



Dallas, Oregon
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2020

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POLK COUNTY

**OFFICERS AND MEMBERS OF THE GOVERNING BODY
For the Year Ended June 30, 2020**

ADMINISTRATIVE OFFICER

Gregory P. Hansen

COMMISSIONERS

TERM EXPIRATION

Craig Pope
15040 Airlie Rd.
Monmouth, OR 97361

January 9, 2023

Mike Ainsworth
PO Box 652
Monmouth, OR 97361

January 9, 2023

Lyle Mordhorst
6030 Bethel Heights Rd., NW
Salem, OR 97304
(term began January 1, 2019)

January 4, 2021

ELECTED OFFICIALS

Valerie Patoine, Assessor
Valerie Unger, Clerk
Aaron Felton, District Attorney
Mark Garton, Sheriff
Linda Fox, Treasurer

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Polk County
Dallas, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the identify the required supplementary information, such as management's discussion and analysis on pages *i – ix* and the schedules on pages 57 – 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining statements, individual fund schedules, and schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, individual fund schedules, and the schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements, individual fund schedules, and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 10, 2021 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 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 February 10, 2021, 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

February 10, 2021

By:



Bradley G. Bingenheimer,
Partner

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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POLK COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

The management of Polk County, Oregon presents this narrative overview and analysis of the financial activities, for the fiscal year ended June 30, 2020. This discussion and analysis is intended to serve as an introduction to the basic financial statements as well as provide additional information to readers. We encourage readers to consider this information in conjunction with the accompanying financial statements. This narrative is based on currently known facts, decisions and conditions that existed as of the date of the independent auditors' report.

Financial Highlights

- The County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$34,177,215 at June 30, 2020, on its government-wide statement of net position. Of this amount, \$41,006,908 is the net investment in capital assets and \$12,593,688 is restricted for various purposes.
- The County's total net position decreased \$2,590,175 during the current fiscal year. This decrease is attributable to expenses in excess of revenue. Expenses include \$3,442,020 for depreciation, a non-cash expense. Expenses in the current year were increased by pension cost adjustments (\$4,510,944) and for OPEB cost adjustments (\$90,390) required by governmental accounting standards.
- At June 30, 2020, unassigned fund balance for the General Fund was \$5,024,266, or approximately 21% of total General Fund expenditures for the year.
- Due to a change in governmental accounting standards (GASB 68), reporting for the County pension plan (PERS) has changed dramatically. Previously pension expense had been recognized when paid and there were no assets or liabilities for the pension shown on the Statement of Net Position. Starting with the fiscal year ended June 30, 2015, pension costs and pension-related assets and liabilities are recognized in accordance with the new standard. Actual pension costs paid during this fiscal year were \$5,424,421, but due to adjustments required by GASB 68, pension expense for the year was increased by \$4,510,944. This standard is likely to produce large shifts in pension costs and pension liability from year to year in the future.

Overview of the Financial Statements

The County's basic financial statements are made up of three components:

1) government-wide financial statements, 2) fund financial statements and 3) notes to basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business.

- The statement of net position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County, with the difference between the two reported as net position. Over time, increases or decreases in net position may be a useful indicator of whether the financial position of the County is improving or deteriorating.
- The statement of activities presents a summary of current fiscal year income and expense and shows how the County's net position changed during the year on an accrual basis. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused employee vacation leave).

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (continued)

It is required that both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). All functions of Polk County are classified as governmental activities.

The government-wide financial statements can be found on pages 1 and 2 of this report.

Fund financial statements are financial reports that provide more detail than the government-wide financial statements. A fund is a group of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Polk County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental, proprietary and fiduciary.

- **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 statements, governmental fund financial statements are presented on a modified-accrual basis. The measurement focus for the fund statements is based on the acquisition and use of current spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating the County's near-term financing requirements.

The County maintains 24 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General, Public Works, Behavioral Health, Building Improvement and Public Works Complex Funds, all of which are considered to be major governmental funds. Data for the other 19 governmental funds are combined into a single aggregated presentation. The Polk County Extension District is considered a component unit of the County and, for the purposes of the financial statements, is included with the County governmental funds. Financial information for governmental funds is included on pages 3 through 16 in this report and is reconciled to the government-wide statements on pages 4 and 6. Individual fund data for each of the non-major funds is provided in the form of combining and individual fund statements and schedules on pages 64 through 88 in this report.

- **Proprietary funds** are used by the County to allocate costs internally among various functions and to report business-type activities. The County currently maintains no business-type activities, but uses proprietary internal service funds to account for overall management activities including finance, Board of Commissioners, insurance and risk management, fleet management, telephone and data processing, mail processing and facilities management. Because these services benefit governmental functions, they have been included with governmental activities in the government-wide financial statements. Summary information about Polk County's internal service funds is contained on pages 17-19 and detailed fund information can be found on pages 89 through 95 of this report.
- **Fiduciary funds** (agency funds) are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds do not belong to the County and are not available to support County programs. The County maintains agency funds for taxing districts, for inmates at the jail and various other miscellaneous trust accounts as the need arises. Information about Agency fund activity for the year is located on pages 20 and 96 of this report.

The County adopts an annual appropriated budget for all governmental and proprietary funds. Budgetary comparison statements have been provided for each fund to demonstrate compliance with budget.

Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Overview of the Financial Statements (continued)

Required Supplementary Information

Accounting standards generally accepted in the United States of America provide for certain required supplementary information to supplement the County's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board. This required supplementary information is presented on pages 57 - 61.

Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information required by State regulations and by the Federal government. This supplementary information is presented on pages 62-97.

Government-wide Financial Analysis

Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$34,177,215 at June 30, 2020. Net investment in capital assets is \$41,006,908 which is greater than the total net position. The County uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

NET POSITION

Assets	6/30/2019	6/30/2020	Change
Current assets	\$ 18,816,407	\$ 26,970,522	\$ 8,154,115
Capital assets, net	43,481,295	52,841,976	9,360,681
Total Assets	62,297,702	79,812,498	17,514,796
Deferred outflows	11,757,908	12,910,127	1,152,219
Total Assets and Deferred Outflows	74,055,610	92,722,625	18,667,015
Current liabilities	3,190,194	5,189,904	1,999,710
Long-term liabilities	3,543,595	17,092,375	13,548,780
Net pension liability	27,614,532	34,046,477	6,431,945
Total Liabilities	34,348,321	56,328,756	21,980,435
Deferred inflows	2,939,899	2,216,654	(723,245)
Total Liabilities and Deferred Inflows	37,288,220	58,545,410	21,257,190
Net Position			
Net investment in capital assets	41,791,295	41,006,908	(784,387)
Restricted net position	11,188,572	12,593,688	1,405,116
Unrestricted	(16,212,477)	(19,423,381)	(3,210,904)
Total Net Position	\$ 36,767,390	\$ 34,177,215	\$ (2,590,175)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

During the year, current assets increased \$8,154,115. Cash and investments increased \$5,387,959 and other current assets increased \$2,766,156.

Net capital assets increased \$9,360,681. During the year, the capital asset balance increased \$12,840,439 for assets acquired, decreased \$3,442,020 for annual depreciation expense, and decreased \$37,738 for asset dispositions. Details of capital assets acquired appears later in this narrative.

At June 30, 2020, the balance of deferred outflows relating to pension was \$12,608,034, an increase of \$1,229,868 from the prior year. At June 30, 2020, the balance of deferred outflows related to other postemployment benefits was \$302,093, a decrease of \$77,649 from the prior year.

Liabilities increased \$21,980,435 during the year. This change includes \$1,999,710 increase in current liabilities, \$13,548,780 increase in long term liabilities and \$6,431,945 increase in net pension liability. Accounts payable increased \$1,178,169, current portion of long term debt increased \$615,946 and liability for compensated absences increased \$205,595. Long term liabilities increased \$14,825,000 for additional debt incurred for building improvements and real property purchases and \$199,867 for increase in other post-employment benefits. Long term liabilities decreased \$860,141 for principal payments on debt and decreased \$615,946 for the increase in current portion of long-term debt. Deferred inflows, related to pensions, OPEB and other revenue decreased \$723,245.

Net position of the County decreased \$2,590,175 during the year. This change includes a decrease of \$784,387 in net investment in capital assets, increase of \$1,405,116 in restricted net position, and a decrease of \$3,210,904 in unrestricted net position. Net investment in capital assets is defined as the total purchase price of the capital assets owned reduced by the accumulated depreciation on those assets, less the balance of debt relating to these assets adjusted for unspent bond proceeds. The remaining deficit net position of \$19,423,381 is unrestricted.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

Key elements of the net position increase and a comparison with the prior year are as follows:

CHANGES IN NET POSITION

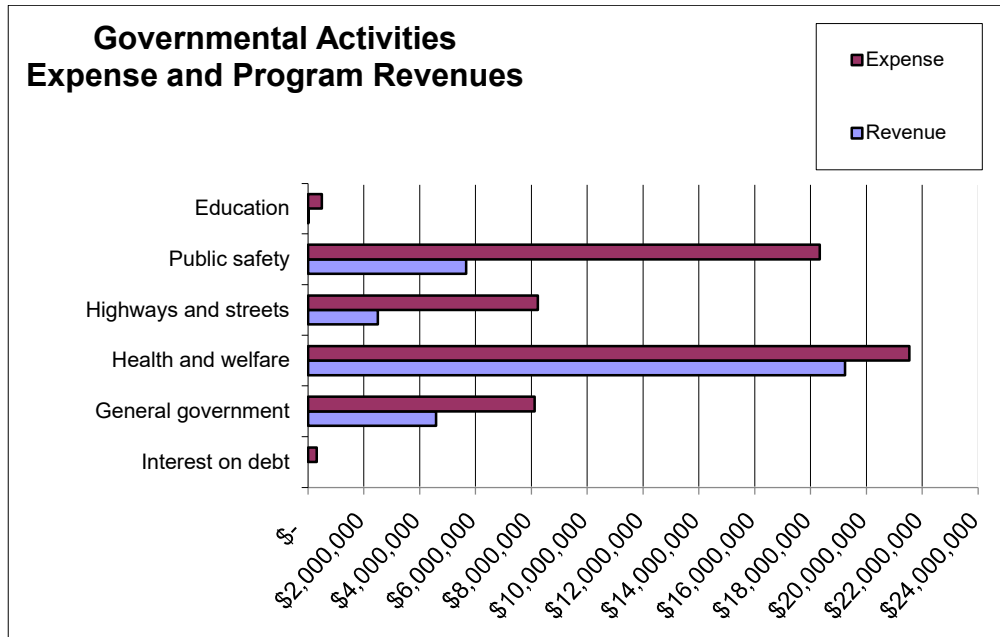
	<u>6/30/2019</u>	<u>6/30/2020</u>	<u>Change</u>	<u>% Inc/Dec</u>
Program revenues:				
Charges for services	\$ 4,135,006	\$ 5,013,560	\$ 878,554	21.2%
Program grants and contributions	22,814,583	26,970,696	4,156,113	18.2%
General revenues:				
Property taxes	12,505,818	13,720,816	1,214,998	9.7%
Other taxes	1,620,543	1,707,070	86,527	5.3%
Other grants and contributions	5,987,431	5,704,189	(283,242)	-4.7%
Forest and timber receipts	645,917	621,615	(24,302)	-3.8%
Interest earnings	445,548	513,946	68,398	15.4%
Miscellaneous	(138,407)	179,466	317,873	-229.7%
Total Revenues	<u>48,016,439</u>	<u>54,431,358</u>	<u>6,414,919</u>	<u>13.4%</u>
Expenses:				
General government	5,321,260	8,115,858	2,794,598	52.5%
Public safety	18,318,526	18,331,091	12,565	0.1%
Highways and streets	7,624,590	8,226,804	602,214	7.9%
Health and welfare	19,485,124	21,543,168	2,058,044	10.6%
Education	387,339	498,036	110,697	28.6%
Interest on long-term debt	73,413	306,576	233,163	317.6%
Total Expense	<u>51,210,252</u>	<u>57,021,533</u>	<u>5,811,281</u>	<u>11.3%</u>
Increase (decrease) in net position	<u>(3,193,813)</u>	<u>(2,590,175)</u>	<u>603,638</u>	<u>-18.9%</u>
Beginning net position	39,961,203	36,767,390	(3,193,813)	-8.0%
Ending net position	<u>\$ 36,767,390</u>	<u>\$ 34,177,215</u>	<u>\$ (2,590,175)</u>	<u>-7.0%</u>

Total revenues for the year were \$54,431,458, an increase of \$6,414,919 over the prior year. Revenues include direct program revenue of \$31,984,256 and general revenue of \$22,447,102. Program revenue is defined as charges for services and operating grants and revenues, which are allocable directly to programs. Program revenue increased \$5,034,667 (18.7%) and general revenue increased \$1,380,252 (6.6%) when compared to the prior year. Program revenue increased \$878,554 for charges for services and increased \$4,156,113 for grants and contributions. General revenues increased \$1,214,998 for property tax, \$86,527 for other taxes, \$68,398 for interest earnings and \$317,873 for miscellaneous revenue. General revenue decreased \$283,242 for other grants and contributions, and \$24,302 for forest and timber receipts.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

Total expenses increased \$5,811,281 this year when compared to the prior year. Per the Statement of Activities, expenses increased in all categories: interest on long term debt by \$233,163 (317.6%), general government \$2,794,598 (52.5%), Highways and streets \$602,214 (7.9%), Education \$110,697 (28.6%), Public safety \$12,565 (.1%) and Health and welfare \$2,058,044 (10.6%).

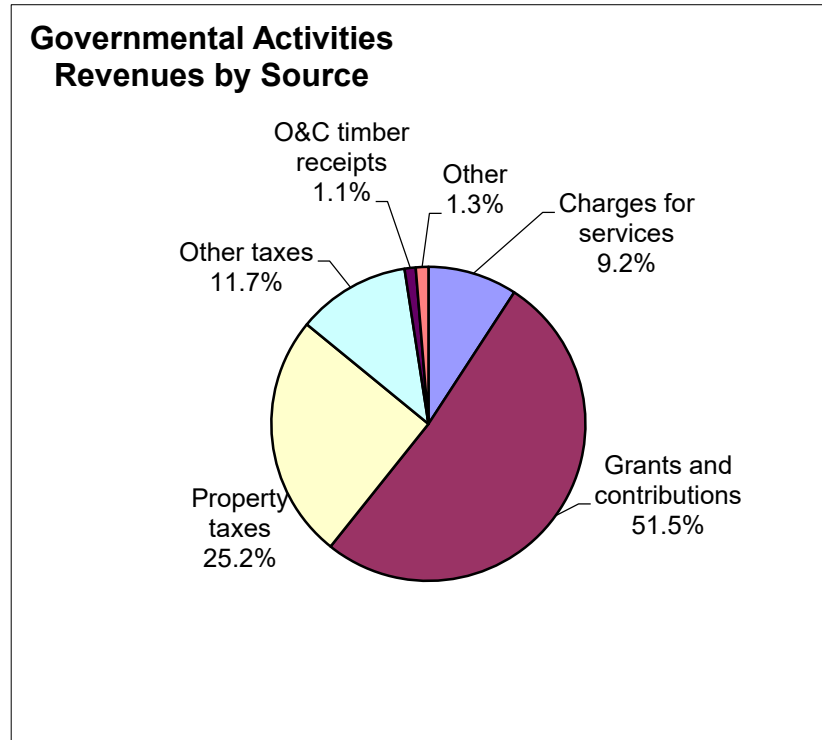


The chart above compares direct program revenue with program expenses. During the past year, all governmental activities relied on general revenues to support the function. Revenue from road taxes in the amount of \$5,703,280 is not included in direct program revenue. Because it is defined as a tax by accounting standards, it is included in general grant revenue rather than program revenue for highways and streets.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

The chart below shows sources of revenue for the fiscal year. 51.5% of revenue is from grants and contributions, 25.2% from property taxes, 9.2% from charges for services, 11.7% from other taxes, \$621,615 (1.1%) from O & C timber receipts and 1.3% from investment income and miscellaneous receipts.



Financial Analysis of the County's Funds

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

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

At June 30, 2020, the County's governmental funds have combined ending fund balances of \$20,486,770, which includes an increase of \$5,715,408 during the current fiscal year. The ending fund balance consists of \$546,526 defined as nonspendable, \$10,807,607 defined as restricted and \$4,117,310 defined as committed. Nonspendable fund balances include inventory and prepaid expenses which are nonspendable due to the nature of the item. Restricted fund balances are restricted by agencies or funding sources outside the County organization. Committed fund balances are committed for designated purposes by the County Board of Commissioners. Fund balances not included in these defined categories are considered unassigned and available for appropriation in the subsequent year at the Board's discretion. The County's unassigned fund balance at June 30, 2020 is \$5,015,327, an increase of 1,007,073 increase over the \$4,008,254 unassigned fund balance at June 30, 2019.

The General Fund is the chief operating fund of the County. At June 30, 2020, unassigned General Fund balance was \$5,024,266, approximately 94% of the total General Fund balance. The General Fund balance increased \$891,897 during the current fiscal year, compared to a decrease of \$870,815 in the prior year. Compared to the previous year, General Fund revenues increased \$3,612,157, expenditures increased \$1,120,185, transfers to other funds increased \$709,604, and sale of capital assets decreased \$19,656.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Financial Analysis of the County's Funds

The fund balances of the County's major funds changed during the year as follows: General Fund – increase \$891,897, Public Works – increase \$350,444, Behavioral Health – decrease \$619,229, Building Improvement – increase \$2,521,446, and Public Works Complex - \$1,540,237. Other non-major governmental funds combined showed a fund balance increase of \$1,030,613. The fund increases were the result of revenues in excess of expenditures. The decrease for Public Works was the result of expenditures in excess of revenue.

General Fund Budgetary Highlights

During the fiscal year, two budget modifications were adopted by the Board. The modifications transferred \$1,618,000 from general fund operating contingency to various departments. Appropriation increases included the following: Sheriff Emergency Management - \$300,000, Sheriff Patrol - \$100,000, Sheriff Jail - \$200,000, Community Corrections - \$200,000, and other departments - \$23,000. There was also an increase in transfers to other funds in the amount of \$795,000.

Capital Assets and Debt Administration

The County's net investment in capital assets, at June 30, 2020, is \$52,841,976. This investment in capital assets includes land, building and improvements, machinery and equipment, roads and bridges, vehicles and construction in progress. The total increase during the current year was \$9,360,681 (21.5%). Additions for assets purchased totaled \$14,093,268 which includes \$12,840,439 new purchases and \$1,252,829 capitalization of prior construction in progress. New assets acquired include purchase of land and buildings (\$881,917), and other improvements to buildings (\$92,433), courthouse remodel (\$1,176,745), Courthouse elevator modernization (\$102,700), Public Works/EOC buildings (\$6,426,553), completion of two bridges (\$984,964), Jail reroof (\$1,702,864), Jail equipment (\$23,230) computer equipment (\$96,536), emergency management equipment (\$272,908), new sign and other improvements for Academy building (\$29,570), Public Works road maintenance equipment (\$285,769) and other equipment (\$555,160). Five new vehicles were purchased during the year for a total of \$209,090 which included three vehicles for Sheriff's patrol, one for public works and one for the general services motor pool. Work in process increased \$9,161,042 for projects in progress at June 30, 2020 including courthouse remodel and the Public Works and Sheriff emergency management buildings and roads and bridges.

The net investment in capital assets balance for the year is increased by asset acquisitions (\$14,093,268), decreased by depreciation expense (\$3,442,020) and decreased for asset dispositions (\$37,738) and decreased for reclassifications (\$1,252,829). The dispositions included sale of vehicles, public works equipment and land. Reclassifications are for capitalization of completed work in process on two bridges (\$1,171,250) and for emergency management generator and fuel storage at the fairgrounds (\$81,579). There was no change in the condition of the County's capital assets during the year. Additional detail about capital asset changes can be found beginning on page 32 and 33 in the notes to the financial statements.

At the end of the current fiscal year, the County owed \$15,135,000 in general obligation bonds, which is the total of three bond issues. Bonds (certificates of participation) in the amount of \$2,250,000 were issued in 2011 for the primary purpose of debt payoff and remodeling to the Academy Building. Additional bonds (\$790,000) were issued in April 2012 for the purpose of paying off debt which financed the 2004 Falls City road project. Additional bonds (\$14,300,000) were issued in 2019 for the remodel of the Courthouse and for construction of new Emergency Management and Public Works buildings. Principal payments of \$855,000 and interest of \$297,858 were paid on the bonds during the year. Bond payments for the certificates of participation are made from the Building Improvement Fund using savings in rental costs. Bond payments for the Falls City road project are made by the Public Works Fund from revenue. Bond payments for the Courthouse remodel and Emergency Management/Public Works complex were made from savings in rental costs.

During 2019-20, a land sales contract was incurred in the amount of \$525,000 for the purchase of land and buildings. Principal payments of \$5,141 and interest payments of \$8,718 were made during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Additional details about debt and repayment terms are contained on pages 34 and 35 of the notes to the financial statements.

Key Economic Factors and Next Year's Budget Information

- Polk County's fiscal year 2020-21 budgeted appropriations increased \$7,905,979 (9.1%) compared to the prior year budget.
- General Fund resources for fiscal year 2019-20 are budgeted at \$26,849,100. This includes a beginning fund balance of \$4,500,000.
- Significant changes in fiscal year 2019-20 budgeted expenses, including percentage change from the prior year's final budget are:
 - Public Works decrease - \$673,500 (7.2%), decreased revenue from State gas tax fees and fees for service.
 - Health Services increase - \$958,000 (28.6%), increased revenue from the State and internal charges.
 - Fair - \$165,500 (26.3%), decrease in revenue for cancellation of annual Fair, decreased facility rental and decrease in State funding.
 - Building improvement fund decrease - \$2,950,000 decreased revenue from bonds issued for courthouse and jail improvement projects.
 - Public Works construction fund decrease - \$6,325,000 (73.3%), decrease caused by spend down of bonds issued for construction of new Public Works maintenance building and Sheriff Emergency Management center.

Requests for Information

This report is designed to provide a general overview of Polk County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to:

Linda Fox
Polk County Finance Director
850 Main Street
Dallas, Oregon 97338
Phone: 503-623-9264

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BASIC FINANCIAL STATEMENTS

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POLK COUNTY

STATEMENT OF NET POSITION

June 30, 2020

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 20,591,960
Receivables	5,174,565
Inventory	274,799
Prepaid items	377,666
Net other postemployment benefit asset	351,532
Deposit on property	200,000
Capital assets:	
Land and construction in progress	12,346,945
Other capital assets, net	<u>40,495,031</u>
TOTAL ASSETS	<u>79,812,498</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	12,608,034
Other postemployment benefit related items	<u>302,093</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>12,910,127</u>
<u>LIABILITIES</u>	
Accounts payable and accrued liabilities	2,967,341
Long-term obligations:	
Due within one year	2,222,563
Due in more than one year	<u>51,138,852</u>
TOTAL LIABILITIES	<u>56,328,756</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	1,805,748
Other postemployment benefit related items	409,806
Unearned revenue	<u>1,100</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>2,216,654</u>
<u>NET POSITION</u>	
Net investment in capital assets	41,006,908
Restricted for:	
Debt service	78,384
Road and street maintenance	2,185,191
Bicycle path construction/maintenance	383,377
Law enforcement	363,377
Health and welfare	8,677,388
Economic development	360,348
Education	124,371
Other purposes	421,252
Unrestricted	<u>(19,423,381)</u>
TOTAL NET POSITION	<u>\$ 34,177,215</u>

See accompanying notes

POLK COUNTY

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
Functions/Programs				
Governmental activities				
General government	\$ 8,115,858	\$ 2,229,232	\$ 2,358,612	\$ (3,528,014)
Public safety	18,331,091	1,076,618	4,584,456	(12,670,017)
Highways and streets	8,226,804	1,106,612	1,387,402	(5,732,790)
Health and welfare	21,543,168	601,098	18,632,550	(2,309,520)
Education	498,036	-	7,676	(490,360)
Interest on long-term obligations	306,576	-	-	(306,576)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 57,021,533</u>	<u>\$ 5,013,560</u>	<u>\$ 26,970,696</u>	<u>(25,037,277)</u>
General revenues				
Property taxes levied for:				
General purposes				13,256,553
Education				457,933
Debt service				6,330
Other taxes				1,707,070
Other grants and contributions not restricted for specific programs				6,325,804
Unrestricted investment earnings				513,946
Miscellaneous				113,802
Gain on disposition of capital assets				65,664
TOTAL GENERAL REVENUES				<u>22,447,102</u>
CHANGE IN NET POSITION				<u>(2,590,175)</u>
NET POSITION - BEGINNING				<u>36,767,390</u>
NET POSITION - ENDING				<u>\$ 34,177,215</u>

See accompanying notes

POLK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	General	Public Works	Behavioral Health	Building Improvement	Public Works Complex	Total Nonmajor Funds	Total Governmental Funds
ASSETS							
Cash and cash equivalents	\$ 4,743,472	\$ 1,247,404	\$ 6,556,094	\$ 2,611,463	\$ 2,531,829	\$ 1,925,278	\$ 19,615,540
Receivables	1,585,152	1,451,208	1,244,293	-	-	697,148	4,977,801
Inventory	-	274,799	-	-	-	-	274,799
Prepaid items	42,934	197,941	22,885	-	-	7,967	271,727
Due from other funds	51,054	-	-	-	-	-	51,054
TOTAL ASSETS	\$ 6,422,612	\$ 3,171,352	\$ 7,823,272	\$ 2,611,463	\$ 2,531,829	\$ 2,630,393	\$ 25,190,921
LIABILITIES							
Accounts payable and accrued liabilities	\$ 612,903	\$ 602,784	\$ 196,134	\$ 123,531	\$ 991,592	\$ 306,181	\$ 2,833,125
Due to General Fund	-	-	-	-	-	51,054	51,054
TOTAL LIABILITIES	612,903	602,784	196,134	123,531	991,592	357,235	2,884,179
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue	474,291	1,090,675	191,103	-	-	63,903	1,819,972
FUND BALANCES							
Nonspendable	42,934	472,740	22,885	-	-	7,967	546,526
Restricted	268,218	1,005,153	7,413,150	-	-	2,121,086	10,807,607
Committed	-	-	-	2,487,932	1,540,237	89,141	4,117,310
Unassigned	5,024,266	-	-	-	-	(8,939)	5,015,327
TOTAL FUND BALANCES	5,335,418	1,477,893	7,436,035	2,487,932	1,540,237	2,209,255	20,486,770
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 6,422,612	\$ 3,171,352	\$ 7,823,272	\$ 2,611,463	\$ 2,531,829	\$ 2,630,393	\$ 25,190,921

See accompanying notes

POLK COUNTY

RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
June 30, 2020

Total fund balances - governmental funds \$ 20,486,770

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

The net other postemployment benefit asset is reported in the statement of net position but is not reported in the funds 351,532

Governmental activities report a net pension liability which is not reported in the fund (34,046,477)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 52,841,976

The deposit on property is not a financial resource and therefore is not reported in the funds. 200,000

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds 1,818,872

The net position of the internal service funds \$ (1,231,705)
Less: Capital assets of the internal service funds included above (342,925)
Plus: Compensated absences obligations of the internal service funds included below 132,092
Plus: Pension-related items included above and below 2,381,070
Plus: OPEB-related items included above and below 206,375 1,144,907

Governmental activities report as deferred outflows of resources contributions to the public employees retirements system for the year and other adjustments for PERS and OPEB 12,910,127

The other postemployment benefit liability is reported in the statement of net position but is not reported in the funds (2,258,462)

Governmental activities report as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the public employees retirement system and OPEB (2,215,554)

Some liabilities, including compensated absences and bonds payable, are not due and payable in the current period and therefore are not reported in the funds (17,056,476)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 34,177,215

See accompanying notes

POLK COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2020

	General	Public Works	Behavioral Health	Building Improvement	Public Works Complex	Total Nonmajor Funds	Total Governmental Funds
REVENUES							
Property taxes	\$ 13,280,117	\$ -	\$ -	\$ -	\$ -	\$ 481,495	\$ 13,761,612
Licenses, fees and permits	1,081,211	-	-	-	-	51,170	1,132,381
Intergovernmental	7,361,299	6,256,208	14,502,059	-	-	4,812,330	32,931,896
Charges for services	2,012,348	830,715	2,092,859	-	-	1,790,989	6,726,911
Franchise fees	424,701	-	-	-	-	218,015	642,716
Fines and forfeitures	153,464	-	-	-	-	11,877	165,341
Donations	423	-	-	-	-	531,739	532,162
Interest	207,263	13,137	142,887	57,434	85,467	7,759	513,947
Miscellaneous	25,239	39,462	2,595	-	-	4,715	72,011
TOTAL REVENUES	<u>24,546,065</u>	<u>7,139,522</u>	<u>16,740,400</u>	<u>57,434</u>	<u>85,467</u>	<u>7,910,089</u>	<u>56,478,977</u>
EXPENDITURES							
Current							
General government	3,761,728	-	-	33,324	63,930	1,479,492	5,338,474
Public safety	16,546,273	-	-	-	-	1,480,474	18,026,747
Highways and streets	-	6,621,723	-	-	-	158,610	6,780,333
Health and welfare	290,540	-	17,318,283	-	-	5,051,336	22,660,159
Education	-	-	-	-	-	498,128	498,128
Debt service							
Principal	-	50,000	-	444,841	365,300	-	860,141
Interest	-	15,708	-	160,501	130,367	-	306,576
Capital outlay	446,681	255,038	41,346	4,122,322	6,785,633	70,393	11,721,413
TOTAL EXPENDITURES	<u>21,045,222</u>	<u>6,942,469</u>	<u>17,359,629</u>	<u>4,760,988</u>	<u>7,345,230</u>	<u>8,738,433</u>	<u>66,191,971</u>
Excess (deficiency) of revenues over expenditures	3,500,843	197,053	(619,229)	(4,703,554)	(7,259,763)	(828,344)	(9,712,994)
OTHER FINANCING SOURCES (USES)							
Proceeds from long term obligations	-	-	-	6,525,000	8,300,000	-	14,825,000
Transfers in	-	632,096	-	700,000	500,000	1,808,957	3,641,053
Sale of capital assets	8,150	45,252	-	-	-	50,000	103,402
Transfers out	(2,617,096)	(523,957)	-	-	-	-	(3,141,053)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,608,946)</u>	<u>153,391</u>	<u>-</u>	<u>7,225,000</u>	<u>8,800,000</u>	<u>1,858,957</u>	<u>15,428,402</u>
Net change in fund balances	891,897	350,444	(619,229)	2,521,446	1,540,237	1,030,613	5,715,408
Fund balance beginning of year	4,443,521	1,127,449	8,055,264	(33,514)	-	1,178,642	14,771,362
Fund balances at end of year	<u>\$ 5,335,418</u>	<u>\$ 1,477,893</u>	<u>\$ 7,436,035</u>	<u>\$ 2,487,932</u>	<u>\$ 1,540,237</u>	<u>\$ 2,209,255</u>	<u>\$ 20,486,770</u>

See accompanying notes

POLK COUNTY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 5,715,408

Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capitalized expenditures	\$ 12,840,439	
Depreciation	<u>(3,442,020)</u>	9,398,419

In the statement of activities, property taxes are reported as revenue when assessed. However, in the governmental funds, property taxes are reported as revenues when they are measurable and available. This revenue recognition results in differences in amounts reported for property tax revenue. (40,795)

In the statement of activities, revenue is recognized when earned. However, in the governmental funds, revenues are reported when they are measurable and available. This results in differences in amounts reported for grants and contributions. 1,055,509

In the statement of activities, only the gain on the sale of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost, less accumulated depreciation, of the capital assets sold. (37,738)

Proceeds from long-term obligations provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. (14,825,000) (14,825,000)

Repayment of long-term obligation principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net position.
Governmental funds 860,141

Pension liability changes, including changes to deferred outflows and inflows increased the pension expense in the current year, but do not require the use of current resources.

Increase in pension liability	(6,431,945)	
Decrease in pension deferred inflows	691,133	
Increase in pension deferred outflows	<u>1,229,868</u>	(4,510,944)

The amount contributed to defined benefit other postemployment benefit plans is reported as an expenditure in the funds while governmental activities reports other postemployment benefit expense as the change in net other postemployment benefit asset or liability, total other postemployment benefit asset or liability, and other postemployment benefit related deferred outflow of resources and deferred inflows of resources

Decrease in deferred outflows of resources	(77,649)	
Increase in net other postemployment benefit asset	155,014	
Increase in total other postemployment benefit liability	(199,867)	
Decrease in deferred inflows of resources	<u>32,112</u>	(90,390)

Internal service funds are used to account for all costs arising from the operations of the County's central services activities and insurance programs. The primary funding sources are charges to other funds.

Changes in net position	(363,276)	
Capitalized expenditures included above	(123,000)	
Depreciation expense included above	90,581	
Increase in pension expense due to reporting change included above	461,004	
Increase in compensated absences included below	16,352	
Increase in other post employment benefits expense included below	<u>9,149</u>	90,810

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:
Compensated absences (205,595)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (2,590,175)

See accompanying notes

POLK COUNTY

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	13,050,000	\$13,050,000	\$13,280,117	\$ 230,117
Licenses, permits and fees	857,000	857,000	1,081,211	224,211
Intergovernmental	5,384,100	5,384,100	7,361,299	1,977,199
Charges for services	1,642,000	1,642,000	2,012,348	370,348
Franchise fees	412,000	412,000	424,701	12,701
Fines and forfeitures	140,000	140,000	153,464	13,464
Donations	3,000	3,000	423	(2,577)
Interest	250,000	250,000	207,263	(42,737)
Miscellaneous	39,000	39,000	25,239	(13,761)
TOTAL REVENUES	<u>21,777,100</u>	<u>21,777,100</u>	<u>24,546,065</u>	<u>2,768,965</u>
EXPENDITURES				
County Clerk				
Recording				
Personnel Services	132,294	132,294	133,188	(894)
Materials and Services	16,750	16,750	5,280	11,470
Interdepartment Charges	62,273	62,273	62,273	-
Total Recording	<u>211,317</u>	<u>211,317</u>	<u>200,741</u>	<u>10,576</u>
Elections				
Personnel Services	178,882	178,882	177,083	1,799
Materials and Services	126,850	126,850	102,102	24,748
Interdepartment Charges	75,208	75,208	75,208	-
Capital Outlay	-	-	7,320	(7,320)
Total Elections	<u>380,940</u>	<u>380,940</u>	<u>361,713</u>	<u>19,227</u>
Total County Clerk	<u>592,257</u>	<u>592,257</u>	<u>562,454</u>	<u>29,803</u>

Continued on next page

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Treasurer				
Personnel Services	\$ 16,211	\$ 16,211	\$ 16,558	\$ (347)
Materials and Services	6,900	6,900	4,781	2,119
Interdepartment Charges	11,218	11,218	11,218	-
Total Treasurer	34,329	34,329	32,557	1,772
Non-Departmental				
Fund-wide				
Materials and Services	4,500	7,500	5,336	2,164
Assessment				
Personnel Services	1,030,780	1,030,780	891,316	139,464
Materials and Services	30,400	30,400	33,825	(3,425)
Interdepartment Charges	343,032	343,032	343,032	-
Total Assessment	1,404,212	1,404,212	1,268,173	136,039
Tax Collector				
Personnel Services	226,980	226,980	214,643	12,337
Materials and Services	35,660	35,660	31,613	4,047
Interdepartment Charges	65,874	65,874	65,874	-
Total Tax Collector	328,514	328,514	312,130	16,384

Continued on next page

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Community Development				
Planning				
Personnel Services	\$ 416,837	\$ 416,837	\$ 370,392	\$ 46,445
Materials and Services	76,550	76,550	20,115	56,435
Interdepartment Charges	119,898	119,898	119,898	-
Total Planning	<u>613,285</u>	<u>613,285</u>	<u>510,405</u>	<u>102,880</u>
Building Inspection				
Personnel Services	472,109	492,109	487,725	4,384
Materials and Services	48,825	48,825	46,765	2,060
Interdepartment Charges	94,015	94,015	94,015	-
Total Building Inspection	<u>614,949</u>	<u>634,949</u>	<u>628,505</u>	<u>6,444</u>
Environmental Health				
Personnel Services	272,624	272,624	208,564	64,060
Materials and Services	24,900	24,900	23,437	1,463
Interdepartment Charges	58,539	58,539	58,539	-
Total Environmental Health	<u>356,063</u>	<u>356,063</u>	<u>290,540</u>	<u>65,523</u>
Total Community Development	<u>1,584,297</u>	<u>1,604,297</u>	<u>1,429,450</u>	<u>174,847</u>
District Attorney				
Prosecution				
Personnel Services	1,428,283	1,428,283	1,208,115	220,168
Materials and Services	93,700	93,700	94,731	(1,031)
Interdepartment Charges	190,576	190,576	190,576	-
Total Prosecution	<u>1,712,559</u>	<u>1,712,559</u>	<u>1,493,422</u>	<u>219,137</u>
Support Enforcement				
Personnel Services	329,525	329,525	232,694	96,831
Materials and Services	24,800	24,800	8,014	16,786
Interdepartment Charges	58,687	58,687	58,687	-
Total Support Enforcement	<u>413,012</u>	<u>413,012</u>	<u>299,395</u>	<u>113,617</u>

Continued on next page

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
District Attorney (continued)				
Victim's Assistance				
Personnel Services	\$ 311,395	\$ 311,395	\$ 279,091	\$ 32,304
Materials and Services	14,800	14,800	17,902	(3,102)
Interdepartment Charges	56,445	56,445	56,445	-
Total Victim's Assistance	382,640	382,640	353,438	29,202
Court Appointed Special Advisor (CASA)				
Materials and Services	23,000	23,000	23,000	-
Medical Examiner				
Personnel Services	48,431	48,431	42,692	5,739
Materials and Services	11,500	11,500	10,226	1,274
Interdepartment Charges	1,646	1,646	1,646	-
Total Medical Examiner	61,577	61,577	54,564	7,013
Total District Attorney	2,592,788	2,592,788	2,223,819	368,969
Sheriff				
Patrol				
Personnel Services	4,357,779	4,457,779	4,150,155	307,624
Materials and Services	738,000	738,000	745,003	(7,003)
Interdepartment Charges	460,209	460,209	460,209	-
Capital Outlay	70,000	70,000	111,042	(41,042)
Total Patrol	5,625,988	5,725,988	5,466,409	259,579
Jail				
Personnel Services	3,707,681	3,907,681	4,125,155	(217,474)
Materials and Services	1,101,600	1,101,600	989,661	111,939
Interdepartment Charges	632,442	632,442	632,442	-
Capital Outlay	-	-	23,230	(23,230)
Total Jail	5,441,723	5,641,723	5,770,488	(128,765)

Continued on next page

GENERAL FUND

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

EXPENDITURES (continued)	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Sheriff (continued)				
Emergency Management				
Personnel Services	\$ 189,893	\$ 289,893	\$ 250,260	\$ 39,633
Materials and Services	261,400	461,400	494,060	(32,660)
Interdepartment Charges	33,477	33,477	33,477	-
Capital Outlay	-	-	5,000	(5,000)
Total Emergency Management	<u>484,770</u>	<u>784,770</u>	<u>782,797</u>	<u>1,973</u>
Total Sheriff	<u>11,552,481</u>	<u>12,152,481</u>	<u>12,019,694</u>	<u>132,787</u>
Community Corrections				
Personnel Services	1,607,290	1,607,290	1,570,922	36,368
Materials and Services	531,500	531,500	565,309	(33,809)
Interdepartment Charges	305,801	305,801	305,801	-
Capital Outlay	-	200,000	279,757	(79,757)
Total Community Corrections	<u>2,444,591</u>	<u>2,644,591</u>	<u>2,721,789</u>	<u>(77,198)</u>
Community Service-Diversion				
Personnel Services	359,604	359,604	306,644	52,960
Materials and Services	47,350	47,350	39,974	7,376
Interdepartment Charges	23,183	23,183	23,183	-
Capital Outlay	-	-	20,332	(20,332)
Total Community Service-Diversion	<u>430,137</u>	<u>430,137</u>	<u>390,133</u>	<u>40,004</u>
Parks Maintenance				
Materials and Services	78,550	78,550	76,680	1,870
Interdepartment Charges	3,007	3,007	3,007	-
Total Parks Maintenance	<u>81,557</u>	<u>81,557</u>	<u>79,687</u>	<u>1,870</u>
Contingency	<u>3,734,937</u>	<u>2,116,937</u>	<u>-</u>	<u>2,116,937</u>
TOTAL EXPENDITURES	<u>24,784,600</u>	<u>23,989,600</u>	<u>21,045,222</u>	<u>2,944,378</u>

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
Excess (deficiency) of revenues over	<u>\$ (3,007,500)</u>	<u>\$(2,212,500)</u>	<u>\$ 3,500,843</u>	<u>\$ 5,713,343</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	12,500	12,500	8,150	(4,350)
Transfers out	<u>(2,005,000)</u>	<u>(2,800,000)</u>	<u>(2,617,096)</u>	<u>182,904</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,992,500)</u>	<u>(2,787,500)</u>	<u>(2,608,946)</u>	<u>178,554</u>
Net change in fund balance	(5,000,000)	(5,000,000)	891,897	5,891,897
Fund balance at beginning of year	<u>5,000,000</u>	<u>5,000,000</u>	<u>4,443,521</u>	<u>(556,479)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,335,418</u>	<u>\$ 5,335,418</u>

POLK COUNTY

PUBLIC WORKS FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$7,594,000	\$7,594,000	\$6,256,208	\$ (1,337,792)
Charges for services	835,000	835,000	830,715	(4,285)
Interest	10,000	10,000	13,137	3,137
Miscellaneous	-	-	39,462	3,043
TOTAL REVENUES	<u>8,439,000</u>	<u>8,439,000</u>	<u>7,139,522</u>	<u>(1,335,897)</u>
EXPENDITURES				
Administration				
Personnel Services	404,007	404,007	358,695	45,312
Materials and Services	111,350	111,350	148,080	(36,730)
Interdepartment Charges	395,692	395,692	395,692	-
Total Administration	<u>911,049</u>	<u>911,049</u>	<u>902,467</u>	<u>8,582</u>
County Shops				
Personnel Services	299,844	299,844	294,916	4,928
Materials and Services	218,000	238,000	224,067	13,933
Capital outlay	5,000	5,000	8,978	(3,978)
Total County Shops	<u>522,844</u>	<u>542,844</u>	<u>527,961</u>	<u>14,883</u>
Road Maintenance				
Personnel Services	1,532,024	1,532,024	1,431,253	100,771
Materials and Services	2,493,000	2,493,000	1,619,208	873,792
Capital Outlay	490,000	490,000	213,020	276,980
Total Road Maintenance	<u>4,515,024</u>	<u>4,515,024</u>	<u>3,263,481</u>	<u>1,251,543</u>

Continued on next page

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

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Road Construction				
Materials and Services	\$1,375,500	\$1,375,500	\$1,450,662	\$ (75,162)
Debt payments	65,000	65,000	65,708	(708)
Capital Outlay	90,000	90,000	13,040	76,960
Total Road Construction	<u>1,530,500</u>	<u>1,530,500</u>	<u>1,529,410</u>	<u>1,090</u>
Survey				
Personnel Services	379,920	439,920	421,456	18,464
Materials and Services	51,500	51,500	18,404	33,096
Capital outlay	-	-	20,000	(20,000)
Total Survey	<u>431,420</u>	<u>491,420</u>	<u>459,860</u>	<u>31,560</u>
Engineering				
Personnel Services	307,764	307,764	252,358	55,406
Materials and Services	14,500	14,500	6,932	7,568
Total Engineering	<u>322,264</u>	<u>322,264</u>	<u>259,290</u>	<u>62,974</u>
Contingency	<u>1,275,899</u>	<u>1,795,899</u>	-	<u>1,795,899</u>
TOTAL EXPENDITURES	<u>9,509,000</u>	<u>10,109,000</u>	<u>6,942,469</u>	<u>3,166,531</u>
Excess (deficiency) of revenues over	<u>(1,070,000)</u>	<u>(1,670,000)</u>	<u>197,053</u>	<u>1,867,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	60,000	660,000	632,096	(27,904)
Transfers out	(525,000)	(525,000)	(523,957)	1,043
Sale of capital assets	35,000	35,000	45,252	10,252
TOTAL OTHER FINANCING SOURCES	<u>(430,000)</u>	<u>170,000</u>	<u>153,391</u>	<u>(16,609)</u>
Net change in fund balance	(1,500,000)	(1,500,000)	350,444	1,850,444
Fund balance at beginning of year	<u>1,650,000</u>	<u>1,500,000</u>	<u>1,127,449</u>	<u>(372,551)</u>
Fund balance at end of year	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$1,477,893</u>	<u>\$ 1,477,893</u>

See accompanying notes

POLK COUNTY

BEHAVIORAL HEALTH FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,217,000	\$ 14,217,000	\$ 14,502,059	\$ 285,059
Charges for services	2,076,000	2,076,000	2,092,859	16,859
Interest	120,000	120,000	142,887	22,887
Miscellaneous	-	-	2,595	2,595
TOTAL REVENUES	<u>16,413,000</u>	<u>16,413,000</u>	<u>16,740,400</u>	<u>327,400</u>
EXPENDITURES				
Administration				
Personnel Services	1,955,476	1,955,476	1,813,887	141,589
Materials and Services	51,700	51,700	121,573	(69,873)
Interdepartment Charges	383,745	383,745	383,745	-
Capital Outlay	<u>2,400,000</u>	<u>2,400,000</u>	<u>22,534</u>	<u>2,377,466</u>
Total Administration	<u>4,790,921</u>	<u>4,790,921</u>	<u>2,341,739</u>	<u>2,449,182</u>
Addiction Program				
Personnel Services	937,705	937,705	946,239	(8,534)
Materials and Services	55,250	155,250	63,458	91,792
Interdepartment Charges	<u>463,084</u>	<u>463,084</u>	<u>463,084</u>	<u>-</u>
Total Addiction Program	<u>1,456,039</u>	<u>1,556,039</u>	<u>1,472,781</u>	<u>83,258</u>
Outpatient Mental Health Services				
Personnel Services	5,976,045	5,976,045	4,958,050	1,017,995
Materials and Services	2,894,500	2,894,500	2,524,845	369,655
Interdepartment Charges	3,702,118	3,702,118	3,702,118	-
Capital Outlay	<u>25,000</u>	<u>25,000</u>	<u>18,812</u>	<u>6,188</u>
Total Outpatient Mental Health Services	<u>12,597,663</u>	<u>12,597,663</u>	<u>11,203,825</u>	<u>1,393,838</u>

Continued on next page

**BEHAVIORAL HEALTH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
(Continued)**

	Budget		Actual	Variance
	Original	Final		
EXPENDITURES (continued)				
Developmental Disability				
Personnel Services	\$ 2,085,477	\$ 2,085,477	\$ 1,934,973	\$ 150,504
Materials and Services	87,500	87,500	96,900	(9,400)
Interdepartment Charges	289,272	289,272	289,272	-
Total Developmental Disability	<u>2,462,249</u>	<u>2,462,249</u>	<u>2,321,145</u>	<u>141,104</u>
Sub-Grant Programs				
Materials and Services	<u>290,000</u>	<u>290,000</u>	<u>20,139</u>	<u>269,861</u>
Contingency	<u>3,016,128</u>	<u>2,916,128</u>	<u>-</u>	<u>2,916,128</u>
TOTAL EXPENDITURES	<u>24,613,000</u>	<u>24,613,000</u>	<u>17,359,629</u>	<u>7,253,371</u>
Net change in fund balance	(8,200,000)	(8,200,000)	(619,229)	7,580,771
Fund balance at beginning of year	<u>8,200,000</u>	<u>8,200,000</u>	<u>8,055,264</u>	<u>(144,736)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,436,035</u>	<u>\$ 7,436,035</u>

See accompanying notes

POLK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2020

	Governmental Activities
	Internal Service Funds
<u>ASSETS</u>	
Current assets	
Cash and cash equivalents	\$ 976,420
Receivables	196,764
Prepaid items	105,939
Total current assets	1,279,123
Net other postemployment benefit asset	36,010
Capital assets, net	342,925
TOTAL ASSETS	1,658,058
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Pension related items	1,291,531
OPEB related items	38,922
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,330,453
<u>LIABILITIES</u>	
Current liabilities	
Accounts payable and accrued liabilities	134,216
Long-term obligations:	
Due within one year	132,092
Due in more than one year	3,718,975
TOTAL LIABILITIES	3,985,283
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Pension related items	184,976
OPEB related items	41,980
TOTAL DEFERRED INFLOWS OF RESOURCES	226,956
<u>NET POSITION</u>	
Investment in capital assets	342,925
Unrestricted	(1,574,630)
TOTAL NET POSITION	\$ (1,231,705)

See accompanying notes

POLK COUNTY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2020**

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Intergovernmental	\$ 185,000
Charges for services	6,996,216
Miscellaneous	<u>17,000</u>
TOTAL OPERATING REVENUES	<u>7,198,216</u>
OPERATING EXPENSES	
Personal services	4,067,228
Materials and services	2,773,683
Interdepartmental charges	130,000
Depreciation	<u>90,581</u>
TOTAL OPERATING EXPENSES	<u>7,061,492</u>
Income (Loss) before transfers	136,724
Transfers out	<u>(500,000)</u>
Change in net position	(363,276)
Net position - beginning	<u>(868,429)</u>
Net position - end	<u><u>\$ (1,231,705)</u></u>

See accompanying notes

POLK COUNTY

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020**

	<u>Governmental Activities Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 6,812,235
Intergovernmental receipts	185,000
Other receipts	17,000
Payments to employees for services	(3,580,723)
Payments to suppliers of goods or services	<u>(2,898,806)</u>
Net cash provided by operating activities	<u>534,706</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(123,000)
Transfers out	<u>(500,000)</u>
Net cash (used) in financing activities	<u>(623,000)</u>
Net increase in cash and cash equivalents	(88,294)
Cash and cash equivalents, beginning of year	<u>1,064,714</u>
Cash and cash equivalents, end of year	<u><u>\$ 976,420</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 136,724
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	90,581
(Increase) decrease in assets:	
Receivables	(183,981)
Prepaid items	5,755
Net other postemployment benefit asset	(15,868)
Deferred outflows of resources	(117,347)
Increase (decrease) in liabilities:	
Accounts payable and accrued liabilities	(878)
Compensated absences	16,352
Net pension liability	657,270
Other postemployment benefit liability	20,354
Deferred inflows of resources	<u>(74,256)</u>
Net cash provided by operating activities	<u><u>\$ 534,706</u></u>

See accompanying notes

POLK COUNTY

**STATEMENT OF NET POSITION
FIDUCIARY FUND
June 30, 2020**

	<u>Agency Fund</u>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 1,399,171
Receivables	<u>2,775,868</u>
 TOTAL ASSETS	 <u>4,175,039</u>
 <u>LIABILITIES</u>	
Due to other governments	<u>\$ 4,175,039</u>

See accompanying notes

POLK COUNTY

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

1. Summary of Significant Accounting Policies

A. The reporting entity

Polk County was created by the Provincial Legislature from the original Yamhill district on December 22, 1845, and now operates under the provisions of Oregon Revised Statutes (ORS) title 20, Chapters 201 and 215 inclusive. The governing board is a Board of Commissioners, elected at-large from throughout the County. The Commissioners are full-time employees of the County. The Board votes on all ordinances and determines matters of County policy. The Administrative Officer acts as the Chief of Staff for the Commissioners and serves at the pleasure of the Board. Other elected officers of the County include the Assessor, Clerk, District Attorney, Sheriff, and Treasurer. Polk County provides a full range of services to the community which includes planning and zoning, sheriff services, incarceration, courts, tax collections and assessment, document recording, parks, and health and human services.

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

The Polk County Extension Service District was formed May 18, 2010, by a vote of the people, under ORS Chapter 451. The purpose of the District is to provide Oregon State University extension educational programs, training and information to Polk County residents. The County is not financially accountable for the District, but because the Board of County Commissioners acts as the governing board of the District, this entity has been included as a blended component in the basic financial statements of the County. Complete financial statements of the District can be obtained from the Treasurer at the courthouse.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the functions of the County, the eliminations of which would distort the direct cost and program revenues reported for the various functions concerned. *Governmental activities* are supported by taxes and intergovernmental revenues.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major governmental funds and major proprietary funds are reported in separate columns in the respective fund financial statements.

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

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

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Governmental fund financial statements (balance sheet and statement of revenues, expenditures and changes in fund balances) are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

The County reports the following major governmental funds:

General - accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Public Works - accounts for the receipt and expenditure of state gasoline taxes for road repair and construction.

Behavioral Health - accounts for the receipt and expenditure of patient funds, and state and federal grants for the County's behavioral health programs including community treatment services, alcohol and drug rehabilitation, and developmental disability services.

Building Improvements – accounts for proceeds from long-term debt issued to provide funds for improvements to County owned buildings.

Public Works Complex – accounts for proceeds from long-term debt issued to provide funds for the construction of a public works facility.

Additionally, the County reports the following fund types:

Special Revenue - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

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

Capital Projects - accounts for expenditures on major construction projects or equipment acquisition. The principal sources of revenues for capital expenditures are general obligation bond proceeds and grant funds.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Internal Service - accounts for the cost of providing services to other funds which are charged a fee on a cost reimbursement basis for those services.

Agency - accounts for resources received and held in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund.

D. Equity classification

Government-wide statements

On the statement of net position, equity is classified as net position and displayed in three components:

- Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets”.

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use it is the County’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Governmental fund type fund balance reporting

Governmental type fund balance amounts are reported within one of the five fund balance categories list below:

- *Non-spendable* — Amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.
- *Restricted* — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

- *Committed* — Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners, as the highest level of decision-making authority for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Commissioners.
- *Assigned* — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Commissioners has granted authority to the County Administrator to assign fund balance amounts.
- *Unassigned* — The residual classification for the government's general fund and any other spendable amounts not contained in other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

In the governmental fund financial statements, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

E. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds of the County except agency funds. The County uses the modified accrual basis of accounting for all budgets. All annual appropriations lapse at fiscal year end.

The County begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The County Commissioners adopt the budget, make appropriations, and declare the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The County established the levels of budgetary control at the program or department level for all funds.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The County Commissioners must authorize all appropriation transfers and supplementary budgetary appropriations.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

F. Risk management

The County is exposed to various risks of loss related to errors and omissions; automobile; damage to and destruction of assets; bodily injury; and worker's compensation for which the County carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year and settled claims have not reached the level of commercial coverage in any of the past three fiscal years.

G. Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts, and any highly-liquid debt instruments purchased with a maturity of three months or less.

H. Property taxes

Uncollected property taxes in the governmental fund balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes collected within 60 days of the end of the current period are considered measurable and available and are recognized as revenue.

Property taxes receivable in the agency funds are offset by amounts held in trust and, accordingly, have not been recorded as revenue.

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments which are due on November 15, February 15 and May 15 following the lien date.

I. Grants and entitlements

Receivables for federal and state grants and state shared revenue are recorded as revenue in all fund types as earned.

J. Other receivables

In governmental fund types, the portion of the receivable which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as unavailable revenue. Revenues are recorded when earned in proprietary fund types.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

K. Capital assets

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

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

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

Property, plant, and equipment of the County are depreciated using the straight-line method over estimated useful lives as follows:

- | | |
|--------------------------|----------------|
| • Vehicles | 5 to 10 years |
| • Equipment | 5 to 30 years |
| • Buildings improvements | 50 years |
| • Infrastructure | 20 to 40 years |

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

L. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

M. Compensated absences

Vacation Leave – is accrued as it is earned. County employees earn vacation leave at the rate of 96 to 192 hours year, depending on position and length of service. The maximum accumulation, depending on position and length of service, ranges from 200 to 250 hours. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends.

Sick Leave – is earned at a rate of eight hours per month of service, and is not limited as to accumulation. Sick leave, which does not vest, is recognized in all funds when leave is taken.

Holiday Leave – Sheriff's office employees earn holiday leave as required by contract and may accumulate from eighty to ninety-six hours depending on their position.

N. Use of estimates

In preparing the County's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

O. Pensions

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

P. Other postemployment benefits

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

The other postemployment benefits liability for the Employee Benefits Plan for the Employees of Polk County is based on an actuarial valuation dated July 1, 2018.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of Significant Accounting Policies (continued)

Q. Deferred outflows / inflows of resources

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

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

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

2. Cash and cash equivalents

The County's cash and cash equivalents at June 30, 2020 are as follows:

Cash on hand	\$ 3,785
Deposits with financial institutions	1,808,408
State of Oregon Local Government Investment Pool	<u>20,178,938</u>
Total deposits and investments	<u>\$ 21,991,131</u>

The County maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalent is allocated to participating funds based upon their combined cash and cash equivalent balances.

A. Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the County's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2020, none of the County's bank balances were exposed to custodial credit risk.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2. Cash and cash equivalents (continued)

B. State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the County's position in the LGIP is the same as the value of the pool shares.

Credit risk: Oregon statutes authorize the County to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The County's formal policy places a limit on the amount that may be invested in any one issuer as follows:

U.S. Treasury Bills, Notes and Bonds	100%
Federal Agency Bonds and Discount Notes	100%
Local Government Investment Pool	100%
Time Certificates of Deposit:	
Commercial Banks	60%
Savings and Loans	10%

Interest Rate Risk: The County has a formal policy that limits investment maturities to a maximum of one year as a means of managing its exposure to fair-value losses arising from increases in interest rates.

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

The County's receivables at June 30, 2020 are as follows:

Fund	Property Taxes	Accounts	Grants	Assessments	Totals
General	\$ 426,526	\$ 151,170	\$ 979,427	\$ 28,029	\$ 1,585,152
Public Works	-	29,621	1,421,587	-	1,451,208
Behavioral Health	-	42,298	1,201,995	-	1,244,293
Nonmajor governmental funds	24,317	29,721	643,110	-	697,148
Total governmental funds	450,843	252,810	4,246,119	28,029	4,977,801
Internal service funds	-	21,764	175,000	-	196,764
Total governmental activities	450,843	274,574	4,421,119	28,029	5,174,565
Fiduciary funds					
Agency	2,775,868	-	-	-	2,775,868
Totals	\$ 3,226,711	\$ 274,574	\$ 4,421,119	\$ 28,029	\$ 7,950,433

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets

A. Capital asset activity for the governmental activities for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deletions	Reclass- ifications	Balances June 30, 2020
<i>Capital assets not being depreciated</i>					
Land	\$ 1,776,751	\$ 505,852	\$ 24,531	\$ -	\$ 2,258,072
Construction in progress	<u>927,831</u>	<u>10,413,871</u>	<u>-</u>	<u>(1,252,829)</u>	<u>10,088,873</u>
Total capital assets not being depreciated	<u>2,704,582</u>	<u>10,919,723</u>	<u>24,531</u>	<u>(1,252,829)</u>	<u>12,346,945</u>
<i>Capital assets being depreciated</i>					
Infrastructure	97,106,041	-	-	-	97,106,041
Buildings	23,223,380	922,366	-	-	24,145,746
Improvements	2,138,950	137,262	-	-	2,276,212
Bridges	22,609,312	1,171,250	-	-	23,780,562
Equipment	<u>13,468,821</u>	<u>942,667</u>	<u>247,621</u>	<u>-</u>	<u>14,163,867</u>
Total capital assets being depreciated	<u>158,546,504</u>	<u>3,173,545</u>	<u>247,621</u>	<u>-</u>	<u>161,472,428</u>
Less accumulated depreciation for:					
Infrastructure	87,032,557	1,264,377	-	-	88,296,934
Buildings	12,456,451	619,994	-	-	13,076,445
Improvements	867,142	112,654	-	-	979,796
Bridges	9,054,809	423,621	-	-	9,478,430
Equipment	<u>8,358,832</u>	<u>1,021,374</u>	<u>234,414</u>	<u>-</u>	<u>9,145,792</u>
Total accumulated depreciation	<u>117,769,791</u>	<u>3,442,020</u>	<u>234,414</u>	<u>-</u>	<u>120,977,397</u>
Total capital assets being depreciated, net	<u>40,776,713</u>	<u>(268,475)</u>	<u>13,207</u>	<u>-</u>	<u>40,495,031</u>
Governmental activities capital assets, net	<u>\$ 43,481,295</u>	<u>\$ 10,651,248</u>	<u>\$ 37,738</u>	<u>\$ (1,252,829)</u>	<u>\$ 52,841,976</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital Assets (continued)

B. Depreciation expense charged to functions/programs of the County was as follows:

Governmental Activities	
General government	\$ 223,583
Public safety	855,270
Highways and streets	2,021,705
Health and welfare	<u>341,462</u>
 Total governmental activities	 <u>\$ 3,442,020</u>

C. Capital asset activity in internal service funds, which are included in the governmental activities, for the year ended June 30, 2020 was as follows:

	Balances July 1, 2019	Additions	Deletions	Balances June 30, 2020
<i>Capital assets being depreciated</i>				
Buildings	\$ -	\$ 25,190	\$ -	\$ 25,190
Improvements	30,458	7,185	-	37,643
Equipment	<u>1,089,026</u>	<u>90,625</u>	<u>-</u>	<u>1,179,651</u>
 Total capital assets being depreciated	 <u>1,119,484</u>	 <u>123,000</u>	 <u>-</u>	 <u>1,242,484</u>
 Less accumulated depreciation for:				
Buildings	-	420	-	420
Improvements	21,353	1,691	-	23,044
Equipment	<u>787,625</u>	<u>88,470</u>	<u>-</u>	<u>876,095</u>
 Total accumulated depreciation	 <u>808,978</u>	 <u>90,581</u>	 <u>-</u>	 <u>899,559</u>
 Total capital assets being depreciated, net	 <u>\$ 310,506</u>	 <u>\$ 32,419</u>	 <u>\$ -</u>	 <u>\$ 342,925</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations

A. Changes in long-term obligations for the year ended June 30, 2020 were as follows:

	Outstanding July 1, 2019	Additions	Reductions	Outstanding June 30, 2020	Balances Due Within One Year
<u>Governmental activities</u>					
Long-term debt obligations					
Bonded debt					
Full Faith and Credit Obligations, Series 2011	\$ 1,225,000	\$ -	\$ 155,000	\$ 1,070,000	\$ 160,000
Full Faith and Credit Obligations, Series 2012	465,000	-	50,000	415,000	55,000
Full Faith and Credit Obligations, Series 2019	-	14,300,000	650,000	13,650,000	590,000
Direct placement debt					
McMullin Contract	-	525,000	5,141	519,859	15,946
Total long-term debt obligations	1,690,000	14,825,000	860,141	15,654,859	820,946
Other long-term obligations					
Compensated absences	1,196,022	205,595	-	1,401,617	1,401,617
Net pension liability	27,614,532	6,431,945	-	34,046,477	-
Other post-employment benefits	2,058,595	199,867	-	2,258,462	-
Total long-term obligations	<u>\$ 32,559,149</u>	<u>\$ 21,662,407</u>	<u>\$ 860,141</u>	<u>\$ 53,361,415</u>	<u>\$ 2,222,563</u>
<u>Internal service funds included in governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 115,740	\$ 16,352	\$ -	\$ 132,092	\$ 132,092
Net pension liability	2,830,355	657,270	-	3,487,625	-
Other post-employment benefits	210,996	20,354	-	231,350	-
	<u>\$ 3,157,091</u>	<u>\$ 693,976</u>	<u>\$ -</u>	<u>\$ 3,851,067</u>	<u>\$ 132,092</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

5. Long-term Obligations (continued)

A. Government activities long-term debt obligations

Full Faith and Credit Obligations, series 2011 – The County issued bonds for \$2,250,000 to pay off the Academy Building debt and provide funds for its remodel. Interest on the bonds range from 2 to 4 percent depending upon maturity dates.

Full Faith and Credit Obligations, series 2012 – The County issued bonds for \$790,000 to refund the Bank of New York Loan dated July 3, 2002. Interest on the bonds range from 1.85 to 3.8 percent depending upon maturity dates.

Full Faith and Credit Obligations, series 2019 – The County issued bonds for \$14,300,000 to finance remodeling of the Courthouse and a new Public Works/Emergency Management facility. Interest on the bonds range from 2.11 to 2.14 percent depending on maturity dates.

McMullin Contract – the County entered into a land sales contract on January 28, 2020, to purchase land and improvements for County purposes. Interest on the contract is 5 percent.

B. Future maturities of government activities long-term debt obligations

Fiscal Year	Full Faith & Credit Obligations Series 2019		Full Faith & Credit Obligations Series 2011		Full Faith & Credit Obligations Series 2012		McMullin Contract		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 590,000	\$ 290,868	\$ 160,000	\$ 43,560	\$ 55,000	\$ 14,106	\$ 15,946	\$ 25,631	\$ 820,946	\$ 374,165
2022	600,000	278,242	165,000	36,410	55,000	12,429	16,762	24,815	836,762	351,896
2023	615,000	265,402	175,000	28,930	55,000	10,545	17,620	23,957	862,620	328,834
2024	630,000	252,241	180,000	21,120	60,000	8,360	18,521	23,056	888,521	304,777
2025	640,000	238,759	190,000	12,980	60,000	6,080	19,469	22,108	909,469	279,927
2026-2030	3,425,000	981,935	200,000	4,400	130,000	4,940	431,541	89,150	4,186,541	1,080,425
2031-2035	3,805,000	599,410	-	-	-	-	-	-	3,805,000	599,410
2036-2039	3,345,000	178,402	-	-	-	-	-	-	3,345,000	178,402
	<u>\$ 13,650,000</u>	<u>\$ 3,085,259</u>	<u>\$ 1,070,000</u>	<u>\$ 147,400</u>	<u>\$ 415,000</u>	<u>\$ 56,460</u>	<u>\$ 519,859</u>	<u>\$ 208,717</u>	<u>\$ 15,654,859</u>	<u>\$ 3,497,836</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Interfund Balances and Transfers

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

Fund	Transfers	
	In	Out
General	\$ -	\$ 2,617,096
Public Works	632,096	523,957
Building Improvement	700,000	-
Public Works Complex	500,000	-
Nonmajor	1,808,957	-
Internal Service	-	500,000
	<u>\$ 3,641,053</u>	<u>\$ 3,641,053</u>

The purpose of the General Fund transfer to the Public Works Fund was to supplement the resources of the fund for maintaining forest roads of the County. The purpose of the General Fund transfers to the nonmajor governmental funds was to supplement the resources of the funds for their respective activities. The purpose of the Public Works transfer to the Public Works Complex construction fund was to provide for debt service payments. The purpose of the transfer from Public Works to the Doaks Ferry Road/Hwy 22 & 51 capital projects fund was to eliminate the ending negative fund balance of the fund. The transfer from the Internal Service Fund to the Building Improvement fund was to provide for debt service payments.

Advances from the General Fund to the nonmajor governmental funds in the amount of \$51,054 were made during the year to cover deficit cash balances. These advances will be repaid in the subsequent year.

7. Unavailable Revenue

Resources owned by the County, which are measurable but not available, and are deferred in the governmental funds, consist of the following:

	General	Public Works	Behavioral Health	Nonmajor Governmental Funds	Totals
Property taxes	\$ 340,442	\$ -	\$ -	\$ 17,744	\$ 358,186
Assessments	25,490	-	-	-	25,490
Accounts	<u>108,359</u>	<u>1,090,675</u>	<u>191,103</u>	<u>46,159</u>	<u>1,436,296</u>
	<u>\$ 474,291</u>	<u>\$ 1,090,675</u>	<u>\$ 191,103</u>	<u>\$ 63,903</u>	<u>\$ 1,819,972</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Litigation

The County, in the regular course of business, is named as a defendant in various lawsuits. The likely outcome of these suits is not determinable at this time and the County does not believe that the ultimate resolution of these lawsuits will have a material adverse effect on the County's General Fund.

9. Operating Leases

The County leases buildings, office space and a phone system under non-cancelable operating leases. Total lease costs paid for the year ended June 30, 2020 were \$462,618.

Future minimum lease payments for the non-cancelable leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 461,035
2022	416,998
2023	253,549
2024	267,465
2025	253,549
2026-30	1,332,674
2031-35	1,471,380
2036-37	<u>312,166</u>
Total	<u>\$ 4,768,816</u>

10. Defined benefit pension plan

A. Plan description

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

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

B. Description of benefit terms

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

Tier One/Tier Two retirement benefit (Chapter 238)

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

Pension benefits

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

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

Death benefits

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

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

Disability benefits

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

Benefit changes after retirement

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

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

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

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

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

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

Death benefits

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

Disability benefits

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

Benefit changes after retirement

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

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

Tier One/Tier Two employer contribution rates are 24.54 percent and the OPSRP employer contribution rates are 16.76 percent for general service employees and 21.39 percent for public safety employees. Employer contributions for the year ended June 30, 2020 were \$4,047,938.

D. Actuarial methods and assumptions used in developing contribution rates and total pension liability

The contribution rates (Tier One/ Tier Two and OPSRP) were developed and the total pension liability measured as of June 30, 2019 was based on an actuarial valuation as of December 31, 2017 using the following methods and assumptions:

Experience study report	2016, published July 26, 2017
Actuarial cost method	Entry age normal
Inflation rate	2.5 percent
Long-term expected rate of return	7.2 percent
Discount rate	7.2 percent
Administrative expenses – Tier One/Tier Two	\$37.5 million per year added to normal cost
Administrative expenses – OPSRP	\$6.5 million per year added to normal cost
Projected salary increases	3.5 percent
Cost of living adjustments (COLA)	Blend of 2.00 percent COLA and graded COLA (1.25 percent/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. <i>Disabled retirees:</i> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

Unfunded actuarial accrued liability amortization

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

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

Discount rate

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

Assumed asset allocation

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

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2017 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

<u>Long-Term Expected Rate of Return</u> ¹	Target	Annual	Compound Annual	Standard
Asset Class	Allocation*	Arithmetic	(Geometric)	Deviation
		Return ²	Return	
Core Fixed Income	8.00 %	3.59 %	3.49 %	4.55 %
Short-Term Bonds	8.00	3.42	3.38	2.70
Bank/Leveraged Loans	3.00	5.34	5.09	7.50
High Yield Bonds	1.00	6.90	6.45	10.00
Large/Mid Cap US Equities	15.75	7.45	6.30	16.25
Small Cap US Equities	1.31	8.49	6.69	20.55
Micro Cap US Equities	1.31	9.01	6.80	22.90
Developed Foreign Equities	13.13	8.21	6.71	18.70
Emerging Market Equities	4.13	10.53	7.45	27.35
Non-US Small Cap Equities	1.88	8.67	7.01	19.75
Private Equity	17.50	11.45	7.82	30.00
Real Estate (Property)	10.00	6.15	5.51	12.00
Real Estate (REITS)	2.50	8.26	6.37	21.00
Hedge Fund of Funds - Diversified	2.50	4.36	4.09	7.80
Hedge Fund - Event-driven	0.63	6.21	5.86	8.90
Timber	1.88	6.37	5.62	13.00
Farmland	1.88	6.90	6.15	13.00
Infrastructure	3.75	7.54	6.60	14.65
Commodities	1.88	5.43	3.84	18.95
Assumed Inflation - Mean			2.50 %	1.85 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of June 7, 2017.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

Depletion date projection

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

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

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

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

E. Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

At June 30, 2020, the County reported a liability of \$34,046,477 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The projected long-term contribution effort is equal to the sum of the present value of future normal costs (PVFNC) and the unfunded actuarial liability (UAL).

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

At June 30, 2019, the County's proportion was .19682769 percent, which was an increase of .01453770 percent from its proportion measured as of June 30, 2018.

Pension expense

For the year ended June 30, 2020, the County recognized pension expense of \$8,558,882.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2019, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

- Fiscal Year ended June 30, 2019 - 5.2 years
- Fiscal Year ended June 30, 2018 - 5.2 years
- Fiscal Year ended June 30, 2017 - 5.3 years
- Fiscal Year ended June 30, 2016 - 5.3 years
- Fiscal Year ended June 30, 2015 - 5.4 years
- Fiscal Year ended June 30, 2014 - 5.6 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

10. Defined benefit pension plan (continued)

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 1,877,563	\$ -
Change of assumptions	4,618,793	-
Net difference between projected and actual earnings on pension plan investments	-	965,183
Changes in proportionate share	1,622,611	552,873
Difference between contributions and proportionate share of system contributions	441,129	287,692
Contributions subsequent to the measurement date	<u>4,047,938</u>	<u>-</u>
Total	<u>\$ 12,608,034</u>	<u>\$ 1,805,748</u>

Deferred outflows of resources related to pensions resulting from the County's contribution subsequent to the measurement in the amount of \$4,047,938 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2021	\$ 3,334,367
2022	734,811
2023	1,445,529
2024	1,123,609
2025	<u>116,032</u>
Total	<u>\$ 6,754,348</u>

F. Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

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

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of net pension liability	\$ 54,522,411	\$ 34,046,477	\$ 16,910,940

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Defined contribution plan

A. Plan description

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

B. Pension benefits

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

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

C. Death benefits

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

D. Contributions

The County makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2020 were \$1,248,951.

E. Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

12. Other postemployment benefits

Employee Benefit Plan for the Employees of Polk County

A. Plan description and benefits provided

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

B. Plan membership

As of July 1, 2018, there were 329 active employees, 10 eligible retirees, and 3 spouses of ineligible retirees for a total of 342 plan members.

C. Contributions

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

For retirees	\$	802
For spouses of retirees		861

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

At June 30, 2020, the County reported a total OPEB liability of \$2,258,462. The total OPEB liability was measured as of July 1, 2018 and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

Balances at June 30, 2019	\$ 2,058,595
Changes for the year:	
Service cost	172,634
Interest	83,859
Effect of assumptions, changes, or inputs	73,275
Benefit payment	<u>(129,901)</u>
Balances at June 30, 2020	<u>\$ 2,258,462</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

For the year ended June 30, 2020, the County recognized OPEB expense of \$234,987. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 139,539	\$ -
Changes of assumptions or inputs	65,310	337,178
County's contributions subsequent to the measurement date	<u>86,056</u>	<u>-</u>
	<u>\$ 290,905</u>	<u>\$ 337,178</u>

Deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date in the amount of \$86,056 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2021	\$ (21,506)
2022	(21,506)
2023	(21,506)
2024	(21,506)
2025	(21,506)
Thereafter	<u>(24,799)</u>
	<u>\$ (132,329)</u>

E. Actuarial valuation

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

F. Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2018
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5 percent
Projected Salary Increases	3.5 percent
Mortality	Healthy retirees and beneficiaries: RP-2014 Healthy Annuitant, sex distinct mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

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

Discount rate

The discount rate used to measure the total OPEB liability was 3.50 percent. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.87 percent.

Healthcare cost trend rate

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

Year	Pre-65 Trend
2018	6.75%
2019	7.00%
2020	5.50%
2021-2025	5.00%
2026-2029	4.75%
2030-2033	5.00%
2034	5.25%
2035	5.75%
2036-2038	6.00%
2039-2045	5.75%
2046-2050	5.50%
2051-2061	5.25%
2062-2065	5.00%
2066+	4.75%

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

Dental costs are assumed to increase 4.5 percent in all future years.

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

The following presents the County total OPEB liability calculated using the discount rate of 3.50 percent, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
County's total OPEB liability	\$ 2,462,181	\$ 2,258,462	\$ 2,071,476

	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
County's total OPEB liability	\$ 2,001,959	\$ 2,258,462	\$ 2,563,101

Oregon Public Employees Retirement Systems Retirement Health Insurance Account

A. Plan description

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

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

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan’s fiduciary net position. The report can be found at:

www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

B. Description of benefit terms

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

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

Other Postemployment Healthcare benefits

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

To be eligible, the member must:

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

Surviving spouse or dependent benefits

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

C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

The County contributed 0.06 percent of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits and 0 percent of all PERS-covered salaries to amortize the unfunded actuarial accrued liability. For the year ended June 30, 2020, the County made contributions in the amount of \$10,875 to the RHIA.

D. Actuarial valuations

Except as outlined below, the December 31, 2017 actuarial valuation used the same actuarial methods and valuation procedures to determine contribution rates as the PERS Tier One and Tier Two defined benefit pension plan as discussed in note 10.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

Healthcare cost trend rate

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

Depletion date projection

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

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

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

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

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

Net OPEB liability (asset)

At June 30, 2020, the County reported an asset of \$351,532 for its proportionate share of the net OPEB asset. The net OPEB liability/(asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

At June 30, 2019, the County’s proportion was .18191828 percent, which was an increase of .00586948 percent from its proportion measured as of June 30, 2018.

OPEB expense

For the year ended June 30, 2020, the County recognized OPEB revenue of \$47,666.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2019, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

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

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

- Fiscal Year ended June 30, 2019 – 3.1 years
- Fiscal Year ended June 30, 2018 – 3.3 years
- Fiscal Year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 46,357
Change of assumptions	-	364
Net difference between projected and actual earnings on investments	-	21,698
Changes in proportionate share	313	4,209
Contributions subsequent to the measurement date	<u>10,875</u>	<u>-</u>
Total	<u>\$ 11,188</u>	<u>\$ 72,628</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

12. Other postemployment benefits (continued)

Deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date in the amount of \$10,875 will be recognized as an adjust to the net OPEB (asset) / liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ends June 30,	
2021	\$ (37,152)
2022	(33,229)
2023	(4,169)
2024	<u>2,235</u>
Total	<u>\$ (72,315)</u>

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

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.5 percent, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
Proportionate share of net OPEB liability/(asset)	\$ (272,528)	\$ (351,532)	\$ (418,849)

13. Net position restricted through enabling legislation

The government-wide statement of net position reports \$12,593,688 of restricted net position, of which \$78,384 is restricted by enabling legislation.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

14. Governmental fund balances

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

	General	Public Works	Behavioral Health	Building Improvement	Public Works Complex	Nonmajor Governmental Funds	Totals
Nonspendable:							
Inventory	\$ -	\$ 274,799	\$ -	\$ -	\$ -	\$ -	\$ 274,799
Prepays	42,934	197,941	22,885	-	-	7,967	271,727
Restricted for:							
Roads and street maintenance	-	621,776	-	-	-	-	621,776
Bicycle path construction/maintenance	-	383,377	-	-	-	-	383,377
Law enforcement	-	-	-	-	-	347,610	347,610
Health and welfare	-	-	7,413,150	-	-	1,045,576	8,458,726
Economic development	-	-	-	-	-	360,348	360,348
Education	-	-	-	-	-	109,953	109,953
Debt service	-	-	-	-	-	72,425	72,425
Other purposes	268,218	-	-	-	-	185,174	453,392
Committed for:							
Dog control	-	-	-	-	-	62,781	62,781
Fair and fairgrounds facility support	-	-	-	-	-	26,360	26,360
Building construction/improvements	-	-	-	2,487,932	1,540,237	-	4,028,169
Unassigned	<u>5,024,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,939)</u>	<u>5,015,327</u>
Total Fund Balances	<u>\$ 5,335,418</u>	<u>\$ 1,477,893</u>	<u>\$ 7,436,035</u>	<u>\$ 2,487,932</u>	<u>\$ 1,540,237</u>	<u>\$ 2,209,255</u>	<u>\$ 20,486,770</u>

15. Deficit Net Position and Fund Balances

As of June 30, 2020, the Marine Patrol has a deficit fund balance in the amount of \$8,939. This deficit will be eliminated through the final revenue for fiscal year 2019-20, received after August 31, 2020.

At June 30, 2020, the Management Services Fund has a deficit net position in the amount of \$1,563,996. The deficit is caused by the net pension liability, the other postemployment benefits liability, and the related deferred inflows.

16. Tax Abatements

Polk County negotiates property tax abatement agreements on an individual basis. For the fiscal year ended June 30, 2020, the County had agreements which reduced property taxes levied on 13 properties for certified historic properties and for enterprise zone properties.

Property taxes for certified historic properties are abated for 15 consecutive years on the assessed value of qualifying improvements to the property pursuant to ORS 358.475-.545. The taxpayer is required to make qualified improvement to the property within the first five years in an amount of at least ten percent of the historic property's real market value at the time of program qualification. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated, in addition to interest and penalties, if the property is disqualified during the term of the agreement.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

16. Tax Abatements (continued)

Enterprise zones are property areas designated by the Oregon Business Development Department and determined on a case-by-case basis based on requirements under ORS 285C.090 which includes criteria for zone resident household income and unemployment rates. Qualifying enterprise zone businesses are exempted from paying property taxes on qualifying new construction and equipment for 3 - 5 years. The County has not made any commitments as part of these agreements other than to reduce taxes. State law provides for the recapture of taxes abated if the business ceases to meet the requirements of the program.

The County is not subject to any tax abatement agreements entered into by other governmental entities. The County has chosen to disclose information about its tax abatement agreements in total by abatement program type.

Property taxes abated by Polk County for the year ended June 30, 2020 listed by abatement program are as follows:

<u>Abatement Program</u>	<u>Percentage of Taxes Abated</u>	<u>Total Property Taxes Abated</u>	<u>Polk County Share Taxes Abated</u>
Historic Property	29% - 55%	\$ 9,965	\$ 1,148
Enterprise Zone	100%	<u>64,711</u>	<u>7,383</u>
Total Abatement		<u>\$ 74,676</u>	<u>\$ 8,531</u>

17. Commitments

The County has entered into commitments for various projects as of June 30, 2020 as follows:

<u>Project</u>	<u>Disbursed to Date</u>	<u>Remaining Commitment</u>
Courthouse Annex Façade	\$ 92,720	\$ 1,997,860
Public Works & Sheriff Renovations	385,711	66,389
Public Works & Sheriff Bldg	5,526,385	760,049
Courthouse Renovation	984,000	10,000
Academy Conference Rooms	<u>10,564</u>	<u>164,349</u>
	<u>\$ 7,201,535</u>	<u>\$ 2,998,647</u>

19. Expenditures in excess of appropriation

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
General Fund			
Jail	\$ 5,641,723	\$ 5,770,488	\$ (128,765)
Community Corrections	2,644,591	\$ 2,721,789	\$ (77,198)

REQUIRED SUPPLEMENTARY INFORMATION

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POLK COUNTY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Plan Years***

Year Ended June 30,	County's proportion of the net pension liability (asset)	County's proportionate share of the net pension liability (asset)	County's covered payroll	County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2019	0.19682769%	\$ 34,046,477	\$ 19,958,827	170.58%	80.232%
2018	0.18228999%	27,614,532	18,802,869	146.86%	82.068%
2017	0.17902669%	24,132,865	17,173,056	140.53%	83.119%
2016	0.17810326%	26,737,435	15,389,727	173.74%	124.181%
2015	0.21117493%	12,124,527	13,843,399	87.58%	108.843%
2014	0.22053790%	(4,998,965)	14,470,863	-34.55%	103.590%
2013	0.22053790%	11,254,372	14,939,587	75.33%	91.974%

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

POLK COUNTY

**SCHEDULE OF PENSION CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years***

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2020	\$ 4,047,938	\$ 4,047,938	-	\$ 21,031,089	19.25%
2019	3,071,782	3,071,782	-	19,958,827	15.39%
2018	2,875,323	2,875,323	-	18,802,869	15.29%
2017	2,197,578	2,197,578	-	17,173,056	12.80%
2016	1,967,344	1,967,344	-	15,389,727	12.78%
2015	1,504,827	1,504,827	-	13,843,399	10.87%
2014	1,577,230	1,577,230	-	14,470,863	10.90%

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

POLK COUNTY

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET
OTHER POSTEMPLOYMENT BENEFITS LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Plan Years***

Year Ended June 30,	County's proportion of the net OPEB liability (asset)	County's proportionate share of the net OPEB liability (asset)	County's covered payroll	County's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2019	0.18191828%	\$ (351,532)	\$ 19,958,827	-1.761%	144.376%
2018	0.17604880%	(196,518)	18,802,869	-1.045%	123.994%
2017	0.16478585%	(68,772)	17,173,056	-0.400%	108.879%

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

POLK COUNTY

**SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Ten Fiscal Years***

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2020	\$ 10,875	\$ 10,875	\$ -	\$ 21,031,089	0.05%
2019	90,162	90,162	-	19,958,827	0.45%
2018	85,243	85,243	-	18,802,869	0.45%
2017	82,007	82,007	-	17,173,056	0.48%

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

POLK COUNTY

**SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
Last Ten Plan Years***

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Service cost	\$ 172,634	\$ 186,967	\$ 199,811
Interest on total OPEB liability	83,859	78,316	62,815
Effect of economic/demographic gains or losses	-	178,301	-
Effect of assumptions changes or inputs	73,275	(315,529)	(133,908)
Benefit payments	<u>(129,901)</u>	<u>(138,976)</u>	<u>(125,986)</u>
Net change in total OPEB liability	199,867	(10,921)	2,732
Total OPEB liability - beginning of year	<u>2,058,595</u>	<u>2,069,516</u>	<u>2,066,784</u>
Total OPEB liability - end of year	<u>\$ 2,258,462</u>	<u>\$ 2,058,595</u>	<u>\$ 2,069,516</u>
Covered employee payroll	\$ 21,031,089	\$ 19,958,827	\$ 18,802,869
Total OPEB liability as a percentage of covered payroll	10.7%	10.3%	11.0%

NOTES TO SCHEDULE

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

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

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**COMBINING FINANCIAL STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

POLK COUNTY

BUILDING IMPROVEMENT - CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	500,000	\$ 500,000	\$ -	\$ (500,000)
Interest	50,000	50,000	57,434	7,434
TOTAL REVENUES	550,000	550,000	57,434	(492,566)
EXPENDITURES				
Academy Building Improvement				
Materials and services	5,000	5,000	-	5,000
Debt service	205,180	205,180	205,180	-
Total Academy Building Improvement	210,180	210,180	205,180	5,000
Courthouse Building Improvement				
Materials and services	214,820	214,820	33,324	181,496
Debt service	350,000	350,000	400,162	(50,162)
Capital outlay	5,600,000	5,600,000	4,122,322	1,477,678
Total Courthouse Building Improvement	6,164,820	6,164,820	4,555,808	1,609,012
TOTAL EXPENDITURES	6,375,000	6,375,000	4,760,988	1,614,012
Excess (deficiency) of revenues over expenditures	(5,825,000)	(5,825,000)	(4,703,554)	1,121,446
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term obligations	5,100,000	5,100,000	6,525,000	1,425,000
Transfers in	750,000	700,000	700,000	-
TOTAL OTHER FINANCING SOURCES	5,850,000	5,800,000	7,225,000	1,425,000
Net change in fund balance	(25,000)	(25,000)	2,521,446	2,546,446
Fund balance at beginning of year	25,000	25,000	(33,514)	(58,514)
Fund balance at end of year	\$ -	\$ -	\$ 2,487,932	\$ 2,487,932

POLK COUNTY

**PUBLIC WORKS COMPLEX CONSTRUCTION - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budget		Actual	Variance
	Original	Final		
REVENUES				
Interest	\$ 125,000	\$ 125,000	\$ 85,467	\$ (39,533)
EXPENDITURES				
Public works complex construction	8,625,000	8,625,000	7,345,230	1,279,770
OTHER FINANCING SOURCES (USES)				
Proceeds from long-term obligations	8,000,000	8,000,000	8,300,000	300,000
Transfers in	500,000	500,000	500,000	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>8,500,000</u>	<u>8,500,000</u>	<u>8,800,000</u>	<u>\$ 300,000</u>
Net change in fund balance	-	-	1,540,237	1,540,237
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,540,237</u>	<u>\$ 1,540,237</u>

NON-MAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for revenues derived from specific taxes or other earmarked sources, including federal and state grant awards, which are restricted to particular functions or activities. Funds included in this category are:

Polk Interagency Narcotics Team – accounts for the receipt and expenditures of grants, forfeitures and other moneys belonging to the interagency group, the POINT team, to support drug enforcement and education activities.

Multi-Disciplinary Intervention – accounts for the receipt and expenditures of a grant received each year from the Children's Services Division, the CAMI grant, disbursements are made as requested by the District Attorney.

Domestic Mediation – accounts for the receipt and expenditures of funds received from the Court and the state which are used to provide mediation services in child custody and visitation disputes.

Court Security – accounts for the receipts and expenditures of funds received from County assessments on fines and from the state for the purpose of providing security in buildings that contain state court facilities located within the County.

Public Land Corner – accounts for the receipt of recording fees and expenditures for surveying landmarks.

Dog Control – accounts for the receipt of permits and license fees for animal control.

Marine Patrol – accounts for the receipt and expenditure of funds received from the state for marine patrol activities.

Law Library – accounts for the receipt and expenditure of certain court fees, state funding and charges for maintaining a law library.

Health Services – accounts for the receipt and expenditures of state grants and charges for services to operate the County's health services administration.

Public Health – accounts for the receipt and expenditures of state and federal grants, patient fees and a transfer from the General Fund for use in promoting public health including family planning, general health and Women's Infants' and Children's programs.

Juvenile – accounts for the receipt and expenditures of state grants and a transfer from the General Fund for juvenile corrections programs.

NON-MAJOR GOVERNMENTAL FUNDS (continued)

Special Revenue Funds (continued)

Veterans' Services – accounts for the receipt and expenditures of state grants and transfers from the General fund to provide programs and services for veterans within Polk County.

Fair – accounts for the receipt and expenditures of state funding, Fair admission, rentals and concessions for operation of the annual County Fair and operations of the Fair buildings and grounds.

County School – accounts for receipt and expenditures of various state allocations for distribution to County school districts.

Economic Development – accounts for the receipt and expenditures of state grants and to promote economic development in the County.

Household Hazardous Waste – accounts for the receipt and expenditures of charges for services to operate the County's household hazardous waste program.

Extension – accounts for Oregon State University extension services educational programs, training and information for Polk County residents.

Debt Service Fund

The Debt Service Fund accounts for payment of general obligation bond principal and interest. The principal source of revenue is property taxes.

Capital Projects Funds

The capital projects funds account for resources used in the acquisition and construction of capital facilities and equipment. Funds included in this category are:

Doaks Ferry Road/Hwy 22 and 51 – accounts for the receipt and expenditure of funds provided by Oregon Department of Transportation for improvements on Doaks Ferry Road, Highway 22 and Highway 51.

POLK COUNTY

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020**

	Special Revenue	Debt Service	Totals
ASSETS			
Cash and cash equivalents	\$1,856,220	\$ 69,058	\$1,925,278
Receivables	687,822	9,326	697,148
Prepaid items	7,967	-	7,967
TOTAL ASSETS	\$2,552,009	\$ 78,384	\$2,630,393
LIABILITIES			
Accounts payable and accrued liabilities	\$ 306,181	\$ -	\$ 306,181
Due to General Fund	51,054	-	51,054
TOTAL LIABILITIES	357,235	-	357,235
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	57,944	5,959	63,903
FUND BALANCES			
Nonspendable	7,967	-	7,967
Restricted	2,048,661	72,425	2,121,086
Committed	89,141	-	89,141
Unassigned	(8,939)	-	(8,939)
TOTAL FUND BALANCES	2,136,830	72,425	2,209,255
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$2,552,009	\$ 78,384	\$2,630,393

POLK COUNTY

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2020**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Totals</u>
REVENUES				
Property taxes	\$ 459,247	\$ 22,248	\$ -	\$ 481,495
Licenses, fees and permits	51,170	-	-	51,170
Intergovernmental	4,812,330	-	-	4,812,330
Charges for services	1,790,989	-	-	1,790,989
Franchise fees	218,015	-	-	218,015
Fines and forfeitures	11,877	-	-	11,877
Donations	531,739	-	-	531,739
Interest	6,838	921	-	7,759
Miscellaneous	4,715	-	-	4,715
TOTAL REVENUES	<u>7,886,920</u>	<u>23,169</u>	<u>-</u>	<u>7,910,089</u>
EXPENDITURES				
Current				
General government	1,479,492	-	-	1,479,492
Public safety	1,480,474	-	-	1,480,474
Highways and streets	158,610	-	-	158,610
Health and welfare	5,051,336	-	-	5,051,336
Education	498,128	-	-	498,128
Capital outlay	70,393	-	-	70,393
TOTAL EXPENDITURES	<u>8,738,433</u>	<u>-</u>	<u>-</u>	<u>8,738,433</u>
Excess (deficiency) of revenues over expenditures	<u>(851,513)</u>	<u>23,169</u>	<u>-</u>	<u>(828,344)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,685,000	-	123,957	1,808,957
Proceeds from sale of capital assets	50,000	-	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,735,000</u>	<u>-</u>	<u>123,957</u>	<u>1,858,957</u>
Net change in fund balances	883,487	23,169	123,957	1,030,613
Fund balances at beginning of year	<u>1,253,343</u>	<u>49,256</u>	<u>(123,957)</u>	<u>1,178,642</u>
Fund balances at end of year	<u>\$ 2,136,830</u>	<u>\$ 72,425</u>	<u>\$ -</u>	<u>\$ 2,209,255</u>

POLK COUNTY

SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET June 30, 2020

	Polk							
	Interagency Narcotics Team	Multi- Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library
ASSETS								
Cash and cash equivalents	\$ 95,660	\$ 56,495	\$ 26,694	\$ 85,148	\$ 104,967	\$ 62,340	\$ -	\$ 8,107
Receivables	-	30,392	-	52,248	-	638	44,898	-
Prepaid items	-	-	-	-	-	25	-	-
TOTAL ASSETS	<u>\$ 95,660</u>	<u>\$ 86,887</u>	<u>\$ 26,694</u>	<u>\$ 137,396</u>	<u>\$ 104,967</u>	<u>\$ 63,003</u>	<u>\$ 44,898</u>	<u>\$ 8,107</u>
LIABILITIES								
Accounts payable and accrued liabilities	\$ 206	\$ 37,423	\$ 3,079	\$ -	\$ 1,599	\$ 197	\$ 5,569	\$ 3,735
Due to General Fund	-	-	-	-	-	-	32,501	-
TOTAL LIABILITIES	<u>206</u>	<u>37,423</u>	<u>3,079</u>	<u>-</u>	<u>1,599</u>	<u>197</u>	<u>38,070</u>	<u>3,735</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenue	-	30,392	-	-	-	-	15,767	-
FUND BALANCES								
Nonspendable	-	-	-	-	-	25	-	-
Restricted	95,454	19,072	23,615	137,396	103,368	-	-	4,372
Committed	-	-	-	-	-	62,781	-	-
Unassigned	-	-	-	-	-	-	(8,939)	-
TOTAL FUND BALANCES	<u>95,454</u>	<u>19,072</u>	<u>23,615</u>	<u>137,396</u>	<u>103,368</u>	<u>62,806</u>	<u>(8,939)</u>	<u>4,372</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 95,660</u>	<u>\$ 86,887</u>	<u>\$ 26,694</u>	<u>\$ 137,396</u>	<u>\$ 104,967</u>	<u>\$ 63,003</u>	<u>\$ 44,898</u>	<u>\$ 8,107</u>

Health Services	Public Health	Juvenile	Veterans Services	Fair	Economic Development	Household Hazardous Waste	Extension	Totals
\$ 463,682	\$ 249,629	\$ 81,528	\$ -	\$ 33,655	\$ 363,868	\$ 21,548	\$ 202,899	\$ 1,856,220
276,761	156,271	63,828	29,313	1,470	-	17,012	14,991	687,822
-	4,674	-	-	635	-	-	2,633	7,967
<u>\$ 740,443</u>	<u>\$ 410,574</u>	<u>\$ 145,356</u>	<u>\$ 29,313</u>	<u>\$ 35,760</u>	<u>\$ 363,868</u>	<u>\$ 38,560</u>	<u>\$ 220,523</u>	<u>\$ 2,552,009</u>
\$ 33,751	\$ 67,016	\$ 30,596	\$ 165	\$ 8,765	\$ 3,520	\$ 10,036	\$ 100,524	\$ 306,181
-	-	-	18,553	-	-	-	-	51,054
<u>33,751</u>	<u>67,016</u>	<u>30,596</u>	<u>18,718</u>	<u>8,765</u>	<u>3,520</u>	<u>10,036</u>	<u>100,524</u>	<u>357,235</u>
-	-	-	-	-	-	-	11,785	57,944
-	4,674	-	-	635	-	-	2,633	7,967
706,692	338,884	114,760	10,595	-	360,348	28,524	105,581	2,048,661
-	-	-	-	26,360	-	-	-	89,141
-	-	-	-	-	-	-	-	(8,939)
<u>706,692</u>	<u>343,558</u>	<u>114,760</u>	<u>10,595</u>	<u>26,995</u>	<u>360,348</u>	<u>28,524</u>	<u>108,214</u>	<u>2,136,830</u>
<u>\$ 740,443</u>	<u>\$ 410,574</u>	<u>\$ 145,356</u>	<u>\$ 29,313</u>	<u>\$ 35,760</u>	<u>\$ 363,868</u>	<u>\$ 38,560</u>	<u>\$ 220,523</u>	<u>\$ 2,552,009</u>

POLK COUNTY

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended June 30, 2020**

	Polk							
	Interagency	Multi-						
	Narcotics	Disciplinary	Domestic	Court	Public Land	Dog	Marine	Law
	Team	Intervention	Mediation	Security	Corner	Control	Patrol	Library
REVENUES								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses, fees and permits	-	-	-	-	-	51,170	-	-
Intergovernmental	30,000	121,569	35,923	64,966	-	-	49,322	56,213
Charges for services	-	-	-	-	153,483	-	-	-
Franchise fees	-	-	-	-	-	-	-	-
Fines and forfeitures	1,561	-	-	9,916	-	400	-	-
Donations	-	-	-	-	-	-	-	-
Interest	-	-	-	1,610	-	-	-	-
Miscellaneous	1,673	-	-	-	-	-	-	-
TOTAL REVENUES	<u>33,234</u>	<u>121,569</u>	<u>35,923</u>	<u>76,492</u>	<u>153,483</u>	<u>51,570</u>	<u>49,322</u>	<u>56,213</u>
EXPENDITURES								
Current								
General government	-	-	30,312	-	-	-	-	70,175
Public safety	50,081	75,875	-	17,299	-	160,568	70,820	-
Highways and streets	-	-	-	-	158,610	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>50,081</u>	<u>75,875</u>	<u>30,312</u>	<u>17,299</u>	<u>158,610</u>	<u>160,568</u>	<u>70,820</u>	<u>70,175</u>
Excess (deficiency) of revenues over expenditures	<u>(16,847)</u>	<u>45,694</u>	<u>5,611</u>	<u>59,193</u>	<u>(5,127)</u>	<u>(108,998)</u>	<u>(21,498)</u>	<u>(13,962)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	115,000	5,000	15,000
Sale of capital assets	-	-	-	-	-	50,000	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,000</u>	<u>5,000</u>	<u>15,000</u>
Net change in fund balances	(16,847)	45,694	5,611	59,193	(5,127)	56,002	(16,498)	1,038
Fund balances at beginning of year	112,301	(26,622)	18,004	78,203	108,495	6,804	7,559	3,334
Fund balances at end of year	<u>\$ 95,454</u>	<u>\$ 19,072</u>	<u>\$ 23,615</u>	<u>\$ 137,396</u>	<u>\$ 103,368</u>	<u>\$ 62,806</u>	<u>\$ (8,939)</u>	<u>\$ 4,372</u>

Health Services	Public Health	Juvenile	Veterans' Services	Fair	County School	Economic Development	Household Hazardous Waste	Extension	Totals
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 459,247	\$ 459,247
-	-	-	-	-	-	-	-	-	51,170
1,574,201	2,045,165	331,106	117,252	118,167	909	263,537	-	4,000	4,812,330
1,312,200	77,158	39,215	-	208,933	-	-	-	-	1,790,989
-	-	-	-	-	150,288	-	67,727	-	218,015
-	-	-	-	-	-	-	-	-	11,877
453,448	18,717	-	15,774	30,124	-	10,000	-	3,676	531,739
-	-	-	-	-	-	-	-	5,228	6,838
60	46	40	-	2,896	-	-	-	-	4,715
<u>3,339,909</u>	<u>2,141,086</u>	<u>370,361</u>	<u>133,026</u>	<u>360,120</u>	<u>151,197</u>	<u>273,537</u>	<u>67,727</u>	<u>472,151</u>	<u>7,886,920</u>
-	-	51,445	237,950	640,645	151,197	231,781	65,987	-	1,479,492
-	-	1,105,831	-	-	-	-	-	-	1,480,474
-	-	-	-	-	-	-	-	-	158,610
2,955,419	2,095,917	-	-	-	-	-	-	-	5,051,336
-	-	-	-	-	-	-	-	498,128	498,128
70,393	-	-	-	-	-	-	-	-	70,393
<u>3,025,812</u>	<u>2,095,917</u>	<u>1,157,276</u>	<u>237,950</u>	<u>640,645</u>	<u>151,197</u>	<u>231,781</u>	<u>65,987</u>	<u>498,128</u>	<u>8,738,433</u>
<u>314,097</u>	<u>45,169</u>	<u>(786,915)</u>	<u>(104,924)</u>	<u>(280,525)</u>	<u>-</u>	<u>41,756</u>	<u>1,740</u>	<u>(25,977)</u>	<u>(851,513)</u>
150,000	200,000	800,000	100,000	300,000	-	-	-	-	1,685,000
-	-	-	-	-	-	-	-	-	50,000
<u>150,000</u>	<u>200,000</u>	<u>800,000</u>	<u>100,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735,000</u>
464,097	245,169	13,085	(4,924)	19,475	-	41,756	1,740	(25,977)	883,487
242,595	98,389	101,675	15,519	7,520	-	318,592	26,784	134,191	1,253,343
<u>\$ 706,692</u>	<u>\$ 343,558</u>	<u>\$ 114,760</u>	<u>\$ 10,595</u>	<u>\$ 26,995</u>	<u>\$ -</u>	<u>\$ 360,348</u>	<u>\$ 28,524</u>	<u>\$ 108,214</u>	<u>\$ 2,136,830</u>

POLK COUNTY

**POLK INTERAGENCY NARCOTICS TEAM - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 30,000	\$ 30,000	\$ -
Fines and forfeitures	-	1,561	1,561
Miscellaneous	<u>2,500</u>	<u>1,673</u>	<u>(827)</u>
TOTAL REVENUES	<u>32,500</u>	<u>33,234</u>	<u>734</u>
EXPENDITURES			
Polk interagency narcotics team			
Materials and services	111,887	39,468	72,419
Interdepartment charges	<u>10,613</u>	<u>10,613</u>	<u>-</u>
TOTAL EXPENDITURES	<u>122,500</u>	<u>50,081</u>	<u>72,419</u>
Net change in fund balance	(90,000)	(16,847)	73,153
Fund balance at beginning of year	<u>90,000</u>	<u>112,301</u>	<u>22,301</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 95,454</u>	<u>\$ 95,454</u>

POLK COUNTY

**MULTI-DISCIPLINARY INTERVENTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 120,000	\$ 121,569	\$ 1,569
EXPENDITURES			
Multi-disciplinary intervention			
Personal services	22,708	8,698	14,010
Materials and services	134,628	64,513	70,115
Interdepartment charges	2,664	2,664	-
TOTAL EXPENDITURES	160,000	75,875	84,125
Net change in fund balance	(40,000)	45,694	85,694
Fund balance at beginning of year	40,000	(26,622)	(66,622)
Fund balance at end of year	\$ -	\$ 19,072	\$ 19,072

POLK COUNTY

**DOMESTIC MEDIATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	<u>\$ 35,000</u>	<u>\$ 35,923</u>	<u>\$ 923</u>
EXPENDITURES			
Domestic mediation			
Materials and services	48,550	28,862	19,688
Interdepartment charges	<u>1,450</u>	<u>1,450</u>	<u>-</u>
TOTAL EXPENDITURES	<u>50,000</u>	<u>30,312</u>	<u>19,688</u>
Excess (deficiency) of revenues over	(15,000)	5,611	20,611
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Net change in fund balance	(10,000)	5,611	15,611
Fund balance at beginning of year	<u>10,000</u>	<u>18,004</u>	<u>8,004</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 23,615</u>	<u>\$ 23,615</u>

POLK COUNTY

COURT SECURITY - SPECIAL REVENUE FUND

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

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 15,000	\$ 64,966	\$ 49,966
Fines and forfeitures	10,000	9,916	(84)
Interest	1,000	1,610	610
	<u>26,000</u>	<u>76,492</u>	<u>50,492</u>
EXPENDITURES			
Court security			
Materials and services	64,057	356	63,701
Interdepartment charges	16,943	16,943	-
Capital outlay	25,000	-	25,000
	<u>106,000</u>	<u>17,299</u>	<u>88,701</u>
TOTAL REVENUES	<u>26,000</u>	<u>76,492</u>	<u>50,492</u>
TOTAL EXPENDITURES	<u>106,000</u>	<u>17,299</u>	<u>88,701</u>
Net change in fund balance	(80,000)	59,193	139,193
Fund balance at beginning of year	80,000	78,203	(1,797)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 137,396</u>	<u>\$ 137,396</u>

POLK COUNTY

**PUBLIC LAND CORNER PRESERVATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	<u>\$ 135,000</u>	<u>\$ 153,483</u>	<u>\$ 18,483</u>
EXPENDITURES			
Public land corner preservation			
Materials and services	218,606	127,216	91,390
Interdepartment charges	<u>31,394</u>	<u>31,394</u>	<u>-</u>
TOTAL EXPENDITURES	<u>250,000</u>	<u>158,610</u>	<u>91,390</u>
Net change in fund balance	(115,000)	(5,127)	109,873
Fund balance at beginning of year	<u>115,000</u>	<u>108,495</u>	<u>(6,505)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 103,368</u>	<u>\$ 103,368</u>

POLK COUNTY

**DOG CONTROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Licenses, fees and permits	\$ 60,000	\$ 51,170	\$ (8,830)
Fines and forfeitures	-	400	400
TOTAL REVENUES	<u>60,000</u>	<u>51,570</u>	<u>(8,430)</u>
EXPENDITURES			
Dog control			
Personal services	138,333	129,268	9,065
Materials and services	22,665	12,298	10,367
Interdepartment charges	19,002	19,002	-
TOTAL EXPENDITURES	<u>180,000</u>	<u>160,568</u>	<u>19,432</u>
Excess (deficiency) of revenues over expenditures	<u>(120,000)</u>	<u>(108,998)</u>	<u>11,002</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	115,000	115,000	-
Sale of capital assets	-	50,000	50,000
(USES)	<u>115,000</u>	<u>165,000</u>	<u>50,000</u>
Net change in fund balance	(5,000)	56,002	61,002
Fund balance at beginning of year	<u>5,000</u>	<u>6,804</u>	<u>1,804</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 62,806</u>	<u>\$ 62,806</u>

POLK COUNTY

**MARINE PATROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 62,500	\$ 49,322	\$ (13,178)
EXPENDITURES			
Marine patrol			
Personal services	51,895	44,134	7,761
Materials and services	21,207	22,288	(1,081)
Interdepartment charges	4,398	4,398	-
TOTAL EXPENDITURES	77,500	70,820	6,680
Excess (deficiency) of revenues over expenditures	(15,000)	(21,498)	(6,498)
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	5,000	-
Net change in fund balance	(10,000)	(16,498)	(6,498)
Fund balance at beginning of year	10,000	7,559	(2,441)
Fund balance at end of year	\$ -	\$ (8,939)	\$ (8,939)

POLK COUNTY

**LAW LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 55,000	\$ 56,213	\$ 1,213
EXPENDITURES			
Law library			
Materials and services	43,215	38,390	4,825
Interdepartment charges	<u>36,785</u>	<u>31,785</u>	<u>5,000</u>
TOTAL EXPENDITURES	<u>80,000</u>	<u>70,175</u>	<u>9,825</u>
Excess (deficiency) of revenues over expenditures	(25,000)	(13,962)	11,038
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(10,000)	1,038	11,038
Fund balance at beginning of year	<u>10,000</u>	<u>3,334</u>	<u>(6,666)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 4,372</u>	<u>\$ 4,372</u>

POLK COUNTY

HEALTH SERVICES - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 1,470,000	\$ 1,574,201	\$ 104,201
Charges for services	1,315,000	1,312,200	(2,800)
Donations	220,000	453,448	233,448
Miscellaneous	-	60	60
TOTAL REVENUES	<u>3,005,000</u>	<u>3,339,909</u>	<u>334,909</u>
EXPENDITURES			
Administration			
Personal services	970,045	629,351	340,694
Materials and services	24,000	14,951	9,049
Interdepartment charges	152,531	152,531	-
Total Administration	<u>1,146,576</u>	<u>796,833</u>	<u>349,743</u>
Family and Community Outreach			
Personal services	1,681,378	1,615,104	66,274
Materials and services	360,456	426,892	(66,436)
Interdepartment charges	116,590	116,590	-
Capital outlay	50,000	70,393	(20,393)
Total Family and Community Outreach	<u>2,208,424</u>	<u>2,228,979</u>	<u>(20,555)</u>
TOTAL EXPENDITURES	<u>3,355,000</u>	<u>3,025,812</u>	<u>329,188</u>
Excess (deficiency) of revenues over expenditures	(350,000)	314,097	664,097
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>200,000</u>	<u>150,000</u>	<u>(50,000)</u>
Net change in fund balance	(150,000)	464,097	614,097
Fund balance at beginning of year	<u>150,000</u>	<u>242,595</u>	<u>92,595</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 706,692</u>	<u>\$ 706,692</u>

POLK COUNTY

PUBLIC HEALTH - SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 2,071,000	\$ 2,045,165	\$ (25,835)
Charges for services	77,000	77,158	158
Donations	16,200	18,717	2,517
Miscellaneous	-	46	46
TOTAL REVENUES	<u>2,164,200</u>	<u>2,141,086</u>	<u>(23,114)</u>
EXPENDITURES			
Family Planning			
Personal services	168,737	87,203	81,534
Materials and services	47,975	41,639	6,336
Interdepartment charges	50,422	50,422	-
Total Family Planning	<u>267,134</u>	<u>179,264</u>	<u>87,870</u>
General Health			
Personal services	1,424,368	1,080,533	343,835
Materials and services	340,496	312,039	28,457
Interdepartment charges	217,440	217,440	-
Total General Health	<u>1,982,304</u>	<u>1,610,012</u>	<u>372,292</u>
Women, Infants and Children			
Personal services	219,828	217,637	2,191
Materials and services	24,250	18,320	5,930
Interdepartment charges	70,684	70,684	-
Total Women, Infants and Children	<u>314,762</u>	<u>306,641</u>	<u>8,121</u>
TOTAL EXPENDITURES	<u>2,564,200</u>	<u>2,095,917</u>	<u>468,283</u>
Excess (deficiency) of revenues over expenditures	(400,000)	45,169	445,169
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>300,000</u>	<u>200,000</u>	<u>(100,000)</u>
Net change in fund balance	(100,000)	245,169	345,169
Fund balance at beginning of year	<u>100,000</u>	<u>98,389</u>	<u>(1,611)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 343,558</u>	<u>\$ 343,558</u>

POLK COUNTY

JUVENILE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 270,000	\$ 331,106	\$ 61,106
Charges for services	34,000	39,215	5,215
Miscellaneous	-	40	40
TOTAL REVENUES	<u>304,000</u>	<u>370,361</u>	<u>66,361</u>
EXPENDITURES			
Juvenile Probations			
Personal services	673,952	655,934	18,018
Materials and services	39,272	30,335	8,937
Interdepartment charges	124,940	124,940	-
Total Juvenile Probations	<u>838,164</u>	<u>811,209</u>	<u>26,955</u>
Juvenile Sanctions			
Materials and services	340,800	291,663	49,137
Interdepartment charges	2,959	2,959	-
Total Juvenile Sanctions	<u>343,759</u>	<u>294,622</u>	<u>49,137</u>
Juvenile Community Service			
Materials and services	54,000	50,868	3,132
Interdepartment charges	577	577	-
Total Juvenile Community Service	<u>54,577</u>	<u>51,445</u>	<u>3,132</u>
TOTAL EXPENDITURES	<u>1,236,500</u>	<u>1,157,276</u>	<u>79,224</u>
Excess (deficiency) of revenues over expenditures	(932,500)	(786,915)	145,585
OTHER FINANCING SOURCES (USES)			
Transfers in	800,000	800,000	-
Net change in fund balance	(132,500)	13,085	145,585
Fund balance at beginning of year	132,500	101,675	(30,825)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 114,760</u>	<u>\$ 114,760</u>

POLK COUNTY

**VETERANS' SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 117,252	\$ 117,252	\$ -
Donations	15,000	15,774	774
	<u>132,252</u>	<u>133,026</u>	<u>774</u>
TOTAL REVENUES			
EXPENDITURES			
Veterans' services			
Personal services	200,275	185,354	14,921
Materials and services	43,637	39,256	4,381
Interdepartment charges	13,340	13,340	-
	<u>257,252</u>	<u>237,950</u>	<u>19,302</u>
TOTAL EXPENDITURES			
Excess (deficiency) of revenues over expenditures	(125,000)	(104,924)	20,076
OTHER FINANCING SOURCES (USES)			
Transfers in	100,000	100,000	-
	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Net change in fund balance	(25,000)	(4,924)	20,076
Fund balance at beginning of year	25,000	15,519	(9,481)
	<u>25,000</u>	<u>15,519</u>	<u>(9,481)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 10,595</u>	<u>\$ 10,595</u>

POLK COUNTY

**FAIR - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 118,000	\$ 118,167	\$ 167
Charges for services	317,000	208,933	(108,067)
Donations	33,000	30,124	(2,876)
Miscellaneous	6,000	2,896	(3,104)
TOTAL REVENUES	<u>474,000</u>	<u>360,120</u>	<u>(113,880)</u>
EXPENDITURES			
Annual Fair			
Personal services	103,573	70,588	32,985
Materials and services	103,550	117,011	(13,461)
Interdepartment charges	10,636	10,636	-
Total Annual Fair	<u>217,759</u>	<u>198,235</u>	<u>19,524</u>
Year Round Operations			
Personal services	380,631	289,044	91,587
Materials and services	153,037	125,793	27,244
Interdepartment charges	27,573	27,573	-
Total Year Round Operations	<u>561,241</u>	<u>442,410</u>	<u>118,831</u>
TOTAL EXPENDITURES	<u>779,000</u>	<u>640,645</u>	<u>138,355</u>
Excess (deficiency) of revenues over expenditures	(305,000)	(280,525)	24,475
OTHER FINANCING SOURCES (USES)			
Transfers in	300,000	300,000	-
Net change in fund balance	(5,000)	19,475	24,475
Fund balance at beginning of year	5,000	7,520	2,520
Fund balance at end of year	<u>\$ -</u>	<u>\$ 26,995</u>	<u>\$ 26,995</u>

POLK COUNTY

**COUNTY SCHOOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
County school			
Intergovernmental	\$ 1,500	\$ 909	\$ (591)
Franchise fees	<u>163,500</u>	<u>150,288</u>	<u>(13,212)</u>
TOTAL REVENUES	165,000	151,197	(13,803)
EXPENDITURES			
Materials and services	<u>165,000</u>	<u>151,197</u>	<u>13,803</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

POLK COUNTY

**ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	Budget	Actual	Variance
REVENUES			
Intergovernmental	\$ 940,000	\$ 263,537	\$ (676,463)
Donations	-	10,000	10,000
	940,000	273,537	(666,463)
TOTAL REVENUES	940,000	273,537	(666,463)
EXPENDITURES			
Economic development			
Personal services	22,571	21,153	1,418
Materials and services	530,816	199,015	331,801
Interdepartment charges	11,613	11,613	-
Capital outlay	700,000	-	700,000
	1,265,000	231,781	1,033,219
TOTAL EXPENDITURES	1,265,000	231,781	1,033,219
Net change in fund balance	(325,000)	41,756	366,756
Fund balance at beginning of year	325,000	318,592	(6,408)
	-	360,348	360,348
Fund balance at end of year	\$ -	\$ 360,348	\$ 360,348

POLK COUNTY

**HOUSEHOLD HAZARDOUS WASTE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Franchise fees	\$ 72,000	\$ 67,727	\$ (4,273)
EXPENDITURES			
Household hazardous waste			
Personal services	29,763	29,791	(28)
Materials and services	80,360	33,319	47,041
Interdepartment charges	2,877	2,877	-
TOTAL EXPENDITURES	<u>113,000</u>	<u>65,987</u>	<u>47,013</u>
Net change in fund balance	(41,000)	1,740	42,740
Fund balance at beginning of year	<u>41,000</u>	<u>26,784</u>	<u>(14,216)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 28,524</u>	<u>\$ 28,524</u>

POLK COUNTY

**EXTENSION SERVICE DISTRICT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL**

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property tax	\$ 458,000	\$ 459,247	\$ 1,247
Intergovernmental	-	4,000	4,000
Donations	1,500	3,676	2,176
Interest	4,000	5,228	1,228
	<u>463,500</u>	<u>472,151</u>	<u>8,651</u>
TOTAL REVENUES	<u>463,500</u>	<u>472,151</u>	<u>8,651</u>
EXPENDITURES			
Extension services			
Materials and services	543,500	498,128	45,372
Contingency	20,000	-	20,000
	<u>563,500</u>	<u>498,128</u>	<u>65,372</u>
TOTAL EXPENDITURES	<u>563,500</u>	<u>498,128</u>	<u>65,372</u>
Net change in fund balance	(100,000)	(25,977)	74,023
Fund balance at beginning of year	100,000	134,191	34,191
	<u>100,000</u>	<u>134,191</u>	<u>34,191</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 108,214</u>	<u>\$ 108,214</u>

POLK COUNTY

DEBT SERVICE FUND

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

For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Property taxes	\$ 10,000	\$ 22,248	\$ 12,248
Interest	-	921	921
TOTAL REVENUES	<u>10,000</u>	<u>23,169</u>	<u>13,169</u>
EXPENDITURES			
Debt service	<u>45,000</u>	<u>-</u>	<u>45,000</u>
TOTAL EXPENDITURES	<u>45,000</u>	<u>-</u>	<u>45,000</u>
Net change in fund balance	(35,000)	23,169	58,169
Fund balance at beginning of year	<u>35,000</u>	<u>49,256</u>	<u>14,256</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 72,425</u>	<u>\$ 72,425</u>

POLK COUNTY

**DOAKS FERRY ROAD/HWY 22 & 51 - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	Budget	Actual	Variance
EXPENDITURES			
Doaks ferry road/hwy 22 & 51			
Materials and services	\$ 125,000	\$ -	\$ 125,000
OTHER FINANCING SOURCES (USES)			
Transfers in	125,000	123,957	\$ (1,043)
Net change in fund balance	-	123,957	123,957
Fund balance at beginning of year	-	(123,957)	(123,957)
Fund balance at end of year	\$ -	\$ -	\$ -

INTERNAL SERVICE FUNDS

Management Services

The Management Services Fund accounts for building maintenance, fiscal and personnel services, legal counsel and general services. Charges are made to other funds to recover the costs of providing these services.

Insurance

The Insurance Fund accounts for all costs incurred by the County under its insurance programs, up to policy deductible limits. Funding sources are revenues from investment income, proceeds from insurance recoveries, and charges to other funds.

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POLK COUNTY

INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF NET POSITION
 June 30, 2020

	<u>Management</u>		
	<u>Services</u>	<u>Insurance</u>	<u>Totals</u>
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 600,038	\$ 376,382	\$ 976,420
Receivables	196,764	-	196,764
Prepaid items	<u>105,939</u>	<u>-</u>	<u>105,939</u>
Total current assets	902,741	376,382	1,279,123
Net other postemployment benefit asset	36,010	-	36,010
Capital assets, net	<u>342,925</u>	<u>-</u>	<u>342,925</u>
TOTAL ASSETS	<u>1,281,676</u>	<u>376,382</u>	<u>1,658,058</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension related items	1,291,531	-	1,291,531
OPEB related items	<u>30,945</u>	<u>-</u>	<u>30,945</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>1,322,476</u>	<u>-</u>	<u>1,322,476</u>
<u>LIABILITIES</u>			
Accounts payable and accrued liabilities	90,125	44,091	134,216
Long-term obligations:			
Due within one year	132,092	-	132,092
Due in more than one year	<u>3,718,975</u>	<u>-</u>	<u>3,718,975</u>
TOTAL LIABILITIES	<u>3,941,192</u>	<u>44,091</u>	<u>3,985,283</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension related items	184,976	-	184,976
OPEB related items	<u>41,980</u>	<u>-</u>	<u>41,980</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>226,956</u>	<u>-</u>	<u>226,956</u>
<u>NET POSITION</u>			
Investment in capital assets	342,925	-	342,925
Unrestricted	<u>(1,906,921)</u>	<u>332,291</u>	<u>(1,574,630)</u>
TOTAL NET POSITION	<u>\$ (1,563,996)</u>	<u>\$ 332,291</u>	<u>\$ (1,231,705)</u>

POLK COUNTY

**INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
NET POSITION
For the Year Ended June 30, 2020**

	Management Services	Insurance	Totals
OPERATING REVENUES			
Intergovernmental	\$ 185,000	\$ -	\$ 185,000
Charges for services	6,027,995	968,221	6,996,216
Miscellaneous	7,214	9,786	17,000
TOTAL OPERATING REVENUES	6,220,209	978,007	7,198,216
OPERATING EXPENSES			
Personal services	3,991,873	75,355	4,067,228
Materials and services	1,822,850	950,833	2,773,683
Interdepartmental charges	130,000	-	130,000
Depreciation	90,581	-	90,581
TOTAL OPERATING EXPENSES	6,035,304	1,026,188	7,061,492
Operating income (loss)	184,905	(48,181)	136,724
Transfers out	(500,000)	-	(500,000)
Change in net position	(315,095)	(48,181)	(363,276)
Net position - beginning	(1,248,901)	380,472	(868,429)
Net position - end	\$ (1,563,996)	\$ 332,291	\$ (1,231,705)

POLK COUNTY

INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2020

	<u>Management Services</u>	<u>Insurance</u>	<u>Totals</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 5,843,697	\$ 968,538	\$ 6,812,235
Intergovernmental receipts	185,000	-	185,000
Other receipts	7,214	9,786	17,000
Payments to employees for services	(3,505,368)	(75,355)	(3,580,723)
Payments to suppliers of goods or services	<u>(1,922,008)</u>	<u>(976,798)</u>	<u>(2,898,806)</u>
Net cash provided by (used in) operating activities	<u>608,535</u>	<u>(73,829)</u>	<u>534,706</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(123,000)	-	(123,000)
Transfers in (out)	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Net cash (used) in financing activities	<u>(623,000)</u>	<u>-</u>	<u>(623,000)</u>
Net increase in cash and cash equivalents	(14,465)	(73,829)	(88,294)
Cash and cash equivalents, beginning of year	<u>614,503</u>	<u>450,211</u>	<u>1,064,714</u>
Cash and cash equivalents, end of year	<u>\$ 600,038</u>	<u>\$ 376,382</u>	<u>\$ 976,420</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 184,905	\$ (48,181)	\$ 136,724
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	90,581	-	90,581
(Increase) decrease in assets:			
Receivables	(184,298)	317	(183,981)
Prepaid items	5,755	-	5,755
Net other postemployment benefit asset	(15,868)	-	(15,868)
Deferred outflows of resources	(117,347)	-	(117,347)
Increase (decrease) in liabilities:			
Accounts payable and accrued liabilities	25,087	(25,965)	(878)
Compensated absences	16,352	-	16,352
Net pension liability	657,270	-	657,270
Other postemployment benefit liability	20,354	-	20,354
Deferred inflows of resources	<u>(74,256)</u>	<u>-</u>	<u>(74,256)</u>
Net cash provided by (used in) operating activities	<u>\$ 608,535</u>	<u>\$ (73,829)</u>	<u>\$ 534,706</u>

POLK COUNTY

MANAGEMENT SERVICES - INTERNAL SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Intergovernmental	\$ 130,000	\$ 185,000	\$ 55,000
Charges for services	5,994,500	6,027,995	33,495
Miscellaneous	<u>5,000</u>	<u>7,214</u>	<u>2,214</u>
TOTAL REVENUES	<u>6,129,500</u>	<u>6,220,209</u>	<u>90,709</u>
EXPENDITURES			
Board of Commissioners			
Personnel Services	377,566	367,927	9,639
Materials and Services	<u>14,000</u>	<u>14,210</u>	<u>(210)</u>
Total Board of Commissioners	<u>391,566</u>	<u>382,137</u>	<u>9,429</u>
GIS-Computer Mapping			
Personnel Services	157,624	147,186	10,438
Materials and Services	90,400	27,328	63,072
Interdepartmental charges	<u>26,000</u>	<u>26,000</u>	<u>-</u>
Total GIS-Computer Mapping	<u>274,024</u>	<u>200,514</u>	<u>73,510</u>
Equipment Replacement Reserve			
Capital outlay	<u>149,098</u>	<u>-</u>	<u>149,098</u>
Central Services			
Personnel Services	202,083	182,191	19,892
Materials and Services	283,600	271,287	12,313
Capital outlay	<u>30,000</u>	<u>-</u>	<u>30,000</u>
Total Central Services	<u>515,683</u>	<u>453,478</u>	<u>62,205</u>
Academy Building Maintenance			
Personnel Services	398,364	282,943	115,421
Materials and Services	116,500	122,544	(6,044)
Capital outlay	<u>-</u>	<u>8,016</u>	<u>(8,016)</u>
Total Academy Building Maintenance	<u>514,864</u>	<u>413,503</u>	<u>101,361</u>
Jail Maintenance			
Personnel Services	165,494	99,023	66,471
Materials and Services	<u>196,000</u>	<u>204,137</u>	<u>(8,137)</u>
Total Jail Maintenance	<u>361,494</u>	<u>303,160</u>	<u>58,334</u>

MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
EXPENDITURES (continued)			
Courthouse Building Maintenance			
Personnel Services	\$ 648,335	\$ 630,659	\$ 17,676
Materials and Services	<u>181,700</u>	<u>163,878</u>	<u>17,822</u>
Total Courthouse Building Maintenance	<u>830,035</u>	<u>794,537</u>	<u>35,498</u>
 Buchanan Building Maintenance			
Personnel Services	80,729	63,707	17,022
Materials and Services	328,400	309,446	18,954
Capital outlay	<u>20,000</u>	<u>22,440</u>	<u>(2,440)</u>
Total Buchanan Building Maintenance	<u>429,129</u>	<u>395,593</u>	<u>33,536</u>
 Information Services			
Personnel Services	831,110	722,417	108,693
Materials and Services	451,400	499,630	(48,230)
Interdepartmental charges	104,000	104,000	-
Capital outlay	<u>60,000</u>	<u>76,785</u>	<u>(16,785)</u>
Total Information Services	<u>1,446,510</u>	<u>1,402,832</u>	<u>43,678</u>
 Finance			
Personnel Services	476,953	460,442	16,511
Materials and Services	<u>177,900</u>	<u>185,405</u>	<u>(7,505)</u>
Total Finance	<u>654,853</u>	<u>645,847</u>	<u>9,006</u>
 Personnel			
Personnel Services	408,690	396,369	12,321
Materials and Services	<u>38,250</u>	<u>36,939</u>	<u>1,311</u>
Total Personnel	<u>446,940</u>	<u>433,308</u>	<u>13,632</u>
 County Legal Counsel			
Personnel Services	159,854	152,504	7,350
Materials and Services	<u>7,950</u>	<u>3,805</u>	<u>4,145</u>
Total County Legal Counsel	<u>167,804</u>	<u>156,309</u>	<u>11,495</u>
 TOTAL EXPENDITURES	<u>6,182,000</u>	<u>5,581,218</u>	<u>600,782</u>

MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (Continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Excess (deficiency) of revenues over expenditures	\$ (52,500)	\$ 638,991	\$ 691,491
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	2,500	-	2,500
Transfers out	<u>(500,000)</u>	<u>(500,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(497,500)</u>	<u>(500,000)</u>	<u>(2,500)</u>
Net change in fund balance	(550,000)	138,991	688,991
Fund balance at beginning of year	<u>550,000</u>	<u>673,625</u>	<u>123,625</u>
Fund balance at end of year	<u>\$ -</u>	812,616	<u>\$ 812,616</u>
Reconciliation to generally accepted accounting principles:			
Net other postemployment benefit asset		36,010	
Capital assets, net		342,925	
Deferred outflows of resources		1,322,476	
Compensated absences		(132,092)	
Net pension liability		(3,487,625)	
Other postemployment benefit		(231,350)	
Deferred inflows of resources		<u>(226,956)</u>	
Net position at end of year		<u>\$ (1,563,996)</u>	

POLK COUNTY

**INSURANCE - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Charges for services	\$ 950,000	\$ 968,221	\$ 18,221
Settlements	-	9,786	9,786
TOTAL REVENUES	<u>950,000</u>	<u>978,007</u>	<u>28,007</u>
EXPENDITURES			
Insurance			
Personnel Services	65,192	75,355	(10,163)
Materials and Services	1,009,500	950,833	58,667
Total Insurance	1,074,692	1,026,188	48,504
Contingency	275,308	-	275,308
TOTAL EXPENDITURES	<u>1,350,000</u>	<u>1,026,188</u>	<u>323,812</u>
Net change in fund balance	(400,000)	(48,181)	351,819
Fund balance at beginning of year	400,000	380,472	(19,528)
Fund balance at end of year	<u>\$ -</u>	<u>\$ 332,291</u>	<u>\$ 332,291</u>

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AGENCY FUND

This fund accounts for resources received and held by the County in a fiduciary capacity. The fund accounts for various monies and other assets held by the County Treasurer for other taxing districts and other departments.

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POLK COUNTY
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2020

	<u>Balances</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2020</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 1,578,093	\$ 101,446,745	\$ 101,625,667	\$ 1,399,171
Taxes receivable	<u>2,951,711</u>	<u>100,765,228</u>	<u>100,941,071</u>	<u>2,775,868</u>
 TOTAL ASSETS	 <u>\$ 4,529,804</u>	 <u>\$ 202,211,973</u>	 <u>\$ 202,566,738</u>	 <u>\$ 4,175,039</u>
<u>LIABILITIES</u>				
Due to other governments	<u>\$ 4,529,804</u>	<u>\$ 202,211,973</u>	<u>\$ 202,566,738</u>	<u>\$ 4,175,039</u>

POLK COUNTY

**SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS
As of and for the Year Ended June 30, 2020**

<u>Elected Official</u>	Cash and Cash Equivalents Balances July 1, 2019	Cash Receipts	Cash Turnovers and Disbursements to County Treasurer and Others	Cash and Cash Equivalents Balances June 30, 2020
Assessor	\$ 25	\$ 4,761	\$ 4,761	\$ 25
Clerk	150	608,600	608,600	150
District Attorney	35	68,618	68,618	35
Sheriff	81,441	1,247,388	1,291,306	37,523
Treasurer	<u>16,700,443</u>	<u>176,758,492</u>	<u>171,505,537</u>	<u>21,953,398</u>
 TOTALS	 <u>\$ 16,782,094</u>	 <u>\$ 178,687,859</u>	 <u>\$ 173,478,822</u>	 <u>\$ 21,991,131</u>

COMPLIANCE SECTION

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY
OREGON STATE REGULATIONS**

Board of County Commissioners
Polk County
Dallas, Oregon

We have audited in accordance with auditing standards generally accepted in the United States of America the basic financial statements of Polk County (the "County") as of and for the year ended June 30, 2020, and have issued our report thereon dated February 10, 2021.

Compliance

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

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

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Highway revenues used for public highways, roads and streets.
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

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

Budgets legally required (ORS Chapter 294)

- In preparing and adopting the 2020-21 budget the published financial summary, Form LB-1, historical information for 2018-19 did not agree to amounts reported in the audited statements for that year.
- The resources and requirements did not balance in the proposed budget for 2020-21 for the General and Dog Control funds.
- The appropriations for the Public Works Construction Fund for 2019-20 and 2020-21 did not include separate amounts for debt service as required by ORS 294.456 (3)(a)(B).

OAR 162-10-0230 Internal Control

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

Restriction on Use

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

Singer Lewak LLP

February 10, 2021

By:



Bradley G. Bingenheimer,
Member

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

Board of Commissioners
Polk County
Dallas, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County (the “County”) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated February 10, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County’s internal control. Accordingly, we do not express an opinion on the effectiveness of the County’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards
February 10, 2021
Page Two

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Singer Lewak LLP".

February 10, 2021

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of Commissioners
Polk County
Dallas, Oregon

Report on Compliance for Each Major Federal Program

We have audited Polk County’s (the “County”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2020. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the County’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County’s compliance.

Opinion on Each Major Federal Program

In our opinion, Polk County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying *schedule of findings and questioned costs*. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Commissioners
Polk County
Independent Auditor's Report on Compliance for
Each Major Federal Program and Report on
Internal Control Over Compliance in Accordance
With the Uniform Guidance
February 10, 2021
Page Three

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Singer Lewak LLP

February 10, 2021

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POLK COUNTY

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	<i>Unmodified</i>
Internal controls over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major federal programs:	<i>Unmodified</i>
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA

Number(s) Name of Federal Program or Cluster

21.019 Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

Section II - Financial Statement Findings

None reported.

Continued on next page

Section III - Federal Award Findings and Questioned Costs

2020-001

21.019 Coronavirus Relief Fund

Criteria: The Frequently Asked Questions issued by the U.S. Treasury Department Updated as of September 2, 2020 states: Fund payments are considered to be federal financial assistance subject to the Single Audit Act (31 U.S.C. §§A7501-7507) and the related provisions of the Uniform Guidance, 2 C.F.R. § 200.303 regarding internal controls...”. 2 C.F.R. § 200.303 states: “The non-Federal entity must...establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” The 2020 compliance supplement provides guidance on internal controls in part 6 including the need for segregation of duties and review of reimbursement requests to ensure accuracy.

Condition: A deficiency in the design of the internal controls exists as a single individual was responsible for the management of the grant program, including the determination of allowable costs, maintenance of documentation of costs and submission of costs for reimbursement.

Cause: To expedite the County’s response to the COVID-19 public health emergency, the management of the program was given to a single individual.

Effect: Unallowable costs could be charged to the program, documentation may not be maintained and errors could occur.

Questioned Costs: None

Perspective: The need to respond to the public health emergency did not allow time for internal controls to be properly designed.

Recommendations: The County should designate a second individual to review the documentation of costs to be claimed for reimbursement to ensure they are allowable under the guidance issued by the U.S. Treasury Department.

Views of Responsible Officials: The County agrees with the finding and will implement controls that include a review of documentation of costs to be claimed for reimbursement.

POLK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
DEPARTMENT OF AGRICULTURE			
Food and Nutrition Service			
<i>Passed through Oregon Health Authority</i>			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	2702	\$ <u>199,412</u>
Total Department of Agriculture			<u>199,412</u>
DEPARTMENT OF THE INTERIOR			
Bureau of Land Management			
National Wildlife Refuge Fund	15.659		11,804
Scotch Broom Removal and Dump Stoppers	15.999		<u>11,422</u>
Total Department of the Interior			<u>23,226</u>
DEPARTMENT OF JUSTICE			
Bureau of Justice Assistance			
Bullet Proof Vest Partnership Program	16.607		4,078
Office of Justice Programs			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		405
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance (VOCA)	16.575	VOCA -E-FR-2017	2,622
		VOCA-NC-FR-2017	24,723
		VOCA-OT-2016	2,995
		VOCA-NC-FR-2019	83,204
		VOCA-CFA-2019	<u>41,786</u>
			<u>155,330</u>
Total Department of Justice			<u>159,813</u>
DEPARTMENT OF TRANSPORTATION			
National Highway Safety Administration			
<i>Passed through Oregon Department of Transportation</i>			
National Priority Safety Program	20.616		9,416
<i>Passed through Oregon Department of Transportation</i>			
State and Community Highway Safety	20.600		3,708
<i>Passed through Oregon Impact</i>			
State and Community Highway Safety	20.600		1,939
<i>Passed through Oregon State Sheriffs' Association</i>			
State and Community Highway Safety	20.600		<u>1,237</u>
			<u>6,884</u>
Total Department of Transportation			<u>16,300</u>
DEPARTMENT OF THE TREASURY			
<i>Passed through Oregon Department of Administrative Services</i>			
Coronavirus Relief Fund	21.019		<u>916,615</u>
DEPARTMENT OF GENERAL SERVICES ADMINISTRATION			
General Services Administration			
<i>Passed through Oregon Department of Administrative Services</i>			
Donation of Federal Surplus Personal Property	39.003		<u>3,636</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

	<u>Federal CFDA Number</u>	<u>Pass Through Entity Identifying Number</u>	<u>Expenditures</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Office of Population Affairs			
<i>Passed through Oregon Health Authority</i>			
Family Planning Services	93.217		\$ 160
Administration for Children and Families			
<i>Passed through Oregon Department of Justice</i>			
Child Support Enforcement	93.563		211,576
Health Resources and Services Administration			
<i>Passed through Oregon Health Authority</i>			
Maternal and Child Health Block Grant	93.994		34,561
HIV Care Formula Grants	93.917		1,372
Substance Abuse and Mental Health Services Administration			
<i>Passed through Oregon Health Authority</i>			
Block Grants for Community Mental Health Services	93.958		182,633
Block Grants for Prevention and Treatment of Substance Abuse	93.959		67,468
Centers for Disease Control			
<i>Passed through Oregon Health Authority</i>			
Public Health Preparedness and Response	93.069		87,077
Public Health Emergency Response: Coopertative Agreement for Emergency Response:			
Public Health Crisis Resopnse	93.354		88,885
Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance – financed in part by the Prevention and Public Health Fund (PPHF)	93.733		<u>284</u>
Total Department of Health and Human Services			<u>674,016</u>
DEPARTMENT OF HOMELAND SECURITY			
Federal Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		559,451
<i>Passed through Oregon State Police</i>			
Emergency Management Performance	97.042		95,402
Homeland Security Grant Program	97.067		<u>282,423</u>
Total Department of Homeland Security			<u>937,276</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 2,930,294</u>

POLK COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended June 30, 2020

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Polk County under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Polk County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Polk County.

2. Summary of Significant Accounting Policies

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

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs are charged as allowed by each individual grant.