



**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2021**

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POLK COUNTY
OFFICERS AND MEMBERS OF THE GOVERNING BODY

ADMINISTRATIVE OFFICER

Gregory P. Hansen

COMMISSIONERS

Craig Pope
15040 Airlie Road
Monmouth, Oregon 97361

Mike Ainsworth
PO Box 652
Monmouth, Oregon 97361

Lyle Mordhorst
6030 Bethel Heights Road
Salem, Oregon 97304

ELECTED OFFICIALS

Valerie Patoine, Assessor
Valerie Unger, Clerk
Aaron Felton, District Attorney
Mark Garton, Sheriff
Steve Mulligan, 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, 2021, 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 County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Polk County, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General, Public Works, Behavioral Health and American Rescue Plan funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i – ix* and the schedules on pages 58 – 62 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 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners
Polk County
Independent Auditor's Report
May 10, 2022

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 May 10, 2022, on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

May 10, 2022

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, 2021**

The management of Polk County, Oregon presents this narrative overview and analysis of the financial activities, for the fiscal year ended June 30, 2021. 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 exceeded its liabilities by \$33,879,212 at June 30, 2021, on its government-wide statement of net position. Of this amount, \$40,378,866 is the net investment in capital assets and \$16,430,739 is restricted for various purposes.
- The County's total net position decreased \$298,003 during the current fiscal year. This decrease is attributable to expenses in excess of revenue. Expenses include \$3,457,259 for depreciation, a non-cash expense. Expenses in the current year were increased by pension cost adjustments (\$5,040,347) and for OPEB cost adjustments (\$179,794) required by governmental accounting standards.
- At June 30, 2021, unassigned fund balance for the General Fund was \$6,080,781 or approximately 28% 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 \$5,973,628, but due to adjustments required by GASB 68, pension expense for the year was increased by \$5,040,347. 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 and liabilities 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 25 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, and American Rescue, 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 14 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 63 through 89 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 15-17 and detailed fund information can be found on pages 90 through 96 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 18 and 19 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.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)
Overview of the Financial Statements (continued)

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 20 of this report.

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 58-62.

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 63-97.

Government-wide Financial Analysis

Assets exceeded liabilities by \$33,879,212 at June 30, 2021. Net investment in capital assets is \$40,378,866 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

	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>Change</u>
Assets			
Current Assets	\$ 26,970,522	\$ 35,539,545	\$ 8,569,023
Capital Assets, net	<u>52,841,976</u>	<u>55,212,779</u>	<u>2,370,803</u>
Total Assets	79,812,498	90,752,324	10,939,826
Deferred Outflows	<u>12,910,127</u>	<u>15,402,875</u>	<u>2,492,748</u>
Total Assets and Deferred Outflows	<u>92,722,625</u>	<u>106,155,199</u>	<u>13,432,574</u>
Liabilities			
Current Liabilities	5,189,904	9,883,903	4,693,999
Long-Term Liabilities	17,092,375	18,524,210	1,431,835
Net Pension Liability	<u>34,046,477</u>	<u>42,128,369</u>	<u>8,081,892</u>
Total Liabilities	56,328,756	70,536,482	14,207,726
Deferred Inflows	<u>2,216,654</u>	<u>1,739,505</u>	<u>(477,149)</u>
Total Liabilities and Deferred Inflows	<u>58,545,410</u>	<u>72,275,987</u>	<u>13,730,577</u>
Net Position			
Net Investment in Capital Assets	41,006,908	40,378,866	(628,042)
Restricted Net Position	12,593,688	16,430,739	3,837,051
Unrestricted	<u>(19,423,381)</u>	<u>(22,930,393)</u>	<u>(3,507,012)</u>
Total Net Position	<u>\$ 34,177,215</u>	<u>\$ 33,879,212</u>	<u>\$ (298,003)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

During the year, current assets increased \$8,569,023. Net capital assets increased \$2,370,803. Details of capital assets acquired appears later in this narrative.

At June 30, 2021, the balance of deferred outflows relating to pension was \$15,066,784, an increase of \$2,458,750 from the prior year. At June 30, 2021, the balance of deferred outflows related to other postemployment benefits was \$336,091, an increase of \$33,998 from the prior year.

Liabilities increased \$14,207,726 during the year. This change includes \$4,693,999 increase in current liabilities, \$1,431,835 increase in long term liabilities and \$8,081,892 increase in net pension liability. Accounts payable and accrued liabilities decreased \$774,953, current portion of long term debt increased \$53,556 and liability for compensated absences decreased \$20. Long term liabilities for debt obligations had no increase. However, there was an \$8,112,110 increase in other long term obligations such as compensated absences, net pension liability, and other post employment benefits.

Net position of the County decreased \$298,003 during the year. This change includes a decrease of \$628,042 in net investment in capital assets, increase of \$3,837,051 in restricted net position, and a decrease of \$3,507,012 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. The remaining deficit net position of \$22,930,393 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

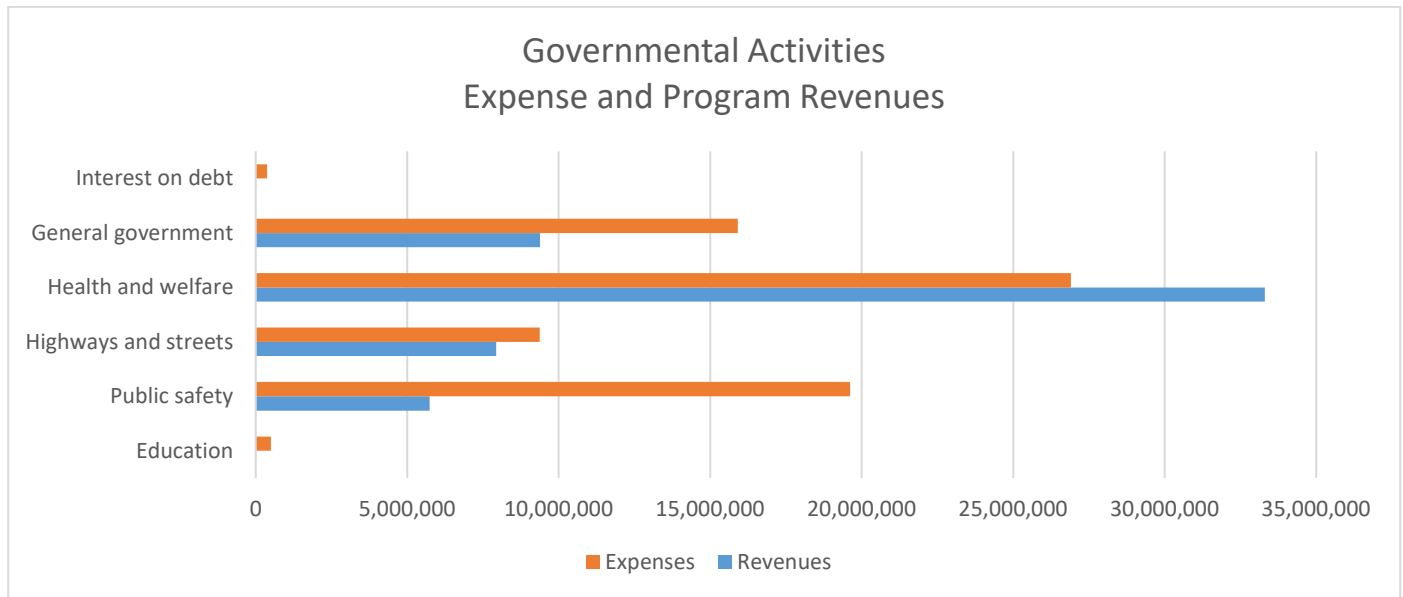
	<u>June 30, 2020</u>	<u>June 30, 2021</u>	<u>Change</u>
Program revenues:			
Charges for services	\$ 5,013,560	\$ 12,862,101	\$ 7,848,541
Program grants and contributions	26,970,696	43,509,836	16,539,140
General revenues:			
Property taxes	13,720,816	14,321,198	600,382
Other taxes	1,707,070	657,353	(1,049,717)
Other grants and contributions	5,704,189	559,473	(5,144,716)
Forest and timber receipts	621,615	143,159	(478,456)
Interest earnings	513,946	170,384	(343,562)
Miscellaneous	179,466	161,654	(17,812)
Total Revenues	<u>54,431,358</u>	<u>72,385,158</u>	<u>17,953,800</u>
Expenses:			
General government	8,115,858	15,913,177	7,797,319
Public safety	18,331,091	19,618,374	1,287,283
Highways and streets	8,226,804	9,376,510	1,149,706
Health and welfare	21,543,168	26,898,547	5,355,379
Education	498,036	501,888	3,852
Interest on long-term debt	306,576	374,665	68,089
Total Expense	<u>57,021,533</u>	<u>72,683,161</u>	<u>15,661,628</u>
Increase (decrease) in net position	<u>(2,590,175)</u>	<u>(298,003)</u>	<u>2,292,172</u>
Beginning net position	36,767,390	34,177,215	(2,590,175)
Ending net position	<u>\$ 34,177,215</u>	<u>\$ 33,879,212</u>	<u>\$ (298,003)</u>

Total revenues for the year were \$72,385,158, an increase of \$17,953,800 over the prior year. Revenues include direct program revenue of \$56,371,937 and general revenue of \$16,013,221. Program revenue is defined as charges for services and operating grants and revenues, which are allocable directly to programs. Program revenue increased \$24,387,681 and general revenue decreased by \$6,433,881 when compared to the prior year. Program revenue increased \$7,848,541 for charges for services and increased \$16,539,140 for grants and contributions. General revenues increased \$600,382 for property tax. Program revenue decreased \$1,049,717 for other taxes, \$5,144,716 for other grants and contributions, \$478,456 for forest and timber receipts, and \$343,562 for interest earnings.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Government-wide Financial Analysis (continued)

Total expenses increased \$15,661,628 this year when compared to the prior year. Per the Statement of Activities, expenses increased in all categories: interest on long term debt by \$68,089, general government \$7,797,319, Highways and streets \$1,149,706, Education \$3,852, Public safety \$1,287,283 and Health and welfare \$5,355,379.



The chart above compares direct program revenue with program expenses. During the past year, there was a large increase in both revenues and expenses related to Health and Welfare due to the Covid-19 pandemic.

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, 2021, the County’s governmental funds have combined ending fund balances of \$22,959,366, which includes an increase of \$2,472,596 during the current fiscal year. The ending fund balance consists of \$263,761 defined as nonspendable, \$15,644,745 defined as restricted and \$988,318 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, 2021 is \$6,062,542, an increase of 1,047,215 increase over the \$5,015,327 unassigned fund balance at June 30, 2020.

The General Fund is the chief operating fund of the County. At June 30, 2021, unassigned General Fund balance was \$6,080,781, approximately 99% of the total General Fund balance. The General Fund balance increased \$756,724 during the current fiscal year, compared to an increase of \$891,897 in the prior year.

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 \$756,724, Public Works – increase \$1,294,886, and Behavioral Health – increase \$339,865, American Rescue – recognized no revenue in the current fiscal year. Other non-major governmental funds combined showed a fund balance increase of \$81,121. The fund increases were the result of revenues in excess of expenditures.

General Fund Budgetary Highlights

During the fiscal year, two budget modifications were adopted by the Board. The modifications transferred \$765,000 from general fund operating contingency to various departments. Appropriation increases included the following: Clerk Elections - \$40,000, O&C Title III - \$10,000, Sheriff Patrol - \$400,000, Sheriff Jail - \$100,000, and Emergency Management - \$180,000. There was also an increase in transfers to other funds in the amount of \$35,000.

Capital Assets and Debt Administration

The County’s investment in capital assets, net of depreciation at June 30, 2021, is \$55,212,779. This investment in capital assets includes land, building and improvements, machinery and equipment, roads and bridges, vehicles and construction in progress. The net increase during the current year was \$2,370,803.

New assets acquired include purchase of land and building (\$5,472,583), other improvements to buildings (\$308,148), machinery and equipment (\$330,775), vehicles (\$440,407), furniture and fixtures (\$60,692), and computers (\$67,289). Currently, the county has a few large projects sitting in work in process. Of those projects, the largest one is the Public Works building which will be completed in the 2021-2022 fiscal year. In addition to the public works building, the following are the larger county projects, Academy Remodel (\$997,254), Fairgrounds – Building C Remodel (\$416,464) and Doaks Ferry Realignment project (\$87,464). Ten new vehicles were purchased during the year for a total of \$440,407. Five of the vehicles belong to the Sheriff’s office, one of the vehicles to Corrections, one to the Courthouse, and the other two went to various departments to help with Public Health needs.

The investment in capital assets balance for the year is increased by asset acquisitions (\$11,368,558), decreased by depreciation expense (\$3,457,259) and decreased for asset dispositions (\$20,557) and decreased for reclassifications (\$5,519,938). The dispositions included sale of vehicles, public works equipment and computer equipment. Additional detail about capital asset changes can be found in Note 5 labeled “Capital Assets” in the financial statements.

At the end of the current fiscal year, the County owed \$14,330,000 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 \$805,000 and interest of \$348,534 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, a land sales contract was incurred in the amount of \$525,000 for the purchase of land and buildings. Principal payments of \$15,946 and interest payments of \$25,631 were made during the year.

Additional details about debt and repayment terms are contained (Note 6) in notes to the financial statements.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Key Economic Factors and Next Year’s Budget Information

- Polk County’s fiscal year 2021-22 budgeted appropriations increased \$2,674,693 compared to the prior year budget.
- General Fund resources for fiscal year 2020-21 are budgeted at \$28,624,600. This includes a beginning fund balance of \$5,250,000.
- Significant changes in fiscal year 2020-21 budgeted expenses, including percentage change from the prior year’s final budget are:
 - Public Works increase - \$1,540,000 (16.32%), increased revenue primarily as a result of finally receiving federal reimbursement monies for projects previously completed.
 - Health Services increase - \$457,000 (10.6%), increased revenue from COVID funding.

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:

Katlyn D’Agostini
Polk County Finance Director
850 Main Street
Dallas, Oregon 97338
Phone: 503-623-9264

BASIC FINANCIAL STATEMENTS

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POLK COUNTY
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 29,636,166
Receivables, net	5,103,583
Inventory	249,283
Prepaid items	40,219
Net other postemployment benefit asset	310,294
Deposit on property	200,000
Capital assets:	
Land and construction in progress	11,682,149
Other capital assets, net	43,530,630
Total assets	90,752,324
Deferred outflows of resources	
Pension related items	15,066,784
Other postemployment benefit related items	336,091
Total deferred outflows of resources	15,402,875
Liabilities	
Accounts payable and accrued liabilities	2,192,388
Unearned revenue	7,691,515
Long-term liabilities:	
Due within one year	2,276,119
Due in more than one year	58,376,460
Total liabilities	70,536,482
Deferred inflows of resources	
Pension related items	1,222,953
Other postemployment benefit related items	516,552
Total deferred inflows of resources	1,739,505
Net position	
Net investment in capital assets	40,378,866
Restricted for:	
Highways and streets	3,099,890
Health and welfare	11,484,364
Public safety	498,314
Economic development	1,093,689
Debt service	75,564
Other purposes	178,918
Unrestricted	(22,930,393)
Total net position	\$ 33,879,212

See notes to financial statements

POLK COUNTY
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 15,913,177	\$ 2,581,174	\$ 6,803,806	\$ (6,528,197)
Public safety	19,618,374	1,141,088	4,596,228	(13,881,058)
Highways and streets	9,376,510	538,084	7,396,494	(1,441,932)
Health and welfare	26,898,547	8,601,755	24,706,988	6,410,196
Education	501,888	-	6,320	(495,568)
Interest	374,665	-	-	(374,665)
Total governmental activities	<u>\$ 72,683,161</u>	<u>\$ 12,862,101</u>	<u>\$ 43,509,836</u>	<u>(16,311,224)</u>
General revenues:				
Taxes levied for:				
General purposes				13,900,791
Education				417,791
Debt service				2,616
Franchise fees				657,353
Grants and contributions not restricted to specific programs				702,632
Unrestricted investment earnings				170,384
Miscellaneous				96,860
Gain on sale of asset				<u>64,794</u>
Total general revenues and transfers				<u>16,013,221</u>
Change in net position				(298,003)
Net position - beginning				<u>34,177,215</u>
Net position - ending				<u>\$ 33,879,212</u>

POLK COUNTY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General	Public Works	Behavioral Health	American Rescue Plan	Total Nonmajor Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 5,900,010	\$ 1,445,455	\$ 6,379,186	\$ 7,939,973	\$ 6,623,527	\$ 28,288,151
Receivables	1,142,316	1,603,177	1,671,103	-	658,096	5,074,692
Inventory	-	249,283	-	-	-	249,283
Prepaid items	11,361	73	1,594	-	1,450	14,478
Due from other funds	79,719	-	-	-	-	79,719
Total assets	<u>\$ 7,133,406</u>	<u>\$ 3,297,988</u>	<u>\$ 8,051,883</u>	<u>\$ 7,939,973</u>	<u>\$ 7,283,073</u>	<u>\$ 33,706,323</u>
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 696,655	\$ 198,098	\$ 176,164	\$ 248,458	\$ 763,047	\$ 2,082,422
Unearned revenue	-	-	-	7,691,515	-	7,691,515
Due to other funds	-	-	-	-	79,719	79,719
Total liabilities	<u>696,655</u>	<u>198,098</u>	<u>176,164</u>	<u>7,939,973</u>	<u>842,766</u>	<u>9,853,656</u>
Deferred inflows of resources						
Unavailable revenue	344,609	327,111	99,819	-	121,762	893,301
Fund balances						
Nonspendable	11,361	249,356	1,594	-	1,450	263,761
Restricted	-	2,523,423	7,774,306	-	5,347,016	15,644,745
Committed	-	-	-	-	988,318	988,318
Unassigned	6,080,781	-	-	-	(18,239)	6,062,542
Total fund balances	<u>6,092,142</u>	<u>2,772,779</u>	<u>7,775,900</u>	<u>-</u>	<u>6,318,545</u>	<u>22,959,366</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 7,133,406</u>	<u>\$ 3,297,988</u>	<u>\$ 8,051,883</u>	<u>\$ 7,939,973</u>	<u>\$ 7,283,073</u>	<u>\$ 33,706,323</u>

See notes to financial statements

POLK COUNTY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2021

Fund balances - total governmental funds	\$	22,959,366
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
The statement of net position reports a net other postemployment benefit asset for the County's participation in the Oregon PERS Retiree Health Insurance Account		310,294
The deposit on property is not a financial resource and therefore is not reported in the funds		200,000
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		55,212,779
The government-wide statements report as a deferred outflow contributions made to OPERS subsequent to the measurement date of June 30, 2020 and changes in assumptions and investment returns related to its participation in OPERS		15,066,784
The government-wide statements report a deferred outflow related to changes in assumptions and investment returns related to participation in other postemployment benefit plans		336,091
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		893,301
Some liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds		(60,520,507)
The government-wide statements report as a deferred inflow the effect of difference between projected and actual earnings and changes in proportionate share of contributions to OPERS		(1,222,953)
The government-wide statements report as a deferred inflow the effect of difference between projected and actual earnings and changes in proportionate share of contributions to other postemployment benefit plans		(516,552)
Internal service funds are included in governmental activities	(1,932,913)	
Less:		
Net other postemployment benefits asset include above	(34,132)	
Capital asset of internal service funds included above	(273,825)	
Deferred outflows for pension and other postemployment benefits include above	(1,706,422)	
Plus:		
Long-term obligations included above	4,915,573	
Deferred inflows for pension and other postemployment benefits included above	192,328	1,160,609
Net position of governmental activities		\$ 33,879,212

POLK COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	Public Works	Behavioral Health	American Rescue Plan	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 13,900,370	\$ -	\$ -	\$ -	\$ 420,407	\$ 14,320,777
Franchise fees	434,488	-	-	-	222,865	657,353
Licenses, permits and fees	248,246	-	-	-	883,932	1,132,178
Fines and forfeitures	120,681	-	-	-	8,133	128,814
Charges for services	2,342,677	538,084	2,153,058	-	2,450,965	7,484,784
Donations	849	-	-	-	895,489	896,338
Intergovernmental	6,494,836	8,341,499	17,316,617	668,986	11,178,279	44,000,217
Interest	98,003	4,576	45,955	-	21,850	170,384
Miscellaneous	61,059	4,450	9,845	-	2,313	77,667
Total revenues	23,701,209	8,888,609	19,525,475	668,986	16,084,233	68,868,512
Expenditures						
Current						
General government	3,414,855	-	-	-	4,553,424	7,968,279
Public safety	17,110,706	-	-	-	1,523,558	18,634,264
Highways and streets	-	6,380,807	-	-	146,185	6,526,992
Health and welfare	302,074	-	19,185,610	-	6,927,126	26,414,810
Education	-	-	-	-	507,888	507,888
Debt service	-	69,606	-	-	1,126,005	1,195,611
Capital outlay	154,217	920,386	-	668,986	4,063,926	5,807,515
Total expenditures	20,981,852	7,370,799	19,185,610	668,986	18,848,112	67,055,359
Excess (deficiency) of revenues over expenditures	2,719,357	1,517,810	339,865	-	(2,763,879)	1,813,153
Other financing sources (uses)						
Transfers in	10,000	143,159	-	-	2,855,000	3,008,159
Sale of capital assets	25,526	33,917	-	-	-	59,443
Transfers out	(1,998,159)	(400,000)	-	-	(10,000)	(2,408,159)
Total other financing sources (uses)	(1,962,633)	(222,924)	-	-	2,845,000	659,443
Net change in fund balances	756,724	1,294,886	339,865	-	81,121	2,472,596
Fund balances at beginning of year	5,335,418	1,477,893	7,436,035	-	6,237,424	20,486,770
Fund balance at end of year	\$ 6,092,142	\$ 2,772,779	\$ 7,775,900	\$ -	\$ 6,318,545	\$ 22,959,366

POLK COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Net change in fund balances - total governmental funds \$ 2,472,596

*Amounts reported for governmental activities in the
Statement of Activities are different because of the following*

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

Acquisition of capital assets	\$ 5,848,619	
Depreciation	(3,457,259)	2,391,360

The net effect of transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position (20,557)

In the statement of activities, property taxes are reported as revenue when assessed. However, in the governmental fund statements, 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.

In the statement of activities, revenues are recognized when earned. However, in the governmental fund statements, revenues are reported when the amount is measurable and available. This results in differences in amounts reported for other revenues. (925,571)

Repayment of long-term debt is an expenditure in the governmental fund statements, but the repayment reduces long-term liabilities in the statement of net position 820,946

Changes in net pension liability, and pension related deferred outflows and inflows increase the pension expense in the current year, but do not require the use of current financial resources (5,139,285)

Changes in the net other postemployment benefits asset, liability, and related deferred outflows and inflow increase the employee benefit expense in the year, but to not require the use of current financial resources (82,881)

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

Change in net position	(701,208)	
Capitalized expenditures included above	(19,843)	
Depreciation expense included above	88,943	
Increase in pension expense included above	851,893	
Increase in employee benefit expense included above	3,364	
Decrease in compensated absences included above	(20)	223,129

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	(37,740)	
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Change in net position of governmental activities \$ (298,003)

POLK COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property taxes	\$ 13,825,000	\$ 13,825,000	\$ 13,900,370	\$ 75,370
Franchise fees	415,000	415,000	434,488	19,488
Licenses, permits and fees	232,000	232,000	248,246	16,246
Fines and forfeitures	142,000	142,000	120,681	(21,319)
Charges for services	1,724,500	1,724,500	2,342,677	618,177
Intergovernmental	5,693,600	5,693,600	6,494,836	801,236
Donations	1,000	1,000	849	(151)
Interest	225,000	225,000	98,003	(126,997)
Miscellaneous	31,000	31,000	61,059	30,059
	<u>22,289,100</u>	<u>22,289,100</u>	<u>23,701,209</u>	<u>1,412,109</u>
Expenditures				
County clerk				
Recording				
Personnel services	138,195	138,195	131,928	6,267
Materials and services	16,500	16,500	7,738	8,762
Interdepartment charges	65,407	65,407	65,407	-
Capital outlay	-	-	9,120	(9,120)
	<u>220,102</u>	<u>220,102</u>	<u>214,193</u>	<u>5,909</u>
Total recording				
Elections				
Personnel services	183,845	188,845	185,453	3,392
Materials and services	129,150	164,150	162,665	1,485
Interdepartment charges	79,181	79,181	79,181	-
	<u>392,176</u>	<u>432,176</u>	<u>427,299</u>	<u>4,877</u>
Total elections				
Total County clerk	<u>612,278</u>	<u>652,278</u>	<u>641,492</u>	<u>10,786</u>
Treasurer				
Personnel services	16,211	16,211	14,293	1,918
Materials and services	6,900	6,900	4,798	2,102
Interdepartment charges	11,597	11,597	11,597	-
	<u>34,708</u>	<u>34,708</u>	<u>30,688</u>	<u>4,020</u>
Total treasurer				
Non-departmental				
Fund-wide				
Materials and services	6,500	6,500	3,860	2,640
	<u>6,500</u>	<u>6,500</u>	<u>3,860</u>	<u>2,640</u>
Total non-departmental				
O & C Timber Title III				
Personnel services	50,000	60,000	57,204	2,796
	<u>50,000</u>	<u>60,000</u>	<u>57,204</u>	<u>2,796</u>
Total O & C Timber Title III				

Continued on next page

See notes to financial statements

POLK COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Assessment				
Personnel services	970,349	970,349	956,551	13,798
Materials and services	31,500	31,500	33,565	(2,065)
Interdepartment charges	<u>365,335</u>	<u>365,335</u>	<u>365,335</u>	<u>-</u>
Total assessment	<u>1,367,184</u>	<u>1,367,184</u>	<u>1,355,451</u>	<u>11,733</u>
Tax collector				
Personnel services	228,356	228,356	203,631	24,725
Materials and services	32,660	32,660	31,295	1,365
Interdepartment charges	<u>69,074</u>	<u>69,074</u>	<u>69,074</u>	<u>-</u>
Total tax collector	<u>330,090</u>	<u>330,090</u>	<u>304,000</u>	<u>26,090</u>
Community Development				
Environmental Health				
Personnel services	285,244	285,244	216,729	68,515
Materials and services	27,500	27,500	23,133	4,367
Interdepartment charges	<u>62,212</u>	<u>62,212</u>	<u>62,212</u>	<u>-</u>
Total environmental health	<u>374,956</u>	<u>374,956</u>	<u>302,074</u>	<u>72,882</u>
Planning				
Personnel services	440,506	440,506	384,290	56,216
Materials and services	33,800	33,800	59,426	(25,626)
Interdepartment charges	<u>131,538</u>	<u>131,538</u>	<u>131,538</u>	<u>-</u>
Total planning	<u>605,844</u>	<u>605,844</u>	<u>575,254</u>	<u>30,590</u>
Total community development	<u>980,800</u>	<u>980,800</u>	<u>877,328</u>	<u>103,472</u>
District Attorney				
Prosecution				
Personnel services	1,335,140	1,335,140	1,291,628	43,512
Materials and services	95,000	95,000	87,047	7,953
Interdepartment charges	<u>205,767</u>	<u>205,767</u>	<u>205,767</u>	<u>-</u>
Total prosecution	<u>1,635,907</u>	<u>1,635,907</u>	<u>1,584,442</u>	<u>51,465</u>
Support enforcement				
Personnel services	335,425	335,425	297,083	38,342
Materials and services	24,800	24,800	12,495	12,305
Interdepartment charges	<u>63,431</u>	<u>63,431</u>	<u>63,431</u>	<u>-</u>
Total support enforcement	<u>423,656</u>	<u>423,656</u>	<u>373,009</u>	<u>50,647</u>

Continued on next page

POLK COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Victim's assistance				
Personnel services	325,108	325,108	281,766	43,342
Materials and services	15,300	15,300	17,471	(2,171)
Interdepartment charges	<u>58,280</u>	<u>58,280</u>	<u>58,280</u>	<u>-</u>
Total victim's assistance	<u>398,688</u>	<u>398,688</u>	<u>357,517</u>	<u>41,171</u>
Court appointed special advisor (CASA)				
Materials and services	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Medical examiner				
Personnel services	50,101	50,101	43,041	7,060
Materials and services	12,500	12,500	10,791	1,709
Interdepartment charges	<u>1,772</u>	<u>1,772</u>	<u>1,772</u>	<u>-</u>
Total medical examiner	<u>64,373</u>	<u>64,373</u>	<u>55,604</u>	<u>8,769</u>
Total District Attorney	<u>2,537,624</u>	<u>2,537,624</u>	<u>2,385,572</u>	<u>152,052</u>
Sheriff				
Patrol				
Personnel services	4,286,033	4,636,033	4,577,472	58,561
Materials and services	759,500	809,500	767,416	42,084
Interdepartment charges	485,670	485,670	485,920	(250)
Capital outlay	<u>60,000</u>	<u>60,000</u>	<u>81,584</u>	<u>(21,584)</u>
Total patrol	<u>5,591,203</u>	<u>5,991,203</u>	<u>5,912,392</u>	<u>78,811</u>
Jail				
Personnel services	4,129,344	4,204,344	4,389,241	(184,897)
Materials and services	1,045,100	1,070,100	734,568	335,532
Interdepartment charges	641,816	641,816	641,816	-
Capital outlay	<u>-</u>	<u>-</u>	<u>29,121</u>	<u>(29,121)</u>
Total jail	<u>5,816,260</u>	<u>5,916,260</u>	<u>5,794,746</u>	<u>121,514</u>
Total sheriff	<u>11,407,463</u>	<u>11,907,463</u>	<u>11,707,138</u>	<u>200,325</u>
Emergency management				
Personnel services	194,959	234,959	225,852	9,107
Materials and services	274,400	414,400	411,757	2,643
Interdepartment charges	<u>35,691</u>	<u>35,691</u>	<u>35,691</u>	<u>-</u>
Total emergency management	<u>505,050</u>	<u>685,050</u>	<u>673,300</u>	<u>11,750</u>

Continued on next page

POLK COUNTY
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Community corrections				
Personnel services	1,735,217	1,735,217	1,638,802	96,415
Materials and services	674,500	674,500	498,211	176,289
Interdepartment charges	318,388	318,388	318,388	-
Capital outlay	32,000	32,000	34,392	(2,392)
Total community corrections	<u>2,760,105</u>	<u>2,760,105</u>	<u>2,489,793</u>	<u>270,312</u>
Community service - diversion				
Personnel services	353,430	353,430	314,962	38,468
Materials and services	48,500	48,500	51,451	(2,951)
Interdepartment charges	24,183	24,183	24,183	-
Total community service - diversion	<u>426,113</u>	<u>426,113</u>	<u>390,596</u>	<u>35,517</u>
Parks Maintenance				
Materials and services	72,367	72,367	62,197	10,170
Interdepartment charges	3,233	3,233	3,233	-
Total parks maintenance	<u>75,600</u>	<u>75,600</u>	<u>65,430</u>	<u>10,170</u>
Contingency	<u>3,735,585</u>	<u>2,970,585</u>	<u>-</u>	<u>2,970,585</u>
Total expenditures	<u>24,829,100</u>	<u>24,794,100</u>	<u>20,981,852</u>	<u>3,812,248</u>
Excess (deficiency) of revenues over expenditures	<u>(2,540,000)</u>	<u>(2,505,000)</u>	<u>2,719,357</u>	<u>5,224,357</u>
Other financing sources (uses)				
Sale of capital assets	10,000	10,000	25,526	15,526
Transfers in	50,000	50,000	10,000	(40,000)
Transfers out	(2,020,000)	(2,055,000)	(1,998,159)	56,841
Total other financing sources (uses)	<u>(1,960,000)</u>	<u>(1,995,000)</u>	<u>(1,962,633)</u>	<u>32,367</u>
Net change in fund balance	(4,500,000)	(4,500,000)	756,724	5,256,724
Fund balance at beginning of year	<u>4,500,000</u>	<u>4,500,000</u>	<u>5,335,418</u>	<u>835,418</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,092,142</u>	<u>\$ 6,092,142</u>

See notes to financial statements

POLK COUNTY
PUBLIC WORKS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Charges for services	\$ 475,000	\$ 475,000	\$ 538,084	\$ 63,084
Intergovernmental	6,690,000	6,690,000	8,341,499	1,651,499
Interest	10,000	10,000	4,576	(5,424)
Miscellaneous	-	-	4,450	4,450
	<u>7,175,000</u>	<u>7,175,000</u>	<u>8,888,609</u>	<u>1,713,609</u>
Expenditures				
Administration				
Personnel services	398,978	398,978	365,920	33,058
Materials and services	116,350	116,350	94,269	22,081
Interdepartment charges	424,180	424,180	424,180	-
	<u>-</u>	<u>-</u>	<u>584</u>	<u>(584)</u>
Total administration	<u>939,508</u>	<u>939,508</u>	<u>884,953</u>	<u>54,555</u>
County shops				
Personnel services	320,185	320,185	310,413	9,772
Materials and services	232,000	382,000	367,313	14,687
Capital outlay	5,000	105,000	4,475	100,525
	<u>557,185</u>	<u>807,185</u>	<u>682,201</u>	<u>124,984</u>
Road maintenance				
Personnel services	1,566,947	1,566,947	1,519,152	47,795
Materials and services	3,143,000	3,143,000	2,142,887	1,000,113
Capital outlay	405,000	405,000	319,623	85,377
	<u>5,114,947</u>	<u>5,114,947</u>	<u>3,981,662</u>	<u>1,133,285</u>
Road construction				
Materials and services	125,500	825,500	358,097	467,403
Debt payment	65,000	65,000	69,606	(4,606)
Capital outlay	90,000	140,000	595,704	(455,704)
	<u>280,500</u>	<u>1,030,500</u>	<u>1,023,407</u>	<u>7,093</u>
Survey				
Personnel services	454,832	469,832	480,918	(11,086)
Materials and services	31,500	31,500	10,568	20,932
	<u>486,332</u>	<u>501,332</u>	<u>491,486</u>	<u>9,846</u>

Continued on next page

POLK COUNTY
PUBLIC WORKS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
Engineering				
Personnel services	364,685	364,685	302,728	61,957
Materials and services	<u>14,500</u>	<u>14,500</u>	<u>4,362</u>	<u>10,138</u>
Total engineering	<u>379,185</u>	<u>379,185</u>	<u>307,090</u>	<u>72,095</u>
Contingency	<u>1,332,343</u>	<u>317,343</u>	-	<u>317,343</u>
Total expenditures	<u>9,090,000</u>	<u>9,090,000</u>	<u>7,370,799</u>	<u>1,719,201</u>
Excess (deficiency) of revenues over expenditures	<u>(1,915,000)</u>	<u>(1,915,000)</u>	<u>1,517,810</u>	<u>3,432,810</u>
Other financing sources (uses)				
Sale of capital assets	15,000	15,000	33,917	18,917
Transfers in	100,000	100,000	143,159	43,159
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(285,000)</u>	<u>(285,000)</u>	<u>(222,924)</u>	<u>62,076</u>
Net change in fund balance	(2,200,000)	(2,200,000)	1,294,886	3,494,886
Fund balance at beginning of year	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,477,893</u>	<u>(722,107)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,772,779</u>	<u>\$ 2,772,779</u>

POLK COUNTY
BEHAVIORAL HEALTH FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues				
Charges for services	\$ 2,136,000	\$ 2,136,000	\$ 2,153,058	\$ 17,058
Intergovernmental	14,609,000	14,609,000	17,316,617	2,707,617
Interest	120,000	120,000	45,955	(74,045)
Miscellaneous	-	-	9,845	9,845
Total revenues	<u>16,865,000</u>	<u>16,865,000</u>	<u>19,525,475</u>	<u>2,660,475</u>
Expenditures				
Administration				
Personnel services	1,434,276	1,784,276	1,884,632	(100,356)
Materials and services	73,700	223,700	244,817	(21,117)
Interdepartment charges	490,346	490,346	490,346	-
Capital outlay	2,000,000	2,000,000	-	2,000,000
Total administration	<u>3,998,322</u>	<u>4,498,322</u>	<u>2,619,795</u>	<u>1,878,527</u>
Addiction program				
Personnel services	928,591	1,028,591	960,932	67,659
Materials and services	61,650	111,650	62,677	48,973
Interdepartment charges	489,951	489,951	489,951	-
Total addiction program	<u>1,480,192</u>	<u>1,630,192</u>	<u>1,513,560</u>	<u>116,632</u>
Outpatient mental health services				
Personnel services	6,348,259	6,348,259	5,615,436	732,823
Materials and services	2,891,750	2,891,750	2,622,698	269,052
Interdepartment charges	4,379,937	4,379,937	4,379,937	-
Capital outlay	25,000	25,000	-	25,000
Total outpatient mental health services	<u>13,644,946</u>	<u>13,644,946</u>	<u>12,618,071</u>	<u>1,026,875</u>
Developmental disabilities				
Personnel services	2,174,728	2,174,728	2,028,284	146,444
Materials and services	109,500	109,500	97,915	11,585
Interdepartment charges	307,985	307,985	307,985	-
Total developmental disabilities	<u>2,592,213</u>	<u>2,592,213</u>	<u>2,434,184</u>	<u>158,029</u>
Contingency	<u>2,899,327</u>	<u>2,249,327</u>	-	<u>2,249,327</u>
Total expenditures	<u>24,615,000</u>	<u>24,615,000</u>	<u>19,185,610</u>	<u>5,429,390</u>
Net change in fund balance	(7,750,000)	(7,750,000)	339,865	8,089,865
Fund balance at beginning of year	<u>7,750,000</u>	<u>7,750,000</u>	<u>7,436,035</u>	<u>(313,965)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,775,900</u>	<u>\$ 7,775,900</u>

POLK COUNTY
AMERICAN RESCUE PLAN
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues				
Intergovernmental	\$ -	\$ 8,350,000	\$ 8,360,501	\$ 10,501
Total revenues	-	8,350,000	8,360,501	10,501
Expenditures				
American Rescue Plan				
Materials and services	-	350,000	-	350,000
Capital outlay	-	-	668,986	(668,986)
Contingency	-	8,000,000	-	8,000,000
Total expenditures	-	8,350,000	668,986	7,681,014
Net change in fund balance	-	-	7,691,515	7,691,515
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	7,691,515	\$ 7,691,515

POLK COUNTY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	Governmental Activities
	Internal Service Funds
Assets	
Current assets	
Cash and cash equivalents	\$ 1,348,015
Receivables, net	28,891
Prepaid items	25,741
Total current assets	1,402,647
Net other postemployment benefits asset	34,132
Capital assets, net	273,825
Total assets	1,710,604
Deferred outflows of resources	
Pension related items	1,669,452
Other postemployment benefit related items	36,970
Total deferred outflows of resources	1,706,422
Liabilities	
Current liabilities	
Accounts payable and accrued liabilities	109,966
Long-term obligations:	
Long-term obligations due within one year	132,072
Long-term obligations due in more than one year	4,915,573
Total liabilities	5,157,611
Deferred inflows of resources	
Pension related items	135,507
Other postemployment benefit related items	56,821
Total deferred inflows of resources	192,328
Net position	
Net investment in capital assets	273,825
Unrestricted	(2,206,738)
Total net position	\$ (1,932,913)

POLK COUNTY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Governmental Activities
	Internal Service Funds
Operating revenues	
Intergovernmental	\$ 233,995
Charges for services	7,335,075
Rents	42,483
Total operating revenues	7,611,553
Operating expenses	
Personnel services	4,632,175
Materials and services	2,420,692
Interdepartmental charges	576,302
Depreciation	88,943
Total operating expenses	7,718,112
Operating income (loss)	(106,559)
Nonoperating revenues (expenses)	
Gain on sale of capital assets	5,351
Total nonoperating revenue (expenses)	5,351
Income (loss) before transfers	(101,208)
Transfers out	(600,000)
Change in net position	(701,208)
Net position - beginning	(1,231,705)
Net position - ending	\$ (1,932,913)

POLK COUNTY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Governmental Activities
	Internal Service Funds
Cash flows from operating activities	
Receipts from customers	\$ 401,868
Receipts from other funds	7,335,075
Miscellaneous receipts	42,483
Payments to suppliers	(2,364,743)
Payments to employees	(3,852,293)
	(576,302)
Net cash provided by (used in) operating activities	986,088
Cash flows from noncapital financing activities	
Transfers out	(600,000)
Net cash provided by (used in) noncapital financing activities	(600,000)
Cash flows from capital and related financing activities	
Proceeds from sale of capital assets	5,351
Acquisition of capital assets	(19,843)
Net cash provided by (used in) capital and related financing activities	(14,492)
Net increase (decrease) in cash and cash equivalents	371,596
Cash and cash equivalents - beginning of year	976,419
Cash and cash equivalents - end of year	\$ 1,348,015
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities	
Operating income (loss)	\$ (106,559)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities	
Depreciation	88,943
(Increase) decrease in assets and deferred outflows	
Receivables, net	167,873
Prepaid items	80,198
Net other postemployment benefits asset	1,878
Pension related items	(377,921)
Other postemployment benefit related items	(6,025)
Increase (decrease) in liabilities and deferred inflows	
Accounts payable and accrued liabilities	(24,249)
Compensated absences payable	(20)
Net pension liability	1,180,345
Net other postemployment benefits liability	16,253
Pension related items	(49,469)
Other postemployment benefit related items	14,841
Net cash provided by (used in) operating activities	\$ 986,088

See notes to financial statements

POLK COUNTY
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2021

	<u>Custodial</u>
Assets	
Cash and cash equivalents	\$ 31,005,379
Receivables	<u>2,876,427</u>
 Total assets	 <u>33,881,806</u>
 Liabilities	
Due to local governments	<u>31,343,381</u>
 Net position	
Restricted for other governments and individuals	 <u>\$ 2,538,425</u>

See notes to financial statements

POLK COUNTY
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
Year Ended June 30, 2021

	Custodial
Additions	
Taxes collected for other governments	\$ 104,424,092
Other amounts collected	<u>2,748,799</u>
Total additions	<u>107,172,891</u>
Deductions	
Payments to other governments	106,906,976
Other payments	<u>540,881</u>
Total deductions	<u>107,447,857</u>
Change in net position	(274,966)
Net position - beginning of year	<u>2,813,391</u>
Net position - end of year	<u><u>\$ 2,538,425</u></u>

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

Polk County (the “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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements (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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

American Rescue Plan – accounts for proceeds from the American Rescue Plan for Coronavirus relief.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

Net Position

Government-wide fund reporting

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.

Fund balance

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance (continued)

Governmental fund type fund balance reporting

- *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.
- *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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policies and budgetary control (continued)

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.

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.

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.

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.

Grants and entitlements

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

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 |
| • Building 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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations (continued)

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.

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 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.

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.

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.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

NOTE 3 – CASH AND CASH EQUIVALENTS

The County’s cash and cash equivalents at June 30, 2021, are as follows:

Cash on hand	\$	3,785
Deposits with financial institutions		822,879
State of Oregon Local Government Investment Pool		<u>30,178,715</u>
 Total deposits and investments		 <u>\$ 31,005,379</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.

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

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, 2021, none of the County’s bank balances were exposed to custodial credit risk.

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.

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

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.

NOTE 4 – RECIEVABLES

The County’s receivables at June 30, 2021, are as follows:

	Property Taxes	Accounts	Grants	Assessments	Total
General	\$ 382,176	\$220,621	\$ 515,662	\$ 23,857	\$ 1,142,316
Public Works	-	327,111	1,276,066	-	1,603,177
Behavioral Health	-	119,783	1,551,320	-	1,671,103
American Rescue Plan	-	-	-	-	-
Nonmajor governmental funds	<u>17,166</u>	<u>173,749</u>	<u>467,181</u>	-	<u>658,096</u>
Total governmental funds	399,342	841,264	3,810,229	23,857	5,074,692
Internal service funds	<u>-</u>	<u>28,891</u>	<u>-</u>	<u>-</u>	<u>28,891</u>
Total governmental activities	399,342	870,155	3,810,229	23,857	5,103,583
Fiduciary funds agency	<u>2,477,085</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,477,085</u>
Totals	<u>\$2,876,427</u>	<u>\$870,155</u>	<u>\$ 3,810,229</u>	<u>\$ 23,857</u>	<u>\$ 7,580,668</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended June 30, 2021, was as follows:

	Balances July 1, 2020	Additions	Deletions	Reclass- ifications	Balances June 30, 2021
<i>Capital assets not being depreciated</i>					
Land	\$ 2,258,072	\$ 166,479	\$ -	\$ -	\$ 2,424,551
Construction in progress	<u>10,088,873</u>	<u>4,688,663</u>	<u>-</u>	<u>(5,519,938)</u>	<u>9,257,598</u>
Total capital assets not being depreciated	<u>12,346,945</u>	<u>4,855,142</u>	<u>-</u>	<u>(5,519,938)</u>	<u>11,682,149</u>
<i>Capital assets being depreciated</i>					
Infrastructure	97,106,041	-	-	-	97,106,041
Buildings	24,145,746	31,200	-	5,274,904	29,451,850
Improvements	2,276,212	63,114	-	245,034	2,584,360
Bridges	23,780,562	-	-	-	23,780,562
Equipment	<u>14,163,867</u>	<u>899,163</u>	<u>312,160</u>	<u>-</u>	<u>14,750,870</u>
Total capital assets being depreciated	<u>161,472,428</u>	<u>993,477</u>	<u>312,160</u>	<u>5,519,938</u>	<u>167,673,683</u>
Less accumulated depreciation for:					
Infrastructure	88,296,934	1,190,103	-	-	89,487,037
Buildings	13,076,445	672,591	-	-	13,749,036
Improvements	979,796	126,479	-	-	1,106,275
Bridges	9,478,430	437,680	-	-	9,916,110
Equipment	<u>9,145,792</u>	<u>1,030,406</u>	<u>291,603</u>	<u>-</u>	<u>9,884,595</u>
Total accumulated depreciation	<u>120,977,397</u>	<u>3,457,259</u>	<u>291,603</u>	<u>-</u>	<u>124,143,053</u>
Total capital assets being depreciated, net	<u>40,495,031</u>	<u>(2,463,782)</u>	<u>20,557</u>	<u>5,519,938</u>	<u>43,530,630</u>
Governmental activities capital assets, net	<u>\$52,841,976</u>	<u>\$ 2,391,360</u>	<u>\$ 20,557</u>	<u>\$ -</u>	<u>\$ 55,212,779</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (Continued)

For the year ended June 30, 2021, depreciation expense charged to functions/programs of the County was as follows:

Governmental Activities	
General government	\$ 241,139
Public safety	926,020
Highways and streets	1,947,134
Health and welfare	<u>342,966</u>
 Total governmental activities	 <u>\$ 3,457,259</u>

Capital asset activity in internal service funds, which are included in the governmental activities, for the year ended June 30, 2021, was as follows:

	<u>Balances</u> <u>July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>June 30, 2021</u>
<i>Capital assets being depreciated</i>				
Buildings	25,190	-	-	25,190
Improvements	37,643	-	-	37,643
Equipment	<u>1,179,651</u>	<u>19,843</u>	<u>34,050</u>	<u>1,165,444</u>
 Total capital assets being depreciated	 <u>1,242,484</u>	 <u>19,843</u>	 <u>34,050</u>	 <u>1,228,277</u>
 Less accumulated depreciation for:				
Buildings	420	1,260	-	1,680
Improvements	23,044	1,810	-	24,854
Equipment	<u>876,095</u>	<u>85,873</u>	<u>34,050</u>	<u>927,918</u>
 Total accumulated depreciation	 <u>899,559</u>	 <u>88,943</u>	 <u>34,050</u>	 <u>954,452</u>
 Total capital assets being depreciated, net	 <u>\$ 342,925</u>	 <u>\$(69,100)</u>	 <u>\$ -</u>	 <u>\$ 273,825</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2021, were as follows:

	Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021	Balances Due Within One Year
<u>Governmental activities</u>					
Long-term debt obligations					
Bonded debt					
Full Faith and Credit Obligations, Series 2011	\$ 1,070,000	\$ -	\$ 160,000	\$ 910,000	\$ 165,000
Full Faith and Credit Obligations, Series 2012	415,000	-	55,000	360,000	55,000
Full Faith and Credit Obligations, Series 2019	13,650,000	-	590,000	13,060,000	600,000
Direct placement debt					
McMullin Contract	<u>519,859</u>	<u>-</u>	<u>15,946</u>	<u>503,913</u>	<u>16,762</u>
Total long-term debt obligations	15,654,859	-	820,946	14,833,913	836,762
Other long-term obligations					
Compensated absences	1,401,617	37,740	-	1,439,357	1,439,357
Net pension liability	34,046,477	8,081,892	-	42,128,369	-
Other post-employment benefits	<u>2,258,462</u>	<u>-</u>	<u>7,522</u>	<u>2,250,940</u>	<u>-</u>
Total long-term obligations	<u>\$ 53,361,415</u>	<u>\$ 8,119,632</u>	<u>\$ 828,468</u>	<u>\$ 60,652,579</u>	<u>\$ 2,276,119</u>
<u>Internal service funds included in governmental activities</u>					
Other long-term obligations					
Compensated absences	\$ 132,092	\$ -	\$ 20	\$ 132,072	\$ 132,072
Net pension liability	3,487,625	1,180,345	-	4,667,970	-
Other post-employment benefits	<u>231,350</u>	<u>16,253</u>	<u>-</u>	<u>247,603</u>	<u>-</u>
	<u>\$ 3,851,067</u>	<u>\$ 1,196,598</u>	<u>\$ 20</u>	<u>\$ 5,047,645</u>	<u>\$ 132,072</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

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% 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% 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% 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%.

As of June 30, 2021, future maturities of government activities long-term debt obligations are as follows:

Full Faith & Credit Obligations Series 2019		Full Faith & Credit Obligations Series 2011		Full Faith & Credit Obligations Series 2012		Fiscal Year
Principal	Interest	Principal	Interest	Principal	Interest	
\$ 600,000	\$ 278,242	\$ 165,000	\$ 36,410	\$ 55,000	\$ 14,106	2022
615,000	265,402	175,000	28,930	55,000	12,429	2023
630,000	252,241	180,000	21,120	60,000	10,545	2024
640,000	238,759	190,000	12,980	60,000	8,360	2025
655,000	225,063	200,000	4,400	65,000	4,940	2026
3,500,000	908,640	-	-	65,000	2,470	2027-2031
3,885,000	518,222	-	-	-	-	2032-2036
2,535,000	271,821	-	-	-	-	2037-2040
<u>\$ 13,060,000</u>	<u>\$ 2,958,390</u>	<u>\$ 910,000</u>	<u>\$ 103,840</u>	<u>\$ 360,000</u>	<u>\$ 52,850</u>	

Fiscal Year	McMullin Contract		Totals	
	Principal	Interest	Principal	Interest
2022	\$ 16,762	\$ 24,815	\$ 836,762	\$ 353,573
2023	17,620	23,957	862,620	330,718
2024	18,521	23,056	888,521	306,962
2025	19,469	22,108	909,469	282,207
2026	20,465	21,112	940,465	255,515
2027-2031	411,076	88,730	3,976,076	999,840
2032-2036	-	-	3,885,000	518,222
2037-2040	-	-	2,535,000	271,821
	<u>\$ 503,913</u>	<u>\$ 203,778</u>	<u>\$ 14,833,913</u>	<u>\$ 3,318,858</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - INTERFUND BALANCES AND TRANSFERS

For the year ended June 30, 2021, interfund transfers used to reallocate financial resources to funds where they will be expended were as follows:

Fund	Transfers	
	In	Out
General	\$ 10,000	\$ 1,998,159
Public Works	143,159	400,000
Nonmajor	2,855,000	10,000
Internal Service	-	600,000
	<u>\$ 3,008,159</u>	<u>\$ 3,008,159</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 transfer from the Internal Service Fund to the Building Improvement fund was to provide for debt service payments.

NOTE 8 – UNAVAILABLE REVENUE

As of June 30, 2021, 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	\$ 343,509	\$ -	\$ -	\$ 15,098	\$ 358,607
Accounts	1,100	327,111	99,819	106,664	534,694
	<u>\$ 344,609</u>	<u>\$ 327,111</u>	<u>\$ 99,819</u>	<u>\$ 121,762</u>	<u>\$ 893,301</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – 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.

NOTE 10 – 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, 2021 were \$473,270.

As of June 30, 2021, future minimum lease payments for the non-cancelable leases are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 452,563
2023	456,898
2024	305,196
2025	253,549
2026	256,085
2027-31	1,359,328
2032-36	<u>1,500,808</u>
Total	<u>\$ 4,584,427</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan Description

Employees of the County are provided with pensions through the Oregon Public Employees 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/2020-CAFR.pdf.

Description of benefit terms

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

Tier 1/Tier 2 retirement benefit (Chapter 238)

Tier 1/Tier 2 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% for general service employees and 2% for police and fire employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55, and police and fire members after age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier 2 members are eligible for full benefits at age 60.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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 an 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 an OPERS-covered job, or
- the member was on an official leave of absence from an 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.

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% 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.

Police and fire: 1.8% is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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% 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% 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.

Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the actuarial valuation as of December 31, 2018.

Tier 1/Tier 2 employer contribution rates are 24.54% and the OPSRP employer contribution rates are 16.76% for general service employees. Public safety employees OPSRP rates are 21.39%. Employer contributions for the year ended June 30, 2021, were \$4,530,320.

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

Net pension liability

At June 30, 2021, the County reported a liability of \$42,128,369 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The County's proportion of the net pension liability was actuarially determined based on a projection of the County's long-term contributions effort to the pension plan relative to the long-term projected contributions effort of all participating employers. 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 1/Tier 2 payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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. The employer's projected long-term contribution effort does not include payments toward the current value of transition liabilities and pre-SLGRP liabilities.

At June 30, 2020, the County's proportion was 0.19304184%, which was a decrease of .00378585% from its proportion measured as of June 30, 2019.

Pension expense

For the year ended June 30, 2021, the County recognized pension expense of \$9,570,667.

Deferred inflows of resources and deferred outflows of resources

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

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to the measurement date

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. 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, 2020 - 5.3 years
- 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.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,854,158	\$ -
Changes in assumptions	2,260,896	79,217
Net difference between projected and actual earnings on pension plan investments	4,953,749	-
Changes in proportionate share	1,214,407	569,203
Differences between employer contributions and employer's proportionate share of system contributions	253,254	574,533
Contributions subsequent to the measurement date	4,530,320	-
	\$ 15,066,784	\$ 1,222,953

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Deferred outflows of resources related to pensions resulting from the County’s contributions subsequent to the measurement in the amount of \$4,530,320 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ends June 30,	
2022	\$ 2,217,331
2023	2,915,261
2024	2,597,045
2025	1,604,116
2026	<u>(20,242)</u>
	<u>\$ 9,313,511</u>

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

The total pension liability measured as of June 30, 2020 was based on an actuarial valuation as of December 31, 2018 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	7.2%
Discount rate	7.2%
Administrative expenses – Tier 1/Tier 2	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.5 %
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized.

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

Discount rate

The discount rate used to measure the total pension liability was 7.2%. 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

Asset Class	Target Allocation
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Risk parity	2.50%
Total	100.00%

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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 2019 the PERS Board reviewed long-term assumptions developed by both the actuary’s 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.

<u>Long-Term Expected Rate of Return</u> ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

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.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Depletion date projection

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

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

- 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% 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.

Changes in actuarial methods and assumptions

Key changes implemented since the December 31, 2017, valuation are:

- Tier 1/Tier 2 UAL Amortization – Senate Bill 20149 was signed into law in June 2019 and requires a one-time re-amortization of Tier 1/Tier 2 UAL over a closed 22-year period at the December 31, 2019, rate-setting actuarial valuation which will set the actuarially determined contribution rates for the 2021-2023 biennium.
- Administrative Expenses – The administrative expense assumptions were updated to \$32.5 million per year for Tier 1/Tier 2 and \$8.0 million per year for OPSRP. Previously these were assumed to be \$37.5 million per year and \$6.5 million per year, respectively.
- Mortality Tables – The healthy annuitant, active and disabled mortality tables were updated to Pub-2010 from RP-2014 generational tables.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

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%, 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%) or 1-percentage-point higher (8.2%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$62,557,149	\$42,128,369	\$24,997,890

NOTE 12 – DEFINED CONTRIBUTION PLAN

Plan description

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

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.

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.

Contributions

The County makes the employee contributions of 6% of covered payroll to the plan. Contributions for the year ended June 30, 2021, were \$1,388,290.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – COUNTY DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT

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.

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.

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

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

At June 30, 2021, the County reported a total OPEB liability of \$2,250,940. The total OPEB liability was measured as of July 1, 2020, and determined by an actuarial valuation as of that date.

Changes in the total OPEB liability is as follows:

Balances at June 30, 2020	\$ 2,258,462
Changes for the year:	
Service cost	194,008
Interest	84,343
Effect of economic/demographic gains or losses	(6,853)
Effect of assumptions, changes, or inputs	(192,964)
Benefit payment	<u>(86,056)</u>
Balances at June 30, 2021	<u>\$ 2,250,940</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – COUNTY DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (Continued)

For the year ended June 30, 2021, the County recognized OPEB expense of \$235,126. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 120,158	\$ 6,108
Changes of assumptions or inputs	57,345	460,316
County's contributions subsequent to the measurement date	<u>90,130</u>	<u>-</u>
	<u>\$ 267,633</u>	<u>\$ 466,424</u>

Deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date in the amount of \$90,130 will be recognized as an adjustment to the Total OPEB liability in the year ended June 30, 2021. As of 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,	
2022	\$ (43,225)
2023	(43,225)
2024	(43,225)
2025	(43,225)
2026	(43,225)
Thereafter	<u>(72,796)</u>
	<u>\$ (288,921)</u>

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.

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – COUNTY DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (Continued)

Actuarial methods and assumptions used in developing total OPEB liability

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

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

Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.5%.

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – COUNTY DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (Continued)

Healthcare cost trend rate

As of June 30, 2021, the assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2020	3.5%
2021	5.75
2022	5.25
2023-2025	5.00
2026-2040	4.75
2041-2049	5.00
2050-2064	4.75
2065-2067	4.50
2068-2071	4.25
2072+	4.00

Dental costs are assumed to increase 4.5% 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 2.21%, as well as what the County’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) 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	\$ 2,444,918	\$ 2,250,940	\$ 2,069,865
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
County's total OPEB liability	\$ 1,973,408	\$ 2,250,940	\$ 2,583,632

NOTE 13 – COUNTY DEFINED BENEFIT OTHER POSTEMPLOYMENT BENEFIT (Continued)

Changes since prior valuation

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

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

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

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

NOTE 14 – PERS DEFINED OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan description

The County contributes to the OPERS 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/2020-CAFR.pdf.

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.

NOTE 14 – PERS DEFINED OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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.

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the actuarial valuation as of December 31, 2018.

The County contributed 0.06% of PERS-covered salaries for Tier 1 and Tier 2 members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2021, the County made contributions in the amount of \$3,734 to the RHIA.

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

Net OPEB liability (asset)

At June 30, 2021, the County reported an (asset) of \$310,294 for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. 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.

At June 30, 2020, the County's proportion was 0.15228373%, which was a decrease of 0.02963455% from its proportion measured as of June 30, 2019.

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – PERS DEFINED OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

OPEB expense

For the year ended June 30, 2021, the County recognized OPEB revenue of \$34,798.

Deferred inflows of resources and deferred outflows of resources

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

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Contributions subsequent to the measurement date

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, 2020 – 2.9 years
- 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, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 31,721
Changes in assumptions	-	16,494
Net difference between projected and actual earnings on pension plan investments	34,507	-
Changes in proportionate share	30,217	1,913
Contributions subsequent to the measurement date	3,734	-
	\$ 68,458	\$ 50,128

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 14 – PERS DEFINED OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

Deferred outflows of resources related to OPEB resulting from the County’s contributions subsequent to the measurement date in the amount of \$3,734 will be recognized as an adjustment to the net OPEB (asset)/liability in the year ending June 30, 2022. As of 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,	
2022	\$ (16,796)
2023	7,751
2024	12,756
2025	<u>10,885</u>
	<u>\$ 14,596</u>

Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in Note 11.

Retiree healthcare participation

Healthy retirees are assumed to participate 32% of the time while disabled retirees are assumed to participate 20% of the time.

Healthcare cost trend rate

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

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.

NOTE 14 – PERS DEFINED OTHER POSTEMPLOYMENT BENEFITS PLAN (Continued)

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% 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.

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

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

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ 250,510	\$ 310,294	\$ 361,411

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 15 – GOVERNMENTAL FUND BALANCES

Fund balance amounts for governmental funds have been reported in the categories of non-spendable, restricted, committed, assigned and unassigned. As of June 30, 2021, the specific purposes for these amounts are as follows:

	<u>General</u>	<u>Public Works</u>	<u>Behavioral Health</u>	<u>Nonmajor Governmental Funds</u>	<u>Totals</u>
Nonspendable:					
Inventory	\$ -	\$ 249,283	\$ -	\$ -	\$ 249,283
Prepays	11,361	73	1,594	1,450	14,478
Restricted for:					
Highways and streets	-	2,523,423	-	-	2,523,423
Public Safety	-	-	-	498,314	498,314
Health and welfare	-	-	7,774,306	3,501,981	11,276,287
Economic development	-	-	-	1,093,689	1,093,689
Debt service	-	-	-	75,564	75,564
Other purposes	-	-	-	177,468	177,468
Committed for:					
Dog control	-	-	-	43,005	43,005
Fair and fairgrounds facility support	-	-	-	116,812	116,812
Construction of public improvements	-	-	-	537,634	537,634
Unassigned	<u>6,080,781</u>	<u>-</u>	<u>-</u>	<u>(18,239)</u>	<u>6,062,542</u>
Total Fund Balances	<u>\$ 6,092,142</u>	<u>\$ 2,772,779</u>	<u>\$ 7,775,900</u>	<u>\$ 6,027,678</u>	<u>\$ 22,668,499</u>

NOTE 16 – DEFICIT NET POSITION AND FUND BALANCES

As of June 30, 2021, the Marine Patrol has a deficit fund balance of \$3,919 and the Law Library Fund has a deficit fund balance of \$14,320.

As of June 30, 2021, the Management Services Fund had a deficit net position of \$2,217,997.

NOTE 17 – TAX ABATEMENTS

Polk County negotiates property tax abatement agreements on an individual basis. For the year ended June 30, 2021, the County had agreements which reduced property taxes levied on 10 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.

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 17 – 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, 2021, 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%	\$ 6,927	\$ 741
Enterprise Zone	100%	<u>26,940</u>	<u>2,957</u>
Total Abatement		<u>\$ 33,867</u>	<u>\$ 3,698</u>

NOTE 18 – COMMITMENTS

The County has entered into commitments for various projects as of June 30, 2021, as follows:

<u>Project</u>	<u>Disbursed to Date</u>	<u>Remaining Commitment</u>
Courthouse Annex Façade	\$ 2,103,196	\$ 5,000
Public Works & EOC	5,845,698	440,736
Road Overlay	150,805	160,462
Academy Conference Rooms	892,097	347,542
Fairgrounds Restroom Remodel	<u>107,687</u>	<u>161,530</u>
	<u>\$ 9,099,483</u>	<u>\$ 1,115,270</u>

POLK COUNTY
NOTES TO FINANCIAL STATEMENTS

NOTE 19 – EXPENDITURES IN EXCESS OF APPROPRIATION

During the year ended June 30, 2021, expenditures in excess of appropriations occurred as follows:

<u>Fund / Appropriation Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
American Rescue Plan – Capital outlay	\$ -	\$ 668,986	\$ 668,986

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 10 Plan Years Ended June 30,*

<u>Year Ended June 30,</u>	<u>County's proportion of the net pension liability (asset)</u>	<u>County's proportionate share of the net pension liability (asset)</u>	<u>County's covered payroll</u>	<u>County's proportionate share of the net pension liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total pension liability</u>
2020	0.19304184%	\$ 42,128,369	21,031,089	200%	76%
2019	0.19682769%	34,046,477	19,958,827	171%	80%
2018	0.18228999%	27,614,532	18,802,869	147%	82%
2017	0.17902669%	24,132,865	17,173,056	141%	83%
2016	0.17810326%	26,737,435	15,389,727	174%	81%
2015	0.21117493%	12,124,527	13,843,399	88%	92%
2014	0.22053790%	(4,998,965)	14,470,863	-35%	104%
2013	0.22053790%	11,254,372	14,939,587	75%	92%

* Information will be accumulated annually until 10 years is presented

POLK COUNTY
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30,*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percent of covered payroll
2021	\$ 4,530,320	\$ 4,530,320	\$ -	\$ 23,138,167	19.58%
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%

* Information will be accumulated annually until 10 years is presented

POLK COUNTY

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OTHER POSTEMPLOYMENT BENEFIT LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

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
2020	0.15228373%	\$ (310,294)	\$ 21,031,089	-1%	150%
2019	0.18191828%	(351,532)	19,958,827	-2%	144%
2018	0.17604880%	(196,518)	18,802,869	-1%	124%
2017	0.14647859%	(68,772)	17,173,056	0%	109%

* Information will be accumulated annually until 10 years is presented

POLK COUNTY
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFIT CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30,*

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	County's covered payroll	Contributions as a percent of covered payroll
2020	\$ 3,734	\$ 3,734	\$ -	\$ 23,138,167	0.02%
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%

* Information will be accumulated annually until 10 years is presented

POLK COUNTY
SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OTHER
POSTEMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
Last Ten Plan Years Ended June 30,*

	Years Ended June 30,			
	2021	2020	2019	2018
Service cost	\$ 194,008	\$ 172,634	\$ 186,967	\$ 199,811
Interest on total OPEB liability	84,343	83,859	78,316	62,815
Effect of economic/demographic gains or losses	(6,853)	-	178,301	-
Effect of assumptions changes or inputs	(192,964)	73,275	(315,529)	(133,908)
Benefit payments	(86,056)	(129,901)	(138,976)	(125,986)
Net change in total OPEB liability	(7,522)	199,867	(10,921)	2,732
Total OPEB liability - beginning of year	2,258,462	2,058,595	2,069,516	2,066,784
Total OPEB liability - end of year	\$ 2,250,940	\$ 2,258,462	\$ 2,058,595	\$ 2,069,516
Covered employee payroll	\$ 23,138,167	\$ 21,031,089	\$ 19,958,827	\$ 18,802,869
Total OPEB liability as a percentage of covered payroll	9.73%	10.74%	10.31%	11.01%

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 AND OTHER SCHEDULES**

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POLK COUNTY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 5,537,616	\$ 75,482	\$ 1,010,429	\$ 6,623,527
Receivables	653,241	4,855		658,096
Prepaid items	1,450	-	-	1,450
Due from other funds	-	-		-
Total assets	<u>\$ 6,192,307</u>	<u>\$ 80,337</u>	<u>\$ 1,010,429</u>	<u>\$ 7,283,073</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 581,119	\$ -	\$ 181,928	\$ 763,047
Due to other funds	79,719	-	-	79,719
Total liabilities	<u>660,838</u>	<u>-</u>	<u>181,928</u>	<u>842,766</u>
Deferred inflows of resources				
Unavailable revenue	116,989	4,773	-	121,762
Fund balances				
Nonspendable	1,450	-	-	1,450
Restricted	5,271,452	75,564	-	5,347,016
Committed	159,817	-	828,501	988,318
Assigned	-	-		-
Unassigned	(18,239)	-	-	(18,239)
Total fund balances	<u>5,414,480</u>	<u>75,564</u>	<u>828,501</u>	<u>6,318,545</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 6,192,307</u>	<u>\$ 80,337</u>	<u>\$ 1,010,429</u>	<u>\$ 7,283,073</u>

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Property taxes	\$ 417,791	\$ 2,616	\$ -	\$ 420,407
Franchise fees	222,865	-	-	222,865
Licenses, permits and fees	883,932	-	-	883,932
Fines and forfeitures	8,133	-	-	8,133
Charges for services	2,450,965	-	-	2,450,965
Donations	895,489	-	-	895,489
Intergovernmental	10,965,509	-	212,770	11,178,279
Interest	2,533	523	18,794	21,850
Miscellaneous	2,221	-	92	2,313
	<u>15,849,438</u>	<u>3,139</u>	<u>231,656</u>	<u>16,084,233</u>
Expenditures				
Current				
General government	4,472,145	-	81,279	4,553,424
Public safety	1,523,558	-	-	1,523,558
Highways and streets	146,185	-	-	146,185
Health and welfare	6,927,126	-	-	6,927,126
Education	507,888	-	-	507,888
Debt service	-	-	1,126,005	1,126,005
Capital outlay	539,886	-	3,524,040	4,063,926
	<u>14,116,788</u>	<u>-</u>	<u>4,731,324</u>	<u>18,848,112</u>
Excess (deficiency) of revenues over expenditures	<u>1,732,650</u>	<u>3,139</u>	<u>(4,499,668)</u>	<u>(2,763,879)</u>
Other financing sources (uses)				
Transfers in	1,555,000	-	1,300,000	2,855,000
Transfers out	(10,000)	-	-	(10,000)
	<u>1,545,000</u>	<u>-</u>	<u>1,300,000</u>	<u>2,845,000</u>
Net change in fund balances	3,277,650	3,139	(3,199,668)	81,121
Fund balances at beginning of year	<u>2,136,830</u>	<u>72,425</u>	<u>4,028,169</u>	<u>6,237,424</u>
Fund balance at end of year	<u>\$ 5,414,480</u>	<u>\$ 75,564</u>	<u>\$ 828,501</u>	<u>\$ 6,318,545</u>

POLK COUNTY
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
 June 30, 2021

	Multi-Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library	Health Services	Public Health	Juvenile	Veterans' Services	Fair	Economic Development	Household Hazardous Waste	Building Inspection	Extension	Total
Assets																	
Cash and cash equivalents	\$ 85,246	\$ 22,849	\$ 129,521	\$ 153,172	\$ 43,140	\$ -	\$ -	\$ 1,173,598	\$ 2,244,070	\$ 28,510	\$ -	\$ 239,048	\$ 1,126,868	\$ 25,730	\$ 141,873	\$ 124,181	\$ 5,937,616
Receivables	30,392	-	811	-	267	44,202	-	254,777	144,957	121,322	26,989	-	-	17,213	12,311	1,450	683,241
Prepaid items	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,450
Total assets	\$ 115,638	\$ 22,849	\$ 130,332	\$ 153,172	\$ 43,407	\$ 44,202	\$ -	\$ 1,428,385	\$ 2,389,027	\$ 149,832	\$ 26,989	\$ 239,048	\$ 1,126,868	\$ 42,943	\$ 141,873	\$ 137,942	\$ 6,192,307
Liabilities, deferred inflows and fund balances																	
Liabilities																	
Accounts payable and accrued liabilities	\$ 37,408	\$ 5,791	\$ 4,650	\$ 146	\$ 402	\$ 4,935	\$ -	\$ 91,505	\$ 118,535	\$ 28,897	\$ 3,503	\$ 122,236	\$ 33,179	\$ 19,136	\$ 9,071	\$ 101,725	\$ 581,119
Due to other funds	-	-	-	-	-	43,186	14,320	-	-	-	22,213	-	-	-	-	-	79,719
Total liabilities	37,408	5,791	4,650	146	402	48,121	14,320	91,505	118,535	28,897	25,716	122,236	33,179	19,136	9,071	101,725	660,838
Deferred inflows of resources	-	-	-	-	-	-	-	106,664	-	-	-	-	-	-	-	-	116,989
Unavailable revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fund balances																	
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,450
Restricted	78,230	17,058	125,682	153,026	-	-	-	1,230,216	2,270,492	120,735	1,273	-	1,093,689	23,807	132,802	24,442	5,271,452
Committed	-	-	-	-	43,005	-	(4,320)	-	-	-	-	116,812	-	-	-	-	159,817
Unassigned	-	-	-	-	-	(9,919)	(14,320)	-	-	-	-	-	-	-	-	-	(16,239)
Total fund balances	78,230	17,058	125,682	153,026	43,005	(9,919)	(14,320)	1,230,216	2,270,492	120,735	1,273	116,812	1,093,689	23,807	132,802	25,892	5,414,480
Total liabilities, deferred inflows of resources and fund balances	\$ 115,638	\$ 22,849	\$ 130,332	\$ 153,172	\$ 43,407	\$ 44,202	\$ -	\$ 1,428,385	\$ 2,389,027	\$ 149,832	\$ 26,989	\$ 239,048	\$ 1,126,868	\$ 42,943	\$ 141,873	\$ 137,942	\$ 6,192,307

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
 Year Ended June 30, 2021

	Polk Interagency Narcotics Team	Multi-Disciplinary Intervention	Domestic Mediation	Court Security	Public Land Corner	Dog Control	Marine Patrol	Law Library	Health Services	Public Health	Juvenile	Veterans' Services	Fair	County School	Economic Development	Household Hazardous Waste	Building Inspection	Extension	Total		
Revenues																					
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Franchise fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licenses, permits and fees	-	-	-	-	-	53,419	-	-	-	-	-	-	-	152,673	-	70,192	830,513	-	417,791	222,865	
Fines and forfeitures	2,026	-	-	6,107	195,843	-	-	-	1,995,084	88,318	32,565	-	-	-	-	-	-	-	-	81,433	
Charges for services	-	-	-	-	-	-	-	-	805,603	20,168	37,428	-	-	-	-	-	-	-	-	2,450,965	
Donations	-	-	-	-	-	-	-	-	2,002,067	4,851,988	278,281	-	-	825	3,405,841	-	-	-	1,320	895,489	
Intergovernmental	25,000	151,962	35,923	14,966	-	-	60,985	42,127	-	-	-	107,957	-	-	-	-	-	-	5,000	10,965,509	
Interest	-	-	-	1,078	-	-	-	-	-	337	1,489	-	-	-	-	-	-	-	1,455	2,533	
Miscellaneous	12	-	-	-	-	-	-	-	-	-	-	-	379	-	-	-	-	4	-	2,221	
	27,038	151,962	35,923	22,151	195,843	53,419	60,985	42,127	4,802,754	4,660,811	312,335	145,385	453,091	153,498	3,405,841	70,192	830,517	425,566	-	15,849,438	
Expenditures																					
Current																					
General government	-	-	47,480	-	-	-	-	75,819	-	-	46,808	239,707	473,709	153,498	2,672,500	74,909	687,715	-	-	4,472,145	
Public safety	122,492	78,464	-	33,865	-	173,220	60,965	-	-	-	1,054,552	-	-	-	-	-	-	-	-	1,523,598	
Highways and streets	-	-	-	-	146,185	-	-	-	4,271,492	2,655,634	-	-	-	-	-	-	-	-	-	146,185	
Health and welfare	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,927,126	
Education	-	-	-	-	-	-	-	-	7,738	75,243	-	-	439,565	-	-	-	-	-	507,868	59,285	
Capital outlay	-	14,340	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	122,492	92,804	47,480	33,865	146,185	173,220	60,965	75,819	4,279,230	2,733,877	1,101,360	239,707	913,274	153,498	2,672,500	74,909	687,715	507,868	-	14,116,788	
Total expenditures	(95,454)	59,158	(11,557)	(11,714)	49,558	(119,801)	20	(33,892)	523,524	1,926,934	(789,025)	(94,322)	(460,183)	-	733,341	(4,717)	142,802	(82,322)	-	1,732,650	
Excess (deficiency) of revenues over expenditures	-	-	5,000	-	-	100,000	5,000	15,000	-	-	795,000	85,000	550,000	-	-	-	(10,000)	-	-	1,555,000	
Other financing sources (uses)																					
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,000)	
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,545,000	
Net change in fund balances	(95,454)	59,158	(6,557)	(11,714)	49,558	(19,801)	5,020	(18,892)	523,524	1,926,934	5,975	(9,322)	89,817	-	733,341	(4,717)	132,802	(82,322)	-	3,277,650	
Fund balances at beginning of year	95,454	19,072	23,615	137,396	103,368	62,805	(8,939)	4,372	706,692	343,558	114,760	10,595	26,995	-	360,348	28,524	-	108,214	-	2,136,830	
Fund balance at end of year	\$ -	\$ 78,230	\$ 17,058	\$ 125,682	\$ 153,026	\$ 43,005	\$ (3,919)	\$ (14,320)	\$ 1,230,216	\$ 2,270,492	\$ 120,735	\$ 1,273	\$ 116,812	\$ -	\$ 1,093,689	\$ 23,807	\$ 132,802	\$ 25,992	\$ -	\$ 5,414,480	

POLK COUNTY
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
June 30, 2021

	<u>Building Improvement</u>	<u>Public Works Complex Construction</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 263,258	\$ 747,171	\$ 1,010,429
Total assets	<u>\$ 263,258</u>	<u>\$ 747,171</u>	<u>\$ 1,010,429</u>
Liabilities, deferred inflows and fund balances			
Liabilities			
Accounts payable and accrued liabilities	\$ 181,928	\$ -	\$ 181,928
Total liabilities	<u>181,928</u>	<u>-</u>	<u>181,928</u>
Fund balances			
Committed	<u>81,330</u>	<u>747,171</u>	<u>828,501</u>
Total fund balances	<u>81,330</u>	<u>747,171</u>	<u>828,501</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 263,258</u>	<u>\$ 747,171</u>	<u>\$ 1,010,429</u>

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended June 30, 2021

	Building Improvement	Public Works Complex Construction	Total
Revenues			
Intergovernmental	\$ 212,770	\$ -	\$ 212,770
Interest	8,871	9,923	18,794
Miscellaneous	92	-	92
	<u>221,733</u>	<u>9,923</u>	<u>231,656</u>
Total revenues			
Expenditures			
Current			
General government	-	81,279	81,279
Debt service	630,957	495,048	1,126,005
Capital outlay	2,797,378	726,662	3,524,040
	<u>3,428,335</u>	<u>1,302,989</u>	<u>4,731,324</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(3,206,602)</u>	<u>(1,293,066)</u>	<u>(4,499,668)</u>
Other financing sources (uses)			
Transfers in	<u>800,000</u>	<u>500,000</u>	<u>1,300,000</u>
Total other financing sources (uses)	<u>800,000</u>	<u>500,000</u>	<u>1,300,000</u>
Net change in fund balances	(2,406,602)	(793,066)	(3,199,668)
Fund balances at beginning of year	<u>2,487,932</u>	<u>1,540,237</u>	<u>4,028,169</u>
Fund balance at end of year	<u>\$ 81,330</u>	<u>\$ 747,171</u>	<u>\$ 828,501</u>

POLK COUNTY
POLK INTERAGENCY NARCOTICS TEAM - SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Fines and forfeitures	\$ -	\$ 2,026	\$ 2,026
Intergovernmental	30,000	25,000	(5,000)
Miscellaneous	<u>2,500</u>	<u>12</u>	<u>(2,488)</u>
Total revenues	<u>32,500</u>	<u>27,038</u>	<u>(5,462)</u>
Expenditures			
Polk interagency narcotics team			
Materials and services	122,000	111,992	10,008
Interdepartment charges	<u>10,500</u>	<u>10,500</u>	<u>-</u>
Total expenditures	<u>132,500</u>	<u>122,492</u>	<u>10,008</u>
Net change in fund balance	(100,000)	(95,454)	4,546
Fund balance at beginning of year	<u>100,000</u>	<u>95,454</u>	<u>(4,546)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

POLK COUNTY
MULTI-DISCIPLINARY INTERVENTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 120,000	\$ 151,962	\$ 31,962
Total revenues	<u>120,000</u>	<u>151,962</u>	<u>31,962</u>
Expenditures			
Multi-disciplinary intervention			
Personnel services	28,118	18,832	9,286
Materials and services	113,935	56,685	57,250
Interdepartment charges	2,947	2,947	-
Capital outlay	<u>-</u>	<u>14,340</u>	<u>(14,340)</u>
Total expenditures	<u>145,000</u>	<u>92,804</u>	<u>52,196</u>
Net change in fund balance	(25,000)	59,158	84,158
Fund balance at beginning of year	<u>25,000</u>	<u>19,072</u>	<u>(5,928)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 78,230</u></u>	<u><u>\$ 78,230</u></u>

POLK COUNTY
DOMESTIC MEDIATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 35,000	\$ 35,923	\$ 923
Total revenues	<u>35,000</u>	<u>35,923</u>	<u>923</u>
Expenditures			
Domestic mediation			
Materials and services	58,527	46,007	12,520
Interdepartment charges	<u>1,473</u>	<u>1,473</u>	<u>-</u>
Total expenditures	<u>60,000</u>	<u>47,480</u>	<u>12,520</u>
Excess (deficiency) of revenues over expenditures	<u>(25,000)</u>	<u>(11,557)</u>	<u>13,443</u>
Other financing sources (uses)			
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	(20,000)	(6,557)	13,443
Fund balance at beginning of year	<u>20,000</u>	<u>23,615</u>	<u>3,615</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 17,058</u>	<u>\$ 17,058</u>

POLK COUNTY
COURT SECURITY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Fines and forfeitures	\$ 10,000	\$ 6,107	\$ (3,893)
Intergovernmental	14,000	14,966	966
Interest	<u>1,000</u>	<u>1,078</u>	<u>78</u>
Total revenues	<u>25,000</u>	<u>22,151</u>	<u>(2,849)</u>
Expenditures			
Court security			
Materials and services	63,057	16,922	46,135
Interdepartment charges	16,943	16,943	-
Capital outlay	<u>25,000</u>	<u>-</u>	<u>25,000</u>
Total expenditures	<u>105,000</u>	<u>33,865</u>	<u>71,135</u>
Net change in fund balance	(80,000)	(11,714)	68,286
Fund balance at beginning of year	<u>80,000</u>	<u>137,396</u>	<u>57,396</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 125,682</u>	<u>\$ 125,682</u>

POLK COUNTY
PUBLIC LAND CORNER PRESERVATION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 145,000	\$ 195,843	\$ 50,843
Total revenues	<u>145,000</u>	<u>195,843</u>	<u>50,843</u>
Expenditures			
Public land corner preservation			
Materials and services	217,989	109,172	108,817
Interdepartment charges	<u>37,011</u>	<u>37,013</u>	<u>(2)</u>
Total expenditures	<u>255,000</u>	<u>146,185</u>	<u>108,815</u>
Net change in fund balance	(110,000)	49,658	159,658
Fund balance at beginning of year	<u>110,000</u>	<u>103,368</u>	<u>(6,632)</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 153,026</u></u>	<u><u>\$ 153,026</u></u>

POLK COUNTY
DOG CONTROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 60,000	\$ 53,419	\$ (6,581)
Total revenues	<u>60,000</u>	<u>53,419</u>	<u>(6,581)</u>
Expenditures			
Dog control			
Personnel services	143,323	140,907	2,416
Materials and services	19,509	12,645	6,864
Interdepartment charges	<u>19,668</u>	<u>19,668</u>	<u>-</u>
Total expenditures	<u>182,500</u>	<u>173,220</u>	<u>9,280</u>
Excess (deficiency) of revenues over expenditures	<u>(122,500)</u>	<u>(119,801)</u>	<u>2,699</u>
Other financing sources (uses)			
Transfers in	<u>115,000</u>	<u>100,000</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>115,000</u>	<u>100,000</u>	<u>(15,000)</u>
Net change in fund balance	(7,500)	(19,801)	(12,301)
Fund balance at beginning of year	<u>7,500</u>	<u>62,806</u>	<u>55,306</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 43,005</u>	<u>\$ 43,005</u>

POLK COUNTY
MARINE PATROL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 67,500	\$ 60,985	\$ (6,515)
Total revenues	<u>67,500</u>	<u>60,985</u>	<u>(6,515)</u>
Expenditures			
Marine patrol			
Personnel services	57,237	42,230	15,007
Materials and services	20,832	14,304	6,528
Interdepartment charges	<u>4,431</u>	<u>4,431</u>	<u>-</u>
Total expenditures	<u>82,500</u>	<u>60,965</u>	<u>21,535</u>
Excess (deficiency) of revenues over expenditures	<u>(15,000)</u>	<u>20</u>	<u>15,020</u>
Other financing sources (uses)			
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balance	(10,000)	5,020	15,020
Fund balance at beginning of year	<u>10,000</u>	<u>(8,939)</u>	<u>(18,939)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (3,919)</u>	<u>\$ (3,919)</u>

POLK COUNTY
LAW LIBRARY - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 55,000	\$ 42,127	\$ (12,873)
Total revenues	<u>55,000</u>	<u>42,127</u>	<u>(12,873)</u>
Expenditures			
Law library			
Materials and services	41,075	36,892	4,183
Interdepartment charges	<u>38,925</u>	<u>38,927</u>	<u>(2)</u>
Total expenditures	<u>80,000</u>	<u>75,819</u>	<u>4,181</u>
Excess (deficiency) of revenues over expenditures	<u>(25,000)</u>	<u>(33,692)</u>	<u>(8,692)</u>
Other financing sources (uses)			
Transfers in	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total other financing sources (uses)	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Net change in fund balance	(10,000)	(18,692)	(8,692)
Fund balance at beginning of year	<u>10,000</u>	<u>4,372</u>	<u>(5,628)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ (14,320)</u>	<u>\$ (14,320)</u>

POLK COUNTY
HEALTH SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 2,065,000	\$ 1,995,084	\$ (69,916)
Intergovernmental	2,578,000	2,002,067	(575,933)
Donations	220,000	805,603	585,603
	<u>4,863,000</u>	<u>4,802,754</u>	<u>(60,246)</u>
Total revenues			
Expenditures			
Administration			
Personnel services	1,700,905	771,988	928,917
Materials and services	72,500	15,963	56,537
Interdepartment charges	166,573	166,573	-
	<u>1,939,978</u>	<u>954,524</u>	<u>985,454</u>
Total administration			
Family and community outreach			
Personnel services	1,810,116	1,820,421	(10,305)
Materials and services	1,633,089	1,366,730	266,359
Interdepartment charges	129,817	129,817	-
Capital outlay	-	7,738	(7,738)
	<u>3,573,022</u>	<u>3,324,706</u>	<u>248,316</u>
Total family and community outreach			
Total expenditures	<u>5,513,000</u>	<u>4,279,230</u>	<u>1,233,770</u>
Excess (deficiency) of revenues over expenditures	<u>(650,000)</u>	<u>523,524</u>	<u>1,173,524</u>
Other financing sources (uses)			
Transfers in	<u>250,000</u>	-	<u>(250,000)</u>
Total other financing sources (uses)	<u>250,000</u>	-	<u>(250,000)</u>
Net change in fund balance	(400,000)	523,524	923,524
Fund balance at beginning of year	<u>400,000</u>	<u>706,692</u>	<u>306,692</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,230,216</u>	<u>\$ 1,230,216</u>

POLK COUNTY
PUBLIC HEALTH - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 82,000	\$ 88,318	\$ 6,318
Intergovernmental	2,274,000	4,551,988	2,277,988
Donations	19,200	20,168	968
Miscellaneous	-	337	337
	<u>2,375,200</u>	<u>4,660,811</u>	<u>2,285,611</u>
Total revenues			
Expenditures			
Family planning			
Personnel services	155,864	102,027	53,837
Materials and services	41,975	31,225	10,750
Interdepartment charges	51,451	51,451	-
	<u>249,290</u>	<u>184,703</u>	<u>64,587</u>
Total family planning			
General health			
Personnel services	1,320,905	1,269,844	51,061
Materials and services	574,214	639,700	(65,486)
Interdepartment charges	236,090	236,090	-
Capital outlay	-	78,243	(78,243)
	<u>2,131,209</u>	<u>2,223,877</u>	<u>(92,668)</u>
Total general health			
Womern, infants and children			
Personnel services	230,998	221,270	9,728
Materials and services	28,500	28,824	(324)
Interdepartment charges	75,203	75,203	-
	<u>334,701</u>	<u>325,297</u>	<u>9,404</u>
Total women, infants and children			
Total expenditures	<u>2,715,200</u>	<u>2,733,877</u>	<u>(18,677)</u>
Excess (deficiency) of revenues over expenditures	<u>(340,000)</u>	<u>1,926,934</u>	<u>2,266,934</u>
Other financing sources (uses)			
Transfers in	185,000	-	(185,000)
	<u>185,000</u>	<u>-</u>	<u>(185,000)</u>
Total other financing sources (uses)			
Net change in fund balance	(155,000)	1,926,934	2,081,934
Fund balance at beginning of year	155,000	343,558	188,558
Fund balance at end of year	\$ -	\$ 2,270,492	\$ 2,270,492

POLK COUNTY
JUVENILE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 37,500	\$ 32,565	\$ (4,935)
Intergovernmental	270,000	278,281	8,281
Miscellaneous	-	1,489	1,489
	<u>307,500</u>	<u>312,335</u>	<u>4,835</u>
Total revenues			
	<u>307,500</u>	<u>312,335</u>	<u>4,835</u>
Expenditures			
Juvenile community service			
Materials and services	51,500	46,195	5,305
Interdepartment charges	613	613	-
	<u>52,113</u>	<u>46,808</u>	<u>5,305</u>
Total juvenile community service			
	<u>52,113</u>	<u>46,808</u>	<u>5,305</u>
Juvenile probations			
Personnel services	691,221	617,258	73,963
Materials and services	31,880	19,687	12,193
Interdepartment charges	123,341	123,341	-
	<u>846,442</u>	<u>760,286</u>	<u>86,156</u>
Total juvenile probations			
	<u>846,442</u>	<u>760,286</u>	<u>86,156</u>
Juvenile sanctions			
Materials and services	326,000	291,321	34,679
Interdepartment charges	2,945	2,945	-
	<u>328,945</u>	<u>294,266</u>	<u>34,679</u>
Total juvenile sanctions			
	<u>328,945</u>	<u>294,266</u>	<u>34,679</u>
Total expenditures			
	<u>1,227,500</u>	<u>1,101,360</u>	<u>126,140</u>
Excess (deficiency) of revenues over expenditures			
	<u>(920,000)</u>	<u>(789,025)</u>	<u>130,975</u>
Other financing sources (uses)			
Transfers in	795,000	795,000	-
	<u>795,000</u>	<u>795,000</u>	<u>-</u>
Total other financing sources (uses)			
	<u>795,000</u>	<u>795,000</u>	<u>-</u>
Net change in fund balance			
	(125,000)	5,975	130,975
Fund balance at beginning of year			
	<u>125,000</u>	<u>114,760</u>	<u>(10,240)</u>
Fund balance at end of year			
	<u>\$ -</u>	<u>\$ 120,735</u>	<u>\$ 120,735</u>

POLK COUNTY
VETERANS' SERVICES - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 117,251	\$ 107,957	\$ (9,294)
Donations	75,000	37,428	(37,572)
Total revenues	<u>192,251</u>	<u>145,385</u>	<u>(46,866)</u>
Expenditures			
Veterans' services			
Personnel services	228,651	161,389	67,262
Materials and services	44,717	54,435	(9,718)
Interdepartment charges	23,883	23,883	-
Total expenditures	<u>297,251</u>	<u>239,707</u>	<u>57,544</u>
Excess (deficiency) of revenues over expenditures	<u>(105,000)</u>	<u>(94,322)</u>	<u>10,678</u>
Other financing sources (uses)			
Transfers in	85,000	85,000	-
Total other financing sources (uses)	<u>85,000</u>	<u>85,000</u>	<u>-</u>
Net change in fund balance	(20,000)	(9,322)	10,678
Fund balance at beginning of year	<u>20,000</u>	<u>10,595</u>	<u>(9,405)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,273</u>	<u>\$ 1,273</u>

POLK COUNTY
FAIR - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 105,000	\$ 139,155	\$ 34,155
Intergovernmental	250,000	282,587	32,587
Donations	45,000	30,970	(14,030)
Miscellaneous	6,000	379	(5,621)
	<u>406,000</u>	<u>453,091</u>	<u>47,091</u>
Expenditures			
Annual fair			
Personnel services	63,769	58,305	5,464
Materials and services	12,050	7,184	4,866
Interdepartment charges	11,013	11,013	-
	<u>86,832</u>	<u>76,502</u>	<u>10,330</u>
Year round operations			
Personnel services	216,193	239,519	(23,326)
Materials and services	130,930	128,143	2,787
Interdepartment charges	29,545	29,545	-
Capital outlay	500,000	439,565	60,435
	<u>876,668</u>	<u>836,772</u>	<u>39,896</u>
Total expenditures	<u>963,500</u>	<u>913,274</u>	<u>50,226</u>
Excess (deficiency) of revenues over expenditures	<u>(557,500)</u>	<u>(460,183)</u>	<u>97,317</u>
Other financing sources (uses)			
Transfers in	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Total other financing sources (uses)	<u>550,000</u>	<u>550,000</u>	<u>-</u>
Net change in fund balance	(7,500)	89,817	97,317
Fund balance at beginning of year	<u>7,500</u>	<u>26,995</u>	<u>19,495</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 116,812</u></u>	<u><u>\$ 116,812</u></u>

POLK COUNTY
COUNTY SCHOOL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Franchise fees	\$ 163,500	\$ 152,673	\$ (10,827)
Intergovernmental	<u>1,500</u>	<u>825</u>	<u>(675)</u>
Total revenues	<u>165,000</u>	<u>153,498</u>	<u>(11,502)</u>
Expenditures			
County school			
Materials and services	<u>165,000</u>	<u>153,498</u>	<u>11,502</u>
Total expenditures	<u>165,000</u>	<u>153,498</u>	<u>11,502</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 TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	2,925,000	3,405,841	480,841
Total revenues	<u>2,925,000</u>	<u>3,405,841</u>	<u>480,841</u>
Expenditures			
Economic development			
Personnel services	23,393	22,393	1,000
Materials and services	2,514,656	2,638,156	(123,500)
Interdepartment charges	11,951	11,951	-
Capital outlay	<u>700,000</u>	<u>-</u>	<u>700,000</u>
Total expenditures	<u>3,250,000</u>	<u>2,672,500</u>	<u>577,500</u>
Net change in fund balance	(325,000)	733,341	1,058,341
Fund balance at beginning of year	<u>325,000</u>	<u>360,348</u>	<u>35,348</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 1,093,689</u>	<u>\$ 1,093,689</u>

POLK COUNTY
HOUSEHOLD HAZARDOUS WASTE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Franchise fees	\$ 105,000	\$ 70,192	\$ (34,808)
Total revenues	<u>105,000</u>	<u>70,192</u>	<u>(34,808)</u>
Expenditures			
Household hazardous waste			
Personnel services	17,746	30,993	(13,247)
Materials and services	94,747	41,409	53,338
Interdepartment charges	<u>2,507</u>	<u>2,507</u>	<u>-</u>
Total expenditures	<u>115,000</u>	<u>74,909</u>	<u>40,091</u>
Net change in fund balance	(10,000)	(4,717)	5,283
Fund balance at beginning of year	<u>10,000</u>	<u>28,524</u>	<u>18,524</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 23,807</u>	<u>\$ 23,807</u>

POLK COUNTY
BUILDING INSPECTION - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ -	\$ 830,513	\$ 830,513
Intergovernmental	725,000	-	(725,000)
Miscellaneous	-	4	4
	<u>725,000</u>	<u>830,517</u>	<u>105,517</u>
Total revenues	<u>725,000</u>	<u>830,517</u>	<u>105,517</u>
Expenditures			
Building inspection			
Personnel services	505,626	545,186	(39,560)
Materials and services	46,325	46,037	288
Interdepartment charges	96,492	96,492	-
	<u>648,443</u>	<u>687,715</u>	<u>(39,272)</u>
Total academy building improvement	<u>648,443</u>	<u>687,715</u>	<u>(39,272)</u>
Contingency	26,557	-	26,557
	<u>675,000</u>	<u>687,715</u>	<u>(12,715)</u>
Total expenditures	<u>675,000</u>	<u>687,715</u>	<u>(12,715)</u>
Excess (deficiency) of revenues over expenditures	<u>50,000</u>	<u>142,802</u>	<u>92,802</u>
Other financing sources (uses)			
Transfers out	(50,000)	(10,000)	40,000
	<u>(50,000)</u>	<u>(10,000)</u>	<u>40,000</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(10,000)</u>	<u>40,000</u>
Net change in fund balance	-	132,802	132,802
Fund balance at beginning of year	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 132,802</u>	<u>\$ 132,802</u>

POLK COUNTY
EXTENSION SERVICE DISTRICT- SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 418,000	\$ 417,791	\$ (209)
Intergovernmental	-	5,000	5,000
Donations	1,500	1,320	(180)
Interest	4,000	1,455	(2,545)
	<u>423,500</u>	<u>425,566</u>	<u>2,066</u>
Total revenues	<u>423,500</u>	<u>425,566</u>	<u>2,066</u>
Expenditures			
Extension services			
Materials and services	547,500	501,888	45,612
Interdepartment charges	6,000	6,000	-
	<u>553,500</u>	<u>507,888</u>	<u>45,612</u>
Total academy building improvement	<u>553,500</u>	<u>507,888</u>	<u>45,612</u>
Contingency	20,000	-	20,000
	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Total expenditures	<u>573,500</u>	<u>507,888</u>	<u>65,612</u>
Net change in fund balance	(150,000)	(82,322)	67,678
Fund balance at beginning of year	150,000	108,214	(41,786)
	<u>150,000</u>	<u>108,214</u>	<u>(41,786)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 25,892</u>	<u>\$ 25,892</u>

POLK COUNTY
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Property taxes	\$ 2,500	\$ 2,616	\$ 116
Interest	-	523	523
	<u>2,500</u>	<u>3,139</u>	<u>639</u>
Expenditures			
Contingency	<u>65,000</u>	-	<u>65,000</u>
	<u>65,000</u>	-	<u>65,000</u>
Net change in fund balance	(62,500)	3,139	65,639
Fund balance at beginning of year	<u>62,500</u>	<u>72,425</u>	<u>9,925</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 75,564</u></u>	<u><u>\$ 75,564</u></u>

POLK COUNTY
BUILDING IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 200,000	\$ 212,770	\$ 12,770
Interest	25,000	8,871	(16,129)
Miscellaneous	-	92	92
	<u>225,000</u>	<u>221,733</u>	<u>(3,267)</u>
Total revenues			
Expenditures			
Academy building improvement			
Materials and services	50,000	-	50,000
Debt service	203,560	203,560	-
Capital outlay	150,000	79,753	70,247
	<u>403,560</u>	<u>283,313</u>	<u>120,247</u>
Total academy building improvement			
Courthouse building improvement			
Materials and services	200,000	-	200,000
Debt service	360,000	427,397	(67,397)
Capital outlay	2,661,440	2,717,625	(56,185)
	<u>3,221,440</u>	<u>3,145,022</u>	<u>76,418</u>
Total courthouse building improvement			
Total expenditures	<u>3,625,000</u>	<u>3,428,335</u>	<u>196,665</u>
Excess (deficiency) of revenues over expenditures	<u>(3,400,000)</u>	<u>(3,206,602)</u>	<u>193,398</u>
Other financing sources (uses)			
Transfers in	800,000	800,000	-
	<u>800,000</u>	<u>800,000</u>	<u>-</u>
Total other financing sources (uses)			
Net change in fund balance	(2,600,000)	(2,406,602)	193,398
Fund balance at beginning of year	<u>2,600,000</u>	<u>2,487,932</u>	<u>(112,068)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 81,330</u>	<u>\$ 81,330</u>

POLK COUNTY
PUBLIC WORKS COMPLEX CONSTRUCTION - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 50,000	\$ 9,923	\$ (40,077)
Total revenues	<u>50,000</u>	<u>9,923</u>	<u>(40,077)</u>
Expenditures			
Public works complex construction	2,250,000	1,302,989	947,011
Contingency	<u>50,000</u>	<u>-</u>	<u>50,000</u>
Total expenditures	<u>2,300,000</u>	<u>1,302,989</u>	<u>997,011</u>
Excess (deficiency) of revenues over expenditures	<u>(2,250,000)</u>	<u>(1,293,066)</u>	<u>956,934</u>
Other financing sources (uses)			
Transfers in	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Total other financing sources (uses)	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balance	(1,750,000)	(793,066)	956,934
Fund balance at beginning of year	<u>1,750,000</u>	<u>1,540,237</u>	<u>(209,763)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 747,171</u>	<u>\$ 747,171</u>

POLK COUNTY
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

	Management Services	Insurance	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 1,021,527	\$ 326,488	\$ 1,348,015
Receivables, net	28,891	-	28,891
Prepaid items	25,741	-	25,741
Total current assets	1,076,159	326,488	1,402,647
Net other postemployment benefits asset	34,132	-	34,132
Capital assets, net	273,825	-	273,825
Total assets	1,384,116	326,488	1,710,604
Deferred outflows of resources			
Pension related items	1,669,452	-	1,669,452
Other postemployment benefit related items	36,970	-	36,970
Total deferred outflows of resources	1,706,422	-	1,706,422
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	68,562	41,404	109,966
Long-term obligations:			
Due within one year	132,072	-	132,072
Due in more than one year	4,915,573	-	4,915,573
Total liabilities	5,116,207	41,404	5,157,611
Deferred inflows of resources			
Pension related items	135,507	-	135,507
Other postemployment benefit related items	56,821	-	56,821
Total deferred inflows of resources	192,328	-	192,328
Net position			
Net investment in capital assets	273,825	-	273,825
Unrestricted	(2,491,822)	285,084	(2,206,738)
Total net position	\$ (2,217,997)	\$ 285,084	\$ (1,932,913)

POLK COUNTY
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Management Services	Insurance	Totals
Operating revenues			
Intergovernmental	\$ 233,995	\$ -	\$ 233,995
Charges for services	6,337,506	997,569	7,335,075
Miscellaneous	42,483	-	42,483
	<u>6,613,984</u>	<u>997,569</u>	<u>7,611,553</u>
Total operation revenues			
Operating expenses			
Personnel services	4,567,011	65,164	4,632,175
Materials and services	1,883,382	537,310	2,420,692
Interdepartmental charges	134,000	442,302	576,302
Depreciation	88,943	-	88,943
	<u>6,673,336</u>	<u>1,044,776</u>	<u>7,718,112</u>
Total operating expenses			
Operating income (loss)	<u>(59,352)</u>	<u>(47,207)</u>	<u>(106,559)</u>
Nonoperating revenues (expenses)			
Gain on sale of capital assets	<u>5,351</u>	<u>-</u>	<u>5,351</u>
Total nonoperating revenue (expenses)	<u>5,351</u>	<u>-</u>	<u>5,351</u>
Income (loss) before transfers	(54,001)	(47,207)	(101,208)
Transfers out	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
Change in net position	(654,001)	(47,207)	(701,208)
Net position - beginning	<u>(1,563,996)</u>	<u>332,291</u>	<u>(1,231,705)</u>
Net position - ending	<u>\$ (2,217,997)</u>	<u>\$ 285,084</u>	<u>\$ (1,932,913)</u>

POLK COUNTY
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Management Services	Insurance	Totals
Cash flows from operating activities			
Receipts from other governments	\$ 401,868	\$ -	\$ 401,868
Receipts from other funds	6,337,506	997,569	7,335,075
Miscellaneous receipts	42,483	-	42,483
Payments to suppliers	(1,824,746)	(539,997)	(2,364,743)
Payments to employees	(3,787,129)	(65,164)	(3,852,293)
Payments to other funds	(134,000)	(442,302)	(576,302)
Net cash provided by (used in) operating activities	<u>1,035,982</u>	<u>(49,894)</u>	<u>986,088</u>
Cash flows from noncapital financing activities			
Transfers out	(600,000)	-	(600,000)
Net cash provided by (used in) noncapital financing activities	<u>(600,000)</u>	<u>-</u>	<u>(600,000)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	5,351	-	5,351
Acquisition of capital assets	(19,843)	-	(19,843)
Net cash provided by (used in) capital and related financing activities	<u>(14,492)</u>	<u>-</u>	<u>(14,492)</u>
Net increase (decrease) in cash and cash equivalents	421,490	(49,894)	371,596
Cash and cash equivalents - beginning of year	<u>600,037</u>	<u>376,382</u>	<u>976,419</u>
Cash and cash equivalents - end of year	<u>\$ 1,021,527</u>	<u>\$ 326,488</u>	<u>\$ 1,348,015</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (59,352)	\$ (47,207)	\$ (106,559)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	88,943	-	88,943
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	167,873	-	167,873
Prepaid items	80,198	-	80,198
Net other postemployment benefits asset	1,878	-	1,878
Pension related items	(377,921)	-	(377,921)
Other postemployment benefit related items	(6,025)	-	(6,025)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	(21,562)	(2,687)	(24,249)
Compensated absences payable	(20)	-	(20)
Net pension liability	1,180,345	-	1,180,345
Net other postemployment benefits liability	16,253	-	16,253
Pension related items	(49,469)	-	(49,469)
Other postemployment benefit related items	14,841	-	14,841
Net cash provided by (used in) operating activities	<u>\$ 1,035,982</u>	<u>\$ (49,894)</u>	<u>\$ 986,088</u>

POLK COUNTY
MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 6,505,500	\$ 6,337,506	\$ (167,994)
Intergovernmental	10,000	233,995	223,995
Miscellaneous	6,000	42,483	36,483
	<u>6,521,500</u>	<u>6,613,984</u>	<u>92,484</u>
Expenditures			
Board of commissioners			
Personnel services	379,950	373,684	6,266
Materials and services	15,000	9,908	5,092
	<u>394,950</u>	<u>383,592</u>	<u>11,358</u>
GIS - computer mapping			
Personnel services	186,782	216,255	(29,473)
Materials and services	89,550	34,310	55,240
Interdepartment charges	30,000	30,000	-
	<u>306,332</u>	<u>280,565</u>	<u>25,767</u>
Equipment replacement reserve			
Capital outlay	358,979	-	358,979
	<u>358,979</u>	<u>-</u>	<u>358,979</u>
Central services			
Personnel services	207,735	189,357	18,378
Materials and services	286,100	254,837	31,263
Capital outlay	30,000	19,843	10,157
	<u>523,835</u>	<u>464,037</u>	<u>59,798</u>
Academy building maintenance			
Personnel services	391,308	288,438	102,870
Materials and services	111,500	103,306	8,194
	<u>502,808</u>	<u>391,744</u>	<u>111,064</u>

POLK COUNTY
MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Jail maintenance			
Personnel services	151,065	114,904	36,161
Materials and services	208,500	208,693	(193)
Total jail maintenance	<u>359,565</u>	<u>323,597</u>	<u>35,968</u>
Courthouse building maintenance			
Personnel services	710,347	691,592	18,755
Materials and services	170,350	157,925	12,425
Capital outlay	-	1,899	(1,899)
Total courthouse building maintenance	<u>880,697</u>	<u>851,416</u>	<u>29,281</u>
Buchanan building maintenance			
Personnel services	95,042	71,963	23,079
Materials and services	322,900	312,078	10,822
Capital outlay	-	155	(155)
Total buchanan building maintenance	<u>417,942</u>	<u>384,196</u>	<u>33,746</u>
Information services			
Personnel services	824,182	759,575	64,607
Materials and services	463,900	553,251	(89,351)
Interdepartment charges	104,000	104,000	-
Capital outlay	50,000	24,250	25,750
Total information services	<u>1,442,082</u>	<u>1,441,076</u>	<u>1,006</u>
Finance			
Personnel services	540,286	515,679	24,607
Materials and services	167,400	184,232	(16,832)
Total finance	<u>707,686</u>	<u>699,911</u>	<u>7,775</u>
Personnel			
Personnel services	409,261	409,874	(613)
Materials and services	43,000	35,369	7,631
Total personnel	<u>452,261</u>	<u>445,243</u>	<u>7,018</u>

POLK COUNTY
MANAGEMENT SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
County legal counsel			
Personnel services	167,913	155,808	12,105
Materials and services	7,950	3,169	4,781
Total county legal counsel	175,863	158,977	16,886
Total expenditures	6,523,000	5,824,354	698,646
Excess (deficiency) of revenues over expenditures	(1,500)	789,630	791,130
 Other financing sources (uses)			
Sale of capital assets	1,500	5,351	3,851
Transfers out	(600,000)	(600,000)	-
Total other financing sources (uses)	(598,500)	(594,649)	3,851
Net change in fund balance	(600,000)	194,981	794,981
Fund balance at beginning of year	600,000	812,616	212,616
Fund balance at end of year	\$ -	\$ 1,007,597	\$ 1,007,597
 Reconciliation to generally accepted accounting principles:			
Net other postemployment benefit asset		34,132	
Capital assets, net		273,825	
Deferred outflows of resources		1,706,422	
Compensated absences		(132,072)	
Net pension liability		(4,667,970)	
Other postemployment benefit		(247,603)	
Deferred inflows of resources		(192,328)	
Net position at end of year		\$ (2,217,997)	

POLK COUNTY
INSURANCE - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 1,000,000	\$ 997,569	\$ (2,431)
Total revenues	<u>1,000,000</u>	<u>997,569</u>	<u>(2,431)</u>
Expenditures			
Insurance			
Personnel services	71,288	65,164	6,124
Materials and services	534,500	537,310	(2,810)
Interdepartment charges	<u>530,000</u>	<u>442,302</u>	<u>87,698</u>
Total insurance	<u>1,135,788</u>	<u>1,044,776</u>	<u>91,012</u>
Contingency	<u>214,212</u>	<u>-</u>	<u>214,212</u>
Total expenditures	<u>1,350,000</u>	<u>1,044,776</u>	<u>305,224</u>
Net change in fund balance	(350,000)	(47,207)	302,793
Fund balance at beginning of year	<u>350,000</u>	<u>332,291</u>	<u>(17,709)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 285,084</u>	<u>\$ 285,084</u>

POLK COUNTY
SCHEDULE OF ACCOUNTABILITY FOR INDEPENDENTLY ELECTED OFFICIALS
Year Ended June 30, 2021

Elected Official	Cash and Cash Equivalents Balances July 1, 2020	Cash Receipts	Cash Turnovers and Disbursements to County Treasurer and Others	Cash and Cash Equivalents Balances June 30, 2021
Assessor	\$ 25	\$ 10,711	\$ 10,711	\$ 25
Clerk	150	857,930	857,930	150
District Attorney	35	78,763	78,763	35
Sheriff	37,523	1,137,167	1,161,184	13,506
Treasurer	<u>21,953,398</u>	<u>189,634,045</u>	<u>180,595,780</u>	<u>30,991,663</u>
Totals	<u>\$ 21,991,131</u>	<u>\$ 191,718,616</u>	<u>\$ 182,704,368</u>	<u>\$ 31,005,379</u>

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COMPLIANCE SECTION

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

To the Board of County Commissioners
Polk County
Dallas, Oregon

We have audited the basic financial statements of Polk County (the "County") as of and for the year ended June 30, 2021, and have issued our report thereon dated May 10, 2022. Our audit was conducted 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.

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).**

Board of County Commissioners
Polk County
Independent Auditor's Report Required by
Oregon State Regulations
May 10, 2022

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)

- The appropriations for the Building Inspection, American Rescue Plan and Debt Service funds for the year ending June 30, 2022, did not include separate amounts for debt service and transfers 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, 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

May 10, 2022

By:



Bradley G. Bingenheimer, Partner

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, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated May 10, 2022.

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 County’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
May 10, 2022

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Singer Lewak LLP

May 10, 2022

**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, 2021. 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* 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.

Basis for Qualified Opinion on 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding assistance listing number 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases as described in finding number 2021-001 for Allowable Costs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

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
May 10, 2022

Qualified Opinion on 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on 93.323 Epidemiology and Laboratory Capacity for Infectious Diseases for the year ended June 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

The County's response to the noncompliance finding 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.

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.

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
May 10, 2022

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 identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002, that we consider to be a material weakness.

The County's response to the internal control over compliance finding 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.

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

May 10, 2022

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POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:	<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?	Yes
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	21.019
Unmodified	93.323
Qualified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of major federal programs:

CFDA	
<u>Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.019	Coronavirus Relief Fund
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
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Auditee qualified as a low-risk auditee?	Yes
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POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001

Identification of Federal Program

93.323 Epidemiology and Laboratory Capacity for Infectious Diseases
Passed through the Oregon Health Authority

Criteria

2 CFR §200.403 Factors affecting allowability of costs.

Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (g) Be adequately documented

2 CFR §200.405 Allocable costs. (d) Direct cost allocation principles: If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost must be allocated to the projects based on the proportional benefit. If a cost benefits two or more projects or activities in proportions that cannot be determined because of the interrelationship of the work involved, then, notwithstanding paragraph (c) of this section, the costs may be allocated or transferred to benefitted projects on any reasonable documented basis.

Condition

The County did not maintain documentation supporting the expenditures reported to the Oregon Health Authority.

Cause

The County Health Department was primarily responsible for implementing responses to the COVID-19 pandemic. During the year ended June 30, 2021, most of the Health Department's activities directly related to the pandemic. The Oregon Health Authority provided multiple awards for the response to the pandemic. These conditions caused the Health Department to not maintain supporting documentation of expenditures for each of the grants separately.

Potential Effect

Unallowable costs or costs for unallowed activities could be charged to the federal award program.

Questioned Costs

\$768,661 representing the total costs reported to Oregon Health Authority for the program for the year ended June 30, 2021.

POLK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

Section III - Federal Award Findings and Questioned Costs (Continued)

Context

During the year ended June 30, 2021, almost all of the Health Department's activities and costs incurred related to the response to the pandemic. Additionally, the receipt of multiple awards, sometimes with overlapping purposes, made it difficult to identify specific costs that should be charged to each of the various programs.

Identification as a repeat finding, if applicable

This is a new finding as the County has not previously received an award under this program assistance listing.

Recommendations

Documentation of direct expenditures charged to programs should be maintained and methods used to allocate costs should be documented.

Views of responsible officials

The County agrees with the finding and will develop a corrective action plan.

Finding 2021-002

Identification of Federal Program

93.323 Epidemiology and Laboratory Capacity for Infectious Diseases
Passed through the Oregon Health Authority

Criteria

2 CFR §200.303 – Internal controls. The non-Federal entity must (a) 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. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

One of the elements of internal controls is information and communication which would include the maintenance of supporting documentation of amounts charged to federal award programs.

Condition

A material weakness in internal controls resulted in the County not maintaining documentation supporting the expenditures reported to the Oregon Health Authority.

Cause

The COVID-19 pandemic caused a significant increase in the demand for services from the County Health Department while also causing limitations on staffing resources to provide those services.

Section III - Federal Award Findings and Questioned Costs (Continued)

Potential Effect

Unallowed costs could be charged to the federal award program and not be detected or corrected on a timely basis.

Questioned Costs

None

Context

The COVID-19 pandemic was unprecedented, and the County Health Department's primary focus was on the response to the pandemic.

Identification as a repeat finding, if applicable

This is a new finding as the County has not previously received an award under this program assistance listing.

Recommendations

Internal controls should be established that ensure the maintenance of documentation supporting the expenditures charged to federal award programs.

Views of responsible officials

The County agrees with the finding and will develop a corrective action plan.

POLK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Federal Grantor / Pass-Through Grantor / Program Title or Cluster	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
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	\$ 207,027
Total Department of Agriculture			<u>207,027</u>
DEPARTMENT OF THE INTERIOR			
Bureau of Land Management			
National Wildlife Refuge Fund	15.659		10,669
Scotch Broom Removal and Dump Stoppers	15.999		<u>28,463</u>
Total Department of the Interior			<u>39,132</u>
DEPARTMENT OF JUSTICE			
Bureau of Justice Assistance			
Coronavirus Emergency Supplemental Funding Program	16.034		21,630
Bullet Proof Vest Partnership Program	16.607		840
Office of Victims of Crime			
<i>Passed through Oregon State Criminal Justice Division</i>			
Crime Victim Assistance (VOCA)	16.575	VOCA-NC-FR-2019	<u>207,718</u>
Total Department of Justice			<u>230,188</u>
DEPARTMENT OF TRANSPORTATION			
National Highway Safety Administration			
<i>Passed through Oregon Department of Transportation</i>			
National Priority Safety Program	20.616		7,878
<i>Passed through Oregon Department of Transportation</i>			
State and Community Highway Safety	20.600	4,228	
<i>Passed through Oregon Impact</i>			
State and Community Highway Safety	20.600	<u>10,747</u>	<u>14,975</u>
Total Department of Transportation			<u>22,853</u>
DEPARTMENT OF THE TREASURY			
<i>Passed through Oregon Department of Administrative Services</i>			
Coronavirus Relief Fund	21.019		<u>4,275,644</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>20,679</u>
ELECTION ASSISTANCE COMMISSION			
Help America Vote Act Requirements Payments	90.401		<u>30,000</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Federal Grantor / Pass-Through Grantor / Program Title or Cluster	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Administration for Children and Families			
<i>Passed through Oregon Department of Justice</i>			
Child Support Enforcement	93.563		250,911
Health Resources and Services Administration			
<i>Passed through Oregon Health Authority</i>			
HIV Care Formula Grants	93.917		919
Maternal and Child Health Block Grant	93.994		35,143
Substance Abuse and Mental Health Services Administration			
<i>Passed through Oregon Health Authority</i>			
Block Grants for Community Mental Health Services	93.958		120,067
Block Grants for Prevention and Treatment of Substance Abuse	93.959		139,998
Centers for Disease Control			
<i>Passed through Oregon Health Authority</i>			
Public Health Preparedness and Response	93.069		88,696
Immunization Cooperative Agreements	93.268		60,393
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		<u>768,677</u>
Total Department of Health and Human Services			<u>1,464,804</u>
DEPARTMENT OF HOMELAND SECURITY			
Federal Emergency Management Agency			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		512,326
<i>Passed through Oregon State Police</i>			
Emergency Management Performance	97.042		85,349
Homeland Security Grant Program	97.067		<u>180,650</u>
Total Department of Homeland Security			<u>778,325</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 7,068,652</u>

POLK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

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, 2021. 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 reported 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.

3. Indirect Cost Rate

Polk County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

POLK COUNTY
SUMMARY SCHEDULE OF PRIOR FINDINGS
June 30, 2021

2020-001
21.019 Coronavirus Relief Fund

The County implemented the corrective action plan to correct the condition that caused this finding during the year ended June 30, 2021.