

# FINANCIAL SERVICES DEPARTMENT

2025-27 PROPOSED BUDGET PRESENTATION



# FINANCIAL SERVICES DEPARTMENT 2025-27 PROPOSED BUDGET

FINANCIAL SERVICES BUDGET HISTORY								
Type	2021-23 Actuals	2023-25 Adopted	2025-27 Current Service Level	2025-27 Budget Adjustments	2025-27 Policy Packages	2025-27 Proposed	2025-27 CSL Growth	2025-27 Proposed Growth
Personal Services	\$ 3,491,539	\$ 6,032,432	\$ 7,821,766	\$ (530,444)	\$ -	\$ 7,291,322	29.7%	20.9%
Materials & Services	21,020,699	25,758,150	26,520,253	(92,224)	-	\$ 26,428,029	3.0%	2.6%
Capital Outlay	-	42,269	-	-	-	\$ -	-100.0%	-100.0%
Transfers	-	1,110,960	1,843,000	-	-	\$ 1,843,000	65.9%	65.9%
Debt	4,546,148	11,665,552	10,133,810	-	-	\$ 10,133,810	-13.1%	-13.1%
Contingency	-	4,418,221	4,403,745	-	-	\$ 4,403,745	-0.3%	-0.3%
<b>Total</b>	<b>\$ 29,058,386</b>	<b>\$49,027,584</b>	<b>\$ 50,722,574</b>	<b>\$ (622,668)</b>	<b>\$ -</b>	<b>\$ 50,099,906</b>	<b>3.5%</b>	<b>2.2%</b>

- 2025-27 Current Service Level (CSL) for the Financial Services Department is \$50.7 million which is approximately 3.5% above the 2023-25 Adopted Budget.
- 16.5% of the FSD budget is related to the operations of the Department. The remaining 83.5% represents specific countywide funds managed by FSD - debt service, treasury activity, employee benefits, insurance administration, and other dedicated accounts and funds.
- The CSL for the Operations of the Financial Service Department increased by 29.0%. This is mostly driven by rising cost in salaries, PERS, and health insurance.
- Proposed Budget includes budget adjustments equaling a 7.4% decrease to CSL. These adjustments will be accomplished through a two-year freeze on ECI increases and reduction in retirement benefits for all management and unrepresented staff; reduced department material and supplies; application of a 1.5% vacancy factor; shift of 1.00 FTE to federal funds for the first year of the biennium; and savings from internal service department reductions.
- The net effect of the budget adjustments on the 2025-27 Proposed Budget for the Operations of the Financial Services Department is an 18.7% increase from the current 2023-25 Adopted Budget.

# MANAGED FUNDS - BUDGET DRIVERS

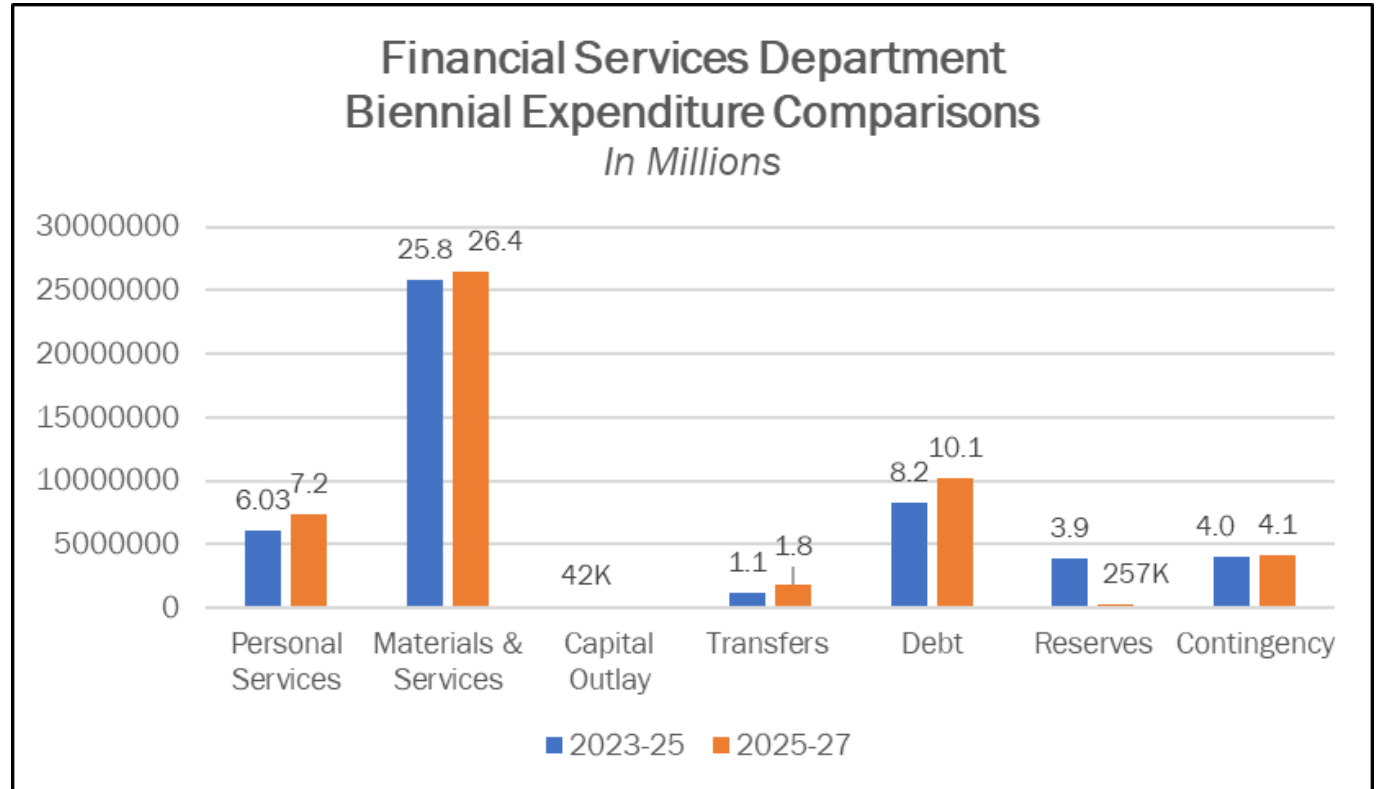
In addition to the Department Operations 18.7% increase in the Proposed Budget, there are other key budget drivers in the county funds managed by the FSD that brings the total budget increase down to 2.2%. Some of the highlights are as follows:

- Health insurance claims are forecasted to grow 7.9% and dental insurance claims at 18.4%.
- 23.6% increase in debt service is due to a one-year pause in the planned bond payment schedule during the 23-25 biennium.
- Debt service increase is offset by a reduction in contingency for spend down of surplus.
- Reduction in Other Internal Funds Liability Mitigation is due to liquidation of old worker comp accounts
- Increase in transfers is related to one-time transfer to address General Fund constraints from increased benefit cost.

Cost Activities (in millions)	2023-25 Adopted	2025-27 Proposed	Percentage Increase
Financial Services Department	\$6.53	\$7.75	19.5%
Health Insurance Claims and Administration	\$16.63	\$17.94	7.9%
Dental Insurance Claims and Administration	\$0.56	\$0.66	18.4%
Workers Compensation	\$0.72	\$0.78	7.7%
Liability Insurance	\$1.77	\$1.77	0.1%
Debt Service Payments	\$8.20	\$10.14	23.6%
Treasury Fund Activity	\$3.85	\$3.92	1.7%
Reserves – Debt Service	\$3.89	\$0.26	(93.4%)
Contingency – Workers Compensation	-	\$0.17	100.0%
Contingency – Health and Dental Claims	\$3.30	\$3.35	1.7%
Other Internal Funds for Liability Mitigation	\$1.91	\$0.94	(50.7%)
Tax Title Land Fund	\$0.57	\$0.60	4.8%
Reserve Transfers to General Fund	\$1.11	\$1.84	65.9%
<b>Total Budget</b>	<b>\$49.04</b>	<b>\$50.12</b>	<b>2.2%</b>

# 2025-27 BUDGETED EXPENDITURES

- Personal Services continues to be the largest expense category and represents the largest increase.
- Proposed budget FTE's remain the same for 2025-27 at 20.80.
- Material and Services change was relatively low increasing only by standard inflation
- The 65.9% increase in Transfers is related to one-time revenue transfers from the Benefits Trust Fund to offset increased benefits cost primarily related to PERS.
- The reduction of reserves and offsetting increase in debt is for collection of revenues for an annual PERS Bond that wasn't required in 2023-25. Resources are now being applied to debt payments in 2025-27.

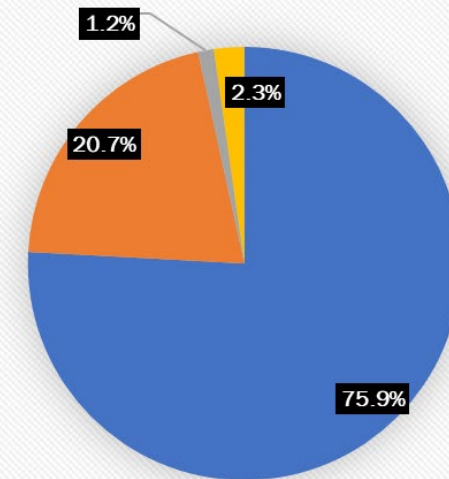


# 2025-27 REVENUE SOURCES

The Financial Services Department is supported through six different Funds which include:

- Internal Service Funds (75.9%) – Internal Service Funds provide the largest share of resources and are related to:
  - ✓ Management Service Fund – Resources provided through central cost allocation to support financial services staffing and the cost of county insurance (non-health related).
  - ✓ Treasury Management Fund – Resources from interest and investment earnings that are then distributed to other funds net of banking and investment fees.
  - ✓ Employee Benefit Trust Fund – Resources from employment benefit charges to cover cost of health and dental insurance administration and claims, unemployment costs/reserves, workers compensation claims/reserves, and retirement liability payoffs/reserves,
- General Fund (2.3%) – Discretionary and dedicated resources used to support the property tax collection function.
- Debt Service Fund (20.7%) – Resources from Employee Benefit Charges to meet the obligation of PERS Bonds, and Transfer from the General Fund to support tax-exempt debt financing for the construction of the new courthouse and district attorney's office.
- Trust Fund (1.2%) – Resources collected from the sale of property acquired through foreclosure from delinquent taxes. Held in trust to cover cost of maintenance and periodic release to taxing districts.

Financial Services Department  
Revenue Sources



■ Internal Services Funds ■ Debt Service Fund ■ Trust Fund ■ General Fund

## 2025-27 BUDGET BY FUNCTIONAL AREA

Functional Area (in millions)	2021-23 Actuals	2023-25 Adopted	2025-27 CSL	2025-27 Net Change	2025-27 Proposed	CSL Increase	Proposed Increase
Financial Operations	\$3.50	\$5.13	\$6.19	(\$0.51)	\$5.68	20.7%	10.8%
Budget and Finance Services	\$0.48	\$1.39	\$2.17	(\$0.11)	\$2.06	55.7%	47.7%
Insurance Management	\$1.22	\$1.77	\$1.77	\$0.00	\$1.77	0.1%	0.1%
Debt Service Management	\$4.55	\$12.09	\$10.39	\$0.00	\$10.39	(14.1%)	(14.1%)
Employee Benefits Management	\$17.38	\$24.22	\$25.68	(\$0.001)	\$25.68	6.0%	6.0%
Treasury Management	\$1.92	\$3.85	\$3.92	\$0.00	\$3.92	1.7%	1.7%
Foreclosed Property Management	\$0.001	\$0.57	\$0.60	(\$0.001)	\$0.60	4.8%	4.8%
<b>Total Budget</b>	<b>\$29.05</b>	<b>\$49.02</b>	<b>\$50.72</b>	<b>(\$0.62)</b>	<b>\$50.10</b>	<b>3.5%</b>	<b>2.2%</b>

# DEPARTMENT OVERVIEW

The Financial Services Department is committed to providing services and support to all internal and external customers in a way that is efficient, high quality, and equitable to all. Under this guiding vision, we operate to achieve five key objectives:

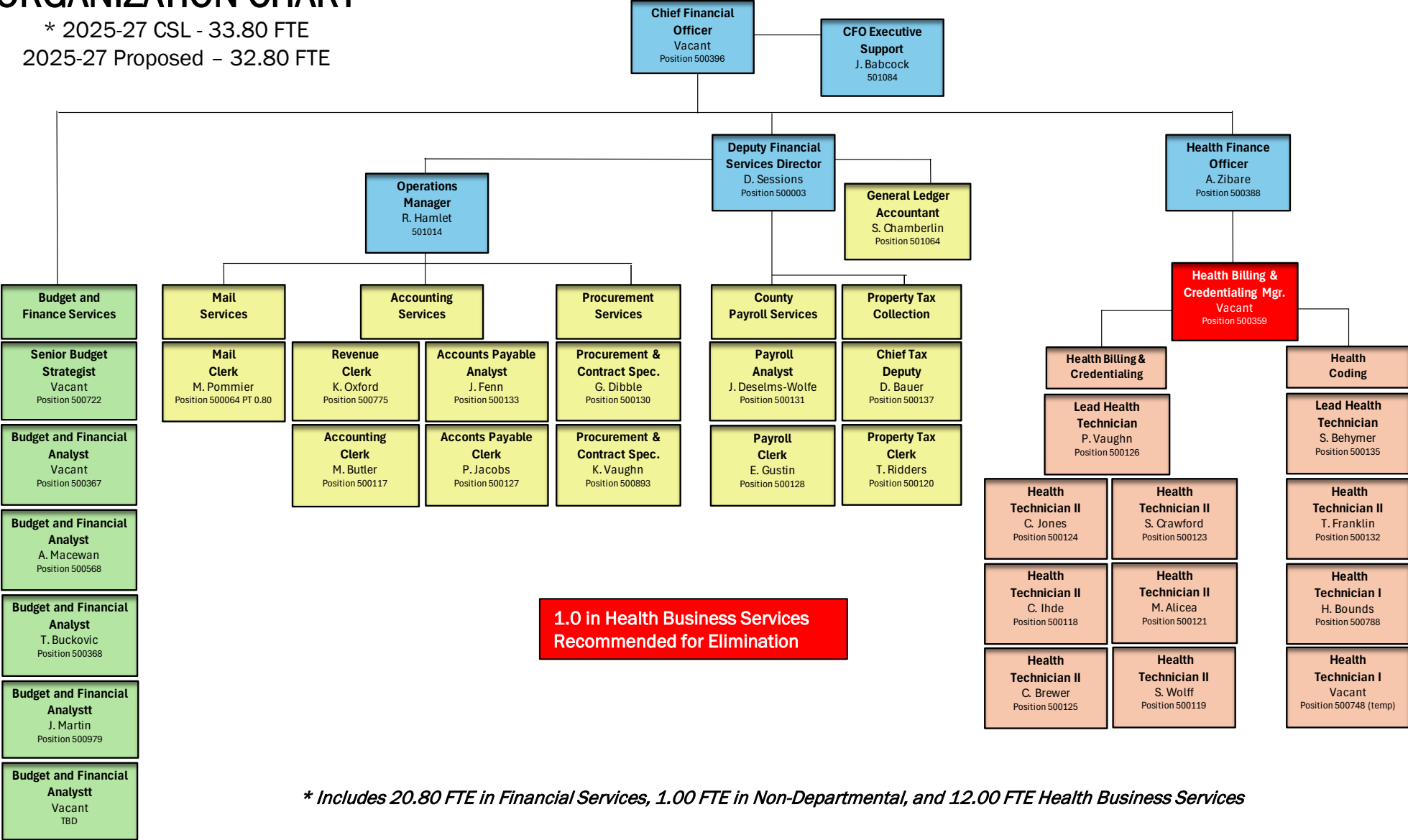
- Identify and eliminate redundancy and/or duplication.
- Provide all county departments with financial services that are centered around a high degree of accuracy, consistency, and customer satisfaction.
- Build a sustainable Department structure that enables cross training, long-term succession planning, and professional growth.
- Implement systems, processes, and/or policies that ensure effective internal controls and provide accessible and timely financial information.
- Establish a culture that strives for continued process improvement and efficiency.

The FSD service portfolio includes:

- Financial Operations
  - Property Tax Collection
  - General Accounting Operations
  - Procurement Services
  - Payroll
  - Mail & Courier Services
- Budget and Finance Services
- Insurance Administration
- Debt Service Management
- Employee Benefits Management
- Treasury Management
- Foreclosed Property Management
- Health Billing, Coding, and Credentialing

# FINANCIAL SERVICES DEPARTMENT ORGANIZATION CHART

\* 2025-27 CSL - 33.80 FTE  
2025-27 Proposed – 32.80 FTE



\* Includes 20.80 FTE in Financial Services, 1.00 FTE in Non-Departmental, and 12.00 FTE Health Business Services



# FINANCIAL OPERATIONS

The Financial Operations Team includes 0.50 FTE of the Department Director the 1.00 FTE Department Deputy Director and an additional 13.80 FTE of professional staff responsible for property tax collection, payroll, accounts payable and receivables, revenue collection, financial statement preparation, procurement services, financial system administration, mail services, and administrative support.

**2025-27 Current Service Level Budget: \$6,193,351**  
**FTE: 15.30 FTE**

*2025-27 Proposed Budget reduces CSL by \$505,289 due to General Fund budget constraints.*

## Outputs and outcomes include:

- 43,000 property tax billings and/or transactions each year.
- Procuring approximately 370 contracts/agreements annually.
- Reviewing, coding, and processing 22,200 annual invoice payments.
- Handling and directing over 115,000 pieces of mail.
- Billing approximately 4,000 account receivable invoices.
- Reviewing and processing approximately 2,300 personnel actions, and 17,700 payroll checks.
- Collecting and recording over \$332.0 million in annual revenue receipts.
- In FY 2023 & FY 2024, continued clean audit report with no findings.

# BUDGET AND FINANCE SERVICES

The Budget and Finance Team includes the 0.50 FTE of the Department Director and 6.00 FTE professional staff that focuses on the overall budget, grant, and financial management of the County and each of its Departments. This team is responsible for the development and execution of the county and service district budgets.

This includes forecasting, analyzing, and tracking all County and Department revenues and expenses and serving as a key business partner to each Department with financial assistance, problem solving, research, and information. This team is also responsible for administering financial models to help support long-term forecasting to better assess both future challenges and opportunities.

**2025-27 Current Service Level Budget: \$2,170,029**  
**FTE: 6.50**

## Key Responsibilities

- Develops and administers County and Service District budgets and provides budget status reports to Board and Department Directors.
- Administers cost allocation models to establish rates for services for facilities, fleet, and central services.
- Administers county insurance to ensure all county assets are protected.
- Responsible for debt management and financing activities.
- Develops and administers long-term revenue and expense forecasting models.
- Develops and administers a grant management tracking and reporting system.
- Coordinates and updates financial policies to ensure effective controls are in place.

*2025-27 Proposed Budget reduces CSL by \$110,543 due to General Fund budget constraints. Includes 1.00 FTE shift to Non-Departmental*

# INSURANCE MANAGEMENT

The Financial Services Department is responsible for administering the County insurance policies and ensuring asset protection for all facilities, vehicles, property, and any unforeseen liabilities related to criminal activities, cyber crime, and tort claims. Since 2019, insurance premiums have grown by approximately **99.7%**. The County has continued to add new county facilities and assets. Additionally, there has been growing trend of employment related tort claims. The remaining increases are based on national trending and increased risk.

Insurance Type	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Property Insurance *	136,033	162,936	185,727	211,940	272,325	310,924
Tort Liability	291,889	365,998	429,095	559,644	561,921	625,859
Auto Insurances *	111,934	124,295	117,029	128,549	123,853	148,996
Cyber Crime, C & Employee Bond	19,375	23,601	54,885	54,999	54,920	52,091
Risk Management Consulting	21,000	21,000	21,000	21,000	21,000	21,000
Total Insurance Administration	580,231	697,830	807,736	976,132	1,034,019	1,158,870

\* Property and Auto Insurances are paid through facilities and fleet internal service funds.

**2025-27 Current Service Level Budget: \$1,769,960**

# DEBT SERVICE MANAGEMENT

- As of June 30, 2024, the County is estimated to have outstanding debt in the amount of \$56,185,000. Of this amount, \$7,050,000 is related to Pension bonds issued in 2002 and 2004, which will be satisfied in 2028. The remaining \$49,135,000 is supported by the full faith and credit of the County and include the following:
  - 2018: \$4,570,000 – Avery Building and Benton County Health Center
  - 2020: \$9,230,000 – Kalapuya Building and Lincoln School Health Center
  - 2023: \$35,335,000 – Construction of new Courthouse and District Attorney’s Office
- Debt Service obligations related to the 2018 and 2020 bonds are secured and paid through the Uniform Rental Rate paid by all county Departments to the Public Work Facilities Budget with a small portion included in the Benton County Health Center Budget.
- Debt Service for the PERS Bonds and Construction of the New Courthouse and District Attorney’s office are accounted for and secured in the Debt Service Fund through payroll charges (PERS), and General Fund Balance Transfers (Courthouse).
- 2025-27 principal and interest payments for PERS Bonds is approximately \$5.6 million and for the 2023 Tax-Exempt Bonds is \$4.5 million. The principal and interest payments for the 2018 and 2020 bonds are paid from resources managed by Public Works Facilities Division.

**2025-27 Current Service Level Budget: \$10,393,112**

# EMPLOYEE BENEFITS MANAGEMENT

The Financial Services Department is responsible for the collection of payroll charges that support Health Insurance Benefits, Workers Compensation Claims and Reserves, Unemployment Benefits/Reserve and Retirement Liability Payouts/Reserve.

- Overall budget for claims and claims administration related to medical and dental insurance is forecasted to increase by 7.9% and 18.4% respectively in the 2025-27 budget. Overall reserves for health and medical claims are estimated to remain stable at be \$3.3 million.
- There is a \$1.8 million transfer from reserves in 2025-27 to the General Fund to help offset some of the budgetary constraints attributed to increasing benefits costs. This effort will reduce the potential impact to staffing and county services.
- Estimated cost for workers compensation premiums are estimated to grow by 7.7% in 2025-27. This is on trend with the industry.
- Unemployment claims and reserves is forecasted to grow by 13.6% primarily due to higher labor cost as opposed to upward trending in claims.
- Retired Liability Reserve is projected to decrease by approximately 14.5% in 2025-27 due to a lower trend in retirements than anticipated in 2023-25.

**2025-27 Current Service Level Budget: \$25,683,562**

*2025-27 Proposed Budget reduces CSL by \$5,606 due to General Fund budget constraints.*

# TREASURY MANAGEMENT

The Financial Services Department is responsible for the investment of all County resources. All earnings, less bank fees, are distributed monthly to each fund in accordance with Financial Policies.

- ✓ Interest earnings increased by 106% from the 21-23 biennium to the 23-25 biennium.
- ✓ Rates are expected to decline in the 25-27 biennium but only moderately. We will likely see earnings more like we did in fiscal year 2023.
- ✓ While the yield curve has normalized mildly after being inverted for 25 months, we are still cautious in our estimates for earnings.

**2025-27 Current Services Level Budget: \$3,916,300**



# FORECLOSED PROPERTY MANAGEMENT

- Oregon statutes require counties to begin foreclosure proceedings when a real property is four years delinquent.
- After six years of delinquency, the property is deeded to the county, free and clear of all encumbrances, except municipal liens.
- After property is deeded to the county, the county can:
  - Retain the property for County use
  - Sell the property
  - Transfer the property to another government or certain non-profit entities
- Benton County very rarely forecloses on houses or property of significant value. Most foreclosures are on distressed or compromised properties.
- Funds from the sale of the foreclosed properties are deposited into the Tax Title Land Fund. Sale proceeds may be used for:
  - Environmental or other clean up of foreclosed properties
  - Distributed to the other taxing districts
- There is estimated to be \$556,179 in reserves for 2025-27 that may be distributed to other taxing districts. The remaining budget will cover administrative and property maintenance cost.

**2025-27 Current Service Level Budget: \$596,260**

# HEALTH BUSINESS SERVICES

The Health Business Services Team is responsible for management, accountability, and oversight for all medical service billing and coding, as well as credentialing of all medical services providers. These services are funded in the Health Services Administration Fund included in the Health Department Budget. Budget cost is allocated to multiple functional areas in both the Health Department and Community Health Centers. Services include:

- Budget development and execution, financial analysis, and grant management for the Community Health Centers.
- Monitors billing and revenue collection to ensure resources are accurately coded and revenues are maximized.
- Performs and audits medical coding through extracting billable information from medical records and clinical documentation.
- Utilizes identified medical codes to create insurance claims and bills for patients.
- Perform credentialing processes by verifying the qualifications, experience, and legitimacy of healthcare providers.

**2025-27 Current Services Level Budget:** Health Services  
**FTE: \* 12.00**

*\*Includes 12.00 FTE in the Health Department Budget and is Proposed as 11.00 FTE in 2025-27*



# 2040 THRIVING COMMUNITIES INITIATIVE

## Goal #1

Develop standards of operations; document job expectations; and create onboarding process and documentation for all staff in Financial Services by June 30, 2026.

Core Value/Focus Area:	All
Commissioner Priority:	Responsible Governance
How Funded:	2025-27 Current Service Level Funding

# 2040 THRIVING COMMUNITIES INITIATIVE

## Goal #2

In partnership with the Information Technology Department, identify a series of automation tools and processes that aid in more efficient and effective budget development and management practices. No later than December 31, 2025, identify at least two automation tools and processes that can be implemented by June 30, 2026.

Core Value/Focus Area:	All
Commissioner Priority:	Responsible Governance
How Funded:	2025-27 Current Service Level Funding

# 2040 THRIVING COMMUNITIES INITIATIVE

## Goal #3

Establish a shared definition of payroll error with relevant partners within the County. Based on definition, create a payroll error tracking mechanism to provide transparency and benchmark data by December 31, 2026.

Core Value/Focus Area:	All
Commissioner Priority:	Responsible Governance
How Funded:	2025-27 Current Service Level Funding

# 2040 THRIVING COMMUNITIES INITIATIVE

## Goal #4

Using the benchmark data collected and tracking mechanism resulting from Goal 3, reduce the number of payroll errors produced by 25% by December 31, 2027.

Core Value/Focus Area:	All
Commissioner Priority:	Responsible Governance
How Funded:	2025-27 Current Service Level Funding

# 2025-27 BUDGET ADJUSTMENTS AND IMPACTS

## SUMMARY OF DEPARTMENT IMPACTS

Proposed Budget Adjustment	Amount
Elimination of Management ECI and reduced retirement benefits.	(\$250,221)
Implement vacancy factor of 1.5%.	(\$114,653)
Reduction in Material and Services	(\$40,000)
Shift cost of Grant Coordinator from internal service charge to grant funding	(\$165,570)
Cost savings from Internal Service Department Reductions.	(\$52,224)
<b>Total Proposed Budget Adjustment</b>	<b>(\$622,668)</b>

There is a recommended \$622,668 reduction to the Financial Services Department's 2025-27 Current Service Level Budget. This reduction creates the following estimated impacts:

- Risk of providing continued funding support for grant manager position if resources aren't identified to replace ARPA when it expires on 12/31/26.
- Reduced customer service and responsiveness due to hiring freezes and administration restrictions.
- Risk of management and unrepresented turnover and reduced morale due to elimination of ECI and reduced benefits.
- Less ability to provide professional development with reductions in training.

## **2025-27 PROPOSED BUDGET**

The Financial Services Department did not request any Policy Option Packages for the 2025-27 biennium. After applying the budget adjustments, there is a 7.4% decrease in the department's CSL Operations Budget, while the CSL budget for the county funds managed by Department remained relatively close to the same.

The 2025-27 Proposed Budget is 2.2% higher than the 2023-25 Adopted Budget – FSD Operations is 18.7% higher, and the managed funds are a less than one percent reduction.

# FUTURE CHALLENGES & OPPORTUNITIES

## Challenges:

- Uncertainty and frequent changes in communication and impacts to federal and state funding sources.
- Identify and retain professional workforce.
- Overcoming financial challenges and identifying long term financial sustainability for the County as we navigate the continued rising personnel costs and funding reductions.
- Program fees are not universally developed using a cost recovery philosophy, thereby creating further reliance upon general fund dollars for client/customer services.

## Opportunities:

- Recovery to a fully staffed financial services team to discover better and more efficient ways of providing services.
- Sourcing technological approaches to streamline reports, data points, and strategies for communicating financial data to service focused personnel.
- Identify how to continue building on budget development process through automation.
- Create stronger business relationship with all other County Departments.
- Identify long range forecasting strategies to be a catalyst for better decision making.