,243	\$ 39,255,243	\$ 40,564,332	\$ 1,309,089
Licenses and permits	5,505,920	5,505,920	5,811,479	305,559
Intergovernmental	27,514,171	38,794,271	36,793,411	(2,000,860)
Charges for services	9,161,429	9,221,429	10,313,160	1,091,731
Interest	510,000	510,000	816,675	306,675
Miscellaneous	127,700	127,700	337,851	210,151
Total revenues	82,074,463	93,414,563	94,636,908	1,222,345
<b>EXPENDITURES</b>				
General government	25,004,564	36,173,600	28,686,837	7,486,763
Public safety	29,893,856	29,450,075	28,139,001	1,311,074
Health services	22,912,048	24,768,982	20,344,849	4,424,133
Justice services	11,737,234	11,737,234	10,056,086	1,681,148
Community services	1,185,192	1,010,192	1,002,347	7,845
Cultural and educational services	350,764	350,764	342,031	8,733
Parks and natural resources	3,102,682	3,102,682	2,844,833	257,849
Contingency	7,147,485	6,171,638	-	6,171,638
Total expenditures	101,333,825	112,765,167	91,415,984	21,349,183
Excess (deficiency) of revenues over (under) expenditures	(19,259,362)	(19,350,604)	3,220,924	22,571,528
<b>OTHER FINANCING SOURCES (USES)</b>				
Loans	-	-	10,910	10,910
Transfers in	11,520,951	11,844,959	11,054,442	(790,517)
Transfers out	(6,761,589)	(7,112,251)	(4,692,936)	2,419,315
Total other financing sources (uses)	4,759,362	4,732,708	6,372,416	1,639,708
Net change in fund balance	(14,500,000)	(14,617,896)	9,593,340	24,211,236
<b>Fund balances - beginning</b>	23,500,000	23,617,896	21,426,126	(2,191,770)
<b>Fund balances - ending</b>	<b>\$ 9,000,000</b>	<b>\$ 9,000,000</b>	<b>\$ 31,019,466</b>	<b>\$ 22,019,466</b>

**BENTON COUNTY, OREGON**

**ROAD FUND**

*SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)*

*For the Biennium Ended June 30, 2021*

*As of June 30, 2021*

	<i>Budgeted Amounts</i>		<i>Biennium Actual Amounts</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>REVENUES</b>				
Intergovernmental	\$ 19,165,226	\$ 19,165,226	\$ 13,637,882	\$ (5,527,344)
Charges for services	1,569,175	1,569,175	1,654,609	85,434
Interest	20,000	20,000	41,474	21,474
Miscellaneous	-	-	35,914	35,914
Total revenues	<u>20,754,401</u>	<u>20,754,401</u>	<u>15,369,879</u>	<u>(5,384,522)</u>
<b>EXPENDITURES</b>				
Public works:				
Personal services	7,529,028	7,529,028	6,202,579	1,326,449
Materials and services	7,076,349	7,076,349	4,926,325	2,150,024
Capital outlay	7,091,669	7,160,819	3,737,435	3,423,384
Contingency	1,057,355	988,205	-	988,205
Total expenditures	<u>22,754,401</u>	<u>22,754,401</u>	<u>14,866,339</u>	<u>7,888,062</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>503,540</u>	<u>2,503,540</u>
Net change in fund balance	(2,000,000)	(2,000,000)	503,540	2,503,540
<b>Fund balances - beginning</b>	<u>2,000,000</u>	<u>2,000,000</u>	<u>2,914,218</u>	<u>914,218</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,417,758</u>	<u>\$ 3,417,758</u>

**BENTON COUNTY, OREGON****LOCAL OPTION LEVY FUND***SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)**For the Biennium Ended June 30, 2021**As of June 30, 2021*

	<i>Budgeted Amounts</i>		<i>Biennium Actual Amounts</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>Revenues</b>				
Taxes	\$ 15,631,631	\$ 15,631,631	\$ 16,223,464	\$ 591,833
Intergovernmental	-	-	54,253	54,253
Charges for services	42,856	42,856	22,602	(20,254)
Miscellaneous	-	-	47,577	47,577
Interest	90,000	95,900	167,239	71,339
Total revenues	<u>15,764,487</u>	<u>15,770,387</u>	<u>16,515,135</u>	<u>744,748</u>
<b>Expenditures</b>				
General government	3,820	9,720	5,621	4,099
Public safety	7,764,902	7,595,074	6,707,085	887,989
Health services	769,184	769,184	489,039	280,145
Justice services	1,459,311	1,459,311	1,421,900	37,411
Total expenditures	<u>9,997,217</u>	<u>9,833,289</u>	<u>8,623,645</u>	<u>1,209,644</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,767,270</u>	<u>5,937,098</u>	<u>7,891,490</u>	<u>1,954,392</u>
<b>Other financing sources (uses)</b>				
Transfers out	<u>(10,967,270)</u>	<u>(11,137,098)</u>	<u>(10,958,046)</u>	<u>179,052</u>
Total other financing sources (uses)	<u>(10,967,270)</u>	<u>(11,137,098)</u>	<u>(10,958,046)</u>	<u>179,052</u>
Net change in fund balance	(5,200,000)	(5,200,000)	(3,066,556)	2,133,444
<b>Fund balances - beginning</b>	<u><b>6,500,000</b></u>	<u><b>6,500,000</b></u>	<u><b>5,893,210</b></u>	<u><b>(606,790)</b></u>
<b>Fund balances - ending</b>	<u><u><b>\$ 1,300,000</b></u></u>	<u><u><b>\$ 1,300,000</b></u></u>	<u><u><b>\$ 2,826,654</b></u></u>	<u><u><b>\$ 1,526,654</b></u></u>

**BENTON COUNTY, OREGON****AMERICAN RESCUE PLAN FUND****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (BUDGET AND ACTUAL)**

For the Biennium Ended June 30, 2021

As of June 30, 2021

	<i>Budgeted Amounts</i>		<i>Biennium Actual Amounts</i>	<i>Variance with Final Budget</i>
	<i>Original</i>	<i>Final</i>		
<b>Revenues</b>				
Intergovernmental	\$ 9,023,528	\$ 9,023,528	\$ 9,037,227	\$ 13,699
Interest	-	-	12,066	12,066
Total revenues	<u>9,023,528</u>	<u>9,023,528</u>	<u>9,049,293</u>	<u>25,765</u>
<b>Expenditures</b>				
General government				
Materials and services	1,000,000	1,000,000	-	1,000,000
Capital Outlay	1,000,000	1,000,000	-	1,000,000
Contingency	<u>7,023,528</u>	<u>7,023,528</u>	<u>-</u>	<u>7,023,528</u>
Total expenditures	<u>9,023,528</u>	<u>9,023,528</u>	<u>-</u>	<u>9,023,528</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>9,049,293</u>	<u>9,049,293</u>
Net change in fund balance	-	-	9,049,293	9,049,293
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,049,293</u>	<u>\$ 9,049,293</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**Benton County, Oregon**

*Oregon Public Employees Retirement System*

*Schedule of Benton County's Proportionate Share of the Net Pension Liability*

*Last 10 Plan Years\**

	<u>2011</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Proportion of the net pension liability (asset)	N/A	0.2269%	0.2345%	0.2332%	0.2558%	0.2759%	0.2752%	0.2695%
Proportionate share of the net pension liability (asset)	N/A	\$ (5,144,090)	\$ 13,466,545	\$ 35,000,538	\$ 34,475,337	\$ 41,801,812	\$ 47,599,257	\$ 58,806,318
Covered payroll	N/A	\$ 22,396,194	\$ 23,097,201	\$ 27,760,066	\$ 27,760,066	\$ 28,498,126	\$ 30,388,570	\$ 33,076,919
Proportionate share of the net pension liability (asset) as a percentage of covered payroll	N/A	-22.97%	58.30%	126.08%	124.19%	146.68%	156.64%	177.79%
Plan fiduciary net position as a percentage of the total pension liability	N/A	103.59%	91.88%	79.69%	83.12%	82.07%	80.20%	76.00%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year was determined as of June 30.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Benton County, Oregon**

*Oregon Public Employees Retirement System*

*Schedule of Benton County's Contributions*

*Last 10 Fiscal Years\**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2016</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Contractually required contributions	N/A	N/A	\$ 1,926,117	\$ 2,051,486	\$ 2,051,486	\$ 3,229,388	\$ 3,653,603	\$ 5,997,311	\$ 5,016,281
Contributions in relation to the contractually required contributions	N/A	N/A	<u>(1,926,117)</u>	<u>(2,051,486)</u>	<u>(2,051,486)</u>	<u>(3,229,388)</u>	<u>(3,653,603)</u>	<u>(10,944,510)</u>	<u>(5,016,281)</u>
Contribution deficiency (excess)	N/A	N/A	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,947,199)</u>	<u>\$ -</u>
Covered payroll	N/A	N/A	\$ 22,396,194	\$ 23,097,201	\$ 23,097,201	\$ 28,498,126	\$ 30,388,570	\$ 33,076,919	\$ 34,262,399
Contribution as a percentage of covered payroll	N/A	N/A	N/A	8.88%	8.88%	11.33%	12.02%	18.13%	14.64%

\*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

The amounts presented for each fiscal year was determined as of June 30.



**REQUIRED SUPPLEMENTARY INFORMATION**

**Benton County, Oregon**

*Schedule of Changes in the County's Total OPEB and Related Ratios*

*Last 10 Plan Years\**

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	<u>June 30, 2018</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>
Service cost	\$ 197,702	\$ 182,971	\$ 207,099
Interest on total OPEB liability	152,654	171,671	163,818
Effect of economic/demographic gains or losses	(352,419)	-	(324,977)
Effect of assumptions changes or inputs	456,158	116,883	(926,859)
Benefit payments	<u>(292,143)</u>	<u>(242,625)</u>	<u>(259,437)</u>
Net change in total OPEB liability	161,952	228,900	(1,140,356)
Total OPEB liability - beginning of year	<u>4,211,169</u>	<u>4,373,121</u>	<u>4,602,021</u>
Total OPEB liability - end of year	<u>\$ 4,373,121</u>	<u>\$ 4,602,021</u>	<u>\$ 3,461,665</u>
Covered employee payroll	\$ 28,498,126	\$ 30,388,570	\$ 33,076,919
Total OPEB liability as a percentage of covered payroll	15.3%	15.1%	10.5%

Notes to schedule

Information will be accumulated until 10 years are presented.

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

**REQUIRED SUPPLEMENTARY INFORMATION**

**Benton County, Oregon**

*Schedule of Other Postemployment Benefits Liability*

*Oregon Public Employees Retirement System*

*Last 10 Plan Years\**

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<u>Year Ended June 30,</u>	<u>County's proportion of the net OPEB liability (asset)</u>	<u>County's proportionate share of the net OPEB liability (asset)</u>	<u>County's covered payroll</u>	<u>County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2020	0.15549038%	\$ (316,826)	\$ 33,076,919	-0.96%	150.10%
2019	0.27632288%	(533,956)	30,388,570	-1.76%	144.40%
2018	0.26700595%	(313,665)	28,498,216	-1.10%	123.99%
2017	0.28099335%	(111,432)	27,760,066	-0.40%	108.88%

\* This schedule is 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.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Benton County, Oregon**

*Schedule of Other Postemployment Benefits Contributions*

*Oregon Public Employees Retirement System*

*Last 10 Fiscal Years\**

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<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>County's covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2021	\$ 15,334	\$ 15,334	\$ -	\$ 34,262,399	0.04%
2020	143,443	143,443	-	33,076,919	0.43%
2019	136,951	136,951	-	30,388,570	0.45%
2018	129,474	129,474	-	28,498,127	0.45%
2017	133,301	133,301	-	27,760,065	0.48%

\* This schedule is 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.

# **BENTON COUNTY, OREGON**

## *Notes to Required Supplementary Information*

*June 30, 2021*

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### **1. Reconciliation of Budgetary Basis to GAAP Basis Fund Balance**

The budget of the County, as required by Oregon Local Budget Law, is prepared differently, in some respects, from generally accepted accounting principles. The following is a reconciliation of fund balances prepared on a budgetary basis and fund balances as prepared in accordance with generally accepted accounting principles (GAAP).

	<b>General Fund</b>	<b>Road Fund</b>	<b>Local Option Fund</b>	<b>American Rescue Plan Fund</b>
Fund balance - budgetary basis	\$31,019,466	\$3,417,758	\$ 2,826,654	\$ 9,049,293
Reserved for inventory	-	288,487	-	-
Accrued payroll	(1,208,071)	(123,010)	4,911	-
Market adjustment on investments	49,412	3,602	(175,020)	-
Intergovernmental receivable	14,458	-	-	-
Fund balance - GAAP basis	<u>\$29,875,265</u>	<u>\$3,586,837</u>	<u>\$ 2,656,545</u>	<u>\$ 9,049,293</u>

### **2. Stewardship, Compliance and Accountability**

The Board of Commissioners adopts a resolution authorizing appropriations for each fund, which establishes the level by which expenditures cannot lawfully exceed appropriations.

Appropriations are established at the program level for the following: general government, public safety, public works, health services, justice services, community services, cultural and educational services and parks and natural resources.