

BENTON COUNTY, OREGON  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2022



*Benton County Historic Courthouse*

---

Prepared by:  
Financial Services Department  
Rick Crager  
Chief Financial Officer

---

# TABLE OF CONTENTS

## ***INTRODUCTORY SECTION***

	<b>Page</b>
Letter of Transmittal	i-viii
Certificate of Achievement for Excellence in Financial Reporting	ix
Elected Officials	x
Organizational Chart	xi

## ***FINANCIAL SECTION***

Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-20

### ***Basic Financial Statements***

Government-wide Financial Statements	
Statement of Net Position	21
Statement of Activities	22

### ***Fund Financial Statements***

Balance Sheet - Governmental Funds	23
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	24
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to The Statement of Activities	26
Statement of Net Position - Proprietary Funds	27
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	28
Statement of Cash Flows - Proprietary Funds	29
Statement of Net Position - Fiduciary Funds	30
Statement of Changes in Net Position - Fiduciary Funds	31

<b><i>Notes to Basic Financial Statements</i></b>	32-72
---	-------

## ***REQUIRED SUPPLEMENTARY INFORMATION***

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget & Actual	
General Fund	73
Road Fund	74
Local Option Levy Fund	75
American Rescue Plan Fund	76
Schedule of Proportionate Share of Net Pension Liability	77
Schedule of Contributions to OPERS	78
Schedule of Changes in the County's Total OPEB and Related Ratios	79
Schedule of Other Postemployment Benefits Liability	80
Schedule of Other Postemployment Benefits Contributions	81
Notes to Required Supplementary Information	82

# TABLE OF CONTENTS

<b>SUPPLEMENTARY INFORMATION</b>	<b>Page</b>
<b>Major Governmental Funds:</b>	
<i>General Fund:</i>	
Comparative Balance Sheets	83
Comparative Schedules of Revenues, Expenditures, and Changes in Fund Balance	84
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	85
<i>Road Fund:</i>	
Comparative Balance Sheets	86
Comparative Schedules of Revenues, Expenditures, and Changes in Fund Balance	87
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	88
<i>Local Option Levy Fund:</i>	
Comparative Balance Sheets	89
Comparative Schedules of Revenues, Expenditures, and Changes in Fund Balance	90
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	91
<i>American Rescue Plan Fund:</i>	
Comparative Balance Sheets	92
Comparative Schedules of Revenues, Expenditures, and Changes in Fund Balance	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	94
<b>Nonmajor Governmental Funds:</b>	
Combining Balance Sheet	95
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	96
<b>Nonmajor Special Revenue Funds:</b>	
Combining Balance Sheet	97-98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance	99-100
Schedules of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual:	
County School Fund	101
Fair Fund	102
Library Service District	103
Land Corner Preservation Fund	104
Special Grant Fund	105
Oregon Health Plan Fund	106
Court Security Fund	107
Special Transportation Fund	108
Title III Projects Fund	109
Cemetery Operations Fund	110
Alsea Human Services County Service District Fund	111
OSU Agricultural Extension Services County Service District Fund	112
911 County Service District Fund	113
West Lewellyn Service District Fund	114

# TABLE OF CONTENTS

<b><i>SUPPLEMENTARY INFORMATION (CONTINUED)</i></b>	<b>Page</b>
<b><i>Nonmajor Debt Service Funds:</i></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual: Debt Service Fund	115
<b><i>Nonmajor Capital Projects Funds:</i></b>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual: General Capital Improvement Fund	116
<b><i>Enterprise Funds:</i></b>	
<b><i>Benton County Health Center Fund</i></b>	
Comparative Statements of Net Position	117
Comparative Statements of Revenues, Expenses, and Changes in Net Position	118
Comparative Statements of Cash Flows	119
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	120
<b><i>East Linn Health Clinic Fund</i></b>	
Comparative Statements of Net Position	121
Comparative Statements of Revenues, Expenses, and Changes in Net Position	122
Comparative Statements of Cash Flows	123
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	124
<b><i>Non-Major Enterprise Funds</i></b>	
Combining Statement of Net Position-Nonmajor Enterprise Funds	125
Combining Statement of Revenues, Expenditures, and Changes in Net Position - Nonmajor Enterprise Funds	126
Combining Statement of Cash Flows-Nonmajor Enterprise Funds	127
<b><i>Enterprise Operations Fund</i></b>	
Comparative Statements of Net Position	128
Comparative Statements of Revenues, Expenses, and Changes in Net Position	129
Comparative Statements of Cash Flows	130
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	131
<b><i>Alsea County Service District:</i></b>	
Comparative Statements of Net Position	132
Comparative Statements of Revenues, Expenses, and Changes in Net Position	133
Comparative Statements of Cash Flows	134
Schedule of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual	135

# TABLE OF CONTENTS

<b><i>SUPPLEMENTARY INFORMATION (CONTINUED)</i></b>	<b>Page</b>
<b><i>Enterprise Funds (continued):</i></b>	
<i>Alpine County Service District:</i>	
Comparative Statements of Net Position	136
Comparative Statements of Revenues, Expenses, and Changes in Net Position	137
Comparative Statements of Cash Flows	138
Schedule of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual	139
<i>Cascade View County Service District:</i>	
Comparative Statements of Net Position	140
Comparative Statements of Revenues, Expenses, and Changes in Net Position	141
Comparative Statements of Cash Flows	142
Schedule of Revenues, Expenses, and Changes in Fund Balance - Budget and Actual	143
<i>South Third County Service District:</i>	
Comparative Statements of Net Position	144
Comparative Statements of Revenues, Expenses, and Changes in Net Position	145
Comparative Statements of Cash Flows	146
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	147
<i>Hidden Valley County Service District:</i>	
Comparative Statements of Net Position	148
Comparative Statements of Revenues, Expenses, and Changes in Net Position	149
Comparative Statements of Cash Flows	150
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	151
<b><i>Internal Service Funds:</i></b>	
Combining Statement of Net Position	152
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	153
Combining Statement of Cash Flows	154
<i>Intragovernmental Service Fund:</i>	
Comparative Statements of Net Position	155
Comparative Statements of Revenues, Expenses, and Changes in Net Position	156
Comparative Statements of Cash Flows	157
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	158

# TABLE OF CONTENTS

<b><i>SUPPLEMENTARY INFORMATION (CONTINUED)</i></b>	<b>Page</b>
<b><i>Internal Service Funds (continued):</i></b>	
<i>Management Services Fund:</i>	
Comparative Statements of Net Position	159
Comparative Statements of Revenues, Expenses, and Changes in Net Position	160
Comparative Statements of Cash Flows	161
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	162
<i>Health Management Services Fund:</i>	
Comparative Statements of Net Position	163
Comparative Statement of Revenues, Expenses, and Changes in Net Position	164
Comparative Statements of Cash Flows	165
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	166
<i>Employee Benefits Trust Fund:</i>	
Comparative Statements of Net Position	167
Comparative Statements of Revenues, Expenses, and Changes in Net Position	168
Comparative Statements of Cash Flows	169
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	170
<i>Treasury Management Fund:</i>	
Comparative Statements of Net Position	171
Comparative Statements of Revenues, Expenses, and Changes in Net Position	172
Comparative Statements of Cash Flows	173
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	174
<b><i>Fiduciary Funds:</i></b>	
<i>Private Purpose Trust Funds:</i>	
Combining Statement of Net Position	175
Combining Statement of Changes in Net Position	176

# TABLE OF CONTENTS

## ***OTHER FINANCIAL SCHEDULES***

	<b>Page</b>
Schedule of Bonds Payable	177
Schedule of Bond Interest Requirements to Maturity	178
Schedule of Future Debt Service Requirements	179
2002 PERS Pension Bond Debt Service Schedule	180
2004 PERS Pension Bond Debt Service Schedule	181
2018 Construction Debt	182
2020 General Obligation Bond	183
Schedule of Cash on Hand and Cash Transactions of Independently Elected Officials	184
Schedule of Expenditures Compared to Appropriations by Program Within Fund	185-187

## ***STATISTICAL SECTION***

Net Position by Component	188
Changes in Net Position	188-190
Fund Balances, Governmental Funds	191
Changes In Fund Balances, Governmental Funds	192
Assessed and Estimated Actual Value of Taxable Property	193
Average Property Tax Rates - Direct and Overlapping Jurisdictions	194-195
Principal Property Taxpayers	196
Property Tax Levies and Collections	197
Ratios of Outstanding Debt by Type	198
Ratios of General Bonded Debt Outstanding	199
Legal Debt Margin Information	200
Pledged Revenue Coverage	201
Direct and Overlapping Governmental Activities Debt	202
Demographic and Economic Statistics	203
Principal Employers	204
Full-time Equivalent County Government Employees by Program/Function	205
Operating Indicators by Program/Function	206-207
Capital Assets Statistics by Program/Function	208

## ***COMPLIANCE SECTION***

Independent Auditor's Report Required by Oregon State Regulations	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	

# INTRODUCTORY SECTION



*Mary's Peak at Sunset*





April 27, 2023

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, 2022, 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**

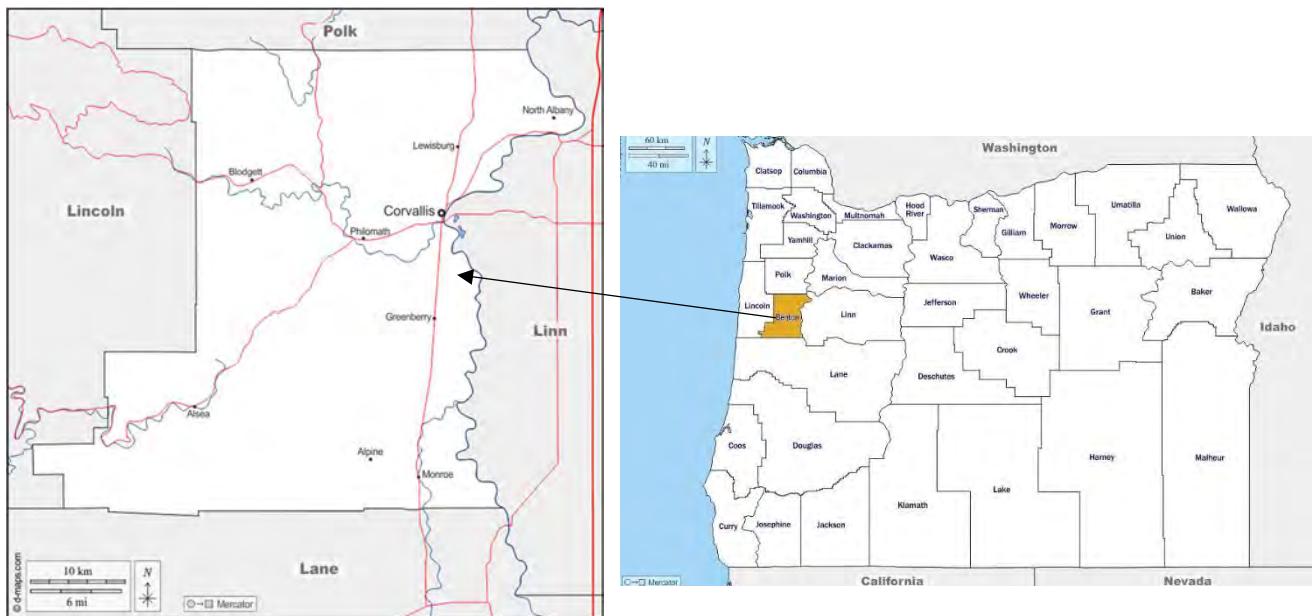
In accordance with Oregon law, SingerLewak LLP has audited the County's basic financial statements. The objective of the audit is to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2022, are free of material misstatement. The audit was conducted 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 96,017 and a true cash value of \$18,551,250,342.

Benton County is governed according to its Home Rule Charter, which became effective January 1973. The County's charter 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, juvenile services, corrections and probation, community development, internal administrative support, and assessment and tax collection for all county taxing districts. 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 nine entities can be found in Note I 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 using appropriation transfers between categories. The Board of Commissioners in public meetings must approve appropriation transfers. During Fiscal Year 2022, there were two supplemental budgets adopted.

Budget to actual comparisons is provided in this report for each individual fund for which an appropriated budget was adopted. For the General Fund, 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**

### ***State and Federal Revenues***

With approximately 42% 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 adjusted in staff and services. Additionally, as the one-time federal resources for the COVID response begins to phase out in 2023-25, the County will need to be strategic in normalizing ongoing revenue and expenses. 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.

### ***Population***

Benton County, unlike any other area in the region, shows a small percentage (17.6%) of its population aged 65 and older and a larger percentage (22.3%) of its population 19 years of age and under. The largest percentage of the county population is ages 20 to 34 (28.9%) and is primarily driven by student population at Oregon State University.

### ***Employment***

The City of Corvallis and Benton County have maintained a strong employment base. The Corvallis Metropolitan Statistical Area was at a 3.6% unemployment rate in July 2022, compared to the state average of 3.9%. The unemployment rate in July represented just a slight decrease of 0.3% from the previous year as the County continues to recover from the impacts of the Coronavirus Pandemic. Prior to the pandemic, the average unemployment rate stood at 2.9% in the County.

### ***Wages***

Workers in the County had an average (mean) hourly wage of \$30.25 in May 2021, about 8 percent above the nationwide average of \$28.01, and 2 percent about the statewide average of \$29.55. Based on information from the U.S. Bureau of Labor Statistics, wages in the County were higher than their respective national averages in 11 of the 22 major occupational groups, including healthcare practitioners and technical, educational instruction and library, and protective service. Seven groups had significantly lower wages than their respective national averages, including legal; management; and life, physical, and social science.

### ***Jobs and Industry***

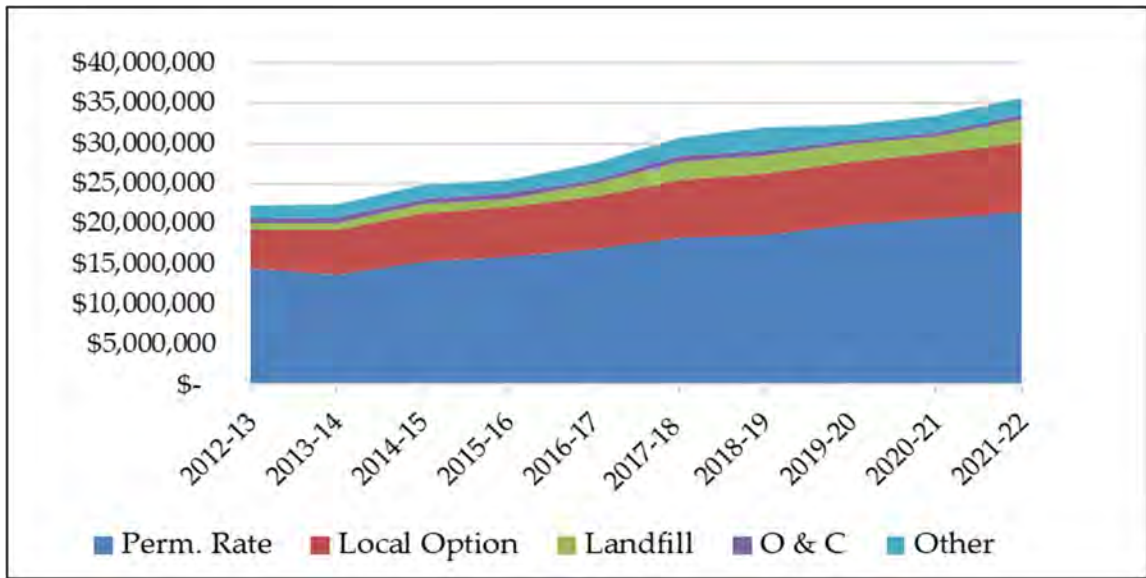
Education services, health care and social assistance make up the County's largest industry and is estimated at approximately 16,458 jobs or 35.4% of the total work force. State and local education represents the largest portion of these jobs and includes the local public school districts as well as 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 35,000 students and employs an average of 10,911 people per year. 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. It currently ranks in the top 1.4% of universities in the world, receives more research funding than any public university, and is the #3 best university for solving climate change. Federal, state and local public administration employment totals approximately 1,834 jobs or 3.9% of the total work force.

### ***Outlook***

Benton County is in sound fiscal position due to years of conservative financial management. In May of 2021, voters renewed a Health and Safety local option levy. This levy was renewed for five years and continues at the approved maximum of 90 cents per thousand dollars of assessed value.

The County's major general revenues come from property tax (both permanent rate and local option levy), 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 decreased from 86.3% to 84.1%. The primary factor for this decrease is the growth of the Landfill Surcharge from 3.5% to 7.9% of total general revenues during the same ten-year span. The following chart shows the change in general revenues over the last ten years.

**Benton County General Revenues – 2012-13 through 2021-22**



**MAJOR INITIATIVES**

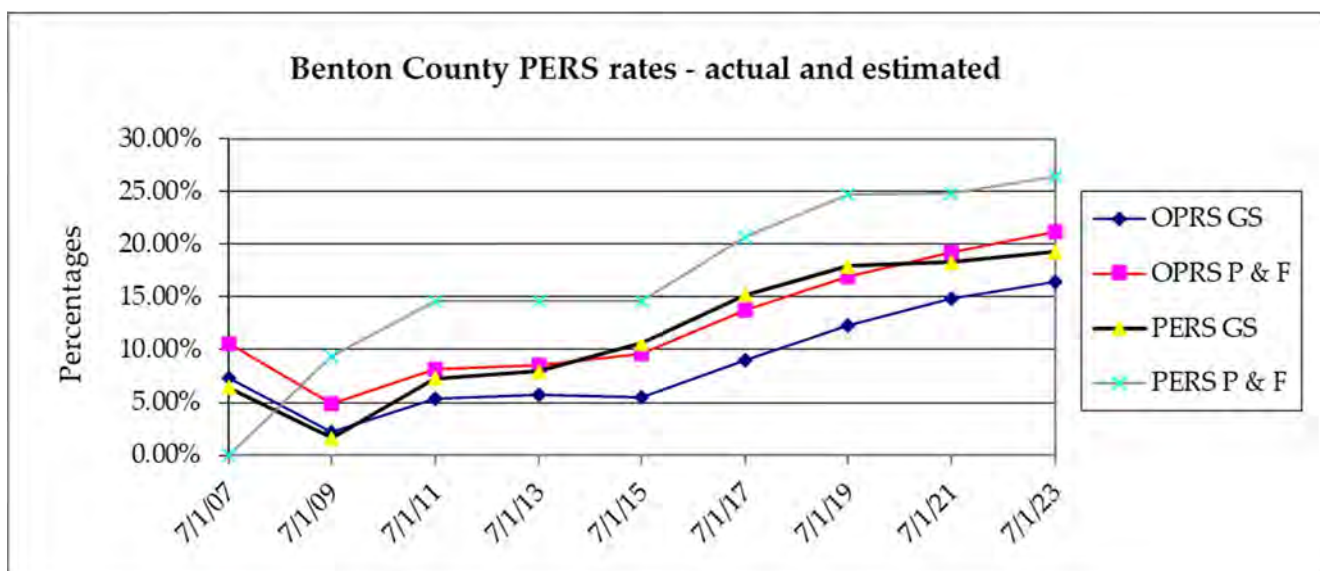
Justice System Improvement Program (JSIP) – JSIP is a multi-year project that began with a detailed 2018 assessment on the county’s current justice system. Since then, a cross-section of County staff, technical experts, and community stakeholders have met and provided input to develop a plan to provide treatment and accountability, ensure safety, and strengthen the community. The plan involves the development of a number of new facilities as well as expanded mental health and behavioral health crisis programs and services. In total, the cost of JSIP facilities is estimated at \$195.8 million. The County has already secured or is in the process of securing, \$70.6 million from a combination of federal, state, local, and county financing which will contribute to the completion of a Benton County Crisis Center and a new courthouse and District Attorney’s Office. The balance of the facilities will require passage of a \$110 million bond measure to be put before voters in May 2023. Proposed facilities included in the bond measure were determined through a community-involved planning process and are intended to improve access to mental health services and community-based supports for all residents, and to provide adequate space for improved accountability and treatment programs for adults in custody.

Facilities Improvements – In February of 2020, the County purchased an office building for \$7.25 million. With resources from the American Rescue Plan Act, Capital Improvement Funds, and county borrowing, the building is completing renovations and has consolidated several departments previously located in various buildings throughout the county. Departments that will be in the building include the Board of Commissioners, County Counsel, Records and Elections, Financial Services, Human Resources, Assessment, Information Technology, and Community Development.

American Rescue Plan Act – In May of 2021, Benton County was awarded \$18.1 million in funding to aid in responding to the economic and public health impacts of COVID-19 and furthers efforts in containing impacts on communities, residents, and businesses. The County has committed \$14.0 million of these resources for areas outlined in the ARPA legislation related to addressing negative economic impacts (17%), responding to public health issues (6%), maintaining and improving water, sewer, and broadband infrastructure (11%), and filling the gaps created by lost public sector revenue (66%). Specifically with the funds that have been committed, the County awarded \$2.5 million of grants in May of 2022 to local non-profit, governmental and community-based organizations to provide a variety of services and supports to individuals, businesses, and communities that were negatively impacted by the pandemic.

Increase Resources for Roads - House Bill 2017, the Transportation Funding Package, was passed by the 2017 Oregon Legislature and is forecasted to provide \$3.6 billion to the State Highway Fund through June 30, 2027. This action will increase resources for road maintenance and improvements by an estimated \$1.1 million per year through the 2025-27 biennium.

Public Employee Retirement System (PERS) Cost - 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. As mentioned earlier, local governments throughout the State of Oregon are limited in addressing this cost through revenue increases due to citizen-backed initiatives that limit the annual growth of the property tax rate in Oregon to 3%. In an effort to reduce the cost of PERS, the County has deposited county resources into a “side account” with PERS to help offset the unfunded liability and reduce future rates. These side accounts have been resourced with pension obligation bonds in 2002 and 2004, as well as most recently with a \$5 million deposit to a side account on July 2, 2020. These side accounts have resulted in a 4.06% negative offset to rates for 2023-25. The table below depicts the actual and estimated growth in PERS.



## 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 Senior Budget Strategist 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 are as follows:
  - American Federation of State, County, and Municipal Employees (AFSCME) – expires June 30, 2024.
  - Benton County Deputy Sheriff's Association (BCDSA) expires June 30, 2027.
  - Oregon Nurses Association (ONA) expires June 30, 2025.
- Health insurance cost increases. The County became self-insured August 1, 2020, which has slowed the rate of increases when comparing to historical trends.
- Inflationary Growth. Historically high inflation has driven county costs higher over the last year and is projected to remain high as the economy recovers from the impacts of COVID-19 and implements new or changed federal and state policy. As the County moves forward with the Justice Systems Improvement Program (JSIP), inflation will play

a major factor in the cost of construction. This will require sound financial oversight to mitigate the risk of cost increases on the development and construction of future facilities. This will also require the County to be very prudent and conservative in its budget approach for 2023-25 to ensure contingencies are available.

### 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-four consecutive fiscal years. 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 Sessions, Deputy Director of Financial Services, for all her assistance throughout the year and in preparing this report.

Respectfully submitted,



Rick Crager  
Chief Financial Officer  
Work Phone: 541-766-6246  
Cell Phone: 541-231-5453  
Email: rick.crager@bentoncountyor.gov  
www.co.benton.or.us





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Benton County  
Oregon**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

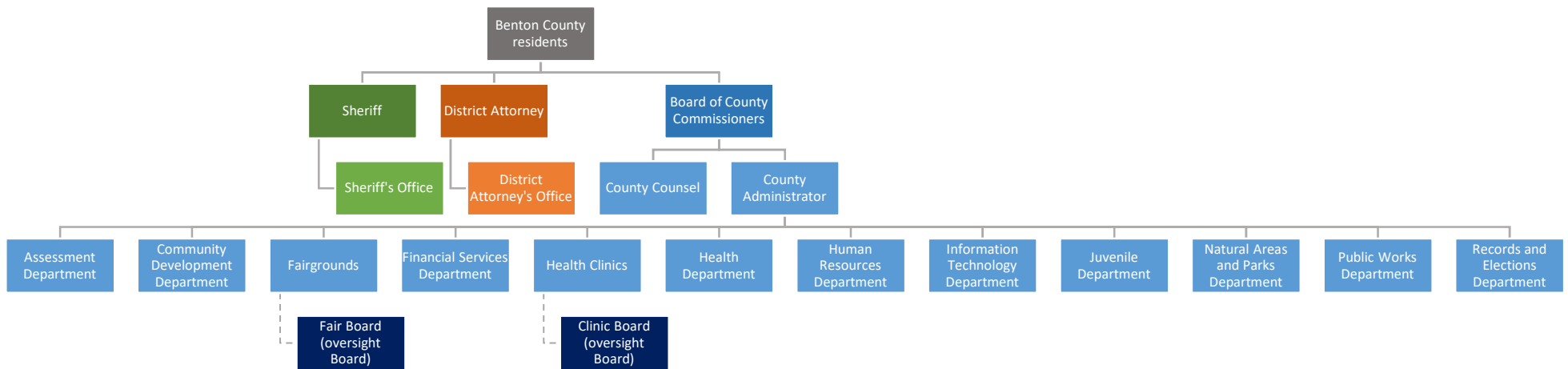
Executive Director/CEO

# *Benton County, Oregon*

## ELECTED OFFICIALS

June 30, 2022

<u>Official</u>	<u>Office</u>	<u>Address</u>
Nancy Wyse	Commissioner/Chair	7500 SW Research Way Corvallis, OR 97333
Pat Malone	Commissioner	7500 SW Research Way Corvallis, OR 97333
Xan Augerot	Commissioner	7500 SW Research Way 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 Audit of the Financial Statements**

#### ***Opinions***

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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Road, American Rescue Plan, and Local Option Levy Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material misstatements when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 – 20, budgetary comparison information on pages 73 – 76, and the pension and OPEB schedules on pages 77 – 81 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2023, 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 April 27, 2023, 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*

April 27, 2023

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, 2022. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page i, and financial statements, that follow this section.

### *Financial Highlights*

- On a government-wide basis, total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$171,067,013 (*net position*) as of June 30, 2022, an increase of \$1,549,967 from June 30, 2021.
- The increase in net position is due in large part to growth in property tax revenue by approximately \$2.0 million; a \$3.8 million increase in revenues from business-type activities, a \$6.3 million decrease in expenditures as many of the one-time revenue supported expenses related to the COVID response begins to decrease; and a decrease of \$9.0 million due to a prior period adjustment related to revenue recognition for American Rescue Plan Act funds.
- On a governmental basis, the combined fund balance of \$46,765,052 is a decrease of \$6,021,139 from the prior year. Of this balance, \$31,838,348 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 \$31,838,348 or 67.4% of total General Fund expenditures plus transfers to other funds.
- The County's total liabilities and deferred inflows of resources increased by \$15,465,126. This decrease was due to a decrease in net pension liability of \$26,840,410, a decrease of \$68,331 in OPEB liability, a decrease of \$2,213,047 in long-term debt, an increase of \$41,835,168 in deferred inflows, and an increase of \$2,985,124 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 like 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 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.

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 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, external fleet operations, and rental of county-owned properties.

The government-wide financial statements directly follow 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 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, 17 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 identified as 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.

**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 26 through 28 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 like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 29 and 30.

**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 31.

**Other information.** Required supplementary information and other supplementary information including combining and individual fund statements and schedules can be found starting on page 72 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 (86.2%) 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.

Fiscal Year 2022 ended with the County’s net position at \$1,549,970 more than the end of Fiscal Year 2021. 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.

#### BENTON COUNTY'S Net Position

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 86,488,387	\$ 71,212,045	\$ 5,631,256	\$ 5,921,165	\$ 92,119,643	\$ 77,133,210
Capital assets	170,937,219	165,615,023	7,890,388	7,799,494	178,827,607	173,414,517
Total assets	257,425,606	236,827,068	13,521,644	13,720,659	270,947,250	250,547,727
Deferred outflows of resources	14,801,195	16,917,517	5,434,677	6,469,404	20,235,872	23,386,921
Long-term liabilities	54,152,514	72,249,306	12,253,065	19,432,153	66,405,579	91,681,459
Other liabilities	25,189,360	7,104,399	1,326,120	2,275,874	26,515,480	9,380,273
Total liabilities	79,341,874	79,353,705	13,579,185	21,708,027	92,921,059	101,061,732
Deferred inflows of resources	19,879,581	2,426,296	7,315,469	929,577	27,195,050	3,355,873
<b>Net position:</b>						
Net investment in capital asse	156,003,305	149,939,267	6,951,653	6,832,118	162,954,958	156,771,385
Restricted	6,267,461	12,906,846	-	-	6,267,461	12,906,846
Unrestricted	10,734,580	9,118,471	(8,889,986)	(9,279,659)	1,844,594	(161,188)
Total net position	\$ 173,005,346	\$ 171,964,584	\$ (1,938,333)	\$ (2,447,541)	\$ 171,067,013	\$ 169,517,043

*Management Discussion and Analysis - Continued*

The County’s \$1,549,967 net position growth was the result of total revenues exceeding total expenses by \$10,587,194. This growth was reduced by a \$9,037,227 prior period adjustment related to revenue recognition adjustment for the County’s American Rescue Plan Act funding. While total revenue were down from Fiscal Year 2021 due to one-time COVID Relief Grants reducing, this was offset by a corresponding reduction in one-time expense to address the impacts of the pandemic.

As a result of GASB 68 in FY 2015, pension related items were required to be recorded in the government-wide statements. Subsequently, GASB 75 was implemented in FY 2018 and has had additional impacts 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. In Fiscal Year 2022, long-term pension related liabilities had a small impact on net position with a decrease of \$98,648 in long-term pension related liabilities. The following table illustrates the effect of GASB 68 and GASB 75 on net position in the last two years:

	Balance July 1, 2022	Balance July 1, 2021	Change in Net Position
Pension liability	\$ (31,965,908)	\$ (58,806,318)	\$ 26,840,410
OPEB liability	(3,529,996)	(3,461,665)	(68,331)
OPEB asset	633,621	316,826	316,795
Deferred outflows	20,235,872	23,386,921	(3,151,049)
Deferred inflows	(27,195,050)	(3,355,873)	(23,839,177)
	<u>\$ (41,821,461)</u>	<u>\$ (41,920,109)</u>	<u>\$ 98,648</u>

Benton County’s net position of \$171,067,013 includes \$162,954,958 of 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 \$6,267,461 or 3.6%. Due in part to the pension liability and its significant impact on net position, the unrestricted category is negative for business-type activities by a total of (\$8,889,986).

The table below shows the change in net position for the County in Fiscal Year 2022 of \$10,587,194, which as mentioned above, was offset by a prior period adjustment of \$9,037,227, resulting in a net position increase of \$1,549,967. Discussion and analysis of the changes for both governmental activities and business-type activities follow the table.

Management Discussion and Analysis - Continued

**Benton County**  
**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 7,543,189	\$ 5,244,698	\$ 19,695,443	\$ 17,493,282	\$ 27,238,632	\$ 22,737,980
Operating grants and contributions	29,311,791	43,267,881	9,688,710	8,077,445	39,000,501	51,345,326
Capital grants and contributions	155,329	120,075	-	-	155,329	120,075
General revenues:						
Property taxes	38,909,067	36,947,466	-	-	38,909,067	36,947,466
Interest and investment earnings	119,289	538,461	2,803	48,329	122,092	586,790
Sale of capital assets	-	-	-	-	-	-
Grants and contributions not restricted to specific programs	294,614	161,324	92,024	98,369	386,638	259,693
<b>Total revenue</b>	<b>76,333,279</b>	<b>86,279,905</b>	<b>29,478,980</b>	<b>25,717,425</b>	<b>105,812,259</b>	<b>111,997,330</b>
Expenses:						
General government	12,343,816	15,222,411	-	-	12,343,816	15,222,411
Public safety	19,746,151	21,549,942	-	-	19,746,151	21,549,942
Public works	7,696,107	8,231,184	-	-	7,696,107	8,231,184
Health services	9,525,025	11,465,022	-	-	9,525,025	11,465,022
Justice services	5,559,944	6,391,006	-	-	5,559,944	6,391,006
Community services	3,024,874	2,803,163	-	-	3,024,874	2,803,163
Cultural & educational	5,204,876	5,423,335	-	-	5,204,876	5,423,335
Parks & natural resources	1,701,336	1,502,521	-	-	1,701,336	1,502,521
Interest on long-term debt	770,474	837,306	-	-	770,474	837,306
Water and sewer	-	-	165,074	165,709	165,074	165,709
Health services	-	-	27,683,184	26,267,883	27,683,184	26,267,883
Real estate rental	-	-	1,804,204	1,624,224	1,804,204	1,624,224
<b>Total expenses</b>	<b>65,572,603</b>	<b>73,425,890</b>	<b>29,652,462</b>	<b>28,057,816</b>	<b>95,225,065</b>	<b>101,483,706</b>
Change in net position before transfers	10,760,676	12,854,015	(173,482)	(2,340,391)	10,587,194	10,513,624
Transfers	(682,690)	(160,680)	682,690	160,680	-	-
<b>Change in net position</b>	<b>10,077,986</b>	<b>12,693,335</b>	<b>509,208</b>	<b>(2,179,711)</b>	<b>10,587,194</b>	<b>10,513,624</b>
Prior period adjustment	(9,037,227)	-	-	-	(9,037,227)	-
Net position-beginning	171,964,587	159,271,252	(2,447,541)	(267,830)	169,517,046	159,003,422
<b>Net position-ending</b>	<b>\$ 173,005,346</b>	<b>\$ 171,964,587</b>	<b>\$ (1,938,333)</b>	<b>\$ (2,447,541)</b>	<b>\$ 171,067,013</b>	<b>\$ 169,517,046</b>

**Changes due to governmental activities**

During Fiscal Year 2022, the net position for governmental activities increased by \$10,077,986 without the effect of the prior period adjustment of \$(9,037,227). This represents 95.2% of the County’s total net position increase. The table below shows generally the cause for this increase.

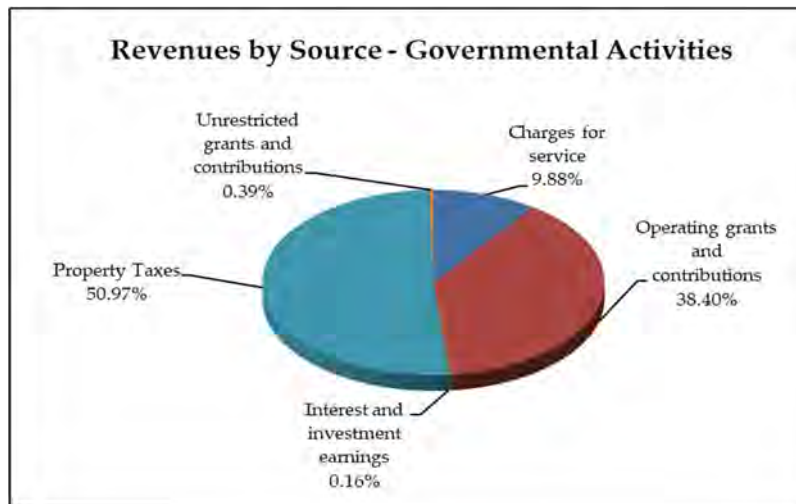
	2022	2021	Change
Net program expense	\$ (28,562,294)	\$ (24,793,239)	\$ (3,769,055)
General revenues & transfers	38,640,280	37,486,571	1,153,709
General effects on net positon	10,077,986	12,693,332	(2,615,346)
Prior period adjustment	(9,037,227)	-	9,037,227
Change after prior period adjustment	<u>\$ 1,040,759</u>	<u>\$ 12,693,332</u>	<u>\$ 6,421,881</u>

Some of the primary factors included above:

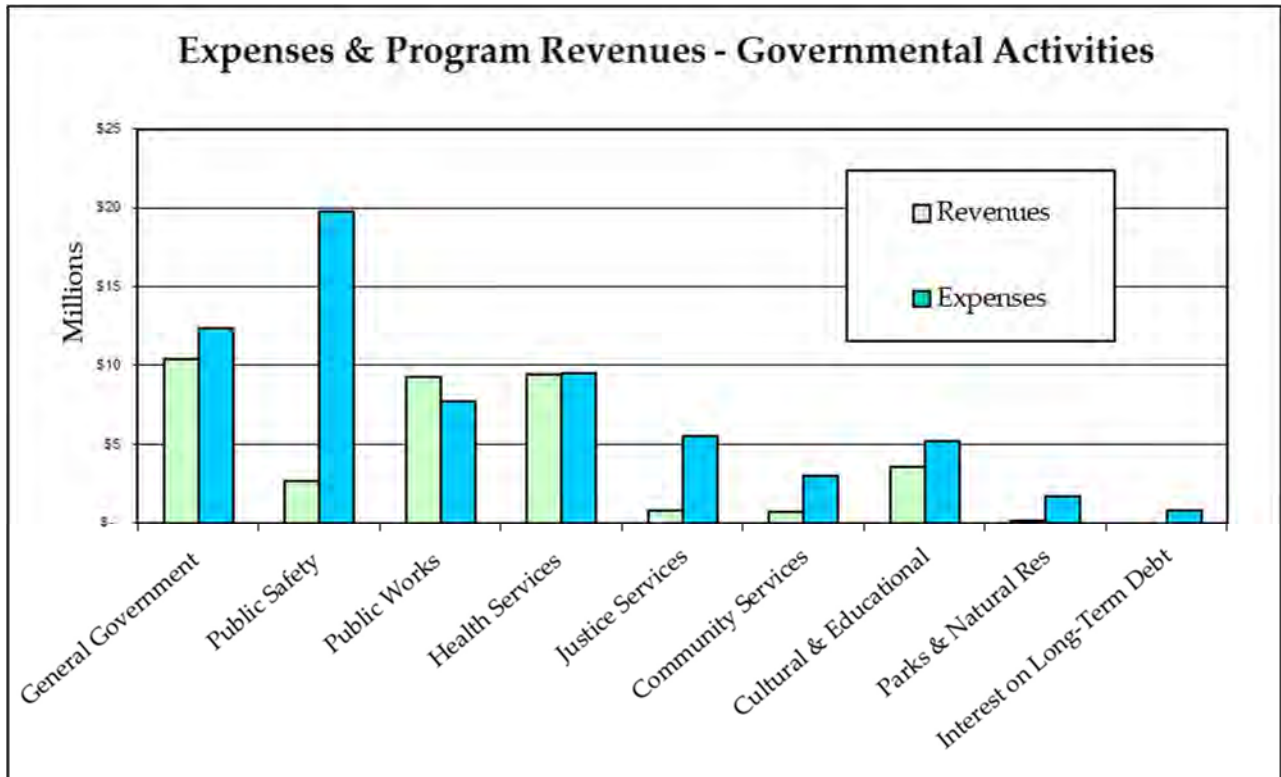
- Property tax revenue increased by \$1,961,603 due to new construction in the County.
- Increase in capital investments of \$6,064,308 related to the rehabilitation of the Kalapuya Building.

The \$10,077,989 change in net position was reduced by \$9,037,227 for a prior period adjustment from Fiscal Year 2021 related to incorrect revenue recognition of resources awarded through the American Rescue Plan Act (ARPA). It was determined through federal guidance identified after the audit of the Fiscal Year 2021 financial statements, that ARPA funds must be recorded as unearned revenue until it is expended. This adjustment results in an increase in net position for governmental funds for Fiscal Year 2022 of \$1,040,762.

In terms of revenues and expenses for Governmental Activities, Property Taxes and Operation Grants and Contributions make up 89.37% percent of the revenue; both at nearly equal shares. The third largest revenue source come from charges for services at 9.88%. The graph below shows the County’s Governmental Activities revenues by source.



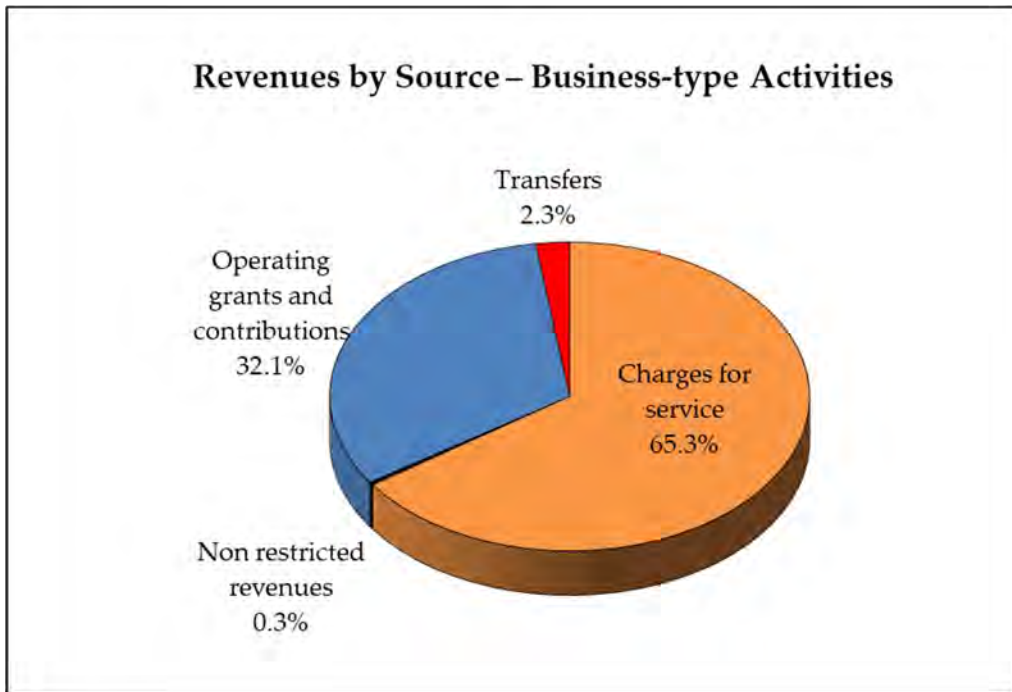
Total expenses in Government Activities reduced by 10.7% primarily due to the decrease in one-time expenses from the previous year in responding to the impacts of COVID-19. This is followed with dedicated program revenues reducing by 23.9% from 2021 levels. The reason for the larger decrease in revenues is due to, as explained above, the Fiscal Year 2021 revenues for ARPA were overstated by \$9,037,227. Taking this into account, the revenues in reality decreased only 6.5% which is attributable to the loss of one-time COVID-19 revenues.



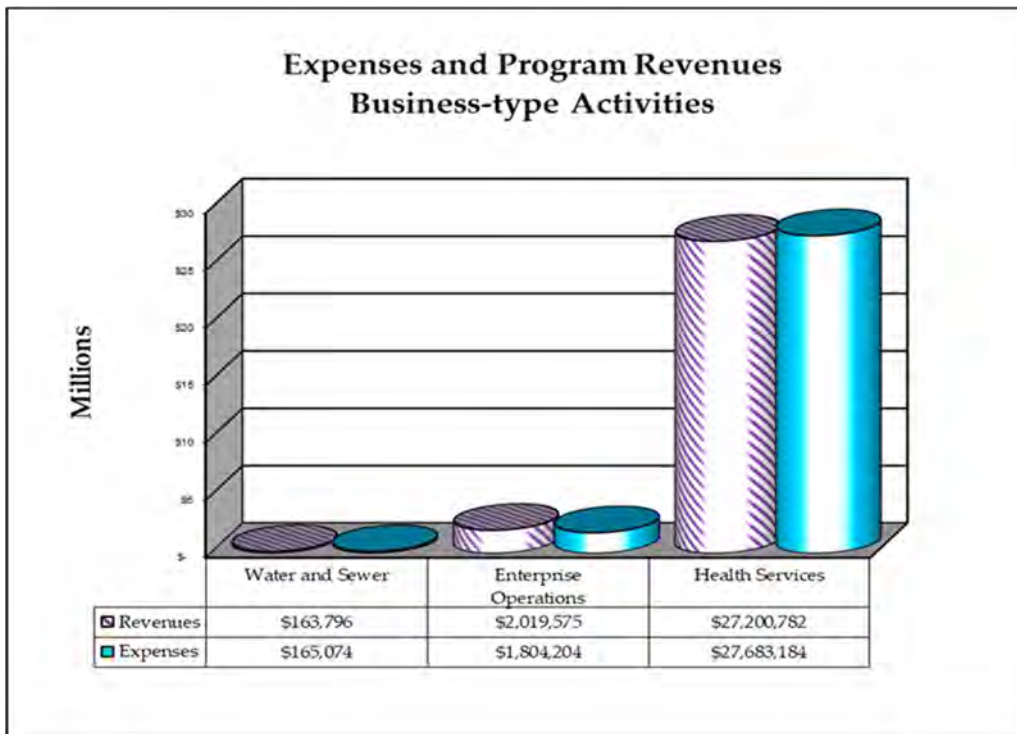
**Changes due to business-type activities**

During FY 2022, the net position of business-type activities remained relatively close to the same with a small increase of \$509,208. While operating expenses increased by 5.7% for FY2022, revenues increased by 16.5% helping to contribute to the overall increase in net position. The largest contributor to revenue growth was in operating grant and contributions as COVID-19 resources, particularly for the Health Center, continued to grow in response to the pandemic. Charges for services, the largest revenue source for business type activities at 65.3%, also grew by 12.6%. As resources in operating grants for COVID-19 begin to decrease for health services, charges for services will need to continue to grow to meet future expenditure obligations. The graphs below shows the County’s revenues for business-type activities by source, as well as dedicated program revenues compared to expense.





As mentioned earlier, total expenses in business-type activities increased by 5.7% or \$1,594,646 in Fiscal Year 2022. The primary growth area was related to health services with increased expenses for increase COVID-19 related funding. Overall, expenses exceeded dedicated program revenues for business activities by \$268,402, however, with transfers from governmental activities and other non-restricted revenues, business activities had a net increase of \$509,208 in net position.



## 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 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 Note 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, 2022, the County’s governmental funds reported combined fund balances of \$46,765,052. Fund balance includes 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>2022</u>	<u>2021</u>
Non-spendable	\$ 329,633	\$ 483,758
Restricted	9,208,722	18,330,780
Committed	5,388,349	4,278,172
Assigned	-	-
Unassigned	<u>31,838,348</u>	<u>29,693,481</u>
Total	<u>\$ 46,765,052</u>	<u>\$ 52,786,191</u>

The *General Fund* is the chief operating fund of the County utilizing assets not otherwise restricted as to use. There are only two components of the fund balance for the General Fund: Unassigned and Non-spendable. At the end of Fiscal Year 2022, the total fund balance for the General Fund was \$31,951,273, with \$31,838,348 unassigned and \$112,925 non-spendable. As a measure of the General

*Management Discussion and Analysis - Continued*

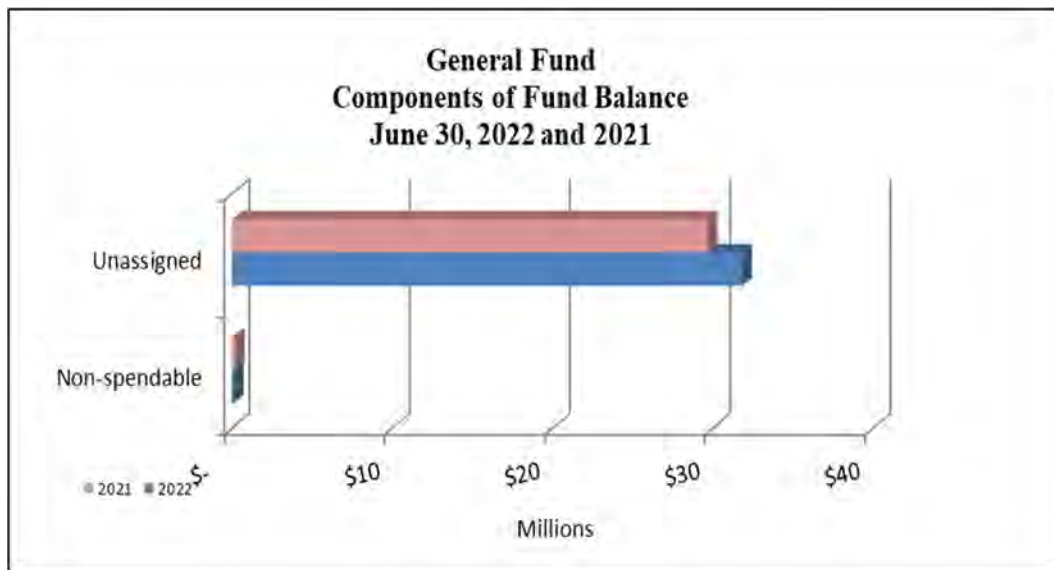
Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures plus transfers to other funds. Unassigned fund balance represents 67.4% of total General Fund expenditures and transfers to other funds, and 38.9% of all Governmental Fund expenditures and transfers to other funds.

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 \$2,076,008 or 6.9% during the current fiscal year. Key factors to this increase were as follows:

- Total revenue growth was down by \$5,689,279 primarily driven by the decrease of one-time COVID-19 related funding received in the previous. However, the total all other revenues remained stable and overall continued to outpace total expenditures.
- Expenditures decreased by approximately 4.2% from the prior year due to less expenditures related to COVID-19.

The graph below depicts the change in the fund balance for the General Fund in both the categories of unassigned and non-spendable.



*Road Fund* – fund balance increased by \$1,142,515 or 31.9%. The increase was due to delay in several major road improvement projects until fiscal year 2023.

*Management Discussion and Analysis - Continued*

*Local Option Levy Fund* – fund balance decreased by \$222,168 or 8.4%. 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 bringing the fund balance for the Local Option Levy Fund into the parameters outlined in the County’s financial policies.

*American Rescue Plan Fund* – fund balance decreased by \$9,020,517. In Fiscal Year 2022, the decrease is mostly the result of a prior period of adjustment of \$9,037,227. This prior period adjustment is necessary due to federal regulations that require the American Rescue Plan Act (ARPA) resource be identified as an unearned income, as opposed to revenue, until expended. This adjustment corrected Fiscal Year 2021 by identifying funds received as unearned income as opposed to what was recorded as revenue. This resulted in a reduced ending balance.

**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 Fund* and *East Linn Clinic Fund* was collectively \$(8,996,291) at the end of Fiscal Year 2022. This represents an increase of \$602,195 in the net position from Fiscal Year 2021. There was a substantial improvement in the two funds in Fiscal Year 2022 for both revenues and expenses. The total operating loss of \$374,059 for Fiscal Year 2022, was far less than the loss of \$2,455,115 the previous year. This small operating loss was offset by an increase of net investments in capital assets of \$166,311 and net decrease in pension and OPEB liability of \$361,898, as illustrated below, to contribute to an increase in the net position for Fiscal Year 2022.

	<u>2022</u>	<u>2021</u>	<u>Change</u>
Deferred Outflows	\$ 5,434,677	\$ 6,469,404	\$ (1,034,727)
OPEB asset	170,444	87,760	82,684
Net OPEB Obligation	(949,569)	(958,881)	9,312
Pension liability	(8,598,829)	(16,289,350)	7,690,521
Deferred Inflows	(7,315,469)	(929,577)	(6,385,892)
Net changes due to pension & OPEB	<u>\$ (11,258,746)</u>	<u>\$ (11,620,644)</u>	<u>\$ 361,898</u>

***General Fund Budgetary Highlights***

**Original budget compared to final budget.** Differences between the original expenditure budget for 2021-23 and the budget through the end of the first year of the biennium is an increase of \$2,069,743 or 1.9%. The primary driver for the increase in budget expenditures are related to approximately \$2.9 million of both additional and previously unspent COVID-19 funds that were not originally planned. There was also a technical adjustment of approximately \$1.1 million in decreased expenditures related to remaining CARES Act funding that was transferred to Internal Service Funds to help meet facility needs.

**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:

Revenue Source	Estimated	Actual	Percentage
	Revenues	Revenues	
Taxes	\$ 43,382,426	\$ 21,660,764	50%
Licenses and permits	5,074,103	3,358,073	66%
Intergovernmental	31,321,730	14,751,132	47%
Charges for services	10,429,511	4,678,007	45%
Investment earnings	765,000	210,217	27%
Miscellaneous	192,300	83,628	43%
	<u>\$ 91,165,070</u>	<u>\$ 44,741,821</u>	49%

Total revenues are slightly lower than estimated for the biennium, however, this is mostly driven by less than expected intergovernmental revenues for COVID-19 relief funds. Property taxes are on track with what was estimated for the biennium, and the licenses and permits increase was largely from additional landfill revenues. Charges for services are down slightly primarily because of a cooling in building permit revenues. Investment earnings are much lower than budgeted due to very low interest rates during the first half of the biennium, however, this is anticipated to catch up during the second half of the biennium with interest rates continuing to rise.

### 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 \$179,058,420 (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)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 10,461,159	\$ 10,461,159	\$ 308,474	\$ 308,474	\$ 10,769,633	\$ 10,769,633
Construction in progress	6,994,028	707,765	-	3,123,209	6,994,028	3,830,974
Land improvements	1,119,788	1,202,114	-	-	1,119,788	1,202,114
Buildings	27,453,358	27,907,701	5,957,726	2,414,955	33,411,084	30,322,656
Intangibles	521,959	600,067	28,927	34,053	550,886	634,120
Machinery and equipment	5,413,727	4,443,384	146,210	187,887	5,559,937	4,631,271
Infrastructure	118,973,200	120,292,833	1,679,864	1,730,916	120,653,064	122,023,749
Total	<u>\$ 170,937,219</u>	<u>\$ 165,615,023</u>	<u>\$ 8,121,201</u>	<u>\$ 7,799,494</u>	<u>\$ 179,058,420</u>	<u>\$ 173,414,517</u>

*Management Discussion and Analysis - Continued*

Major capital asset events this fiscal year included the following:

- Completion of construction for the Lincoln Clinic and subsequent conversion from construction in progress to building.
- Approximately \$6.3 million in construction work primarily related to the renovation of the Kalapuya Building acquired in 2020.
- Infrastructure improvements in the amount of \$1.7 million.

Additional information of the County’s capital assets can be found in Note V.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 \$26,410,083, 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

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Full faith and credit obligations	\$ 24,725,573	\$ 26,805,174	\$ 1,684,510	\$ 1,817,956	\$ 26,410,083	\$ 28,623,130
Total	\$ 24,725,573	\$ 26,805,174	\$ 1,684,510	\$ 1,817,956	\$ 26,410,083	\$ 28,623,130

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.

***Economic Factors and 2021-23 Biennium's Budget and Rates***

In preparing the 2021-23 budget, there were a variety of factors, strategies, assumptions, and economic conditions used to help inform and finalize the adopted budget. These including the following:

- The unemployment rate for Benton County at the close of the fiscal year was 3.6%. This rate represented just a slight decrease of 0.3% from the previous year as the County continues to recover from the impacts of the Coronavirus Pandemic. Prior to the pandemic, the average unemployment rate stood at 2.9% in the County.
- Key strategies in preparing the 2021-23 biennial budget were:
  - Development of the 2021-23 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.

*Management Discussion and Analysis - Continued*

- 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 2019-21 were stronger than planned due to operational savings and additional resources received in responding to COVID-19.
- 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.

The County's revised 2021-23 biennial budget at June 30, 2022 was \$375,110,484 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, 2022 is \$129,908,966 as compared to \$128,877,418 for the previous biennium. While the increase in General Fund budget is small, the primary reason for the slow growth is the amount of reduced one-time expenses from previous biennium. These expenses were covered with one-time state and federal resources that were awarded to the County to help in to responding to the impacts of COVID-19. Other areas of the General Fund budget grew due to increased health insurance, negotiated union salary increases, and rising retirement costs.

### ***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

4500 SW Research Way

Corvallis, OR 97333

<https://www.co.benton.or.us/finance>



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

June 30, 2022

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Total</i>
<b>ASSETS</b>			
Cash and investments	\$ 79,464,751	\$ 2,329,693	\$ 81,794,444
<b>Receivables:</b>			
Accounts	1,834,661	3,007,879	4,842,540
Taxes and assessments	788,797	4,774	793,571
Intergovernmental	2,636,562	-	2,636,562
Interest	8,825	-	8,825
Loans	142,499	-	142,499
Internal balances	472,991	(472,991)	-
Inventory	443,692	324,185	767,877
Prepays	232,432	36,459	268,891
Net OPEB asset	463,177	170,444	633,621
<b>Capital assets:</b>			
Land and construction in progress	17,455,187	308,474	17,763,661
Other capital assets (net of accumulated depreciation)	153,482,032	7,812,727	161,294,759
<b>Total assets</b>	<u>257,425,606</u>	<u>13,521,644</u>	<u>270,947,250</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
OPEB related items	446,548	152,324	598,872
Pension related items	14,354,647	5,282,353	19,637,000
<b>Total deferred outflows of resources</b>	<u>14,801,195</u>	<u>5,434,677</u>	<u>20,235,872</u>
<b>LIABILITIES</b>			
Accounts payable	4,688,033	622,004	5,310,037
Accrued payroll costs	1,973,840	698,871	2,672,711
Other accrued liabilities	531,496	5,245	536,741
Unearned revenue	17,995,991	-	17,995,991
<b>Noncurrent liabilities:</b>			
Due within one year	2,955,441	428,322	3,383,763
Due in more than one year:	51,197,073	11,824,743	63,021,816
<b>Total liabilities</b>	<u>79,341,874</u>	<u>13,579,185</u>	<u>92,921,059</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
OPEB related items	1,043,335	383,937	1,427,272
Pension related items	18,836,246	6,931,532	25,767,778
<b>Total deferred inflows of resources</b>	<u>19,879,581</u>	<u>7,315,469</u>	<u>27,195,050</u>
<b>NET POSITION</b>			
Net investment in capital assets	156,003,305	6,951,653	162,954,958
Restricted for:			
General government	47,099	-	47,099
Public works	2,243,554	-	2,243,554
Community services	3,403,358	-	3,403,358
Cultural and educational	573,450	-	573,450
Unrestricted	10,734,580	(8,889,986)	1,844,594
<b>Total net position</b>	<u>\$ 173,005,346</u>	<u>\$ (1,938,333)</u>	<u>\$ 171,067,013</u>

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, 2022

	<i>Program Revenues</i>			<i>Net (Expense) Revenue and Change in Net Position</i>			
	<i>Expenses</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>
<b>Governmental activities:</b>							
General government	\$ 12,343,816	\$ 4,020,698	\$ 6,372,054	\$ -	\$ (1,951,064)		\$ (1,951,064)
Public safety	19,746,151	338,390	2,155,041	155,329	(17,097,391)		(17,097,391)
Public works	7,696,107	932,911	8,336,147	-	1,572,951		1,572,951
Health services	9,525,025	1,676,478	7,788,092	-	(60,455)		(60,455)
Justice services	5,559,944	162,766	607,698	-	(4,789,480)		(4,789,480)
Community services	3,024,874	-	697,451	-	(2,327,423)		(2,327,423)
Cultural and educational services	5,204,876	243,212	3,349,808	-	(1,611,856)		(1,611,856)
Parks and natural resources	1,701,336	168,734	5,500	-	(1,527,102)		(1,527,102)
Interest on long-term obligations	770,474	-	-	-	(770,474)		(770,474)
Total governmental activities	<u>65,572,603</u>	<u>7,543,189</u>	<u>29,311,791</u>	<u>155,329</u>	<u>(28,562,294)</u>		<u>(28,562,294)</u>
<b>Business-type activities</b>							
Water and sewer	165,074	163,796	-	-	-	\$ (1,278)	(1,278)
Health services	27,683,184	17,607,424	9,593,358	-	-	(482,402)	(482,402)
Enterprise operations	1,804,204	1,924,223	95,352	-	-	215,371	215,371
Total business-type activities	<u>29,652,462</u>	<u>19,695,443</u>	<u>9,688,710</u>	<u>-</u>	<u>-</u>	<u>(268,309)</u>	<u>(268,309)</u>
<b>Totals</b>	<b><u>\$ 95,225,065</u></b>	<b><u>\$ 27,238,632</u></b>	<b><u>\$ 39,000,501</u></b>	<b><u>\$ 155,329</u></b>	<b><u>(28,562,294)</u></b>	<b><u>(268,309)</u></b>	<b><u>(28,830,603)</u></b>
<b>General revenues:</b>							
Property taxes-general use					38,909,067	-	38,909,067
Unrestricted investment earnings					119,289	2,803	122,092
Grants and contributions not restricted to specific programs					294,614	92,024	386,638
<b>Transfers</b>					<u>(682,690)</u>	<u>682,690</u>	<u>-</u>
Total general revenues and transfers					<u>38,640,280</u>	<u>777,517</u>	<u>39,417,797</u>
Changes in net position					10,077,986	509,208	10,587,194
<b>Net position - beginning</b>					171,964,587	(2,447,541)	169,517,046
Prior period adjustment					(9,037,227)	-	(9,037,227)
<b>Net position - ending</b>					<b><u>\$ 173,005,346</u></b>	<b><u>\$ (1,938,333)</u></b>	<b><u>\$ 171,067,013</u></b>

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

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

June 30, 2022

	<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	\$ 31,813,413	\$ 4,124,450	\$ 2,700,306	\$ 18,759,711	\$ 7,241,470	\$ 64,639,350
Receivables:						
Accounts	462,856	947,705	-	-	236,332	1,646,893
Taxes and assessments	429,675	7,819	204,730	-	146,573	788,797
Intergovernmental	1,719,390	561,673	23,975	-	331,524	2,636,562
Advances to other funds	472,991	-	-	-	-	472,991
Loans	-	-	-	-	142,499	142,499
Inventory	-	193,118	-	-	8,841	201,959
Prepays	112,925	4,290	4,873	-	5,586	127,674
<b>Total assets</b>	<b>\$ 35,011,250</b>	<b>\$ 5,839,055</b>	<b>\$ 2,933,884</b>	<b>\$ 18,759,711</b>	<b>\$ 8,112,825</b>	<b>\$ 70,656,725</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 950,790	\$ 964,582	\$ 149,612	\$ 730,833	\$ 203,196	\$ 2,999,013
Accrued payroll	1,309,538	137,302	163,590	4,111	15,149	1,629,690
Unearned income	-	-	-	17,995,991	-	17,995,991
Other accrued liabilities	415,912	-	-	-	-	415,912
<b>Total liabilities</b>	<b>2,676,240</b>	<b>1,101,884</b>	<b>313,202</b>	<b>18,730,935</b>	<b>218,345</b>	<b>23,040,606</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue-property taxes	383,737	-	186,305	-	130,707	700,749
Unavailable revenue-loans receivable	-	7,819	-	-	142,499	150,318
<b>Total deferred inflows of resources</b>	<b>383,737</b>	<b>7,819</b>	<b>186,305</b>	<b>-</b>	<b>273,206</b>	<b>851,067</b>
<b>FUND BALANCES</b>						
Nonspendable	112,925	197,408	4,873	-	14,427	329,633
Restricted	-	4,531,944	-	28,776	4,648,002	9,208,722
Committed	-	-	2,429,504	-	2,958,845	5,388,349
Unassigned	31,838,348	-	-	-	-	31,838,348
<b>Total fund balances</b>	<b>31,951,273</b>	<b>4,729,352</b>	<b>2,434,377</b>	<b>28,776</b>	<b>7,621,274</b>	<b>46,765,052</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 35,011,250</b>	<b>\$ 5,839,055</b>	<b>\$ 2,933,884</b>	<b>\$ 18,759,711</b>	<b>\$ 8,112,825</b>	<b>\$ 70,656,725</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, 2022

---

**Total fund balance (page 21)** **\$ 46,765,052**

*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 137,355,685

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	851,067
Net OPEB asset	463,177
Deferred outflows - pensions	11,821,474
Deferred outflows - OPEB	446,548
Deferred inflows - pensions	(15,512,202)
Deferred inflows - OPEB	(1,043,335)

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. 24,883,959

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) (19,243,477)

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

Compensated absences	(2,977,656)
Pension bonds	(8,108,935)
Accrued interest on long-term debt	(115,584)
Other post employment benefits (OPEB)	(2,580,427)

**Net position of governmental activities (page 17)** **\$ 173,005,346**

*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, 2022

	<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	\$ 21,660,764	\$ -	\$ 8,635,856	\$ -	\$ 8,606,941	\$ 38,903,561
Licenses and permits	3,358,073	-	-	-	-	3,358,073
Intergovernmental	14,751,132	8,336,147	212,051	2,478,463	3,703,960	29,481,753
Charges for services	4,714,757	815,641	-	-	375,318	5,905,716
Interest	34,641	3,025	4,554	16,710	60,649	119,579
Miscellaneous	83,629	270	8,838	100,000	86,954	279,691
Total revenues	<u>44,602,996</u>	<u>9,155,083</u>	<u>8,861,299</u>	<u>2,595,173</u>	<u>12,833,822</u>	<u>78,048,373</u>
<b>EXPENDITURES</b>						
Current:						
General government	10,943,724	-	2,114	1,419,028	12,855	12,377,721
Public safety	12,634,117	-	3,903,320	-	3,788,724	20,326,161
Public works	-	5,919,658	-	-	67,956	5,987,614
Health services	10,828,069	-	173,561	-	30,940	11,032,570
Justice services	5,355,748	-	679,834	-	48,573	6,084,155
Community services	341,910	-	-	-	2,360,995	2,702,905
Cultural and educational services	125,720	-	-	-	4,932,922	5,058,642
Parks and natural resources	1,894,116	-	-	-	-	1,894,116
Debt service:						
Principal	-	-	-	-	1,440,000	1,440,000
Interest	-	-	-	-	782,640	782,640
Capital outlay	287,944	2,153,195	-	158,618	609,993	3,209,750
Total expenditures	<u>42,411,348</u>	<u>8,072,853</u>	<u>4,758,829</u>	<u>1,577,646</u>	<u>14,075,598</u>	<u>70,896,274</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,191,648</u>	<u>1,082,230</u>	<u>4,102,470</u>	<u>1,017,527</u>	<u>(1,241,776)</u>	<u>7,152,099</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	4,739,440	150,000	-	-	1,940,548	6,829,988
Transfers out	<u>(4,855,080)</u>	<u>(89,715)</u>	<u>(4,324,638)</u>	<u>(1,000,817)</u>	<u>(695,753)</u>	<u>(10,966,003)</u>
Total other financing sources (uses)	<u>(115,640)</u>	<u>60,285</u>	<u>(4,324,638)</u>	<u>(1,000,817)</u>	<u>1,244,795</u>	<u>(4,136,015)</u>
Net change in fund balances	2,076,008	1,142,515	(222,168)	16,710	3,019	3,016,084
<b>Fund balances - beginning</b>	29,875,265	3,586,837	2,656,545	9,049,293	7,618,255	52,786,195
Prior period adjustment	-	-	-	(9,037,227)	-	(9,037,227)
<b>Fund balances - ending</b>	<u>\$ 31,951,273</u>	<u>\$ 4,729,352</u>	<u>\$ 2,434,377</u>	<u>\$ 28,776</u>	<u>\$ 7,621,274</u>	<u>\$ 46,765,052</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, 2022**

---

*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>\$ 3,016,084</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	3,115,845
Depreciation expense	(3,722,146)
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	6,701,668
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.	5,506
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.	1,107,360
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.	(491,625)
The net effect of various miscellaneous transactions involving capital assets (for example: sales, trade-ins, and donations) is to decrease net position.	440,225
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	(190,858)
Accrual of other postemployment benefits	83,761
Accrued interest	12,166
	<hr/>
<b>Change in net position of governmental activities (page 18)</b>	<b>\$ <u>10,077,986</u></b>

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

June 30, 2022

	<b>Business-type Activities</b>				<b>Governmental Activities</b>
	<b>Health Center</b>	<b>East Linn Clinic</b>	<b>Non-major Enterprise Funds</b>	<b>Totals</b>	<b>Internal Service Funds</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 1,634,164	\$ 314,010	\$ 381,519	\$ 2,329,693	\$ 14,825,401
Accounts receivable	2,263,963	549,757	194,159	3,007,879	333,592
Interest receivable	-	-	-	-	8,826
Inventory	214,720	30,200	79,265	324,185	95,909
Prepays	30,203	3,965	2,291	36,459	104,758
Total current assets	4,143,050	897,932	657,234	5,698,216	15,368,486
Noncurrent assets:					
Net OPEB asset	143,832	26,612	-	170,444	-
Assessments receivable	-	-	4,774	4,774	-
Total non-current assets	143,832	26,612	4,774	175,218	-
Capital assets:					
Land and non-depreciable assets	-	-	308,474	308,474	1,448,651
Land improvements	-	-	-	-	270,822
Buildings	5,347,445	43,115	1,302,953	6,693,513	32,612,925
Intangibles	66,623	16,637	-	83,260	1,705,473
Machinery and equipment	315,504	81,961	36,017	433,482	10,158,722
Utility system	-	-	3,662,746	3,662,746	-
Work in progress	-	-	-	-	6,388,317
Net lease asset	230,813	-	-	230,813	-
Less accumulated depreciation	(570,603)	(120,538)	(2,599,946)	(3,291,087)	(19,003,377)
Total capital assets (net of accumulated depreciation)	5,389,782	21,175	2,710,244	8,121,201	33,581,533
Total noncurrent assets	5,533,614	47,787	2,715,018	8,296,419	33,581,533
<b>Total assets</b>	<b>9,676,664</b>	<b>945,719</b>	<b>3,372,252</b>	<b>13,994,635</b>	<b>48,950,019</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
OPEB related items	128,692	23,632	-	152,324	-
Pension related items	4,457,599	824,754	-	5,282,353	2,533,173
Total deferred outflows or resources	4,586,291	848,386	-	5,434,677	2,533,173
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	543,530	49,937	28,537	622,004	1,689,020
Accrued payroll	609,555	65,079	24,237	698,871	344,150
Leases payable	74,327	-	-	74,327	-
Due to other funds	-	-	-	-	-
Compensated absences	179,653	23,340	3,238	206,231	103,180
Bonds/notes/loans payable	147,764	-	-	147,764	994,921
Unearned revenue	-	-	-	-	-
Customer deposits	-	-	5,245	5,245	-
Total current liabilities	1,554,829	138,356	61,257	1,754,442	3,131,271
Non-current liabilities:					
PERS bonds payable	632,255	-	-	632,255	1,421,125
Compensated absences	499,875	59,218	21,455	580,548	398,599
Leases payable	159,051	-	-	159,051	-
OPEB liability	801,309	148,260	-	949,569	-
Advances from other funds	-	-	472,991	472,991	-
Bonds payable	904,491	-	-	904,491	14,200,592
Net pension liability	7,256,261	1,342,568	-	8,598,829	4,123,602
Total non-current liabilities	10,253,242	1,550,046	494,446	12,297,734	20,143,918
<b>Total liabilities</b>	<b>11,808,071</b>	<b>1,688,402</b>	<b>555,703</b>	<b>14,052,176</b>	<b>23,275,189</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Pension related items	5,849,285	1,082,247	-	6,931,532	3,324,044
OPEB related items	323,991	59,946	-	383,937	-
<b>Total deferred inflows of resources</b>	<b>6,173,276</b>	<b>1,142,193</b>	<b>-</b>	<b>7,315,469</b>	<b>3,324,044</b>
<b>NET POSITION</b>					
Net investment in capital assets	4,220,234	21,175	2,710,244	6,951,653	18,647,620
Unrestricted	(7,938,626)	(1,057,665)	106,305	(8,889,986)	6,236,339
<b>Total net position</b>	<b>\$ (3,718,392)</b>	<b>\$ (1,036,490)</b>	<b>\$ 2,816,549</b>	<b>\$ (1,938,333)</b>	<b>\$ 24,883,959</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, 2022

	<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	\$ 15,977,114	\$ 1,630,310	\$ 2,088,019	\$ 19,695,443	\$ 25,679,646
Intergovernmental	7,880,687	1,712,671	95,352	9,688,710	145,152
Investment earnings	-	-	-	-	461,970
Miscellaneous	36,960	46,089	8,975	92,024	342,278
Total operating revenues	<u>23,894,761</u>	<u>3,389,070</u>	<u>2,192,346</u>	<u>29,476,177</u>	<u>26,629,046</u>
<b>Operating Expenses</b>					
Personnel services	14,355,582	1,841,099	730,184	16,926,865	7,974,726
Materials and services	9,999,834	1,332,847	1,159,280	12,491,961	14,223,349
Depreciation/amortization	120,858	7,670	79,525	208,053	1,148,845
Total operating expenses	<u>24,476,274</u>	<u>3,181,616</u>	<u>1,968,989</u>	<u>29,626,879</u>	<u>23,346,920</u>
Operating income (loss)	<u>(581,513)</u>	<u>207,454</u>	<u>223,357</u>	<u>(150,702)</u>	<u>3,282,126</u>
<b>Nonoperating revenues (expenses)</b>					
Investment earnings	659	-	2,143	2,802	35,852
Interest expense	(25,294)	-	(289)	(25,583)	(376,160)
Gain on sale of assets	-	-	-	-	306,525
Total nonoperating revenues (expenses)	<u>(24,635)</u>	<u>-</u>	<u>1,854</u>	<u>(22,781)</u>	<u>(33,783)</u>
Income (loss) before transfers	(606,148)	207,454	225,211	(173,483)	3,248,343
Transfers in	1,471,793	-	-	1,471,793	4,511,191
Transfers out	(398,145)	(72,759)	(318,198)	(789,102)	(1,057,866)
Change in net position	<u>467,500</u>	<u>134,695</u>	<u>(92,987)</u>	<u>509,208</u>	<u>6,701,668</u>
<b>Total net position - beginning</b>	<u>(4,185,892)</u>	<u>(1,171,185)</u>	<u>2,909,536</u>	<u>(2,447,541)</u>	<u>18,182,291</u>
<b>Total net position - ending</b>	<u>\$ (3,718,392)</u>	<u>\$ (1,036,490)</u>	<u>\$ 2,816,549</u>	<u>\$ (1,938,333)</u>	<u>\$ 24,883,959</u>

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, 2022

	<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	\$ 16,113,029	\$ 1,575,663	\$ 2,226,031	\$ 19,914,723	\$ 2,080,662
Receipts from internal customers	-	-	-	-	23,593,491
Grants	7,880,687	1,712,671	95,352	9,688,710	145,152
Investment earnings	-	-	-	-	471,624
Miscellaneous donations	36,960	46,089	8,975	92,024	342,278
Interest earnings distributed	-	-	-	-	(416,819)
Payments to suppliers	(10,703,042)	(1,290,372)	(1,144,322)	(13,137,736)	(12,695,285)
Paid to employees	(14,326,554)	(2,122,322)	(735,154)	(17,184,030)	(8,083,890)
Net cash provided (used) by operating activities	<b>(998,920)</b>	<b>(78,271)</b>	<b>450,882</b>	<b>(626,309)</b>	<b>5,437,213</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Principal paid on noncapital debt	(102,240)	-	-	(102,240)	(230,399)
Lease payments	(42,315)	-	-	(42,315)	-
Operating borrowing	-	-	(90,075)	(90,075)	-
Transfers in	1,471,793	-	-	1,471,793	4,511,191
Transfers out	(398,145)	(72,759)	(318,198)	(789,102)	(1,057,866)
Net cash provided (used) by noncapital financing activities	929,093	(72,759)	(408,273)	448,061	3,222,926
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Acquisition of capital assets	(249,956)	-	(4,111)	(254,067)	(6,714,166)
Disposition of capital assets	-	-	-	-	383,572
Assessments received	-	-	496	496	-
Principal paid on debt	(31,206)	-	(1,762)	(32,968)	(741,842)
Interest paid on debt	(25,296)	-	(289)	(25,585)	(376,160)
Net cash (used) by capital and related financing activities	(306,458)	-	(5,666)	(312,124)	(7,448,596)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment earnings	659	-	2,146	2,805	35,853
Net increase (decrease) in cash and cash equivalents	(375,626)	(151,030)	39,089	(487,567)	1,247,396
<b>Cash and cash equivalents - beginning</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>Cash and cash equivalents - ending</b>	<b>\$ 1,634,164</b>	<b>\$ 314,010</b>	<b>\$ 381,519</b>	<b>\$ 2,329,693</b>	<b>\$ 14,825,401</b>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>					
Operating income (loss)	\$ (581,513)	\$ 207,454	\$ 223,357	\$ (150,702)	\$ 3,282,126
Adjustments to reconcile operating income (loss) to net cash provided by/(used in) operating activities:					
Depreciation/amortization	120,858	7,670	79,525	208,053	1,148,845
Change in:					
Receivables	135,915	(54,646)	138,012	219,281	4,161
Prepays	(17,296)	2,070	(900)	(16,126)	51,763
Inventory	(10,623)	5,043	9,530	3,950	(28,410)
Deferred inflows/outflows of resources	6,166,842	1,253,777	-	7,420,619	3,553,023
Net pension liability	(6,210,386)	(1,480,135)	-	(7,690,521)	(3,697,639)
Compensated absences	63,592	(1,125)	-	62,467	2,904
OPEB asset/liability	(62,691)	(29,305)	-	(91,996)	-
Payables	(603,618)	10,926	1,358	(591,334)	1,120,440
<b>Net cash provided (used) by operating activities</b>	<b>\$ (998,920)</b>	<b>\$ (78,271)</b>	<b>\$ 450,882</b>	<b>\$ (626,309)</b>	<b>\$ 5,437,213</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, 2022

---

	<i>Private-purpose Trust</i>	<i>Custodial</i>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and investments	\$ 1,413,804	\$ 817,610
Prepays	750	-
Receivables:		
Accounts	-	264,032
Property taxes	<u>-</u>	<u>2,657,564</u>
 Total assets	 <u>1,414,554</u>	 <u>3,739,206</u>
<b>LIABILITIES</b>		
Accounts payable	20,196	9,483
Due to other governmental agencies	-	3,729,723
Other liabilities	<u>44,841</u>	<u>-</u>
 Total liabilities	 <u>65,037</u>	 <u>3,739,206</u>
<b>NET POSITION (DEFICIT)</b>		
<i>Held in trust</i>	<u><u>\$ 1,349,517</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, 2022*

---

	<i>Private-purpose Trust</i>	<i>Custodial</i>
	<u>                    </u>	<u>                    </u>
<b>ADDITIONS</b>		
Private donations	\$ 1,813	\$ -
Property taxes collected	-	173,393,437
Intergovernmental	265,895	279,446
Charges for services	349,599	922,144
Interest earnings	6,745	10,300
	<u>624,052</u>	<u>174,605,327</u>
<b>DEDUCTIONS</b>		
Property tax distributed	-	174,605,327
Personal services	21,940	-
Materials and services	314,820	-
	<u>336,760</u>	<u>174,605,327</u>
Change in net position	287,292	-
<i>Net position - beginning</i>	<u>1,062,225</u>	<u>-</u>
<i>Net position- ending</i>	<u><u>\$ 1,349,517</u></u>	<u><u>\$ -</u></u>

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

# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

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

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.

# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

### **I. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

#### **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**

**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 use the economic resources 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.

# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

### **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, 2022 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 include 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.

# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

### **I. 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.

##### **5. Prepays**

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.



# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

### **I. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

##### **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

Lease arrangement assets are amortized over the life of the associated asset.

##### **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).

##### **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.

**I. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

9. Leases

Lease contracts that provide the County with control of a non-financial asset, such as land, buildings or equipment, for a period of time in excess of twelve months are reported as a leased asset with a related lease liability. The lease liability is recorded at the present value of future lease payments, including fixed payments, variable payments based on an index or fixed rate and reasonably certain residual guarantees. The intangible leased asset is recorded for the same amount as the related lease liability plus any prepayments and initial direct costs to place the asset in service. Leased assets are amortized over the shorter of the useful life of the asset or the lease term. The lease liability is reduced for lease payments made, less the interest portion of the lease payment.

10. 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	\$(3,718,392)
East Linn Clinic Fund	(1,036,490)
Management Service Fund	(1,410,633)
Health Management Service Fund	(1,446,982)

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.

11. 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 assets 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 an acquisition 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.

12. 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.

# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

### **I. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

##### *12. Net position (continued)*

*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.

##### *13. New accounting standard implemented*

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The statement establishes accounting and financial reporting standards for leases by lessees and lessors. The statement requires lessees to report a “right to use” asset and a lease liability and requires lessors to report a lease receivable and a deferred inflow, for leases with a term of more than one year. The County implemented the provisions of GASB 87 as of July 1, 2021, which required right to use assets be recorded with equal amounts for lease liabilities, without impact to net position or fund balances.

### **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.

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

**II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

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

	Governmental Activities	Business-type Activities	Total
<b>Deferred inflows of resources-Pension</b>			
Change of assumptions	\$ 61,497	\$ 22,630	\$ 84,127
Change in proportionate share	643,468	236,789	880,257
Net difference between projected and actual earnings on investments	17,298,467	6,365,647	23,664,114
Differences between employer contributions and employer's proportionate share of system contributions	832,814	306,466	1,139,280
<b>Total deferred inflows of resources-pensions</b>	<b>\$ 18,836,246</b>	<b>\$ 6,931,532</b>	<b>\$ 25,767,778</b>
<b>Deferred outflows of resources-Pension</b>			
Differences between expected and actual experience	\$ 2,187,311	\$ 804,907	\$ 2,992,218
Change of assumptions	5,849,483	2,152,546	8,002,029
Net difference between projected and actual earnings on investments	-	-	-
Change in proportionate share	426,620	156,991	583,611
Differences between employer contributions and employer's proportionate share of system contributions	2,030,847	747,330	2,778,177
Contributions subsequent to the measurement date	3,860,385	1,420,580	5,280,965
<b>Total deferred outflows of resources-pensions</b>	<b>\$ 14,354,647</b>	<b>\$ 5,282,353</b>	<b>\$ 19,637,000</b>
<b>Deferred inflows of resources-OPEB</b>			
Differences between expected and actual experience	\$ 322,187	\$ 118,561	\$ 440,748
Change in assumptions or inputs	585,057	215,294	800,351
Net difference between projected and actual earnings on investments	110,075	40,507	150,582
Change in proportionate share	26,016	9,575	35,591
<b>Total deferred inflows of resources-OPEB</b>	<b>\$ 1,043,335</b>	<b>\$ 383,937</b>	<b>\$ 1,427,272</b>
<b>Deferred outflows of resources-OPEB</b>			
Change in assumptions	\$ 239,035	\$ 87,962	\$ 326,997
Change in proportionate share	42,749	15,731	58,480
Differences between expected and actual experience	-	-	-
Contributions subsequent to the measurement date	9,018	3,318	12,336
Benefits payments	155,747	45,312	201,059
<b>Total deferred outflows of resources-OPEB</b>	<b>\$ 446,548</b>	<b>\$ 152,324</b>	<b>\$ 598,872</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.

# **BENTON COUNTY, OREGON**

## **Notes to Basic Financial Statements**

---

### **III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**

#### **A. Budgetary information (continued)**

The ten major programs of the County are as follows:

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

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.

### **IV. PRIOR PERIOD ADJUSTMENT**

An adjustment has been recorded to recognize unearned revenues of \$9,037,227 in the American Rescue Plan fund for amounts received under the American Recovery Plan act that were recognized as revenues during the fiscal year ended June 30, 2021.

### **V. DETAILED NOTES ON ALL FUNDS**

#### **A. Cash and investments**

At year-end, the County's carrying amount of deposits was \$30,154,299 and the bank balance was \$32,698,222. 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, \$503,607 was covered by FDIC and the remainder was subject to the State of Oregon collateral pool program.

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

**V. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

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

Cash on hand	\$ 18,714
Deposits with financial institutions	29,897,325
State of Oregon Local Government Investment Pool	49,793,905
Investments	4,315,914
Total cash and investments	\$ 84,025,858
Cash and investments on government-wide statement of net position	\$ 81,794,444
Cash and investments on statement of fiduciary net position	2,231,414
	\$ 84,025,858

*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

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>
Municipalities	2,369,850	-	2,369,850	-
Federal Agency Securities	1,946,064	-	1,946,064	-
	\$ 4,315,914	\$ -	\$ 4,315,914	\$ -

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.