



Office of the Washington State Auditor
Pat McCarthy

Financial Statements and Federal Single Audit Report

Benton County

For the period January 1, 2022 through December 31, 2022

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**Office of the Washington State Auditor
Pat McCarthy**

May 1, 2025

Board of Commissioners
Benton County
Prosser, Washington

Report on Financial Statements and Federal Single Audit

Please find attached our report on Benton County's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the County's financial activities and condition.

Sincerely,

Pat McCarthy, State Auditor
Olympia, WA

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Benton County January 1, 2022 through December 31, 2022

SECTION I – SUMMARY OF AUDITOR’S RESULTS

The results of our audit of Benton County are summarized below in accordance with Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Financial Statements

We issued an unmodified opinion on the fair presentation of the basic financial statements of the governmental activities, and each major fund in accordance with accounting principles generally accepted in the United States of America (GAAP); we issued a qualified opinion on the fair presentation of the Fiduciary Funds because the County was unable to provide adequate documentation to support financial activities.

Internal Control over Financial Reporting:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the County.

Federal Awards

Internal Control over Major Programs:

- *Significant Deficiencies:* We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- *Material Weaknesses:* We identified deficiencies that we consider to be material weaknesses.

We issued an unmodified opinion on the County’s compliance with requirements applicable to each of its major federal programs.

We reported findings that are required to be disclosed in accordance with 2 CFR 200.516(a).

Identification of Major Federal Programs

The following programs were selected as major programs in our audit of compliance in accordance with the Uniform Guidance.

<u>ALN</u>	<u>Program or Cluster Title</u>
20.205	Highway Planning and Construction
21.023	COVID 19-Emergency Rental Assistance Program
21.027	COVID 19-Coronavirus State and Local Fiscal Recovery Funds

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by the Uniform Guidance, was \$750,000.

The County did not qualify as a low-risk auditee under the Uniform Guidance.

SECTION II – FINANCIAL STATEMENT FINDINGS

See Finding 2022-001.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

See Findings 2022-002 and 2022-003.

SCHEDULE OF AUDIT FINDINGS AND RESPONSES

Benton County January 1, 2022 through December 31, 2022

2022-001 The County did not have adequate internal controls ensuring accurate and reliable reporting of its financial statements.

Background

State and federal agencies, County officials and the public rely on the information included in the financial statements and reports to make decisions. County management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance its financial statements, schedules and notes to the financial statements are accurate and reliable. The County prepares its financial statements in accordance with generally accepted accounting principles (GAAP).

Our audit found deficiencies in internal controls over accounting and financial reporting that affected the County's ability to produce reliable financial statements and resulted in financial statements errors. Further, the County did not have effective internal controls to ensure any revisions it made to the financial statements were accurate and that it included no new errors in the revisions.

Government Auditing Standards requires the State Auditor's Office to communicate material weaknesses in internal controls, as defined below in the Applicable Laws and Regulations section below, as a finding.

The County received a finding in the prior audit for lacking adequate internal controls to ensure accurate reporting of deferred revenues and infrastructure assets in its financial statements. The County continues to struggle to ensure its financial statements are accurate. Below are the key areas in which the County does not have adequate processes, including reviews, to ensure accurate reporting.

Fiduciary Funds

The County has fiduciary funds that are used to account for assets held in a trustee capacity or as an agent on behalf of its governments or special purpose districts. The County is required to report the revenue, expenditure and investment pool activity of the special purpose districts. The County should retain support for the amounts reported in these funds to ensure the reporting is accurate.

Journal Entries

GAAP requires year-end journal entries to report significant revenue and expenditure accruals and adjustments for the fiscal year. If the County does not perform journal entries, the reporting will be inaccurate.

Capital Assets

The County should have a capitalization policy in place that includes the type of capital assets (such as land, infrastructure, buildings and equipment) that it will record on the financial statements. The County should periodically evaluate its capital assets, including the remaining useful life, to ensure the capital assets it reports on the financial statements are accurate and agrees with its capitalization policy.

Classification of Transactions

Recording financial transactions to the correct fund and category for assets, liabilities, equity, revenues and expenditures ensures the County presents accurate financial information on its financial statements. Users of financial statements rely on the accuracy of the information to make financial decisions.

Review of Financial Statements as a Whole

The County should have an adequate review process to ensure the entire financial statement report package is complete and accurate. This includes reviewing the Management, Discussion and Analysis (MD&A), financial statements, notes to the financial statements and required supplemental schedules.

Description of Condition

Our audit found material weaknesses in the County's internal controls over financial reporting. Specifically, the County did not establish a process to:

- Ensure it has adequate documentation to support all financial information it reports
- Review journal entries to ensure it recorded them properly in the financial statements
- Implement a capital asset policy and track capitalized assets it reported on the financial statements to ensure it reported the assets correctly
- Review the amounts it reported on the financial statements to ensure they were accurate and correctly classified
- Perform a final comprehensive review of financial statements, notes to financial statements and the Schedule of Federal Award Expenditure (SEFA) to ensure they were accurate and complete

Cause of Condition

The County had turnover in key accounting staff responsible for preparing the financial statements, notes and required schedules. The County did not devote sufficient time and resources to ensure it adequately trained staff on the preparation of governmental financial statements in accordance with the GAAP reporting requirements and did not perform a thorough and meaningful secondary review of the financial statements.

Additionally, the County implemented a new software program that it used to prepare the financial statements. The County did not dedicate sufficient time and resources to fully understand how the new software worked and to ensure all financial information was accurately reported.

Lastly, the County had turnover in the public works department that prevented staff from properly tracking and monitoring the infrastructure assets, including periodically assessing and reconciling their condition. The County also did not have a documented process for capitalizing infrastructure assets and determining their useful life.

Effect of Condition

Inaccurate financial reporting limits access to financial information that County officials, state and federal agencies, and the public use. It also increases audit costs and causes delays due to the additional work necessary to complete the audit.

As a result of the control deficiencies identified above, we were unable to obtain sufficient audit evidence for the County's aggregate remaining funds, specifically the fiduciary activities, presented on the financial statements. Therefore, we issued a qualified opinion as to whether these funds are materially correct.

Additionally, the County submitted multiple revisions to the original financial statement package submitted for audit. Our review of the revisions provided identified multiple errors, including new errors, that were not detected during the County's review.

Further, because of the internal control deficiencies, the County's financial statements contained misstatements in both the original and revised statements that County management did not detect. Specifically, the County's original statements:

- Underreported six government activities and four fiduciary activities balances totaling \$96,018,241 related to pension assets and liabilities, cash and investments, payables, long-term debt and payments to vendors
- Overreported four governmental activities and two fiduciary activities balances totaling \$248,258,440 related to capital assets, receivables, long-term debt, net positions and expenditures
- Misclassified seven governmental activities, general fund, human services fund, behavioral health fund, capital acquisition funds and four fiduciary activities balances totaling \$255,636,100 related to accounts receivable, net positions, operating and capital grants and contributions, taxes and fees, and distributions to other governments
- Did not report \$3,789,176 of expenditures for the federal Emergency Rental Assistance Program on the SEFA

The County corrected all misstatements listed above that are material individually or in aggregate, except for one fiduciary activities balance totaling \$12,126,382 related to cash and investments

Additionally, during the process of revising the statements, the County did not detect the following new misstatements it made, including:

- Reporting one governmental activities and two fiduciary activities prior period adjustments with no support, totaling \$261,435,632
- Overreporting four governmental activities balances totaling \$44,220,801 related to buildings, revenues and expenditures
- Misclassifying three governmental activities balances totaling \$33,322,194 related to land, net position and liabilities
- Misreporting a major fund on the revised financial statements

The County corrected all misstatements listed above that are material individually or in aggregate, except for two fiduciary activities balances totaling \$261,435,632 related to prior period adjustments. As noted above, we issued a qualified opinion on the aggregate remaining funds relating to the uncorrected errors for the fiduciary activities.

We also identified several other less significant errors throughout the MD&A, financial statements, notes to the financial statements and required supplemental schedules.

Recommendation

We recommend the County improve internal controls over financial statement preparation processes to ensure accurate financial reporting. Specifically, we recommend the County:

- Develop and implement processes to ensure it supports the financial activity of the fiduciary fund with adequate documentation
- Establish a process to ensure it records all year-end journal entries and ensures their accuracy
- Implement controls to determine if projects should be capitalized or expensed, and routinely evaluate the remaining estimated useful lives for infrastructure assets by type
- Strengthen controls to track, monitor and evaluate infrastructure assets and establish a written policy and procedures to ensure infrastructure assets are correctly recorded
- Dedicate sufficient time and resources to preparing the financial statements, including performing necessary research and evaluating transactions to ensure proper presentation, and ensure a detailed final review

County's Response

Benton County takes financial reporting seriously with its responsibility to produce accurate financial statements. County management is committed to improving internal control processes and management oversight in review of procedures over financial statement preparation and ensuring accuracy.

The County will develop and implement processes to ensure it supports the financial activity of the fiduciary fund with adequate documentation. The County will retain support for the amounts reported in the fiduciary funds to ensure the reporting is accurate.

The accounting staff will review and process all year-end journal entries and ensure proper accuracy. Because the Benton County Accounting Division had some turnover in key positions, this process wasn't handled as timely and accurately as possible. The County's plan is to implement internal controls to make sure everything has been reviewed by someone other than the person that prepares each section of the financials.

Capital assets tracking has now gone to different staff members outside the Accounting Division. The County is now using our accounting software system to track capital assets. This change will help with tracking capital asset useful life, depreciation, and reviewing those capital assets that might not have been added. Benton County has a new capital policy passed in 2024 to facilitate more accurate tracking.

The County plans to strengthen controls to track, monitor and evaluate infrastructure assets. This includes updating the County's written policy and procedures, as mentioned earlier. These measures will ensure infrastructure assets are correctly recorded. The County's Public Works CFO continues to grow in competency and expertise regarding how to accurately evaluate the infrastructure assets.

The County will record financial transactions to the correct fund and category for assets, liabilities, equity, revenues, and expenditures to ensure the County presents accurate financial information on its financial statements. The County will dedicate sufficient time and resources to preparing the financial statements, including performing necessary research and evaluating transactions to ensure proper presentation, and ensure a detailed final review.

As the Accounting Division becomes more familiar with the annual reporting process and gets more training to new members, we are developing a process to review the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and schedules that are in accordance with the GAAP reporting requirements.

Due to the fact that the County has new staff members that are new to governmental accounting and we implemented a new software mid-year in 2022, mistakes were inadvertently made. The County is now working out of one accounting system going forward.

The County takes the FY 2022 financial reporting recommendations that State Auditor's Office (SAO) has provided seriously. These recommendations will help Benton County develop future processes to ensure more accurate financial statements submitted. Benton County agrees to implement the recommendations provided within this report to ensure the proper internal controls are in place. We want to thank the SAO for working with us throughout this audit. We appreciate all the help SAO has provided us and the patience our SAO team has given through the whole audit process.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Government Auditing Standards, July 2018 Revision, paragraphs 6.40 and 6.41 establish reporting requirements related to significant deficiencies or material weaknesses in internal control, instances of fraud, and noncompliance with provisions of laws, regulations, contracts, or grant agreements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 265, Communicating Internal Control Related Matters Identified in an Audit, paragraph 7.

RCW 43.09.200 Local government accounting – Uniform system of accounting, requires the state auditor to prescribe the system of accounting and reporting for all local governments.

Budgeting, Accounting and Reporting System (BARS) Manual, 3.1.3, Internal Control, requires each local government to establish and maintain an effective system of internal controls that provides reasonable assurance that the government will achieve its objectives.

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Benton County January 1, 2022 through December 31, 2022

2022-002 The County’s internal controls were inadequate for ensuring compliance with suspension and debarment requirements and subrecipient monitoring.

Assistance Listing Number and Title:	21.027 – COVID-19 – Coronavirus State and Local Fiscal Recovery Funds
Federal Grantor Name:	U.S. Department of the Treasury
Federal Award/Contract Number:	N/A
Pass-through Entity Name:	N/A
Pass-through Award/Contract Number:	N/A
Known Questioned Cost Amount:	\$0
Prior Year Audit Finding:	Yes, Finding 2021-002

Description of Condition

The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program provides direct payment to states, U.S. territories, tribal governments, metropolitan cities, counties and (through states) non-entitlement units of local government.

In 2022, the County spent \$6,161,820 of program funds, which included \$1,070,710 that it passed through to one subrecipient. The County used the funding to provide premium pay to the County’s employees who performed essential work during the COVID-19 public health emergency, and to provide assistance to the small businesses that faced negative economic impacts due to the pandemic.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

Suspension and Debarment

Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded from doing business with the federal government. The County may verify this by collecting a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred or checking for exclusion records in the U.S. General Services Administration's System for Award Management at sam.gov. The County must verify this before entering into the contract, and must maintain documentation demonstrating compliance with this federal requirement.

Our audit found the County did not have internal controls for ensuring it verified the suspension and debarment status of contractors before entering into new contracts or making purchases that exceed \$25,000, paid all or in part with federal funds. Specifically, the County did not verify that one contractor paid a total of \$80,707 was not suspended or debarred from participating in federal programs before contracting with them in 2022.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

Subrecipient Monitoring

Federal regulations require the County to monitor subrecipient's activities to ensure they are properly spending federal funding. To determine the appropriate level of monitoring, federal regulations require the County to perform risk assessments to determine each subrecipient's risk of noncompliance with federal statutes and regulations and terms and conditions of the subaward.

The County did not have internal controls in place for ensuring compliance with subrecipient monitoring requirements. Specifically, the County did not have adequate controls for ensuring the awarding document included the required contract elements, and for ensuring it completed and documented the required risk assessments. Further, the County did not monitor subrecipient activities to provide reasonable assurance that the subrecipient administered the subaward in compliance with the terms and conditions of the subaward.

We consider this internal control deficiency to be a material weakness that led to material noncompliance.

Cause of Condition

Suspension and Debarment

County employees responsible for these purchases do not typically manage federal awards and were unaware of the federal requirements for suspension and debarment.

Subrecipient Monitoring

County staff used their usual contract template and were unaware of the required elements that they needed to include in the contract before contracting with the subrecipient. Staff also did not know they were required to complete a risk assessment and to monitor whether the subrecipient was disbursing funds only to eligible participants.

Effect of Condition

Suspension and Debarment

The County did not obtain written certifications, insert clauses into the contracts or check sam.gov before entering into the contracts to verify the contractors were not suspended or debarred.

Without this verification, the County increases its risk of providing federal funds to contractors that are excluded from participating in federal programs. Any payments it makes to an ineligible party would be unallowable, and the federal grantor could potentially recover them.

We subsequently verified the contractors were not suspended or debarred, therefore we are not questioning costs.

Subrecipient Monitoring

The County did not provide its subrecipient with a contract including all the required contract elements, such as the federal award identification number, Assistant Listing Number, unique entity identifier, federal award date and indirect cost rate. Without this information, the subrecipient is less likely know that the award comes from a federal program. This also increases the risk that the subrecipient would not know they need to comply with specific program requirements, which could potentially lead them to spend funds for unallowable purposes.

The County did not document the risk assessment it performed for the subrecipient. Without this documentation, it increases the risk that the County did not perform the risk assessment to ensure the proper level of monitoring of its subrecipient.

The County did not monitor subrecipient activities to provide reasonable assurance the subrecipient administered the subaward in compliance with the terms and conditions of the subaward. Without adequate monitoring, there is a risk that the subrecipient may spend funds for unallowable purposes.

Recommendation

We recommend the County:

- Establish internal controls to verify all contractors it expects to pay \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs
- Ensure it includes in the contract all the required elements for award identification
- Ensure it performs and documents the required risk assessment sufficiently for management to evaluate the results and demonstrate compliance with federal requirements
- Ensure adequate monitoring of subrecipient expenditures to ensure they spend funds only for an allowable purpose

County's Response

Suspension and Debarment

Benton County has established internal controls to verify all contractors it expects to pay \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs. Internal practice now requires that all contracts be reviewed by the purchasing department to ensure they meet the requirements of state and federal regulations. The bid proposal documents also now contain a form, to be completed by each bidder, certifying that they are not suspended or debarred from receiving federal funds. These steps were implemented as a result of a finding from our 2021 Audit that was issued in March 2023 by the State Auditor's Office. Unfortunately, this non-compliance occurred in April 2022 so the new internal practice had not been implemented as we did not become aware of the deficiency until March 2023.

Additionally, for the SLFRF program and other coronavirus relief funds a "double check" by the grant/finance manager has been implemented to verify the debarment

status of contractors who may be paid with those funds. The County has established internal control practices to verify that all contractors awarded a contract that is paid all or in part with federal funds are not suspended or debarred from receiving such funds. The prospective contractor's status is verified using SAM.gov, and the verification is documented in the project file, prior to execution of a contract. Our bidding documents also now contain a form on which the contractor must also certify that they are not suspended or debarred.

Subrecipient Monitoring

Benton County has implemented an internal practice that all contracts must be reviewed by the purchasing department to ensure compliance with state and federal regulations. This review will also ensure that all required contract elements are included, and that particular attention is drawn to notify contractors that the contract is paid all or in part with federal funds.

While the County did perform a risk assessment in accordance with Treasury guidance these were not well documented. The County has developed a template risk assessment form to be included in the bidding documents for contracts funded all or in part with federal funds.

The County does monitor subrecipient expenditures by requesting, and reviewing, detailed invoices for any payments made to sub recipients. The County also requires monthly written reports from sub recipients and our contract language also reserves the right for the County to review and audit all sub recipient financial information. Depending on the nature of the contract routine meetings with sub recipients are also held to monitor progress and discuss and resolve areas of concern. Inspection of documents and regular contact with sub recipients is part of our normal contracting process.

The County is developing a draft risk assessment policy that includes a formal assessment template that will be modifiable per specific conditions of revised future guidance from federal or state grantors.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 180, *OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)*, establishes nonprocurement debarment and suspension regulations implementing Executive Orders 12549 and 12689.

Title 2 CFR Part 200, Uniform Guidance, section 332 Requirements for pass-through entities, establishes subrecipient monitoring requirements for pass through entities

SCHEDULE OF FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Benton County January 1, 2022 through December 31, 2022

2022-003 The County did not have adequate internal controls for ensuring compliance with federal reporting requirements for the Emergency Rental Assistance Program.

Assistance Listing Number and Title: 21.023, COVID-19 Emergency Rental Assistance Program
Federal Grantor Name: U.S. Department of the Treasury
Federal Award/Contract Number: N/A
Pass-through Entity Name:
Pass-through Award/Contract Number:
Known Questioned Cost Amount: \$0
Prior Year Audit Finding: N/A

Description of Condition

Congress passed two acts authorizing federal funds for the Emergency Rental Assistance (ERA) program to respond to the COVID-19 pandemic. The Consolidated Appropriations Act, 2021 was enacted on December 27, 2020, and provided \$25 billion for ERA. These funds are known as ERA1. The American Rescue Plan Act of 2021 was enacted on March 11, 2021, and provided \$21.6 billion in additional funding for ERA. These funds are known as ERA2. These acts provide funds directly to states, U.S. territories, local governments and, in the case of ERA1, Indian tribes to assist eligible households through existing or newly created rental assistance programs.

The purpose of the ERA program is to provide direct payments to eligible entities that award financial assistance to eligible households as well as provide housing stability services. ERA grantees may provide assistance to eligible households directly or to landlords and utility providers on behalf of eligible households.

The County received an award from the U.S. Department of the Treasury to provide financial assistance to eligible households, including payment of rent, utilities and other housing stability services. During fiscal year 2022, the County spent \$229,617 of this award.

Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.

To comply with reporting requirements, the County must submit to the Treasury monthly and quarterly ERA 1 and ERA 2 reports (special reporting 1505-0266 and 1505-0270, respectively). The monthly reports must identify key information such as the number of participating households the county provided ERA assistance of any kind to and the total amount of ERA funds the County expended for these households. The quarterly reports identify the total amount obligated by the County and total amount expended. Both reports are important because the Treasury uses the amounts expended and obligated to assess grantee eligibility for reallocation payments and to determine if the County is subject to involuntary recapture of funds to reallocate to other grantees or return to the grantor.

Our audit found that the County's internal controls were inadequate for ensuring it submitted the monthly and quarterly ERA reports and included accurate information. Specifically, the County did not submit three of the nine required monthly reports. Additionally, the County did not include the required accumulative expenditures and accumulated obligations in the final quarterly report.

We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.

Cause of Condition

Due to staff turnover and technical issues in accessing the Treasurer's portal, the County did not submit all the required monthly reports. Also, the County employee responsible for the program was new to the position and did not ensure the quarterly reports included all required information.

Effect of Condition

The U.S. Department of Treasury uses these reports to assess grantee eligibility for reallocation payments and to determine if the grantee is subject to involuntary recapture of funds to reallocate to other grantees or return to the grantor. Any inaccurate information in these monthly and quarterly reports limits the Treasury's ability to decide reallocations, maintain transparency and fulfill its legal obligations. Since the County was unable to provide the data it used to prepare the reports, it cannot demonstrate the accuracy of the information reported.

Recommendation

We recommend that the County implement internal controls to ensure it submits all monthly reports and accurate quarterly reports.

County's Response

Thank you for bringing this to our attention. There were several factors that contributed to the difficulties we encountered submitting the required quarterly reports and have since remedied those issues. The Human Services Department has worked with Treasury on the challenges we encountered uploading the required reporting templates and we now has multiple people with access to the reporting portal and in the event of staff turnover we can continue to submit required reports. The Human Services Manager and the Budget and Finance Analyst have created reminders on their calendars to ensure reporting is completed on time and with accurate data.

Auditor's Remarks

We appreciate the County's commitment to resolve this finding. We will review the corrective action taken during our next regular audit.

Applicable Laws and Regulations

Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), section 516, Audit findings, establishes reporting requirements for audit findings.

Title 2 CFR Part 200, Uniform Guidance, section 303, Internal controls, describes the requirements for auditees to maintain internal controls over federal programs and comply with federal program requirements.

The American Institute of Certified Public Accountants defines significant deficiencies and material weaknesses in its *Codification of Statements on Auditing Standards*, section 935, Compliance Audits, paragraph 11.

Title 2 CFR Part 200, Uniform Guidance, section 329, Monitoring and reporting program performance, describes the requirements for auditees to perform oversight of the operations of the federal award supported activities to ensure compliance with applicable federal requirements and performance expectations.

The Consolidated Appropriations Act, 2021, title V, Banking, subtitle A, Emergency Rental Assistance, section 501(g), Reporting requirements, describes the required performance and financial data and frequency of reports for this federal program. Section 501(b) describes the reallocation requirements.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Benton County January 1, 2022 through December 31, 2022

This schedule presents the status of findings reported in prior audit periods.

Audit Period:	Report Ref. No.:	Finding Ref. No.:
January 1, 2021 - December 31, 2021	1032418	2021-001
Finding Caption:		
<p>The County did not have adequate internal controls ensuring accurate reporting of deferred revenues and infrastructure assets in its financial statements</p>		
Background:		
<p>The County’s elected officials, state and federal agencies, and the public rely on the information included in the financial statements and reports to make decisions. County management is responsible for designing, implementing and maintaining internal controls that provide reasonable assurance regarding the reliability of financial reporting.</p> <p>The County prepares its financial statements in accordance with generally accepted accounting principles (GAAP).</p> <p>Our audit identified deficiencies in internal controls over financial reporting, particularly for deferred revenue and infrastructure assets, which resulted in errors in the County’s financial statements. <i>Government Auditing Standards</i> requires the State Auditor’s Office to communicate material weaknesses in internal controls as a finding.</p> <p>The County typically receives grant funding on a reimbursement basis. However, during the audit period, the County received an advance of \$19,850,181 in Coronavirus State and Local Fiscal Recovery Funds (SLFRF). The County spent \$12,349,652 of the advance funding during fiscal year 2021, and reported the remaining unspent funds of \$7,500,529 as grant revenues on its financial statements. Our audit found the County did not have a process in place to evaluate the revenue recognition criteria for the unspent grant funds to ensure they were accurately reported.</p> <p>Additionally the County reported infrastructure assets and related depreciation balances of \$95,824,523 on its financial statements. The County is responsible for keeping detailed information on each project type that comprises the total infrastructure amount reported on the financial statements. The County does not have a capital asset policy for determining the useful life estimates for assets, nor does it keep supporting documentation for the useful life estimates it uses. Our audit found the County did not have a process for ensuring it accurately reported infrastructure assets on the financial statements.</p> <p>We consider these deficiencies in internal controls to be a material weakness.</p>		

Status of Corrective Action: (check one)

Fully
Corrected

Partially
Corrected

Not Corrected

Finding is considered no
longer valid

Corrective Action Taken:

Benton County has now implemented a practice and process to check each contractor before entering in a contract. Our purchasing department includes a debarment check and language has been updated in all contracts that utilizes federal funds. We will continue to review our process to see if we ever need to make updates to it and better our internal controls.

Audit Period: January 1, 2021 – December 31, 2021	Report Ref. No.: 1032418	Finding Ref. No.: 2021-002	Assistance Listing Number(s): 21.027
Federal Program Name and Granting Agency: U.S. Department of the Treasury - Coronavirus State and Local Fiscal Recovery Funds		Pass-Through Agency Name: NA	
Finding Caption: The County lacked adequate internal controls for ensuring compliance with suspension and debarment requirements.			
Background: <p>The Coronavirus State and Local Fiscal Recovery Funds (SLFRF) program provides direct payment to states, U.S. territories, tribal governments, metropolitan cities, counties, and (through states) non-entitlement units of local government.</p> <p>In 2021, the County spent \$12,349,652 in program funds. The County used the funding to provide premium pay to employees who performed essential work during the COVID-19 public health emergency, and to provide government services to the extent COVID-19 caused a reduction in revenues collected in the County’s most recent full fiscal year.</p> <p>Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.</p> <p>Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters into contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded. The County may accomplish this verification by collecting a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration’s System for Award Management at SAM.gov. The County must perform this verification before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement.</p> <p>Our audit found the County did not have internal controls for ensuring it verified the suspension and debarment status of contractors before entering into new contracts or purchases exceeding \$25,000, paid all or in part with federal funds. Specifically, the County did not verify that two contractors paid a total of \$265,982 were not suspended or debarred from participating in federal programs before contracting with them in 2021.</p> <p>We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.</p>			

Status of Corrective Action: (check one)

Fully
Corrected

Partially
Corrected

Not Corrected

Finding is considered no longer
valid

Corrective Action Taken:

Benton County has now implemented a practice and process to check each contractor before entering in a contract. Our purchasing department includes a debarment check and language has been updated in all contracts that utilizes federal funds. We will continue to review our process to see if we ever need to make updates to it and better our internal controls.

Audit Period: January 1, 2021 – December 31, 2021	Report Ref. No.: 1032418	Finding Ref. No.: 2021-003	Assistance Listing Number(s): 21.023
Federal Program Name and Granting Agency: U.S. Department of the Treasury - Emergency Rental Assistance Program		Pass-Through Agency Name: Washington State Department of Commerce	
Finding Caption: The County lacked adequate internal controls for ensuring compliance with suspension and debarment requirements.			
Background: <p>The purpose of Emergency Rental Assistance (ERA) program is to provide direct payments to eligible entities to award financial assistance to eligible households and provide housing stability services. ERA grantees may provide assistance directly to eligible households or landlords and utility providers on behalf of eligible households.</p> <p>The County received an award from the Washington State Department of Commerce to provide financial assistance to eligible households, including payment of rent, utilities and other housing stability services. During fiscal year 2021, the County spent \$5,369,708 of its ERA award from Commerce.</p> <p>Federal regulations require recipients to establish and maintain internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.</p> <p>Federal requirements prohibit recipients from contracting with or purchasing from parties suspended or debarred from doing business with the federal government. Whenever the County enters contracts or purchases goods or services that it expects to equal or exceed \$25,000, paid all or in part with federal funds, it must verify the contractors have not been suspended, debarred or otherwise excluded. The County may accomplish this verification by collecting a written certification from the contractor, adding a clause or condition into the contract that states the contractor is not suspended or debarred, or checking for exclusion records in the U.S. General Services Administration’s System for Award Management at SAM.gov. The County must perform this verification before entering into the contract, and it must maintain documentation demonstrating compliance with this federal requirement.</p> <p>Our audit found the County’s internal controls were ineffective for ensuring it verified the suspension and debarment status of a contractor before entering into new contracts or purchases exceeding \$25,000, paid all or in part with federal funds. Specifically, the County did not verify that one contractor paid a total of \$163,532 was not suspended or debarred from participating in federal programs before contracting in 2021.</p> <p>We consider this deficiency in internal controls to be a material weakness that led to material noncompliance.</p>			

Status of Corrective Action: (check one)

- Fully Corrected Partially Corrected Not Corrected Finding is considered no longer valid

Corrective Action Taken:

The department has been notified of this finding. There has been a change in staffing in both the department that handles the grant and the accounting department. We have reviewed the SAO's recommendations and develop better internal controls by updating the contracts that are signed. The department head also reminds staff to verify contractors about the importance of this matter and that they are checking on the status before entering new contracts.

Audit Period: January 1, 2021 – December 31, 2021	Report Ref. No.: 1032418	Finding Ref. No.: 2021-004	Assistance Listing Number(s): 93.788
Federal Program Name and Granting Agency: Department of Health and Human Services		Pass-Through Agency Name: Washington Health Care Authority	
Finding Caption: The County did not have adequate internal controls for ensuring compliance with federal procurement requirements.			
Background: <p>During fiscal year 2021, the County spent \$712,035 in federal funding for the Opioid State Target Response Program, which included \$98,574 that was paid to two contractors. The objective of the program is to address the opioid abuse crisis within such states, and recipients use funds to carry out activities that supplement activities pertaining to opioids undertaken by the state agency responsible for administering the substance abuse prevention and treatment block grant.</p> <p>Federal regulations requires recipients to establish and follow internal controls that ensure compliance with program requirements. These controls include understanding program requirements and monitoring the effectiveness of established controls.</p> <p>Federal regulations require recipients to follow their own documented procurement procedures, which must conform to the Uniform Guidance procurement standards found in 2 CFR § 200.318-327. The procedures must reflect the most restrictive of applicable federal requirements, state laws and local policies. When using federal funds to procure goods and services, governments must apply the more restrictive requirements by obtaining quotes or following a competitive procurement process, depending on the estimated cost of the procurement activity. For personal services, federal regulations require recipients to obtain price or rate quotations for services with an estimated cost from \$10,000 to \$250,000. County policy is less restrictive than federal regulations and allows employees to use the method they deem best for the circumstances to obtain the highest quality service at the lowest cost.</p> <p>Although the County has a written procurement policy, it does not conform to the most restrictive methods and thresholds for procuring personal services. In addition, the County did not retain documentation showing it obtained price or rate quotations, or evaluated the qualifications of contractors, before awarding two opioid coordinator personal service contracts as required. We consider these deficiencies in internal controls to be a material weakness that led to material noncompliance.</p>			
Status of Corrective Action: (check one) <input checked="" type="checkbox"/> Fully Corrected <input type="checkbox"/> Partially Corrected <input type="checkbox"/> Not Corrected <input type="checkbox"/> Finding is considered no longer valid			

Corrective Action Taken:

The department has been notified of this finding. There has been a change in staffing in both the department that handles the grant and the accounting department. We have reviewed the SAO's recommendations and developed better internal controls by updating the contracts that are signed. The department head also reminds staff to verify contractors about the importance of this matter and that they are checking on the status before entering new contracts.

INDEPENDENT AUDITOR'S REPORT

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*

Benton County **January 1, 2022 through December 31, 2022**

Board of Commissioners
Benton County
Prosser, Washington

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 Benton County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated April 24, 2025.

The County was unable to provide adequate documentation to support financial activities of the Fiduciary Funds for the year ended December 31, 2022. Accordingly, our report was modified to reflect a qualified opinion on the fair presentation of the Fiduciary Funds for this departure from accounting principles generally accepted in the United States of America.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audits 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 above and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control, as described in the accompanying Schedule of Audit Findings and Responses as Finding 2022-001, that we consider to be material weaknesses.

REPORT ON 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*.

COUNTY'S RESPONSE TO FINDINGS

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying Schedule of Audit Findings and Responses. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. However, this

report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive style with a large, stylized initial "P".

Pat McCarthy, State Auditor

Olympia, WA

April 24, 2025

INDEPENDENT AUDITOR'S REPORT

Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Benton County January 1, 2022 through December 31, 2022

Board of Commissioners
Benton County
Prosser, Washington

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited the compliance of Benton County, with the types of compliance requirements identified as subject to audit in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2022. The County's major federal programs are identified in the auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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 major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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)* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination on the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Performing an audit in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the County's internal control over compliance. Accordingly, no such opinion is expressed; and
- We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures also disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings, 2022-002 and 2022-003. Our opinion on each major federal program is not modified with respect to these matters.

We also noted certain matters related to compliance that we have reported to the management of the County in a separate letter dated April 24, 2025.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified.

However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Federal Award Findings and Questioned Costs as Findings 2022-002 and 2022-003, that we consider to be material weaknesses.

In addition, we noted certain other matters that we have reported to the management of the County in a separate letter dated April 24, 2025.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Federal Award Findings and Questioned Costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

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. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



Pat McCarthy, State Auditor

Olympia, WA

April 24, 2025

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Benton County **January 1, 2022 through December 31, 2022**

Board of Commissioners
Benton County
Prosser, Washington

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Benton County, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the financial section of our report.

Qualified Opinion on the Fiduciary Funds

In our opinion, except for the effects of the matter described below, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Fiduciary Funds of Benton County, as of December 31, 2022, and the changes in financial position thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities and Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Benton County, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

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

Matters giving Rise to Qualified Opinion on the Fiduciary Funds

The County reported total prior period adjustments of \$246,577,358, on the Statement of Changes in Fiduciary Net Position and overreported restricted net position of \$94,360,519 on the Statement of Fiduciary Net Position, as of December 31, 2022. We were unable to obtain sufficient appropriate audit evidence for the prior period adjustments as of December 31, 2022 because the County has not retained support for the calculation.

Matters of Emphasis

As discussed in Note 1 to the financial statements, in 2022, the County adopted new accounting guidance, Governmental Accounting Standards Board *Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Performing an audit in accordance with GAAS and *Government Auditing Standards* includes the following responsibilities:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed;
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time; and
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the financial section of our report be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be

an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). This supplementary information is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2025 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on

compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Pat McCarthy". The signature is written in a cursive, flowing style.

Pat McCarthy, State Auditor

Olympia, WA

April 24, 2025

Benton County
January 1, 2022 through December 31, 2022

REQUIRED SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis – 2022

BASIC FINANCIAL STATEMENTS

Statement of Net Position – 2022

Statement of Activities – 2022

Governmental Funds Balance Sheet – 2022

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position –
2022

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental
Funds – 2022

Reconciliation of Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balance to the Statement of Activities – 2022

Statement of Net Position – Proprietary Funds – 2022

Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds
– 2022

Statement of Cash Flows – Proprietary Funds – 2022

Statement of Fiduciary Net Position – Fiduciary Funds – 2022

Statement of Changes in Fiduciary Net Position – Fiduciary Funds – 2022

Notes to Financial Statements – 2022

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – 2022
Budgetary Comparison Schedule – Human Services Fund– 2022
Budgetary Comparison Schedule – 1/10% Criminal Justice Fund - 2022
Budgetary Comparison Schedule – Rural County Capital Fund – 2022
Budgetary Comparison Schedule – Behavioral Health Fund– 2022
Schedule of Changes in Total OPEB Liability and Related Ratios – LEOFF I – 2022
Schedule of Proportionate Share of Net Pension Liability – PERS 1, PERS 2/3, PSERS,
LEOFF 1, LEOFF 2 – 2022
Schedule of Employer Contributions – PERS 1, PERS 2/3, PSERS, LEOFF 1, LEOFF 2
– 2022

SUPPLEMENTARY AND OTHER INFORMATION

Schedule of Expenditures of Federal Awards – 2022
Notes to the Schedule of Expenditures of Federal Awards – 2022

Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022

As management of Benton County, we offer readers of Benton County's financial statements this narrative overview and analysis of the financial activities of Benton County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information provided in our financial statements and notes to the financial statements, which follow.

Financial Highlights

Government-wide. The total government-wide assets and deferred outflows of resources of the County exceeded the liabilities and deferred inflows of resources on December 31, 2022, by \$360,732,061. (Net position - ending). This is a change of \$10,635,777 (Net position change) from the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$350,226,818 (Prior year net position - ending).

Total net position of the primary government is comprised of the following:

1. \$149,614,064 (Net investment in capital assets) includes land, quarries, construction in progress, buildings, improvements, machinery and equipment, right-to-use lease assets, right-to-use subscription assets, net of accumulated depreciation, depletion, and amortization, and is reduced by outstanding capital related debt of \$3,230,000 for Benton Franklin Health District Center Refunding.
2. \$110,551,219 (Restricted net position) is restricted by constraints imposed from outside the County such as laws, regulations, or grant restrictions.
3. \$85,726,889 (Unrestricted net position) represents the portion available to meet ongoing obligations to citizens and creditors.

Governmental Fund Financial Statements. As of December 31, 2022, County governmental funds reported combined fund balances of \$190,723,864 (Total fund balances). This reflects an increase of \$11,132,065 (Net Change in Fund Balances) from the previous fiscal year. The current year total consists of combined \$110,551,219 (Restricted fund balances), \$20,400,770 (Committed fund balances), \$27,622,438 (Assigned fund balances), \$32,149,437 (Unassigned fund balances) for fiscal year 2022.

The General fund is the principal operating fund of Benton County. At the end of the fiscal year, the County's General Fund had \$32,149,437 (Unassigned fund balances).

The nonmajor governmental funds had total combined fund balances of \$71,271,379 (Total nonmajor fund balances) on December 31, 2022. Of this amount, \$50,870,609 (Restricted nonmajor fund balances) and \$20,400,770 (Committed fund balances).

Long-Term Debt. The County issues debt to finance an ongoing capital improvement program. Financial statement Note 14 – Long-Term Debt provides details of long-term debt.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements, which consist of the following three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to a private-sector business.

Statement of Net Position. This presents information on all County assets plus deferred outflows of resources and liabilities plus deferred inflows of resources, with the difference between the two representing net position. Over time, increases or decreases in net position may serve as a useful indicator of the financial condition of the County.

Statement of Activities. This presents information that indicates how net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

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 portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include administration of justice, county administration, health and human services, tax administration, parks, and roads and bridges. The County does not have any business-type activities.

Fund Financial Statements. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds. These are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County reports 52 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major governmental funds. Data from other governmental funds are combined into a single aggregated presentation.

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Proprietary Funds. These are used for two purposes: Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County currently does not have Enterprise funds. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its rental and maintenance of County vehicles, central services (information technology), workers compensation, other risk management activities, and accumulated leave. The revenues and expenses of the internal service funds that are duplicated in other funds through allocations are eliminated in the government-wide statements, with the remaining balances included in the governmental activities' column.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Proprietary fund statements follow the governmental fund statements in this report.

Fiduciary Funds. In January 2017, GASB issued Statement No. 84, "Fiduciary Activities." This statement establishes criteria for identifying fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement also describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. GASB 95 delayed implementation of several standards. Benton County early implemented GASB 84 in 2019.

The County has two types of fiduciary funds: 1) custodial investment pool funds, which report the external portion of the County's investment pools that belong to other jurisdictions, and 2) custodial funds, which are clearing accounts for assets held by the County in its role as custodian until the funds are allocated to the agencies to which they belong. The fiduciary fund financial statements can be found following the proprietary fund financial statements.

Notes to the Financial Statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Benton County's progress in funding its obligation to provide other post-employment benefits to its LEOFF 1 retirees as well as information regarding pension liabilities. Required supplementary information can be found immediately following the notes to the financial statements.

**Benton County, Washington
Management's Discussion and Analysis
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Condensed Comparative Financial Data

Condensed Statement of Net Position. The following is a summary of the government-wide statement of net position presented in detail in the financial section of this report:

Benton County, Washington		
Net Position		
December 31, 2021 and 2022		
	Governmental Activities	
	2022	2021
ASSETS AND DEFERRED OUTFLOWS		
Current and Other Assets	\$245,067,779	\$261,471,558
Capital Assets (Net)	152,844,064	154,881,188
Deferred Outflows of Resources	12,884,822	4,209,804
Total Assets and Deferred Outflows	410,796,666	420,562,550
LIABILITIES AND DEFERRED INFLOWS		
Current and Other Liabilities	17,728,546	20,891,529
Long-term Liabilities	23,575,491	16,628,252
Deferred Inflows of Resources	8,760,567	32,815,951
Total Liabilities and Deferred Inflows	50,064,604	70,335,732
NET POSITION		
Net Investment in Capital Assets	149,614,064	150,233,338
Restricted	125,391,108	139,075,442
Unrestricted	85,726,889	60,918,038
Total Net Position	\$360,732,061	350,226,818

Comparative Changes in Net Position. The following table indicates changes in net position for governmental activities. The County does not have any business-type activities:

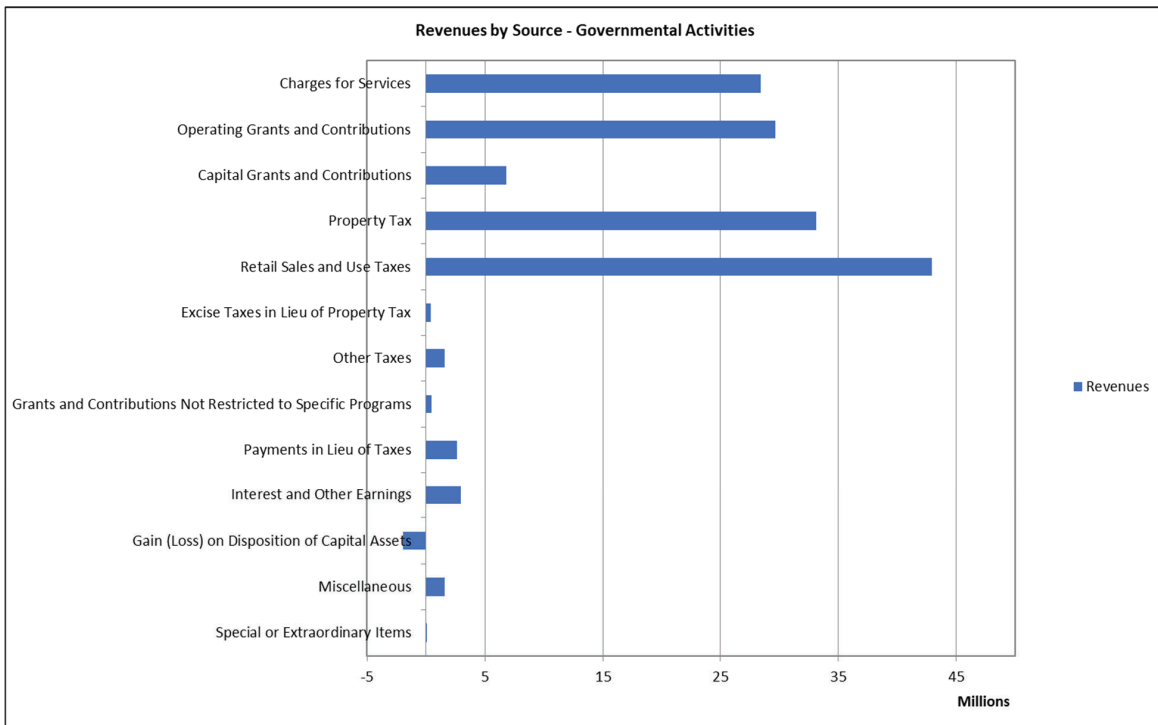
**Benton County, Washington
Management's Discussion and Analysis
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Benton County, Washington Changes in Net Position December 31, 2021 and 2022		
	Governmental Activities	
	2022	2021
REVENUES		
Program Revenues:		
Charges for Services	\$ 28,397,955	\$ 30,918,718
Operating Grants and Contributions	29,659,369	40,012,739
Capital Grants and Contributions	6,839,176	2,578,142
General Revenues:		
Property Tax	33,095,031	33,133,297
Retail Sales and Use Taxes	42,907,700	39,928,233
Excise Taxes in Lieu of Property Tax	400,688	2,115,006
Other Taxes	1,561,311	-
Grants and Contributions Not Restricted to Specific Programs	484,657	-
Payments in Lieu of Taxes	2,629,351	10,256,649
Interest and Other Earnings	2,961,575	3,413,373
Gain (Loss) on Disposition of Capital Assets	(1,929,328)	-
Miscellaneous	1,552,831	-
Special or Extraordinary Items	7,645	-
Total Revenues	148,567,962	162,356,157
EXPENSES		
Governmental Activities:		
General Government	50,204,039	38,829,029
Public Safety	44,940,647	35,409,892
Transportation	10,549,971	15,090,983
Natural and Economic Environment	3,671,172	2,159,265
Social Services	26,259,835	21,895,064
Culture and Recreation	1,764,786	1,459,027
Interest on Long-Term Debt	541,735	246,939
Total Expenses	137,932,184	115,090,199
Change in Net Position before Special Items and Transfers	10,635,777	47,265,958
Special Item		
Change in Net Position	10,635,777	47,265,958
Net Position - Beginning, as Previously Reported	350,226,818	302,960,860
Error Correction	(130,534)	-
Net Position - Beginning as Restated	350,096,284	302,960,860
Net Position - Ending	\$ 360,732,061	\$ 350,226,818

**Benton County, Washington
Management's Discussion and Analysis
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Revenues by Source. The table below and the following chart displays program revenues, by major source; general revenues, by major source; and total revenues.

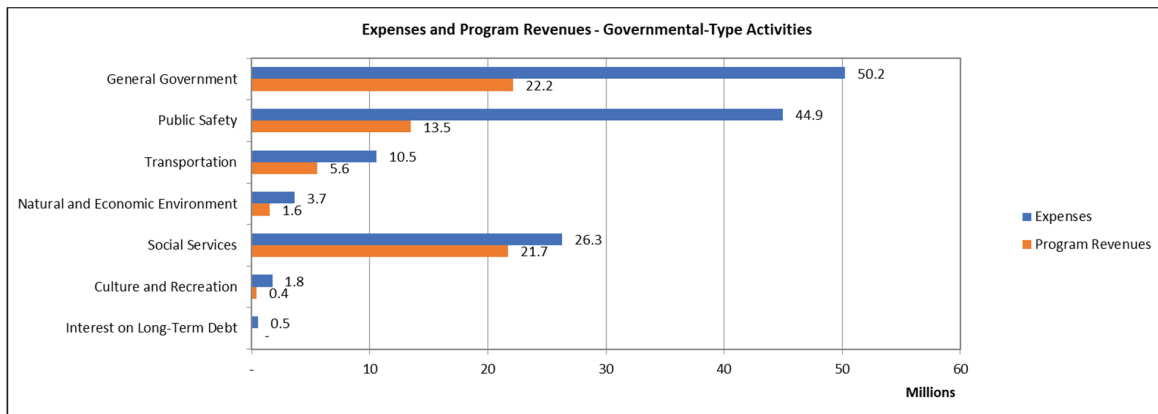
Benton County, Washington Revenues by Source Governmental Activities For the Year Ended December 31, 2022		
Revenues Source	Revenues	% of Total
Charges for Services	\$ 28,397,955	19.11%
Operating Grants and Contributions	29,659,369	19.96%
Capital Grants and Contributions	6,839,176	4.60%
Property Tax	33,095,031	22.28%
Retail Sales and Use Taxes	42,907,700	28.88%
Excise Taxes in Lieu of Property Tax	400,688	0.27%
Other Taxes	1,561,311	1.05%
Grants and Contributions Not Restricted to Specific Programs	484,657	0.33%
Payments in Lieu of Taxes	2,629,351	1.77%
Interest and Other Earnings	2,961,575	1.99%
Gain (Loss) on Disposition of Capital Assets	(1,929,328)	-1.30%
Miscellaneous	1,552,831	1.05%
Special or Extraordinary Items	7,645	0.01%
Total	\$ 148,567,962	100.00%



**Benton County, Washington
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Expenses and Program Revenues. The table below and the following chart displays program expenses, by function and total expenses.

Benton County, Washington Expenses and Program Revenues Governmental Activities December 31, 2022					
Functions/Programs	Expenses	% of Total	Program Revenues	% of Total	Net (Expense) Revenue
General Government	\$ 50,204,039	36.40%	\$ 22,152,116	34.13%	\$ (28,051,923)
Public Safety	44,940,647	32.58%	13,454,207	20.73%	(31,486,440)
Transportation	10,549,971	7.65%	5,571,095	8.58%	(4,978,875)
Natural and Economic Environment	3,671,172	2.66%	1,559,456	2.40%	(2,111,716)
Social Services	26,259,835	19.04%	21,733,702	33.49%	(4,526,133)
Culture and Recreation	1,764,786	1.28%	425,923	0.66%	(1,338,863)
Interest on Long-Term Debt	541,735	0.39%	-	0.00%	(541,735)
Total	\$ 137,932,184	100.00%	\$ 64,896,500	100.00%	\$ (73,035,684)



Benton County, Washington
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Overall Analysis of Financial Position and Results of Operations

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$360,732,061 (Net position - ending) for fiscal year 2022 and \$350,226,818 (Prior year net position – ending) for fiscal year 2021. Revenues netted with Expenses during the current year, changing net position by \$10,635,777 (Net position change).

The largest portion of the County's current fiscal year net position, \$149,614,064 (Net investment in capital assets), is invested in capital assets (e.g., land, improvements, buildings, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The primary use of these capital assets is to provide services to citizens; therefore, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

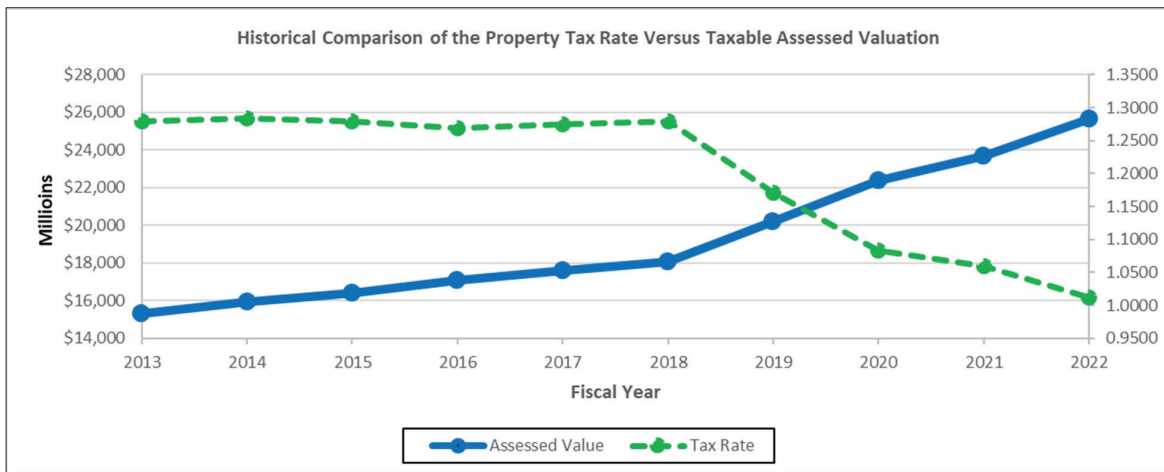
Another portion of the County's current fiscal year net position, \$85,726,889 (Unrestricted net position), which is normally available to meet the County's ongoing unrestricted obligations to citizens and creditors. The remaining balance of net position represents resources that are subject to external restrictions on how they may be used. A large portion of the restricted net position, \$48,103,812 is for public safety activities including those funded by the Public Safety Sales Tax which the County Citizens approved in 2014. It is used for activities that substantially assist the criminal justice system, which may include circumstances where ancillary benefit to the civil justice system occurs, and which includes domestic violence services such as those provided by domestic violence programs, community advocates, and legal advocates. Restricted net position of \$27,468,942 is related to general governmental activities subject to restrictions on how it may be used with much of the balance dedicated to funding public facilities serving economic development purposes in rural counties and finance personnel in economic development. \$19,134,040 (Social services restricted net position) is restricted for providing mental health services, community services for people with developmental disabilities and housing assistance. The \$7,522,582 (Transportation restricted net position) is mainly from property tax levy. Road levy must be used for planning, constructing, altering, repairing, improving, and maintaining county roads, bridges, and other county road purposes including pedestrian and bicycle facilities. Other restrictions include housing assistance and assistance to indigent veterans and restricted funds for park development, maintaining paths and trails and the operations and maintenance of the local pest board.

**Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Revenues

For fiscal year ended December 31, 2022, the primary government had \$148,567,962 (Total revenues).

\$42,907,700 (Retail sales and use taxes) is a large revenue source for general governmental activities. This is a change from prior year taxes of \$39,928,233. Property Taxes decreased by 0.12% from the prior year. The tax rate was \$1.0114 per \$1,000 of assessed value for fiscal year 2022. The taxable assessed value increased in fiscal year 2022 to \$25,648,055,494 from the taxable assessed value in the prior fiscal year of \$23,673,974,747.



Program revenues are derived from the program itself and reduce the cost of the function to the County. Total program revenues were \$64,896,500 or 34.4% of total revenues.

The largest portion of program revenues for 2022 is Charges for Services of \$28,397,955. Of that \$13,636,740 is from General Government activities, which includes fees collected from filing and recording by the courts, fees collected by the tax collector and fees for automobile registrations and recording. Public Safety charges for services of \$11,123,443 includes payments from the local jurisdictions for housing inmates and other Sheriff services.

General revenues are revenues that cannot be assigned to a specific function. They consist of taxes (previously discussed), interest and other investment earnings of \$2,961,575 (\$1.99% of total revenues).

**Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Expenses

For fiscal year ended December 31, 2022, expenses for the primary government totaled \$137,932,184.

The County's largest governmental functions in 2022 are General Government, Public Safety and Social Services. Law enforcement and custody of prisoners encompasses the Public Safety expenditures. The Human Services department continues to be focused on eviction rental assistance due to the economic impact due to the pandemic.

The expenses for the Roads and Bridges governmental activity's function were \$10,549,971 or 7.65% of total expenses. The County owns and maintains over 875 miles of roads and 52 bridges.

The Interest on long term debt was \$541,735. This constituted 0.39% of total expenses.

The remaining governmental activities functions are Natural and Economic Environment \$3,671,172 and Culture and Recreation \$1,764,786. This includes operation of the County parks, fairgrounds, economic development, animal and pest control and the local extension office to name a few.

**Benton County, Washington
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Fund Analysis

The General Fund, Human Services, 1/10% Criminal Justice, Rural County Capital, and Behavioral Health funds account for 67% of all governmental fund revenue and 66% of all expenditures. The Capital Projects fund is considered a major fund by the merits of its total assets. The Human Services Fund, 1/10% Criminal Justice Fund and Rural County Capital Funds are classified as major funds because of their public interest to financial statement users. Together these six funds account for 63% of total governmental fund balance.

The General fund is the principal operating fund of Benton County. At the end of the current fiscal year, the General fund had \$32,149,437 (Unassigned fund balances), which represents 49% of total General fund expenditures. The fund balance of General fund changed by \$883,486 during the current fiscal year.

The fund balance of the Human Services Fund changed by \$(3,002,815) during the current fiscal year. This was due to Covid-19 relief funding received in the prior year.

The 1/10% Criminal Justice Fund is funded with sales tax revenue. The purpose of this fund is for financing of construction, maintenance, and operations of the adult and juvenile jails. The fund changed by \$4,010,428 during the current fiscal year.

The Rural County Capital Fund is funded with retail sales tax. The purpose of this fund is financing public facilities. It is intended to facilitate economic development, job creation, and tax revenue in the community. The fund changed by \$2,711,546 during the current fiscal year.

The Behavioral Health Fund is funded with retail sales tax. The purpose of this fund is providing for the operation and delivery of chemical dependency and mental health treatment services, and/or therapeutic court programs. This fund is new in 2022. For the current fiscal year this fund changed by \$3,165,527.

**Benton County, Washington
Management's Discussion and Analysis
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Budget Variances in the General Fund

In 2020, Benton County adopted the budget for the 2021/2022 biennium. The following table shows the changes between the original and the final General Fund budget as of December 31, 2022.

	Benton County, Washington Budgetary Comparison Schedule General Fund For the Biennium Ended December 31, 2022						Total Biennial Actual	Variance with Final Budget
	Budgeted Amounts		2022		2021			
	Original	Final	Actual	Actual	Actual	Actual		
REVENUES								
Taxes	\$ 79,160,603	\$ 79,160,603	\$ 42,690,703	\$ 43,099,480	\$ 85,790,183	\$ 6,629,580		
Licenses and Permits	208,156	208,156	182,617	164,662	347,279	139,123		
Intergovernmental Revenues	12,302,087	32,351,290	11,504,724	19,472,827	30,977,551	(1,373,739)		
Charges for Goods and Services	38,857,530	38,857,530	15,032,005	15,266,355	30,298,361	(8,559,169)		
Charges for Goods and Services - External Sales	950,145	950,145	473,493	473,493	946,986	(3,159)		
Fines and Penalties	3,411,231	3,411,231	2,051,777	1,763,361	3,815,139	403,908		
Rents and Leases	660,460	660,460	309,450	318,383	627,834	(32,626)		
Miscellaneous Revenues	66,206	66,206	119,632	142,013	261,644	195,438		
Interest and Other Earnings	3,766,514	3,766,514	3,046,179	2,852,863	5,899,041	2,132,527		
Total Revenues	139,382,932	159,432,135	75,410,580	83,553,438	158,964,019	(468,116)		

**Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Benton County, Washington Budgetary Comparison Schedule General Fund For the Biennium Ended December 31, 2022						
	Budgeted Amounts		2022		2021	
	Original	Final	Actual	Actual	Total Biennial Actual	Variance with Final Budget
EXPENDITURES						
Current:						
Charges to Appropriations (Outflows)						
General Government						
00 Depreciation Amortization and Other	-	-	-	-	-	-
Decreases in Fund Resources	-	-	-	120,718	120,718	(120,718)
10 Salaries and Wages	31,419,643	32,264,985	15,530,191	15,748,663	31,278,854	986,131
20 Personnel Benefits	13,192,697	13,505,633	5,816,580	6,011,704	11,828,284	1,677,349
30 Supplies for Consumption and Resale	792,855	1,028,032	694,723	648,723	1,343,446	(315,414)
40 Services and Pass-Through Payments	27,675,486	45,182,983	9,275,389	7,886,262	17,161,651	28,021,332
94 Services and Pass-Through Payments - Internal	175,868	183,585	91,078	86,128	177,207	6,378
Public Safety						
10 Salaries and Wages	26,559,975	26,680,440	13,441,699	12,528,924	25,970,623	709,817
20 Personnel Benefits	9,879,623	9,853,896	4,876,458	4,752,282	9,628,740	225,156
30 Supplies for Consumption and Resale	1,909,382	1,930,888	1,377,378	977,817	2,355,195	(424,307)
40 Services and Pass-Through Payments	18,556,795	18,480,159	9,748,732	8,425,176	18,173,908	306,251
94 Services and Pass-Through Payments - Internal	450,903	482,295	255,041	221,990	477,030	5,265
Natural and Economic Environment						
10 Salaries and Wages	1,587,751	1,503,715	597,326	601,400	1,198,726	304,989
20 Personnel Benefits	700,687	700,687	242,997	266,196	509,193	191,494
30 Supplies for Consumption and Resale	107,215	112,715	83,332	55,129	138,461	(25,746)
40 Services and Pass-Through Payments	777,856	1,341,144	1,467,945	820,731	2,288,676	(947,532)
94 Services and Pass-Through Payments - Internal	14,680	22,792	11,112	11,112	22,224	568
Social Services						
10 Salaries and Wages	480,347	561,787	296,449	253,338	549,787	12,000
20 Personnel Benefits	148,610	189,040	97,823	82,938	180,761	8,279
30 Supplies for Consumption and Resale	43,768	59,661	19,953	13,855	33,808	25,853
40 Services and Pass-Through Payments	1,208,727	1,158,634	756,144	591,967	1,348,110	(189,476)
94 Services and Pass-Through Payments - Internal	40,000	55,000	25,444	20,000	45,444	9,556
Culture and Recreation						
10 Salaries and Wages	422,793	422,793	204,086	183,792	387,878	34,915
20 Personnel Benefits	185,137	185,137	84,523	82,103	166,626	18,511
30 Supplies for Consumption and Resale	64,144	49,794	66,317	29,872	96,189	(46,395)
40 Services and Pass-Through Payments	427,433	439,305	207,665	220,772	428,437	10,868
94 Services and Pass-Through Payments - Internal	31,744	34,222	16,352	17,649	34,001	221
Total Current	<u>136,854,119</u>	<u>156,429,322</u>	<u>65,284,734</u>	<u>60,659,243</u>	<u>125,943,978</u>	<u>30,485,344</u>

**Benton County, Washington
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Benton County, Washington Budgetary Comparison Schedule General Fund		Budgeted Amounts		2022		2021		Variance with Final Budget	
		Original	Final	Actual	Actual	Actual	Actual	Total Biennial Actual	Total Biennial Actual
Debt Service:									
Interest and Other Debt Service Costs		-	-	3,240	-	-	-	3,240	(3,240)
Total Debt Service		-	-	3,240	-	-	-	3,240	(3,240)
Capital Outlay:									
General Government		-	-	-	-	-	-	-	-
60 Capital Outlays		40,000	474,000	204,622	249,956	-	-	454,578	19,422
Public Safety		-	-	-	-	-	-	-	-
60 Capital Outlays		-	40,000	32,893	-	-	-	32,893	7,107
Total Capital Outlay		40,000	514,000	237,515	249,956	-	-	487,470	26,530
Total Expenditures		136,894,119	156,943,322	65,525,488	60,909,199	126,434,688	30,508,634	32,529,331	30,040,518
Excess (Deficiency) of Revenues over Expenditures		2,488,813	2,488,813	9,885,092	22,644,239	-	-	-	-
OTHER FINANCING SOURCES (USES)									
Special or Extraordinary Items		-	-	7,645	-	-	-	7,645	7,645
Long-Term Debt Issued - Leases		-	-	54,907	-	-	-	54,907	54,907
Gain (Loss) on Disposition of Capital Assets		75,000	75,000	34,373	103,975	138,348	63,348	138,348	63,348
Transfers-In		2,830,000	2,830,000	-	1,395,000	1,395,000	(1,435,000)	1,395,000	(1,435,000)
Debt Service – Principal		-	-	(22,604)	-	-	-	(22,604)	(22,604)
Transfers-Out		(5,399,422)	(22,698,122)	(9,075,927)	(20,387,015)	(29,462,942)	(6,764,820)	(29,462,942)	(6,764,820)
Total Other Financing Sources (Uses)		(2,494,422)	(19,793,122)	(9,001,606)	(18,888,040)	(27,889,646)	(8,096,524)	(27,889,646)	(8,096,524)
Net Change in Fund Balances		(5,609)	(17,304,309)	883,486	3,756,199	4,639,685	21,943,994	4,639,685	21,943,994
Fund Balances - Beginning		-	-	31,265,951	27,101,034	58,366,985	58,366,985	58,366,985	58,366,985
Fund Balances - Ending		\$ (5,609)	\$ (17,304,309)	\$ 32,149,437	\$ 30,857,233	\$ 63,006,670	\$ 80,310,979	\$ 63,006,670	\$ 80,310,979

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As mentioned previously, Benton County adopts a biennial budget. The year ended December 31, 2022, marks the completion of the first year of the County's 2021/2022 biennial budget cycle.

Budget adjustments were made to the County's budget during 2022. Adjustments were made for the Cash Carry Forward per the budget policy and to allow for expenditures associated with grants received after the initial budget was adopted. The budgetary comparison statement for the general fund provides both the original adopted and adjusted biennial budget for the general fund.

Actual expenditures are generally less than final budgeted expenditures. The main reason for this is that employee turnover and unfilled positions leave budget authority that goes unspent. In addition, since elected officials are legally required to operate within their given budget, they typically spend their budgets conservatively in preparation for unexpected events.

**Benton County, Washington
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Capital Asset and Long-Term Debt Activity

Capital Assets. Benton County's capital assets as of December 31, 2022, amount to \$152,844,064 (net of accumulated depreciation, depletion, and amortization). This investment in capital assets includes land, buildings, improvements, machinery and equipment, roads, highways, and bridges.

Additional information on the County's capital assets can be found in Note 6 – Capital Assets and Note 4 – Accounting and Reporting Changes.

Benton County, Washington Comparative Statement of Capital Assets December 31, 2021 and 2022		
	Governmental Activities	
	2022	2021
CAPITAL ASSETS		
Land	\$ 6,667,416	\$ 16,859,592
Construction in Progress	3,296,442	1,258,480
Rights-of-Way and Easements	8,996,750	2,792,304
Water Rights	2,792,303	-
Quarries	81,941	81,941
Buildings	119,588,153	118,570,397
Intangible Assets	2,025,048	1,472,683
Other Improvements	4,588,167	4,588,168
Machinery and Equipment	30,102,571	29,512,845
Infrastructure	123,327,089	121,945,096
Right-to-Use Leased Equipment	391,110	-
Right-to-Use Leased Office Space	494,807	-
Accumulated Depletion - Quarries	(25,278)	(25,278)
Accumulated Depreciation - Buildings	(87,726,736)	(83,384,690)
Accumulated Amortization - Intangible Assets	(1,343,437)	(1,250,471)
Accumulated Depreciation - Other Improvements	(2,582,482)	(2,356,163)
Accumulated Depreciation - Machinery and Equipment	(17,702,134)	(16,582,730)
Accumulated Depreciation - Infrastructure	(39,957,240)	(38,600,986)
Accumulated Amortization - Right-to-Use Leased Equipment	(88,917)	-
Accumulated Amortization - Right-to-Use Leased Office Space	(81,508)	-
Capital Assets, Net	\$ 152,844,064	\$ 154,881,188

**Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Long-term Debt. At the end of the current fiscal year, Benton County had total bonded debt outstanding of \$6,535,878. The total amount of this debt is backed by the full faith and credit of the government. Benton County's total bonded debt increased by \$2,083,101 during the current fiscal year. Last year the County issued a refunding of the 2018 Limited Tax General Obligation Refunding Bond for an approximate savings of \$450,000. The County has a continuing goal to sustain the County's debt rating. As of December 31, 2022, the bond rating services of Moody's Investors Service, Inc., and Standard & Poor's Ratings Services assigned the County long term bond ratings of AA+ and AA+, respectively.

See Note 14 – Long-Term Debt and Note 4 – Accounting and Reporting Changes for additional information about long term debt.

Benton County, Washington		
Long-Term Debt		
December 31, 2021 and 2022		
	Governmental Activities	
	2022	2021
LONG-TERM LIABILITIES		
Due within One Year	\$ 5,890,303	\$ 1,402,935
Limited Tax General Obligation Refunding Bonds, 2021	2,920,000	3,230,000
County Road Improvement District No. 21 Bond	359,661	411,220
Compensated Absences	2,465,316	2,446,176
Lease Liabilities	557,153	-
DSHS Working Advances	205,811	215,963
Public Works Trust Fund Loan	197,748	395,496
Net Pension Liability	6,159,243	2,835,913
Total OPEB Liability	4,820,257	5,690,549
Total	\$ 23,575,491	\$ 16,628,252

**Benton County, Washington
Management's Discussion and Analysis
For the Year Ended December 31, 2022**

Other Potentially Significant Matters

In early 2021 the County was awarded approximately \$40 million in funds from the American Rescue Plan Act of 2021 (ARPA). The first installment of \$20 million was received in May 2021 and a second distribution is expected early 2023. Eligible uses of these funds include:

- Revenue replacement for the provision of government services to the extent of the reduction in revenue due to the COVID-19 public health emergency, relative to revenues collected in the most recent fiscal year prior to the emergency,
- COVID-19 expenditures or negative economic impacts of COVID-19, including assistance to small businesses, households, and hard-hit industries, and economic recovery,
- Premium pay for essential workers,
- Investments in water, sewer, and broadband infrastructure.

The County is currently evaluating how best to use this additional funding to best ensure the long-term value of these resources. The Human Services department has received over \$17 million in federal and state funding to mitigate evictions by paying past due, current, and future rent and utilities for people impacted by the pandemic.

Requests for Information

This financial report is designed to provide a general overview of Benton 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 addressed to:

Benton County Auditor's Office
7122 W. Okanogan Pl., Ste. E120
Kennewick, WA 99336

Financial information requests can also be emailed to auditor@co.benton.wa.us.

Benton County, Washington
Statement of Net Position
December 31, 2022

	Primary Government
	Governmental Activities
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 199,525,808
Receivables (Net)	19,337,146
Due from Other Governments	5,350,055
Inventories	2,062,683
Prepaid Items	7,903
Total Current Assets	226,283,595
Noncurrent Assets:	
Lease Receivable	71,178
Land	6,667,416
Construction in Progress	3,296,442
Rights-of-Way and Easements	8,996,750
Water Rights	2,792,303
Quarries	56,663
Buildings	31,861,417
Intangible Assets	681,611
Other Improvements	2,005,685
Machinery & Equipment	12,400,437
Infrastructure	83,369,849
Right-to-Use Leased Equipment	302,193
Right-to-Use Leased Office Space	413,299
Joint Ventures	4,495,235
Net Pension Asset	14,110,993
Total Noncurrent Assets	171,521,470
Total Assets	397,805,065
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	12,741,758
Deferred Outflows - OPEB	143,064
Total Deferred Outflows of Resources	12,884,822
Total Assets and Deferred Outflows of Resources	410,689,887

Benton County, Washington
Statement of Net Position
December 31, 2022

	Primary Government
	Governmental Activities
LIABILITIES	
Current Liabilities:	
Accounts/Vouchers Payable	4,533,263
Contracts Payable	245,551
Interest Payable Leases	3,942
Other Accrued Liabilities	5,622,279
Other Current Liabilities	27,300
Total Current Liabilities	10,432,335
Noncurrent Liabilities:	
Due within One Year	5,890,303
Due in More than One Year	17,685,188
Unearned Revenue	3,937,137
Total Noncurrent Liabilities	27,512,629
Total Liabilities	37,944,964
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Pensions	12,012,862
Total Deferred Inflows of Resources	12,012,862
Total Liabilities and Deferred Inflows of Resources	49,957,826
 NET POSITION	
Net Investment in Capital Assets	149,614,064
Restricted for:	
General Government	27,468,942
Public Safety	48,103,812
Transportation	7,522,582
Natural and Economic Environment	919,988
Social Services	19,134,040
Culture and Recreation	7,401,856
Pensions	14,839,889
Unrestricted	85,726,889
Total Net Position	\$ 360,732,061

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

Benton County, Washington
Statement of Activities
December 31, 2022

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					Primary Government
Governmental Activities:					Governmental Activities
General Government	\$ 50,204,039	\$ 13,636,740	\$ 8,515,376	\$ -	\$ (28,051,923)
Public Safety	44,940,647	11,123,443	2,330,764	-	(31,486,440)
Transportation	10,549,971	192,569	63,000	5,315,526	(4,978,875)
Natural and Economic Environment	3,671,172	596,623	937,833	25,000	(2,111,716)
Social Services	26,259,835	2,437,913	17,797,139	1,498,650	(4,526,133)
Culture and Recreation	1,764,786	410,666	15,257	-	(1,338,863)
Interest on Long-Term Debt	541,735	-	-	-	(541,735)
Total Governmental Activities	137,932,184	28,397,955	29,659,369	6,839,176	(73,035,684)
Total Primary Government	137,932,184	28,397,955	29,659,369	6,839,176	(73,035,684)
General Revenues:					
Property Tax					33,095,031
Retail Sales and Use Taxes					42,907,700
Excise Taxes in Lieu of Property Tax					400,688
Other Taxes					1,561,311
Grants and Contributions Not Restricted to Specific Programs					484,657
Payments in Lieu of Taxes					2,629,351
Interest and Other Earnings					2,961,575
Gain (Loss) on Disposition of Capital Assets					(1,929,328)
Miscellaneous					1,552,831
Special or Extraordinary Items					7,645
Total General Revenues, Special Items, and Transfers					83,671,462
Change in Net Position					10,635,777
Net Position - Beginning, as Previously Reported					350,226,818
Error Correction					(130,534)
Net Position - Beginning as Restated					350,096,284
Net Position - Ending					\$ 360,732,061

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

Benton County, Washington
Balance Sheet
Governmental Funds
December 31, 2022

	<u>General Fund</u>	<u>Human Services</u>	<u>1/10 Percent Criminal Justice</u>	<u>Rural County Capital</u>
ASSETS				
Cash and Cash Equivalents	\$ 33,043,076	\$ 3,052,419	\$ 23,932,181	\$ 23,989,607
Receivables (Net)	5,508,202	6,184,310	1,061,999	970,256
Lease Receivable	-	-	-	-
Due From Other Funds	7,717	-	-	-
Due from Other Governments	1,473,140	1,211	-	-
Prepaid Items	-	-	-	-
Total Assets	<u>40,032,135</u>	<u>9,237,939</u>	<u>24,994,180</u>	<u>24,959,864</u>
LIABILITIES				
Accounts/Vouchers Payable	871,762	2,255,744	-	118,036
Contracts Payable	95,203	-	-	-
Interest Payable - Leases	302	-	-	-
Due to Other Funds	13,792	425	-	-
Due to Other Governments	-	210,887	-	-
Other Accrued Liabilities	3,595,166	91,808	-	-
Other Current Liabilities	-	-	-	-
Unearned Revenue	3,306,472	-	-	-
Total Liabilities	<u>7,882,698</u>	<u>2,558,864</u>	<u>-</u>	<u>118,036</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Leases	-	-	-	-
Deferred Inflows - Opioid Settlement	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Deferred Inflows of Resources	<u>7,882,698</u>	<u>2,558,864</u>	<u>-</u>	<u>118,036</u>
FUND BALANCES (DEFICITS)				
Restricted	-	6,679,075	24,994,180	24,841,828
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	32,149,437	-	-	-
Total Fund Balances (Deficits)	<u>32,149,437</u>	<u>6,679,075</u>	<u>24,994,180</u>	<u>24,841,828</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 40,032,135</u>	<u>\$ 9,237,939</u>	<u>\$ 24,994,180</u>	<u>\$ 24,959,864</u>

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

Benton County, Washington
Balance Sheet
Governmental Funds
December 31, 2022

	<u>Behavioral Health</u>	<u>Capital Projects</u>	<u>Total Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and Cash Equivalents	\$ 2,111,454	\$ 26,138,945	\$ 71,005,703	\$ 183,273,386
Receivables (Net)	1,054,073	1,497,273	3,019,608	19,295,721
Lease Receivable	-	10,379	54,676	65,054
Due From Other Funds	-	68,015	7,500	83,232
Due from Other Governments	3,192,499	16,235	666,971	5,350,055
Prepaid Items	-	-	7,903	7,903
Total Assets	<u>6,358,026</u>	<u>27,730,847</u>	<u>74,762,360</u>	<u>208,075,351</u>
LIABILITIES				
Accounts/Vouchers Payable	-	22,501	1,009,965	4,278,008
Contracts Payable	-	36,695	112,765	244,663
Interest Payable - Leases	-	-	2,404	2,707
Due to Other Funds	-	111	24,192	38,521
Due to Other Governments	-	-	-	210,887
Other Accrued Liabilities	-	39,424	1,633,570	5,359,969
Other Current Liabilities	-	-	27,300	27,300
Unearned Revenue	-	-	630,666	3,937,137
Total Liabilities	<u>-</u>	<u>98,731</u>	<u>3,440,862</u>	<u>14,099,191</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows - Leases	-	9,677	50,119	59,796
Deferred Inflows - Opioid Settlement	3,192,499	-	-	3,192,499
Total Deferred Inflows of Resources	<u>3,192,499</u>	<u>9,677</u>	<u>50,119</u>	<u>3,252,295</u>
Total Liabilities and Deferred Inflows of Resources	<u>3,192,499</u>	<u>108,408</u>	<u>3,490,982</u>	<u>17,351,487</u>
FUND BALANCES (DEFICITS)				
Restricted	3,165,527	-	50,870,609	110,551,219
Committed	-	-	20,400,770	20,400,770
Assigned	-	27,622,438	-	27,622,438
Unassigned	-	-	-	32,149,437
Total Fund Balances (Deficits)	<u>3,165,527</u>	<u>27,622,438</u>	<u>71,271,379</u>	<u>190,723,864</u>
Total Liabilities and Fund Balances (Deficits)	<u>\$ 6,358,026</u>	<u>\$ 27,730,847</u>	<u>\$ 74,762,360</u>	<u>\$ 208,075,351</u>

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

**Benton County, Washington
Reconciliation of Balance Sheet
To the Statement of Net Position
For the Year Ended December 31, 2022**

Fund balances of governmental funds	190,723,864
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Amounts reported for governmental activities in the statement of net position are different because:

Other long-term assets and liabilities are not available to pay for current-period expenditures and, therefore, are either deferred or not reported in the governmental fund statements. The effect on the Statement of Net Position is as follows:

Deferred Inflows - Leases	66,175	
Deferred Inflows - Opioid Settlement	3,192,499	
		3,258,673

Internal Service Funds are used by management to charge the cost of internal services to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the Internal Service Funds are not reported in the governmental fund statements. These are included in governmental activities in the Statement of Net Position. The effects on the Statement of Net Position are as follows:

Cash and Cash Equivalents	16,252,422	
Receivables (Net)	41,425	
Due From Other Funds	23,547	
Inventories	2,062,683	
Prepaid Items	6,123	
Land	139,079	
Intangible Assets	140,636	
Quarries	81,941	
Buildings	6,663,760	
Other Improvements	91,393	
Machinery & Equipment	12,099,980	
Right-to-Use Leased Equipment	323,669	
Accumulated Depletion - Quarries	(25,278)	
Accumulated Depreciation - Buildings	(3,969,802)	
Accumulated Amortization - Intangible Assets	(67,754)	
Accumulated Depreciation - Other Improvements	(83,570)	
Accumulated Depreciation - Machinery and Equipment	(8,211,891)	
Net Pension Asset	489,312	
Deferred Outflows - Pensions	497,475	
Accounts/Vouchers Payable	(255,255)	
Contracts Payable	(887)	
Interest Payable - Leases	(1,235)	
Due to Other Funds	(68,258)	
Other Accrued Liabilities	(262,310)	
Compensated Absences	(189,449)	

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

Benton County, Washington
Reconciliation of Balance Sheet
To the Statement of Net Position
For the Year Ended December 31, 2022

Lease Liabilities	(260,323)	
Net Pension Liability	(354,067)	
Deferred Inflows - Leases	(6,378)	
Deferred Inflows - Pensions	(531,881)	
		24,625,105

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental fund statements. The effects on the Statement of Net Position are as follows:

Land	6,528,337	
Construction in Progress	3,296,442	
Rights-of-Way and Easements	8,996,750	
Water Rights	2,792,303	
Buildings	112,924,393	
Intangible Assets	1,884,413	
Other Improvements	4,496,775	
Machinery and Equipment	18,002,592	
Infrastructure	123,327,089	
Right to Use Leased Equipment	67,441	
Right to Use Leased Office Space	494,807	
Accumulated Depreciation - Buildings	(83,756,934)	
Accumulated Amortization - Intangible Assets	(1,275,683)	
Accumulated Depreciation - Other Improvements	(2,498,913)	
Accumulated Depreciation - Machinery and Equipment	(9,490,243)	
Accumulated Depreciation - Infrastructure	(39,957,240)	
Accumulated Amortization - Right-to-Use Leased Equipment	(88,917)	
Accumulated Amortization - Right-to-Use Leased Office Space	(81,508)	
		145,661,902

Joint ventures are long-term assets that are not available to pay for current period expenditures and, therefore, are not reported as assets in governmental fund statements. The effect on the Statement of Net Position is as follows:

800 MHz Radio	1,260,684	
Benton County Emergency Management (BCEM)	36,003	
Bi-County Police Information Network (BI-PIN)	1,860,949	
Metro Drug Forfeiture Fund (Metro)	113,494	
Microwave	54,078	
Southeast Communications Center (SECOMM)	1,170,027	
		4,495,235

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

**Benton County, Washington
Reconciliation of Balance Sheet
To the Statement of Net Position
For the Year Ended December 31, 2022**

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. The effects on the Statement of Net Position are as follows:

Net Pension Asset	13,621,681	
Deferred Outflows Pensions	12,244,284	
Deferred Outflows OPEB	143,064	
Net Pension Liability	(5,805,176)	
Total OPEB Liability	(4,820,257)	
Deferred Inflows Pensions	<u>(11,480,982)</u>	
		3,902,614

Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental fund statements. The effect on the Statement of Net Position is as follows:

Due within One Year	(5,890,303)	
Benton Franklin Heath District Center Limited Tax General Obligation Refunding Bond, 2021	(2,920,000)	
County Road Improvement District No. 21 Bond	(359,661)	
Compensated Absences	(2,275,866)	
Lease Liabilities	(296,830)	
DSHS Working Advances	5,076	
Public Works Trust Fund Loan	<u>(197,748)</u>	
		<u>(11,935,333)</u>

Net position of governmental activities		<u><u>360,732,061</u></u>
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The notes to financial statements are an integral part of this statement.

Benton County, Washington
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	<u>General Fund</u>	<u>Human Services</u>	<u>1/10 Percent Criminal Justice</u>	<u>Rural County Capital</u>
REVENUES				
Taxes	\$ 42,690,703	\$ -	\$ 6,251,868	\$ 5,688,242
Licenses and Permits	182,617	-	-	-
Intergovernmental Revenues	11,504,724	17,724,656	-	-
Charges for Goods and Services	15,032,005	829,510	-	-
Charges for Goods and Services - External Sales	473,493	491	-	-
Fines and Penalties	2,051,777	-	-	-
Rents and Leases	309,450	-	-	-
Miscellaneous Revenues	119,632	-	-	-
Interest and Other Earnings	3,046,179	-	-	-
Rents and Leases - Internal Revenues	-	-	-	-
Total Revenues	<u>75,410,580</u>	<u>18,554,656</u>	<u>6,251,868</u>	<u>5,688,242</u>
EXPENDITURES				
Current:				
General Government	31,407,961	-	-	2,884,695
Public Safety	29,699,306	-	5,640	-
Transportation	-	-	-	-
Natural and Economic Environment	2,402,712	-	-	92,000
Social Services	1,195,812	21,557,471	-	-
Culture and Recreation	578,942	-	-	-
Debt Service:				
Interest and Other Debt Service Costs	3,240	-	-	-
Capital Outlay:				
General Government	204,622	-	-	-
Public Safety	32,893	-	-	-
Transportation	-	-	-	-
Natural and Economic Environment	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	<u>65,525,488</u>	<u>21,557,471</u>	<u>5,640</u>	<u>2,976,695</u>
Excess (Deficiency) of Revenues over Expenditures	<u>9,885,092</u>	<u>(3,002,815)</u>	<u>6,246,228</u>	<u>2,711,546</u>
OTHER FINANCING SOURCES (USES)				
Special or Extraordinary Items	7,645	-	-	-
Long-Term Debt Issued - Leases	54,907	-	-	-
Gain (Loss) on Disposition of Capital Assets	34,373	-	-	-
Transfers-In	-	-	-	-
Debt Service – Principal	(22,604)	-	-	-
Transfers-Out	(9,075,927)	-	(2,235,800)	-
Total Other Financing Sources (Uses)	<u>(9,001,606)</u>	<u>-</u>	<u>(2,235,800)</u>	<u>-</u>
Net Change in Fund Balances	<u>883,486</u>	<u>(3,002,815)</u>	<u>4,010,428</u>	<u>2,711,546</u>
Fund Balances - Beginning, as Previously Reported	30,857,233	9,681,890	20,983,752	22,850,346
Error Correction	408,718	-	-	(720,065)
Fund Balances - Beginning as Restated	<u>31,265,951</u>	<u>9,681,890</u>	<u>20,983,752</u>	<u>22,130,281</u>
Fund Balance - Ending	<u>\$ 32,149,437</u>	<u>\$ 6,679,075</u>	<u>\$ 24,994,180</u>	<u>\$ 24,841,828</u>

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

Benton County, Washington
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	Behavioral Health	Capital Projects	Total Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 3,162,550	\$ -	\$ 20,171,368	\$ 77,964,730
Licenses and Permits	-	-	871,541	1,054,158
Intergovernmental Revenues	-	1,836,467	8,478,674	39,544,520
Charges for Goods and Services	-	53,363	7,568,442	23,483,320
Charges for Goods and Services - External Sales	-	-	-	473,983
Fines and Penalties	-	-	2,113	2,053,890
Rents and Leases	-	16,589	641,559	967,598
Miscellaneous Revenues	-	7	296,516	416,154
Interest and Other Earnings	2,977	643	(193,419)	2,856,380
Rents and Leases - Internal Revenues	-	13,750	47,213	60,963
Total Revenues	3,165,527	1,920,818	37,884,007	148,875,698
EXPENDITURES				
Current:				
General Government	-	1,123,148	7,048,780	42,464,585
Public Safety	-	451,303	14,573,172	44,729,422
Transportation	-	-	11,242,414	11,242,414
Natural and Economic Environment	-	-	1,066,166	3,560,878
Social Services	-	-	2,620,411	25,373,694
Culture and Recreation	-	-	949,109	1,528,052
Debt Service:				
Interest and Other Debt Service Costs	-	-	172,808	176,047
Capital Outlay:				
General Government	-	2,537,250	522,102	3,263,973
Public Safety	-	-	2,279,150	2,312,043
Transportation	-	-	1,847,088	1,847,088
Natural and Economic Environment	-	-	1,199,469	1,199,469
Culture and Recreation	-	-	39,517	39,517
Total Expenditures	-	4,111,701	43,560,186	137,737,182
Excess (Deficiency) of Revenues over Expenditures	3,165,527	(2,190,883)	(5,676,179)	11,138,517
OTHER FINANCING SOURCES (USES)				
Special or Extraordinary Items	-	-	-	7,645
Long-Term Debt Issued - Leases	-	-	507,341	562,247
Gain (Loss) on Disposition of Capital Assets	-	34,125	500	68,998
Transfers-In	-	53,467	11,417,957	11,471,424
Debt Service – Principal	-	-	(622,738)	(645,342)
Transfers-Out	-	-	(159,697)	(11,471,424)
Total Other Financing Sources (Uses)	-	87,592	11,143,363	(6,451)
Net Change in Fund Balances	3,165,527	(2,103,291)	5,467,184	11,132,065
Fund Balances - Beginning, as Previously Reported	-	29,725,729	65,623,383	179,722,333
Error Correction	-	-	180,812	(130,534)
Fund Balances - Beginning as Restated	-	29,725,729	65,804,195	179,591,799
Fund Balance - Ending	\$ 3,165,527	\$ 27,622,438	\$ 71,271,379	\$ 190,723,864

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

Benton County, Washington
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended December 31, 2022

Net change in fund balances - total government funds		11,132,065
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Amounts reported for governmental activities in the statement of activities are different because:

The Internal Service Funds are used by management to charge the costs of internal services to individual funds. The net revenues (expenses) of such activities are reported with governmental activities in the Statement of Activities but not included in the change in governmental fund balances. The effect on the Statement of Activities is as follows:

Charges for Goods and Services - External Sales Transportation	656	
Charges for Goods and Services - External Sales General Government	1,098	
Interest and Other Earnings	194,115	
Gain (Loss) on Disposal of Capital Assets	105,793	
Depreciation Expense - General Government	(78,632)	
Debt Service – Interest and Other Debt Service Costs	(9,260)	
Depreciation Expense - Transportation	(839,876)	
Allocation of Internal Service Fund Net Income - General Government	(26,166)	
Allocation of Internal Service Fund Net Income - Transportation	1,593,217	
Error Correction - Internal Service Funds Beginning Net Position	<u>(102)</u>	
		940,842

Governmental funds report only financial assets; consequently, governmental funds do not report the donation of capital assets that will be used in operations (rather than sold). Such assets and related

effect on the Statement of Activities is as follows:

Capital Contributions Revenue	<u>728,653</u>	
		728,653

Governmental funds report proceeds from the sale of capital assets as another financing source, other revenue, or special item, depending on the circumstances. In contrast, proceeds from the sale of capital assets in the government-wide financial statements must be matched against the carrying value of the asset sold, leaving only the difference to be reported in the

Statement of Activities. The net effect on the Statement of Activities is as follows:

Gain (Loss) on Disposal of Capital Assets	<u>(68,998)</u>	
		(68,998)

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

Benton County, Washington
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended December 31, 2022

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. The amount by which capital outlays exceeded depreciation expense in the current period has the following net effect on the Statement of Activities:

Depreciation Expense - General Government	(3,789,549)	
Depreciation Expense - Public Safety	(863,384)	
Depreciation Expense - Transportation	(3,193,350)	
Depreciation Expense - Natural and Economic Environment	(123,405)	
Depreciation Expense - Social Services	(912,585)	
Depreciation Expense - Culture and Recreation	(271,131)	
Capital Outlay - General Government	3,263,973	
Capital Outlay - Public Safety	2,312,043	
Capital Outlay - Transportation	1,847,088	
Capital Outlay - Natural And Economic Environment	1,199,469	
Capital Outlay - Culture and Recreation	39,517	
The amount by which capital outlays exceeded depreciation expense in the current period:	(2,035,121)	
		(2,526,436)

Bond and other debt proceeds provide current financial resources to Statement of Net Position. Repayment of bond and other debt principal is term liabilities in the Statement of Net Position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The effect on the Statement of Activities is as follows:

Long-Term Debt Issued - Leases	(562,247)	
Redemption of Long-Term Debt	645,342	
Long-term liabilities conversion from the current financial resources measurement focus to the economic resources measurement focus effect on the Statement of Activities:	(356,427)	
Change in Accounting Estimate	(3,945,775)	
		(4,219,108)

Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the Statement of Net Position. Expenses that do not provide current financial resources in the Statement of Activities are not reported in the governmental funds. The effect on the Statement of Activities is as follows:

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

Benton County, Washington
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities
For the Year Ended December 31, 2022

Pension Expense	3,658,113	
OPEB Expense	858,979	
		4,517,092
<p>Some revenues, expenses, inflows, and outflows that are reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds. The effect on the Statement of Activities is as follows:</p>		
Gain (Loss) on Investment in Joint Ventures	(88,920)	
General Revenues - Miscellaneous Lease Revenue	66,175	
General Revenues - Miscellaneous Opioid Settlement Revenue	3,192,499	
Error Correction - Governmental Activities Beginning Net Position	(3,038,087)	
		131,666
Unavailable Revenue - Property Tax	(883,773)	
Unavailable Revenue - Court Judgements	(340,720)	
Error Correction - Prior Period Deferred Inflow	1,224,493	
Change in net position of governmental activities		10,635,777

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

Benton County, Washington
Statement of Net Position
Proprietary Funds
December 31, 2022

	Governmental Activities
	Internal Service Funds
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 16,252,422
Receivables (Net)	41,425
Due From Other Funds	23,547
Inventories	2,062,683
Total Current Assets	18,380,077
Noncurrent Assets:	
Lease Receivable	6,123
Land	139,079
Intangible Assets	140,636
Quarries	81,941
Buildings	6,663,760
Other Improvements	91,393
Machinery & Equipment	12,099,980
Right-to-Use Leased Equipment	323,669
Accumulated Deletion - Quarries	(25,278)
Accumulated Depreciation - Buildings	(3,969,802)
Accumulated Amortization - Intangible Assets	(67,754)
Accumulated Depreciation - Other Improvements	(83,570)
Accumulated Depreciation - Machinery and Equipment	(8,211,891)
Net Pension Asset	489,312
Total Noncurrent Assets	7,677,596
Total Assets	26,057,673
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows - Pensions	497,475
Total Deferred Outflows of Resources	497,475
Total Assets and Deferred Outflows of Resources	26,555,148

Benton County, Washington
Statement of Net Position
Proprietary Funds
December 31, 2022

	Governmental Activities
	Internal Service Funds
LIABILITIES	
Current Liabilities:	
Accounts/Vouchers Payable	255,255
Contracts Payable	887
Interest Payable - Leases	1,235
Due to Other Funds	68,258
Other Accrued Liabilities	262,310
Total Current Liabilities	587,946
Noncurrent Liabilities:	
Compensated Absences	189,449
Lease Liabilities	260,323
Net Pension Liability	354,067
Total Noncurrent Liabilities	803,839
Total Liabilities	1,391,784
 DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows - Leases	6,378
Deferred Inflows - Pensions	531,881
Total Deferred Inflows of Resources	538,259
Total Liabilities and Deferred Inflows of Resources	1,930,043
 NET POSITION	
Net Investment in Capital Assets	7,454,940
Unrestricted	17,170,165
Total Net Position	\$ 24,625,105

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

Benton County, Washington
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
December 31, 2022

	Governmental Activities
	Internal Service Funds
OPERATING REVENUES	
Charges for Goods and Services	\$ 12,048,328
Charges for Goods and Services - External Sales	1,754
Rents and Leases	41,045
Miscellaneous Revenues	22,354
Total Operating Revenues	12,113,480
OPERATING EXPENSES	
Depreciation	918,508
Salaries and Wages	1,946,375
Personnel Benefits	1,331,999
Supplies for Consumption and Resale	1,111,191
Services and Pass-Through Payments	6,155,111
Total Operating Expenses	11,463,184
Operating Income (Loss)	650,296
NONOPERATING REVENUES (EXPENSES)	
Interest and Other Earnings	194,115
Capital Contributions	728,653
Gain (Loss) on Disposition of Capital Assets	105,793
Debt Service – Interest and Other Debt Service Costs	(9,260)
Total Nonoperating Revenues (Expenses)	1,019,301
Income (Loss) Before Contributions and Transfers	1,669,597
Change in Net Position	1,669,597
Net position - Beginning, as Previously Reported	22,955,610
Error Correction	(102)
Net Position - Beginning as Restated	22,955,508
Net Position - Ending	\$ 24,625,105

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

Benton County, Washington
Statement of Cash Flows
Proprietary Funds
December 31, 2022

	Governmental Activities
	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Receipts from Customers	\$ 1,754
Cash from Interfund	12,855,999
Payments to Suppliers	(6,889,085)
Payments to Employees	(3,596,433)
Due to Other Funds	52,004
Net Cash Provided (Used) by Operating Activities	2,424,238
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Interest and Other Debt Service Costs - Leases	261,558
Net Cash Provided (Used) by Noncapital Financing Activities	261,558
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Gain (Loss) on Disposition of Capital Assets	105,793
Capital Expenditures/Expenses	(935,289)
Capital Expenditures/Expenses - Leases	(9,260)
Net Cash Provided (Used) by Capital and Related Financing Activities	(838,757)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and Other Earnings	174,237
Net Cash Provided (Used) by Investing Activities	174,237
Net Increase (Decrease) in Cash and Cash Equivalents	2,021,277
Balances - Beginning of Year	14,231,145
Balances - End of the Year	\$ 16,252,422

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

Benton County, Washington
Statement of Cash Flows
Proprietary Funds
December 31, 2022

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income	\$ 650,194
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	918,508
Other Noncash Revenues/Expenses	(219,787)
Changes in Assets and Liabilities:	
Receivables	737,894
Inventory	330,690
Other Assets	709,340
Deferred Outflows	(332,804)
Payables	102,049
Other Liabilities	354,067
Deferred Inflows	(825,911)
Net Cash Provided (Used) by Operating Activities	\$ 2,424,238
Noncash Investing, Capital and Financing Activities	
Capital Contributions	728,653
Total Noncash Investing, Capital and Financing Activities	728,653
CASH RECONCILIATION	
Actual Balance - End of Year	\$ 16,252,422
Balance - End of Year Out of Balance	-

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

BENTON COUNTY, WASHINGTON
Statement of Fiduciary Net Position
December 31, 2022

	Custodial Funds	External Investment Pool
ASSETS		
Cash and Investments	\$ 213,246,429	\$ 373,374,009
Due from Other Governments	5,494,191	-
Total Assets	218,740,620	373,374,009
LIABILITIES		
Warrants Payable	7,915,486	-
Total Liabilities	7,915,486	-
NET POSITION		
Restricted for:		
Individuals, Organizations and Other Governments	303,715,755	373,374,009
Total Net Position	\$ 303,715,755	\$ 373,374,009

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

BENTON COUNTY, WASHINGTON
Statement of Changes in Fiduciary Net Position
December 31, 2022

	Custodial Funds	External Investment Pool
ADDITIONS		
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	\$ -	\$ (14,738,880)
Interest, Dividends, and Other	3,585,069	-
Total Investment Earnings	3,585,069	(14,738,880)
Contributions by Pool Participants	-	68,128,891
Property Tax Collected for Other Governments	235,489,791	-
Sales Tax Collected for Other Governments	2,755,331	-
Other Taxes and Fees Collected for Other Governments	67,004,613	-
Other Additions	695,795,647	-
Transfers-In	5,910,195	-
Total Additions	1,010,540,647	53,390,011
DEDUCTIONS		
Deductions by Pool Participants	-	75,669,483
Property Taxes Distributed to Other Governments	238,469,477	-
Sales Taxes Distributed to Other Governments	2,377,597	-
Other Taxes and Fees Distributed to Other Governments	140,291,819	-
Payments to Employees and Vendors	380,661,887	-
Bond Principal and Interest	100	-
Other Deductions	13,515	-
Transfers-Out	5,901,701	-
Total Deductions	767,716,096	-
Net Increase (Decrease) in Fiduciary Net Position	242,824,550	53,390,011
Net Position - Beginning, as Previously Reported	226,636,787	399,815,770
Error Correction	(165,745,583)	(80,831,772)
Net Position - Beginning as Restated	60,891,204	318,983,998
Net Position -- End of the Year	\$ 303,715,755	\$ 372,374,009

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

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 1 – Summary of Significant Accounting Policies

The financial statements of Benton County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies are described below.

A. Reporting Entity

The County Benton County was incorporated in March 1905 and operates under the laws of the state of Washington applicable to a non-charter county. operates under a commissioner form of government and provides the following services to its constituents: police, road maintenance, planning and zoning, parks and recreation, judicial administration, health, social services, and general administrative services. As required by GAAP, the financial statements present Benton County, the primary government.

The County participates in two joint ventures. These include the Benton County Emergency Services (BCES) and the Metro Drug Forfeiture Fund. These organizations are not part of the County. The County's equity interest in these entities is presented in the Government-wide financial statements. Also, the County participates with the Bi-County Police Information Network (BI-PIN) through a joint cooperative agreement. See Note 18 - Joint Ventures, which more fully describes these three organizations.

B. Basis of Presentation - Government-Wide and Fund Financial Statements

Government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Benton County's reports present Governmental activities, which normally are supported by taxes and intergovernmental revenues. Benton County does not have, and, therefore, does not report any business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Additionally, the County's accounting system allocates a portion of its indirect costs to individual functions. These indirect costs have been included as part of the program expenses reported for the various functional activities.

Program revenue includes:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operation 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.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fiduciary funds are excluded from the government-wide presentation of the financial statements.

C. Measurement Focus, Basis of Accounting

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. The fiduciary fund financial statements do not have a measurement focus and are prepared using the accrual basis of accounting. Under the economic resources measurement focus, revenues are recorded when earned and expenses are recorded at the time liabilities are 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.

Governmental fund financial statements 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 collectible within the current period or as soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual are earned interest, certain charges for services, and intergovernmental revenues, such as grants, where program expenditures are the prime factor for determining reimbursement. Other revenues such as sales-based taxes, licenses, fines, and fees are not considered susceptible for accrual since they are not generally measurable until received. Expenditures are generally recorded when the related fund 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.

Benton County reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.
- The Human Services Fund is funded with tax revenues and state and federal grants and assistance. It accounts for the financial operations of County health programs including, but not limited to, mental health, developmental disabilities, alcoholism and drug abuse treatment and prevention programs.
- The 1/10% Criminal Justice Fund is funded with sales tax revenue. Its purpose is to assist the financing of the construction, maintenance, and operation of the adult and juvenile jails.
- The Rural County Capital Fund is funded with retail sales tax. Its purpose is financing public facilities, intended to facilitate economic development, job creation, and tax revenue in the community.
- The Behavioral Health Fund is funded with retail sales tax. Its purpose is providing for the operation and delivery of chemical dependency and mental health treatment services, and/or therapeutic court programs.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

- The Capital Projects Fund accounts for the expenditures incurred for the acquisition or construction of capital assets that are not identified with other capital funds.

Additionally, the County reports the following fund types:

- Special revenue funds account for and report the proceeds of specific revenue sources that are restricted or committed to finance specific activities or functions, as required by law or administrative regulation.
- Debt service funds account for and report financial resources that are restricted, committed or assigned to be used for payment of principal and interest on long-term debt.
- Internal Service Funds account for equipment rental, central services, worker's compensation insurance, insurance management and accumulated leave, provided to other departments or agencies of the government, or to other governments on a cost reimbursement basis.

Fiduciary Funds are used to account for assets held in a trustee capacity or as an agent on behalf of other governments, special districts, private organizations, or individuals. Fiduciary funds include Private Purpose Trust funds and Custodial Funds. Custodial Funds account for resources that are held by the county in a custodial capacity. These funds include two separate classifications: funds used to account for resources of other governments and special districts and their investments balances identified in the external investment pool. The County does not have any private purpose trust funds. The fiduciary funds use the economic resources measurement focus of accounting for reporting assets and liabilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include:

- (a) charges to customers or applicants for goods, services or privileges provided,
- (b) operating grants and contributions, and
- (c) capital grants and contributions, including special assessments.

Internally, dedicated resources are reported as general revenues rather than program revenues. General revenues include all taxes.

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

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

D. Budgetary Information

1. Scope of Budget

Biennial appropriated budgets are adopted for the general and special revenue funds and for all proprietary funds on the modified accrual basis of accounting. For governmental funds, there are no differences between the budgetary basis and generally accepted accounting principles. Budgetary accounts are integrated into fund ledgers for all budgeted funds, but the financial statements include budgetary comparisons for biennially budgeted governmental funds only. Budgets for debt service and capital project funds are adopted at the level of the individual debt issue or project and for fiscal periods that correspond to the lives of debt issues or projects. National Council on Governmental Accounting (NCGA) Statement 1 does not require, and the financial statements do not present, budgetary comparisons for proprietary fund types.

Biennial appropriated budgets are adopted at the level of the fund, except in the general fund, where expenditures may not exceed appropriations at the department level and the budgets constitute the legal authority for expenditures at that level. Subsidiary revenue and expenditure ledgers are used to compare budgeted amounts with actual revenues and expenditures. As a management control device, the subsidiary ledgers monitor expenditures for individual functions and activities by object class.

Appropriations for governmental funds lapse at the end of the biennium.

2. Procedures for Adopting the Original Budget

The County's budget procedures are mandated by RCW 36.40. The steps in the budget process are as follows:

- a. Prior to the first Tuesday in September, in even number years, the County Auditor submits a proposed budget to the County Commission. This budget is based on priorities established by the Commission and estimates provided by County departments, during the preceding months, and balanced with revenue estimates made by the County Auditor.
- b. The Commission conducts public hearings on the proposed budget in October, November, and December.
- c. The Commission makes its adjustments to the proposed budget and adopts, by resolution, a final balanced biennial budget no later than December 31.
- d. Within 30 days of adoption, the final biennial budget is available to the public.

3. Amending the Budget

The County Auditor is authorized to transfer budgeted amounts between the supplies and professional service categories of any department. Any revisions that alter the total expenditures of a department or fund, or that affect the number of authorized employee positions; salary ranges, hours, or other conditions of employment must be approved by the County Commission.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

When the County Commission determines that it is in the best interest of the County to increase or decrease the appropriation for a particular fund or department, it may do so by resolution, approved by a simple majority, after holding two public hearings.

Unless stated otherwise, the budget amounts shown in the financial statements are the final authorized amounts as revised during the biennium.

The financial statements contain the original and final budget information. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriation, and other legally authorized changes.

E. Assets, Liabilities, Fund Balance, Net Position

1. Cash and Cash Equivalents

It is the County's policy to invest all temporary cash surpluses. On December 31, 2022, the County Treasurer was holding \$372,374,009 in investments of surplus cash as reported on the Benton County Treasurer's investment activity report (See Note 5B - Investments). The County's portion of this amount, \$199,598,824 is classified on the Statement of Net Position as Cash/Cash Equivalents and Equity in Pooled Investments. The County's portion is classified on the Governmental Balance Sheet of the various funds as Cash/Cash Equivalents. The interest on these investments is credited to the General Fund.

The amounts reported as cash and cash equivalents also include compensating balances maintained with certain banks in lieu of payments for services rendered. The average compensating balances maintained during 2022 were approximately \$20,440,319.

For purposes of the Statement of Cash Flows, the County considers all highly liquid investments (including restricted assets) with a maturity of two months or less when purchased to be cash equivalents.

2. Investments - See (Note 5 – Deposits and Investments)

3. Receivables

Taxes receivable consists of property taxes and related interest and penalties (See Note 18 – Property Tax) and sales tax. Accrued interest receivable consists of amounts earned on investments, notes, and contracts at the end of the year.

Special Assessments are recorded when levied. Special assessments receivable consists of current and delinquent assessments and related interest and penalties. Deferred assessments on the fund financial statements consist of unbilled special assessments that are liens against the property benefited. As of December 31, 2022, \$14,259 of special assessments receivable were delinquent (See Note 14B – Special Assessment Bonds).

Customer accounts receivable consist of amounts owed from private individuals or organizations for goods and services including amounts owed for which billings have not been prepared. Notes and

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

contracts receivable consist of amounts owed on open account from private individuals or organizations for goods and services rendered.

4. Amounts Due to and from Other Funds, Interfund Loans and Advances Receivable

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “interfund loans receivable/payable” or “advances to/from other funds.” All other outstanding balances between funds are reported as “due to/from other funds.” A schedule of Interfund Loans and a separate schedule of Inter fund receivables and payables (Due To/From) is included in Note 17 – Interfund Balances and Transfers.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve accounting in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

5. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Inventories in proprietary funds are valued by the first in, first out (FIFO) method (which approximates the market value).

6. Capital Assets – (See Note 6 – Capital Assets)

Capital assets include land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, infrastructure, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Infrastructure assets are long-lived assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure include roads, bridges, drainage systems, water and sewer systems, and lighting systems. The total for Infrastructure on the government-wide Statement of Net Position is comprised all Infrastructure related capital expenses, including construction in progress and depreciation.

When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the government fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated historical cost where no records exist. Donated capital assets are valued at their estimated acquisition value on the date received.

Improvements to capital assets that materially add to the value or extend the life of the asset are capitalized. Other repairs and normal maintenance are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Depreciation of buildings, equipment, improvements, and intangible assets is computed using the straight-line method. Infrastructure is depreciated using a composite method. Estimated useful lives are the lesser of the projects' estimated lives or the following:

Buildings - 20 years	Autos, Light Trucks - 5 years
Furniture & Equip - 10 years	Heavy Trucks - 7 years
Information Systems - 4 years	Land Improvements - 20 years
Data Handling Equip - 4 years	Heavy Road Equipment - 10 years
Infrastructure - 40 years	

Machinery and equipment purchased on capital leases are treated as capital assets indicating a constructive or actual transfer of the benefits and risks of ownership to the County. These are valued at the lesser of the fair value of the leased property or the net present value of the minimum lease payments required by the contract.

7. Leases

A lease is a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. The County is both a lessor and a lessee of nonfinancial assets. When the County is the lessor, it recognizes a lease receivable and a deferred inflow of resources. The deferred inflow of resources is amortized over the lease term as an inflow of resources. When the County is the lessee, it recognizes either a capital asset (financed purchase) or an intangible asset – right to use asset and a liability. Lease liabilities are recognized as debt obligations. The intangible asset is amortized over the lease term as a current expense. The lease receivable and lease liability are valued using the terms of the agreement to determine the length of the agreement, payment amounts and discount rates. If a discount rate is not stated in the agreement, the County utilizes its incremental borrowing interest earning.

The County recognizes all lease assets and liabilities with an initial present value of more than \$5,000, capital threshold, and a contract term longer than a single fiscal period. Agreements less than these amounts are recognized as current period revenues and expenses.

GASB 87 was implemented on 1/1/2022.

8. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The County uses the consumption method by recognizing expenditures in the period service is provided.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position may report a separate financial statement element for deferred outflows of resources. This separate element represents consumption of net assets that applies to future periods and, accordingly, will not be recognized as an outflow of resources (expense/expenditure) until then. The County has activity that qualifies for reporting in this category due to pension liability reporting requirements of GASB 68 and loss on refunding.

In addition to liabilities, the statements reflecting financial position may report a separate financial statement element for deferred inflows of resources. This separate element represents an acquisition of net assets that applies to future periods and, accordingly, will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the fund financial statements include delinquent taxes and court judgments that are earned, but not yet available under the modified accrual basis of accounting, and pension inflows due to reporting requirements of GASB 68.

10. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. In governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. In proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Vacation pay, which may be accumulated up to 240 hours, is payable upon resignation, retirement, or death. Sick leave may be accumulated up to 1,040 hours. Employees hired prior to July 1, 1992, are eligible for half of their accumulated sick leave upon voluntary termination, retirement, or death. Employees hired on or after July 1, 1992, may be eligible for twenty-five percent of their accumulated sick leave upon retirement with a maximum amount of \$5,000.

Compensated absences are reported in governmental funds only if they have matured (i.e., unused reimbursable leave still outstanding following an employee's resignation or retirement).

11. 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 all state sponsored pension plans and additions to/deductions from those plans' fiduciary net position have been determined on the same basis as they are reported by the Washington State Department of Retirement Systems. 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.

12. Other Accrued Liabilities

These accounts consist of accrued wages and accrued employee benefits.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

13. Long-Term Debt (See Note 14 – Long-Term Debt)

14. Unearned Revenues

This account includes amounts recognized as receivables, but not revenues in governmental funds because the revenue recognition criteria has not been met. Reported assets include grant resources received in advance.

15. Fund Balance Classifications

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. For the classification of fund balances, the County considers amounts to have been spent when an expenditure is incurred for purposes for which fund balance is both available and can be used. In accordance with GASB Statement 54, the fund balances of the County are classified into the following categories: nonspendable, restricted, committed, assigned or unassigned.

Nonspendable fund balance includes amounts that cannot be spent because they are either:

- (a) not is spendable form or
- (b) legally or contractually required to be maintained intact, including items that are not expected to be converted to cash.

Restricted fund balance includes amounts where constraints have been placed on the use of resources by either:

- (a) external imposition by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or
- (b) imposition by law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes pursuant to constraints imposed by the Board of County Commissioners (BOCC), the highest level of decision-making authority for the County. Committed amounts cannot be used for any other purpose unless the BOCC removes or changes the specified use through formal action by resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance includes amounts that are constrained by the County Board of Commissioner's intent to be used for specific purposes but are neither restricted nor committed. The BOCC has delegated the authority to assign amounts to be used for specific purposes to the County Administrator or his/her designee. During the current reporting period, a designee was not assigned.

Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned. Only the General Fund may report a positive unassigned fund balance amount.

It is the County's policy to use restricted amounts first, then committed, then assigned, and then unassigned, as they are needed.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Classification	Function	Fund Purpose	Fund Name	Total Fund Balances (Deficits)
Restricted	General Government	General Government/ Centralized/ General Services	Rural County Capital	\$ 24,841,828
		General Government/Financial Services	RET Technology	19,178
		General Government/Financial Services	Treasurer's Investment Pool	9,729
		General Government/Financial Services	Treasurer's Service Fee	248,754
		General Government/ Financial, Recording and Election Activities	Treasurers O & M	622,561
		General Government/Judicial Activities	Courthouse Facilitator	148,027
		General Government/Judicial Activities	Family Services - Superior Court	22,145
		General Government/Judicial Activities	Trial Court Improvement	591,528
		General Government/Legal Activities	Crime Victim Compensation	546,743
		General Government/Recording Services	Auditors O & M	418,450
	Public Safety	Public Safety	3/10 Percent Public Safety Sales Tax	18,898,022
		Public Safety	1/10 Percent Criminal Justice	24,994,180
		Public Safety/Detention/Correction Activities	Inmate Benevolence	2,320,341
		Public Safety/Detention/Correction Activities	Jail Depreciation Reserve	1,850,843
		Public Safety/Juvenile Services	Family Services	40,425
	Transportation	Transportation	County Road	7,522,582
	Natural and Economic Environment	Natural and Economic Environment/Community Planning and Economic Development	Sustainable Development	802,204
		Natural and Economic Environment/Environmental Services	Pest Board	113,112
		Transportation	Flood Control	4,672
	Social Services	Social Services	Behavioral Health	6,679,075
		Social Services	Human Services	3,165,527
		Social Services/Domestic Violence	Domestic Violence Assessment	7,398
		Social Services/Homeless Services	Affordable and Supportive Housing	953,684
		Social Services/Homeless Services	Homeless Housing & Assistance	2,478,268
		Social Services/Homeless Services	State Housing	1,822,922
		Social Services/Mental Health Services	Benton County Human Services	2,778,483
		Social Services/Veterans Services	Veterans Assistance	1,248,683
	Culture and Recreation	Capital Projects	1/4 Percent Real Estate Excise Tax	6,174,965
		Culture and Recreation/ Community Activities	Historical Document Preservation	163,576
		Culture and Recreation/Park Facilities	Park Development	923,181
		Culture and Recreation/Park Facilities	Paths & Trails Reserve	140,134

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Classification	Function	Fund Purpose	Fund Name	Total Fund Balances (Deficits)		
Committed	General Government	Debt Service	Health Building Bond	73,090		
		Debt Service	Justice Center Bond	134,540		
		General Government/ Centralized/General Services	Central Svcs Computer Replacement	2,863,851		
Public Safety	General Government/ Financial, Recording and Election Activities	General Government/Judicial Activities	Election Reserve	1,264,362		
		Public Safety	Clerk's Collection	562,823		
		Public Safety/ Detention/ Correction Activities	Sheriff's Equipment Purchase and Replacement	585,243		
		Public Safety/ Juvenile Services	Work Crew Replacement	327,156		
		Public Safety/ Law Enforcement Activities	Benton-Franklin Juvenile Center	4,926,595		
		Public Safety/ Law Enforcement Activities	Boating Safety & Patrol	369,988		
		Public Safety/ Law Enforcement Activities	Sheriff's Investigative	193,839		
		Public Safety/ Protective Inspection Services	Protective Inspection Services	1,515,963		
		Transportation	Debt Service	CRID 11 & 12 Debt Service		92,041
				CRID 15 Debt Service		212,002
CRID 16 Debt Service				40,606		
CRID 21 Debt Service				3,357		
CRid Guaranty				74,145		
Natural and Economic Environment	Natural and Economic Environment/ Conservation	County Road Improvement Match		4,266,895		
		Solid Waste Collection		912,264		
Assigned	Culture and Recreation	Culture and Recreation/ Facilities	Event Center	1,982,012		
		Capital Expenditures/Expenses	Capital Projects	27,622,438		
Unassigned	General Government	General Government	General Fund	32,149,437		
Total Governmental Funds				\$ 190,723,864		

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

17. Minimum Fund Balance

To assure sufficient reserves are available to meet the respective operational needs during low revenue periods within a budget cycle, the Benton County Board of County Commissioners may require the following County funds to maintain a minimum fund balance at the close of or during any given fiscal year:

- General Fund. The County shall maintain a minimum unassigned fund balance in the range of 10% to 13% of appropriated expenditures.
- Capital Projects. A fund balance of at least \$5,000,000.
- Central Services. A fund balance of at least \$350,000.
- Election Reserve. A fund balance of at least \$500,000.
- Park Development. A fund balance of at least \$500,000.

18. Net Position Classification

In Government-wide Statements and Internal Service Fund statements, net position consists of assets invested in capital assets (net of related debt), restricted and unrestricted net positions. The restricted net positions are restricted by governmental statutes, actions and third parties.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 2 – Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net position – governmental activities reported in the government-wide statement of net position. The schedule presents detailed explanations for major elements of the reconciliation including certain government-wide assets, liabilities, and net position not included in governmental fund balance sheets.

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

Note 3 – Stewardship, Compliance and Accountability

A. Violations of Fiscal Policies

There have been no material violations of finance-related legal or contractual provisions.

B. Deficit Fund Balances

There have been no expenditures exceeding legal appropriations in any of the funds of the County.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Accounting and Reporting Changes

A. Change in Accounting Estimate Capital Assets Classification

Reason for the change in accounting estimate: After analysis of capital asset accounts, Infrastructure Rights-of-Way and Easements and Water Rights have been reclassified for financial reporting. The effect of that change is shown in the Adjustment column of Note 4 Table A below.

Note 4 Table A - Change in Accounting Estimate for Capital Assets - Governmental Activities			
	1/1/2022	Adjustment	12/31/2022
	Beginning Balance		Ending Balance
Governmental Activities			
Capital Assets, Not Being Depreciated			
Land	\$ 16,859,592	\$ (10,903,927)	\$ 6,667,415
Rights-of-Way and Easements	2,792,303	6,388,529	8,996,750
Water Rights	-	2,792,303	2,792,303
Total Capital Assets, Not Being Depreciated	20,910,375	(251,000)	22,502,909
Governmental Activities Capital Assets, Net	\$ 20,910,375	\$ (251,000)	\$ 22,502,909

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 4 – Accounting and Reporting Changes

B. Change in Accounting Estimate Compensated Absences

Reason for the change in accounting estimate: Changed Compensated Absences calculation method based on payroll reports. The effect of that change is shown in the Change in Accounting Estimate column of the table below.

Note 4 Table B - Change in Accounting Estimate for Noncurrent Liabilities			
	12/31/2021 Balance As Previously Reported	Change in Accounting Estimate	1/1/2022 Balance As Re-Estimated
Noncurrent Liabilities			
Compensated Absences	2,981,053	3,945,775	6,926,828
Total Noncurrent Liabilities	<u>\$ 2,981,053</u>	<u>\$ 3,945,775</u>	<u>\$ 6,926,828</u>

C. Governmental Activities Error Correction

During fiscal year 2022, the County identified \$(720,065) in expenditures for the Rural County Capital Fund General Government that should have been reported in 2021, also a beginning Net Position variance of \$589,531 caused by the conversion in accounting software. The net effect of these errors is \$(130,534), as shown in the Error Correction row of Note 4 Table C below.

Note 4 Table C - Error Correction		
Changes in Net Position		
December 31, 2021 and 2022		
	Governmental Activities	
	2022	2021
Net Position - Beginning, as Previously Reported	\$350,226,818	\$302,960,860
Error Correction	(130,534)	-
Net Position - Beginning as Restated	<u>350,096,284</u>	<u>302,960,860</u>
Net Position - Ending	<u>\$360,732,061</u>	<u>\$350,226,818</u>

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

D. Fiduciary Net Position Error Correction

During fiscal year 2022, the County identified a beginning Net Position variance caused by conversion in accounting software. The effect of that error is shown in the Error Correction row of the table below.

Note 4 Table D - Error Correction		
Statement of Changes in Fiduciary Net Position		
December 31, 2022		
	Custodial Funds	External Investment Pool
Net Position - Beginning, as Previously Reported	226,636,787	399,815,770
Error Correction	(165,745,583)	(80,831,772)
Net Position - Beginning as Restated	60,891,204	318,983,998
Net Position -- End of the Year	\$ 303,715,755	\$ 372,374,009

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 5 – Deposits and Investments

A. Deposits

The County's deposits, certificates of deposit and securities are fully covered by federal depository insurance (FDIC) or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

B. Investments

Investment oversight is provided by the Benton County Finance Committee (the "Finance Committee") pursuant to RCW 36.29.020. The Finance Committee consists of the County Treasurer as Chair, the County Auditor as Secretary, and the Chair of the Board of County Commissioners. All investments are subject to written policies and procedures adopted by the Finance Committee. The Finance Committee meets not less than quarterly to review the investment portfolio and performance. The County's Investment Policy has been reviewed and received a Certification of Excellence from the Association of Public Treasurers of the United States and Canada. All County held investments are either insured or registered in the County's name and held by the County, or its agent, in the County's name. The philosophy in developing the TIP was to create a locally managed diversified investment option that would take advantage of the economies of scale, simplify administration, and achieve a potentially higher yield than other available programs. The TIP, administered by the Benton County Treasurer's Office, is an external investment pool.

The County uses a variety of financial institutions to determine the fair value of securities purchased on behalf of the County. A minimum of three quotes from brokers/dealers is used to determine the fair value of the securities on that specified date. A quarterly analysis is prepared for the County by various financial institutions. In 2015, the County Board of Commissioners contracted with FHN Financial Main Street Advisors, LLC ("FHN"). FHN will make specific recommendations to the investment strategy and investments, provide periodic review of internal controls, market analysis, portfolio analysis and reporting. FHN will evaluate the County's Investment Policy and Procedures and provide strategic quarterly reports of the investment program as well as provide an annual onsite visit to review the investment program and the market/economy for the fiscal year.

The County does not report any securities at amortized cost. All securities reported are disclosed using the securities' fair market value. Fair market value calculations are completed monthly with current market prices added to the County's investment software, Sympro, as provided by Bank of New York Mellon, the County's safekeeper. Quarterly fair market values are prepared by the County's financial advisor FHN, which are then compared to the values returned by our safekeeper.

The County measures and reports investments at fair value using the valuation input hierarchy established by Generally Accepted Accounting Principles (GAAP), as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities
- Level 2: These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other than quoted prices that are not observable.
- Level 3: Unobservable inputs for an asset or liability.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

On December 31, 2022, the County had the following investments measured at fair value:

Note 5 Table A - Investments at Fair Value				
Investments by Fair Value Level	Fair Value	Fair Value Measurements Using		
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. Government and Agency Securities	\$284,035,890	\$ -	\$284,035,890	\$ -
Total Debt Securities	<u>\$284,035,890</u>	<u>\$ -</u>	<u>\$284,035,890</u>	<u>\$ -</u>

As of December 31, 2022, the County had the following investments:

Note 5 Table B - Benton County Investments - All Funds			
Investment Type	Weighted Average Maturity Years	Fair Value of County's Investments	Total
Federal Agricultural Mortgage Corporation	1.53	\$ 43,047,720	\$ 43,047,720
Federal Farm Credit Bank	0.95	61,521,330	61,521,330
Federal Home Loan Bank	3.10	22,928,040	22,928,040
Federal Home Loan Mortgage Corporation	2.75	4,489,600	4,489,600
Federal National Mortgage Association	2.16	23,267,650	23,267,650
Treasuries	2.43	128,781,550	128,781,550
State Pool	1.00	88,338,119	88,338,119
Grand Total		<u>\$ 372,374,009</u>	<u>\$ 372,374,009</u>

The amounts listed in the above table as the County's investments (stated at market) also include idle agency fund monies invested by the County upon which the County earns interest.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the County manages its exposure to the risk that the market value of securities in the portfolio will fall due to changes in market interest rates by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The policy also states that no single security will be purchased with a maturity date of more than five years from the date of purchase without approval of the Treasurer or Chief Deputy Treasurer.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Credit Risk

Credit risk is the risk that an issuer or other counterparts to an investment will not fulfill its obligations. The County investment policy minimizes its credit risk by limiting investments to selected types of securities and pre-qualifying the financial institutions, broker/dealers, and intermediaries with which the County will do business. Presented below is the minimum rating required by the state statute and the actual rating as of the end of the year 2022 for each type of investment of which the Primary Government participates.

Note 5 Table C - Credit Risk		
Investment Type	Minimum Rating*	Year-End Rating*
Treasury and Agency Securities	N/A	N/R
Certificates of Deposit	N/A	N/A
State Local Government Investment Pool	N/R	N/R
Municipal Bonds	AA2	N/A
*Ratings from Moody's		

Management intends to hold the time deposits and securities until maturity. The portfolio will be managed to meet the portfolio maturity, quality, diversification, and liquidity requirements set forth in GASB 79 for external investment pools who wish to measure, for financial reporting purposes, all of its investments at amortized cost. Other gains or losses on investments sold or exchanged are recognized at the time transactions are completed.

With regard to the County's voluntary participation in the Local Government Investment Pool (LGIP), all investment transactions conducted by the County are done on a delivery versus payment ("DVP") basis. In accordance with RCW 43.250, the State Finance Committee provides oversight over the LGIP pool portfolio. Other forms of oversight include the annual state and independent audits that the LGIP undergoes. As a result of that extensive oversight, the LGIP publishes monthly, quarterly, and annual reports that allow participants to stay abreast of LGIP issues and activity. Although not rated or registered, the LGIP portfolio is managed in a manner generally consistent with SEC as spelled out in the LGIP Investment Policy. Accordingly, participants' balances in the LGIP have minimal interest rate risk, as the weighted average maturity of the portfolio will not exceed 60 days. The credit risk of the LGIP is limited, as most investments are either obligations of the US government; government sponsored enterprises, or insured demand deposit accounts and certificates of deposit. The fair value of County shares in the LGIP is dollar for dollar equal to the value of pool shares for withdrawals and deposits.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

External Investment Pool

The TIP is not registered with the U.S. Securities and Exchange Commission (the "SEC") as an investment company. Oversight is provided by the Finance Committee. In 2012 the Board of Commissioners, Finance Committee and County Treasurer authorized the expansion of the Treasurer Investment Pool and with that expansion, an alternative investment vehicle is available not only to the County, but also allows for participation by other legally separate entities such as special districts and public agencies, for which the County is ex officio Treasurer. Participation in the TIP by districts and agencies is voluntary, with a signed Investment Service Agreement submitted to the Treasurer. Participants withdrawing one or more funds completely from the TIP, wherein the value being redeemed equals or exceeds \$10 million, must provide ten (10) business days- notice prior to withdrawal. The County and districts are able take advantage of higher yielding investment opportunities by combining purchasing power while maintaining the objectives of safety, liquidity, and yield. The TIP has grown from four participants with 34 funds at its implementation to 25 participants involving 119 funds in 2022. The TIP has been well received by all participants.

The following schedule shows the types of investments, the fair value, and the weighted average maturity in years of the TIP as of December 31, 2022.

Note 5 Table B - Benton County Investments - All Funds				
Investment Type	Weighted Average Maturity Years	Fair Value of County's Investments	Total	
Federal Agricultural Mortgage Corporation	1.53	\$ 43,047,720	\$ 43,047,720	
Federal Farm Credit Bank	0.95	61,521,330	61,521,330	
Federal Home Loan Bank	3.10	22,928,040	22,928,040	
Federal Home Loan Mortgage Corporation	2.75	4,489,600	4,489,600	
Federal National Mortgage Association	2.16	23,267,650	23,267,650	
Treasuries	2.43	128,781,550	128,781,550	
State Pool	1.00	88,338,119	88,338,119	
Grand Total		<u>\$ 372,374,009</u>	<u>\$ 372,374,009</u>	

Note 5 Table D - Benton County Treasurer's Investment Pool				
Investment Type	Fair Market Value	Principle Amount	Interest Rate Range	Maturity Range
Treasuries and Agencies	\$ 284,035,890	\$ 293,201,927	0.25% - 3.645%	1/17/2023 - 5/17/2027
State Pool	88,338,119	88,000,000	4.11%	12/31/2022
Total	<u>\$ 372,374,009</u>	<u>\$ 381,201,927</u>	<u>0.25% - 4/11%</u>	<u>1/17/2023 - 5/17/2027</u>

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

The Benton County Treasurer’s Investment Pool is comprised of United States Treasuries and Agency securities and the Washington State LGIP investments. All securities are traded in active markets with readily available market pricing, or in the case of the Washington LGIP, pricing is provided daily on the State Treasurer’s website as well as the 12/31/2022 LGIP account statement. As the Benton County Investment pool doesn’t contain securities that would have assumptions made regarding their fair market value, additional value disclosures are not necessary.

The Washington LGIP does not have any legally binding guarantees of share values. The LGIP does not impose liquidity fees or redemption gates on participant withdrawals. The Office of the State Treasurer prepares a stand-alone LGIP financial report. A copy of the report is available from:

Office of the State Treasurer
 PO Box 40200
 Olympia, Washington 98504-0200, or at
<http://www.tre.wa.gov>.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Realized gains and losses from investments will be credited or charged to investment income at the time of sale. Pool participants are one hundred percent invested in the pool with purchase and redemption calculated on average daily balances which is the same methodology for reporting.

Benton County Treasurer's Investment Pool	
Condensed Statement of Net Position	
December 31, 2022	
	2022
ASSETS	
Cash, Cash Equivalents and Pooled Investments	\$ 372,374,009
Receivables	-
Total Assets	372,374,009
LIABILITIES	
Total Liabilities	-
NET POSITION	
Total Net Position Held in Trust for Pool Participants	\$ 372,374,009

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Benton County Treasurer's Investment Pool	
Condensed Statement of Changes in Net Position	
December 31, 2022	
	2022
Total Net Position - Beginning	\$ 399,292,712
Net Change in Investments by Pool Participants	(27,018,703)
Total Net Position - Ending	\$ 372,274,009

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. County policy dictates that all investment instruments other than non-negotiable certificates of deposit and monies placed with the LGIP are transacted on the delivery versus payment basis. This means that payment is made simultaneously with the receipt of the security. Securities are held in safekeeping in the County's name by an institution (custodian) under contract with the Treasurer. Currently, safekeeping is with Bank of New York Mellon.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. The County's Investment Policy minimizes concentration risk by diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized. The investment policy sets forth maximum concentration guidelines whereby agency securities (combined) may comprise up to the following:

- US Treasury Obligations 100%
- Washington LGIP 100%
- US Agency (Government-Sponsored Enterprises "GSE") Securities 100%:
 - Federal Home Loan Bank 50%
 - Federal Farm Credit Bank 50%
 - Federal Home Loan Mortgage Corporation 50%
 - Federal National Mortgage Association 50%
 - Federal Agricultural Mortgage Corporation 50%
- Bankers Acceptances (<360 days, A1/P1) 10%
- Certificates of Deposit, including Bank Deposits 50%
- Repos (<60 days) 20%
- Registered Warrants 10%
- Municipal GO Bonds (one of 3 highest ratings) 10%
- Commercial Paper 20%
- Supranational 20%

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Presented below are investments in any one issuer in which the Primary Government participated as of December 31, 2022:

Note 5 Table E - Benton County Investment Concentration			
Investment	Percent of County Investments	Percent of Other Districts	Total
Federal Agricultural Mortgage Corporation	11.56%	0.00%	11.56%
Federal Farm Credit Bank	16.52%	0.00%	16.52%
Federal Home Loan Bank	6.16%	0.00%	6.16%
Federal Home Loan Mortgage Corporation	1.21%	0.00%	1.21%
Federal National Mortgage Association	6.25%	0.00%	6.25%
Treasuries	34.58%	0.00%	34.58%
State Pool	23.72%	0.00%	23.72%
Grand Total	100.00%	0.00%	100.00%

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 6 - Capital Assets

Capital Assets – Governmental Activities - Capital asset activity for the year ended December 31, 2022, was as follows:

Note 6 - Capital Assets - Governmental Activities

	Beginning Balance 1/1/2022	Increases	Decreases	Adjustment	Ending Balance 12/31/2022
Governmental Activities					
Capital Assets, Not Being Depreciated					
Land	\$ 16,859,592	\$ 711,750	\$ -	\$ (10,903,926)	\$ 6,667,416
Construction in Progress	1,258,480	2,721,260	(2,155,393)	1,472,095	3,296,442
Rights-of-Way and Easements	2,792,303	31,029	(215,112)	6,388,529	8,996,750
Water Rights	-	-	-	2,792,303	2,792,303
Total Capital Assets, Not Being Depreciated	20,910,375	3,464,039	(2,370,505)	(250,998)	21,752,910
Capital Assets, Being Depreciated:					
Quarries	81,941	-	-	-	81,941
Buildings	118,570,397	1,017,755	-	-	119,588,153
Intangible Assets	1,472,683	552,365	-	-	2,025,048
Improvements Other Than Buildings	4,588,167	-	-	-	4,588,167
Machinery and Equipment	29,204,436	1,976,454	(728,886)	(349,434)	30,102,571
Infrastructure	121,945,097	1,560,538	(178,546)	-	123,327,089
Right-to-Use Leased Equipment	-	562,247	-	(171,138)	391,110
Right-to-Use Leased Office Space	-	494,807	-	-	494,807
Total Capital Assets Being Depreciated	275,862,722	6,164,167	(907,432)	(520,571)	280,598,886
Less Accumulated Depreciation for:					
Quarries	(25,278)	-	-	-	(25,278)
Buildings	(83,384,691)	(4,505,618)	163,573	-	(87,726,736)
Intangible Assets	(1,250,471)	(67,754)	-	(25,211)	(1,343,437)
Improvements Other Than Buildings	(2,356,163)	(226,319)	-	-	(2,582,482)
Machinery and Equipment	(16,274,321)	(2,039,035)	705,978	(94,756)	(17,702,134)
Infrastructure	(38,600,986)	(3,062,671)	998,636	707,781	(39,957,240)
Right-to-Use Leased Equipment	-	(88,917)	-	-	(88,917)
Right-to-Use Leased Office Space	-	(81,508)	-	-	(81,508)
Total Accumulated Depreciation	(141,891,910)	(10,071,823)	1,868,187	587,813	(149,507,733)
Total Capital Assets Being Depreciated, Net	133,970,811	(3,907,655)	960,755	67,242	131,091,154
Governmental Activities Capital Assets, Net	\$ 154,881,186	\$ (443,616)	\$ (1,409,750)	\$ (183,756)	\$ 152,844,064

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Notes to the Financial Statements
For the Year Ended December 31, 2022

Depreciation/amortization expense was charged to functions of the primary government as follows:

Governmental Activities:	
Governmental Funds:	
General Government	\$ 3,857,214
Public Safety	863,384
Transportation	3,193,350
Natural and Economic Environment	123,405
Social Services	912,585
Culture and Recreation	271,131
Total Depreciation/Amortization - Governmental Funds	<u>\$ 9,221,069</u>
Internal Service Funds:	
General Government	\$ 10,878
Transportation	839,876
Total Depreciation/Amortization - Internal Service Funds*	<u>\$ 850,754</u>
Total Depreciation/Amortization - Governmental Activities	<u>\$ 10,071,823</u>

* The entire amount of depreciation/amortization expense of capital assets held by the County's internal service funds has been allocated to the predominant function of that fund.

Note 7 - Pensions - State Sponsored (DRS) Plans

The following table represents the aggregate pension amounts for all plans for the year 2022:

Note 7 Table A - Aggregate Pension Amounts – All Plans	
Pension Liabilities	\$(6,159,243)
Pension Assets	14,110,993
Deferred Outflows of Resources	12,741,758
Deferred Inflows of Resources	(12,012,862)
Pension Expense/Expenditures	\$490,228

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State Sponsored Pension Plans

Substantially all county full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing, multiple-employer public employee defined benefit and defined contribution retirement plans. The state Legislature establishes, and amends, laws pertaining to the creation and administration of all public retirement systems.

The Department of Retirement Systems (DRS), a department within the primary government of the State of Washington, issues a publicly available annual comprehensive financial report (ACFR) that includes financial statements and required supplementary information for each plan. The DRS ACFR may be obtained by writing to:

Department of Retirement Systems
Communications Unit
P.O. Box 48380
Olympia, WA 98540-8380

Or the DRS ACFR may be downloaded from the DRS website at www.drs.wa.gov.

Public Employees' Retirement System (PERS)

PERS members include elected officials; state employees; employees of the Supreme, Appeals and Superior Courts; employees of the legislature; employees of district and municipal courts; employees of local governments; and higher education employees not participating in higher education retirement programs. PERS is comprised of three separate pension plans for membership purposes. PERS plans 1 and 2 are defined benefit plans, and PERS plan 3 is a defined benefit plan with a defined contribution component.

PERS Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member's average final compensation (AFC) times the member's years of service. The AFC is the average of the member's 24 highest consecutive service months. Members are eligible for retirement from active status at any age with at least 30 years of service, at age 55 with at least 25 years of service, or at age 60 with at least five years of service. Members retiring from active status prior to the age of 65 may receive actuarially reduced benefits. Retirement benefits are actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, an optional cost-of-living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. PERS 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

Contributions

The **PERS Plan 1** member contribution rate is established by State statute at 6%. The employer contribution rate is developed by the Office of the State Actuary and includes an administrative expense component that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts

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Plan 1 employer contribution rates. The PERS Plan 1 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

Note 7 Table B - PERS Plan 1		
Actual Contribution Rates	Employer	Employee*
January – August 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL**	3.71%	
Administrative Fee	0.18%	
Total	10.25%	6.00%
September – December 2022		
PERS Plan 1	6.36%	6.00%
PERS Plan 1 UAAL**	3.85%	
Administrative Fee	0.18%	
Total	10.39%	6.00%

* For employees participating in JBM, the contribution rate was 12.26%.

** Underfunded Actuarial Accrued Liability (UAAL)

PERS Plan 2/3 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the member’s average final compensation (AFC) times the member’s years of service for Plan 2 and 1 percent of AFC for Plan 3. The AFC is the average of the member’s 60 highest-paid consecutive service months. There is no cap on years of service credit. Members are eligible for retirement with a full benefit at 65 with at least five years of service credit. Retirement before age 65 is considered an early retirement. PERS Plan 2/3 members who have at least 20 years of service credit and are 55 years of age or older, are eligible for early retirement with a benefit that is reduced by a factor that varies according to age for each year before age 65. PERS Plan 2/3 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by three percent for each year before age 65; or
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2/3 members hired on or after May 1, 2013 have the option to retire early by accepting a reduction of five percent for each year of retirement before age 65. This option is available only to those who are age 55 or older and have at least 30 years of service credit. PERS Plan 2/3 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other PERS Plan 2/3 benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty related death benefit, if found eligible by the Department of Labor and Industries. PERS 2 members are vested after completing five years of eligible service. Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service if 12 months of that service are earned after age 44.

Benton County, Washington
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PERS Plan 3 defined contribution benefits are totally dependent on employee contributions and investment earnings on those contributions. PERS Plan 3 members choose their contribution rate upon joining membership and have a chance to change rates upon changing employers. As established by statute, Plan 3 required defined contribution rates are set at a minimum of 5 percent and escalate to 15 percent with a choice of six options. Employers do not contribute to the defined contribution benefits. PERS Plan 3 members are immediately vested in the defined contribution portion of their plan.

Contributions

The PERS Plan 2/3 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. The Plan 2/3 employer rates include a component to address the PERS Plan 1 UAAL and an administrative expense that is currently set at 0.18 percent. Each biennium, the state Pension Funding Council adopts Plan 2 employer and employee contribution rates and Plan 3 contribution rates. The PERS Plan 2/3 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

Note 7 Table C - PERS Plan 2/3			
<u>Actual Contribution Rates</u>	<u>Employer 2/3</u>	<u>Employee 2*</u>	<u>Employee 3**</u>
January – August 2022			
PERS Plan 2/3	6.36%	6.36%	Varies (5-15%)
PERS Plan 1 UAAL***	3.71%		
Administrative Fee	0.18%		
Total	10.25%	6.36%	
September – December 2022			
PERS Plan 2/3	6.36%	6.36%	Varies (5-15%)
PERS Plan 1 UAAL***	3.85%		
Administrative Fee	0.18%		
Total	10.39%	6.36%	

* For employees participating in JBM, the contribution rate was 15.90%.

** For employees participating in JBM, the minimum contribution rate was 7.50%

*** Underfunded Actuarial Accrued Liability (UAAL)

The county's actual PERS plan contributions were \$1,401,052 to PERS Plan 1 and \$ 1,874,514 to PERS Plan 2/3 for the year ended December 31, 2022.

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Notes to the Financial Statements
For the Year Ended December 31, 2022

Public Safety Employees' Retirement System (PSERS)

PSERS Plan 2 was created by the 2004 Legislature and became effective July 1, 2006.

PSERS membership includes certain public employees whose jobs contain a high degree of physical risk to their own personal safety. In addition to meeting strict statutory work requirements, membership is further restricted to specific employers including:

- Certain State of Washington agencies (Department of Corrections, Department of Natural Resources, Gambling Commission, Liquor and Cannabis Board, Parks and Recreation Commission, and Washington State Patrol),
- Washington State Counties,
- Washington State Cities (except for Seattle, Spokane, and Tacoma),
- Correctional entities formed by PSERS employers under the Interlocal Cooperation Act.

PSERS Plan 2 provides retirement, disability and death benefits. Retirement benefits are determined as 2% of the AFC times the member's years of service. The AFC is based on the member's 60 consecutive highest creditable months of service. Members are eligible for retirement at the age of 65 with five years of service; or at the age of 60 with at least ten years of PSERS service credit; or at age 53 with 20 years of service. Benefits are actuarially reduced for each year that the member's age is less than 60 (with ten or more service credit years in PSERS), or less than 65 (with fewer than ten service credit years). There is no cap on years of service credit. Retirement before age 60 is considered an early retirement. PSERS members who retire before turning 60 receive reduced benefits. If retirement is at age 53 or older with at least 20 years of service, a 3% per year reduction for each year between the age at retirement and age 60 applies. PSERS Plan 2 retirement benefits are actuarially reduced if a survivor benefit is chosen. Other benefits include a COLA, capped at 3% annually. PSERS Plan 2 members are vested after completing five years of eligible service.

Contributions

The **PSERS Plan 2** employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The rates are adopted by the Pension Funding Council and are subject to change by the Legislature. The Plan 2 employer rates include components to address the PERS Plan 1 UAAL.

Benton County, Washington
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The PSERS Plan 2 required contribution rates (expressed as a percentage of current year covered payroll) for 2022 were as follows:

Note 7 Table D - PSERS Plan 2		
Actual Contribution Rates	Employer	Employee
January – August 2022		
PSERS Plan 2	6.50%	6.50%
PERS Plan 1 UAAL*	3.71%	
Administrative Fee	0.18%	
Total	10.39%	6.50%
September – December 2022		
PSERS Plan 2	6.60%	6.60%
PERS Plan 1 UAAL*	3.85%	
Administrative Fee	0.18%	
Total	10.63%	6.60%

* Underfunded Actuarial Accrued Liability (UAAL)

The county’s actual plan contributions were \$ 492,294 to PSERS Plan 2 and \$ 1,401,052 to PERS Plan 1 for the year ended December 31, 2022.

Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF)

LEOFF membership includes all full-time, fully compensated, local law enforcement commissioned officers, firefighters, and as of July 24, 2005, emergency medical technicians. LEOFF is comprised of two separate defined benefit plans.

LEOFF Plan 1 provides retirement, disability, and death benefits. Retirement benefits are determined per year of service calculated as a percent of final average salary (FAS) as follows:

- 20+ years of service – 2.0% of FAS
- 10-19 years of service – 1.5% of FAS
- 5-9 years of service – 1% of FAS

The FAS is the basic monthly salary received at the time of retirement, provided a member has held the same position or rank for 12 months preceding the date of retirement. Otherwise, it is the average of the highest consecutive 24 months’ salary within the last ten years of service. Members are eligible for retirement with five years of service at the age of 50. Other benefits include duty and non-duty disability payments, a cost-of living adjustment (COLA), and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 1 members were vested after the completion of five years of eligible service. The plan was closed to new entrants on September 30, 1977.

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Notes to the Financial Statements
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Contributions

Starting on July 1, 2000, LEOFF Plan 1 employers and employees contribute zero percent, as long as the plan remains fully funded. The LEOFF Plan I had no required employer or employee contributions for fiscal year 2022. Employers paid only the administrative expense of 0.18 percent of covered payroll.

LEOFF Plan 2 provides retirement, disability, and death benefits. Retirement benefits are determined as two percent of the final average salary (FAS) per year of service (the FAS is based on the highest consecutive 60 months). Members are eligible for retirement with a full benefit at 53 with at least five years of service credit. Members who retire prior to the age of 53 receive reduced benefits. If the member has at least 20 years of service and is age 50, the reduction is three percent for each year prior to age 53. Otherwise, the benefits are actuarially reduced for each year prior to age 53. LEOFF 2 retirement benefits are also actuarially reduced to reflect the choice of a survivor benefit. Other benefits include duty and non-duty disability payments, a cost-of-living allowance (based on the CPI), capped at three percent annually and a one-time duty-related death benefit, if found eligible by the Department of Labor and Industries. LEOFF 2 members are vested after the completion of five years of eligible service.

Contributions

The LEOFF Plan 2 employer and employee contribution rates are developed by the Office of the State Actuary to fully fund Plan 2. The employer rate includes an administrative expense component set at 0.18 percent. Plan 2 employers and employees are required to pay at the level adopted by the LEOFF Plan 2 Retirement Board.

Effective July 1, 2017, when a LEOFF employer charges a fee or recovers costs for services rendered by a LEOFF 2 member to a non-LEOFF employer, the LEOFF employer must cover both the employer and state contributions on the LEOFF 2 basic salary earned for those services. The state contribution rate (expressed as a percentage of covered payroll) was 3.41% in 2022.

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The LEOFF Plan 2 required contribution rates (expressed as a percentage of covered payroll) for 2022 were as follows:

Note 7 Table E - LEOFF Plan 2		
Actual Contribution Rates	Employer	Employee
January – December 2022		
State and Local Governments	5.12%	8.53%
Administrative Fee	0.18%	
Total	5.30%	8.53%
Ports and Universities	8.53%	8.53%
Administrative Fee	0.18%	
Total	8.71%	8.53%

The county’s actual contributions to the plan were \$ 390,396 for the year ended December 31, 2022.

The Legislature, by means of a special funding arrangement, appropriates money from the state General Fund to supplement the current service liability and fund the prior service costs of Plan 2 in accordance with the recommendations of the Pension Funding Council and the LEOFF Plan 2 Retirement Board. This special funding situation is not mandated by the state constitution and could be changed by statute. For the state fiscal year ending June 30, 2022, the state contributed \$81,388,085 to LEOFF Plan 2. The amount recognized by the county as its proportionate share of this amount is \$ 209,978.

Actuarial Assumptions

The total pension liability (TPL) for each of the Department of Retirement Systems (DRS) plans was determined using the most recent actuarial valuation completed in 2022 with a valuation date of June 30, 2021. The actuarial assumptions used in the valuation were based on the results of the Office of the State Actuary’s (OSA) 2013-2018 Demographic Experience Study and the 2021 Economic Experience Study.

Additional assumptions for subsequent events and law changes are current as of the 2021 actuarial valuation report. The TPL was calculated as of the valuation date and rolled forward to the measurement date of June 30, 2022. Plan liabilities were rolled forward from June 30, 2021, to June 30, 2022, reflecting each plan’s normal cost (using the entry-age cost method), assumed interest and actual benefit payments.

- **Inflation:** 2.75% total economic inflation; 3.25% salary inflation
- **Salary increases:** In addition to the base 3.25% salary inflation assumption, salaries are also expected to grow by promotions and longevity.
- **Investment rate of return:** 7.0%

Mortality rates were developed using the Society of Actuaries’ Pub. H-2010 mortality rates, which vary by member status, as the base table. The OSA applied age offsets for each system, as appropriate, to better tailor the mortality rates to the demographics of each plan. OSA applied the long-term MP-2017

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generational improvement scale, also developed by the Society of Actuaries, to project mortality rates for every year after the 2010 base table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout their lifetime.

Methods did not change from the prior contribution rate setting June 30, 2019 Actuarial Valuation Report (AVR), however OSA introduced a temporary method change to produce asset and liability measures for the June 30, 2020 AVR. There were also the following assumption changes:

- OSA updated the Joint-and-Survivor Factors and Early Retirement Factors in the model. Those factors are used to value benefits for early retirement and survivors of members that are deceased prior to retirement. These factors match the administrative factors provided to DRS for future implementation that reflect current demographic and economic assumptions.
- OSA updated the economic assumptions based on the 2021 action of the PFC and the LEOFF Plan 2 Retirement Board. The investment return assumption was reduced from 7.5% (7.4% for LEOFF 2) to 7.0%, and the salary growth assumption was lowered from 3.5% to 3.25%. This action is a result of recommendations from OSA's biennial economic experience study.

Discount Rate

The discount rate used to measure the total pension liability for all DRS plans was 7.0 percent.

To determine that rate, an asset sufficiency test was completed to test whether each pension plan's fiduciary net position was sufficient to make all projected future benefit payments for current plan members. Based on OSA's assumptions, the pension plans' 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 of 7.0 percent was used to determine the total liability.

Long-Term Expected Rate of Return

The long-term expected rate of return on the DRS pension plan investments of 7.0 percent was determined using a building-block-method. In selecting this assumption, the OSA reviewed the historical experience data, considered the historical conditions that produced past annual investment returns, and considered Capital Market Assumptions (CMA's) and simulated expected investment returns provided by the Washington State Investment Board (WSIB). The WSIB uses the CMA's and their target asset allocation to simulate future investment returns at various future times.

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Notes to the Financial Statements
For the Year Ended December 31, 2022

Estimated Rates of Return by Asset Class

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2021 are summarized in the table below. The inflation component used to create the table is 2.2 percent and represents the WSIB's most recent long-term estimate of broad economic inflation.

Note 7 Table F - Estimated Rates of Return by Asset Class		
Asset Class	Target Allocation	% Long-Term Expected Real Rate of Return Arithmetic
Fixed Income	20.00%	1.50%
Tangible Assets	7.00%	4.70%
Real Estate	18.00%	5.40%
Global Equity	32.00%	5.90%
Private Equity	23.00%	8.90%
Total	100.00%	

Sensitivity of the Net Pension Liability/(Asset)

The table below presents the county's proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the county's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6%) or 1-percentage point higher (8%) than the current rate.

Note 7 Table G - Sensitivity of the Net Pension Liability/(Asset)				
Plans	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)	
PERS 1	\$ 8,228,663	\$ 6,159,243	\$	4,353,123
PERS 2/3	10,023,847	(8,511,875)		(23,740,142)
PSERS 2	1,732,097	(727,212)		(2,668,147)
LEOFF 1	(540,482)	(616,752)		(682,890)
LEOFF 2	\$ (195,945)	\$ (4,255,154)	\$	(7,577,269)

Pension Plan Fiduciary Net Position

Detailed information about the State's pension plans' fiduciary net position is available in the separately issued DRS financial report.

Benton County, Washington
Notes to the Financial Statements
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Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

On June 30, 2022, the county's reported its proportionate share of the net pension liabilities as follows:

Note 7 Table H - Benton County's Proportionate Share of the Net Pension Liabilities/(Assets)	
<u>Plan</u>	<u>Asset (Liability)</u>
PERS 1	\$(6,159,243)
PERS 2/3	8,511,875
PSERS 2	727,212
LEOFF 1	616,752
LEOFF 2	\$4,255,154

The amount of the asset reported above for LEOFF Plans 1 and 2 reflects a reduction for State pension support provided to the county. The amount recognized by the county as its proportionate share of the net pension asset, the related State support, and the total portion of the net pension asset that was associated with the county were as follows:

Note 7 Table I - Benton County's Proportionate Share of the LEOFF Plans 1 and 2 Net Pension Asset		
<u></u>	<u>LEOFF 1 Asset</u>	<u>LEOFF 2 Asset</u>
Employer's proportionate share	\$ (616,752)	\$ (4,255,154)
State's proportionate share of the net pension asset associated with the employer	(4,171,694)	(2,756,396)
Total	<u>\$ (4,788,446)</u>	<u>\$ (7,011,550)</u>

Benton County, Washington
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On June 30, the county's proportionate share of the collective net pension liabilities was as follows:

Note 7 Table J - Benton County's Collective Net Pension Liabilities/Assets			
Plan	Proportionate Share 6/30/21	Proportionate Share 6/30/22	Change in Proportion
PERS 1	0.232%	0.221%	-0.011%
PERS 2/3	0.233%	0.230%	-0.003%
PSERS 2	1.035%	1.017%	-0.017%
LEOFF 1	0.024%	0.022%	-0.002%
LEOFF 2	0.173%	0.157%	-0.016%

Employer contribution transmittals received and processed by the DRS for the fiscal year ended June 30, 2022 are used as the basis for determining each employer's proportionate share of the collective pension amounts reported by the DRS in the Schedules of Employer and Nonemployer Allocations for all plans except LEOFF 1.

LEOFF Plan 1 allocation percentages are based on the total historical employer contributions to LEOFF 1 from 1971 through 2000 and the retirement benefit payments in fiscal year 2021. Historical data was obtained from a 2011 study by the Office of the State Actuary (OSA). The state of Washington contributed 87.12 percent of LEOFF 1 employer contributions and all other employers contributed the remaining 12.88 percent of employer contributions. LEOFF 1 is fully funded and no further employer contributions have been required since June 2000. If the plan becomes underfunded, funding of the remaining liability will require new legislation. The allocation method the plan chose reflects the projected long-term contribution effort based on historical data.

In fiscal year 2022, the state of Washington contributed 39 percent of LEOFF 2 employer contributions pursuant to [RCW 41.26.725](#) and all other employers contributed the remaining 61 percent of employer contributions.

Pension Expense

For the year ended December 31, 2022, the county recognized pension expense as follows:

Note 7 Table K - Pension Expense	
Plan	Pension Expense
PERS 1	\$ 2,522,322
PERS 2/3	(3,027,439)
PSERS 2	193,911
LEOFF 1	27,588
LEOFF 2	773,845
Total	\$ 490,227

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Deferred Outflows of Resources and Deferred Inflows of Resources

On December 31, 2022, the county reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 7 Table L - Deferred Outflows of Resources and Deferred Inflows of Resources			
	Deferred Outflows of Resources	Deferred Inflows of Resources	
PERS 1			
Differences between expected and actual experience	\$ -	\$ -	
Net difference between projected and actual investment earnings on pension plan investments	-	(1,020,768)	
Changes of assumptions	-	-	
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	
Contributions subsequent to the measurement date	733,036	-	
Total	\$ 733,036	\$ (1,020,768)	
PERS 2 & 3			
Differences between expected and actual experience	\$ 2,109,043	\$ (192,687)	
Net difference between projected and actual investment earnings on pension plan investments	-	(6,292,892)	
Changes of assumptions	4,744,195	(1,242,200)	
Changes in proportion and differences between contributions and proportionate share of contributions	108,869	(503,940)	
Contributions subsequent to the measurement date	958,765	-	
Total	\$ 7,920,872	\$ (8,231,719)	

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PSERS 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 377,782	\$ (8,004)
Net difference between projected and actual investment earnings on pension plan investments	-	(509,989)
Changes of assumptions	533,868	(213,300)
Changes in proportion and differences between contributions and proportionate share of contributions	19,304	(53,500)
Contributions subsequent to the measurement date	266,093	-
Total	\$ 1,197,047	\$ (784,793)

LEOFF 1	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	(77,010)
Changes of assumptions	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	\$ -	\$ (77,010)

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LEOFF 2	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,011,095	\$ (39,480)
Net difference between projected and actual investment earnings on pension plan investments	-	(1,424,789)
Changes of assumptions	1,077,951	(370,508)
Changes in proportion and differences between contributions and proportionate share of contributions	571,160	(63,797)
Contributions subsequent to the measurement date	230,598	-
Total	\$ 2,890,804	\$ (1,898,574)

Total All Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,497,920	\$ (240,171)
Net difference between projected and actual investment earnings on pension plan investments	-	(9,325,448)
Changes of assumptions	6,356,014	(1,826,008)
Changes in proportion and differences between contributions and proportionate share of contributions	699,333	(621,237)
Contributions subsequent to the measurement date	2,188,492	-
Total	\$ 12,741,759	\$ (12,012,864)

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Notes to the Financial Statements
For the Year Ended December 31, 2022

Deferred outflows of resources related to pensions resulting from the county's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	PERS 1	PERS 2 & 3	PSERS2	LEOFF 1	LEOFF 2
2023	\$(431,968)	\$(2,135,909)	\$(170,457)	\$(32,616)	\$(393,248)
2024	(392,338)	(1,876,904)	(149,233)	(29,532)	(333,658)
2025	(492,176)	(2,155,102)	(192,389)	(36,926)	(461,985)
2026	295,715	2,872,944	242,289	22,064	668,810
2007	-	1,023,525	60,050	-	231,009
Thereafter	-	1,001,835	355,900	-	1,050,705
Total	\$(1,020,767)	\$(1,269,611)	\$146,160	\$(77,010)	\$761,633

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 8 – Postemployment Benefits Other Than Pensions

Aggregate OPEB Amounts

The following table represents the aggregate other postemployment benefits other than pension amounts for the County’s single employer plan subject to the requirements of GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions for the year 2022:

Note 8 Table A - Aggregate OPEB Amounts - All Plans		
OPEB Liabilities	\$	5,106,384
Deferred Outflows of Resources		143,064
OPEB Expenses/Expenditures	\$	(613,517)

OPEB Plan Description

- a. The county administers a single-employer Other Post Employment Benefit plan, which provides all health insurance benefits for retired public safety employees who are vested in LEOFF I.
- b. All county LEOFF I employees may become eligible for these benefits if they reach normal retirement age while working for the county. The county has used the alternative measurement method permitted by GASB Statement 75.
- c. There are eleven participants eligible to receive these benefits. There are currently no members actively employed at the county who are not yet receiving LEOFF I medical benefits. The County reimburses 100 percent of the amount of validated claims for medical and hospitalization costs incurred by pre-Medicare retirees in order to meet state statutory requirements under the LEOFF I system and provided pursuant to RCW 41.26, whereby the county pays their medical and dental premiums and out-of-pocket medical costs for life. This plan is closed to new entrants.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Employees covered by benefit terms:

On December 31, 2022, the following were covered by the benefit terms:

Note 8 Table B - Employees Covered by Benefit Terms	
Inactive employees or beneficiaries currently receiving benefits	11
Inactive employees entitled to but not yet receiving benefits	-
Active employees	-
Total	<u>11</u>

Contributions

- d. The county has authority to establish and amend contribution requirements. The plan is funded on a pay-as-you-go basis and there are no assets accumulated in a qualifying trust. For the year ending December 31, 2022, benefit payments made by the county were \$135,201.

Assumptions and Other Inputs

Actuarial Assumptions The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about retirement ages, mortality, and the healthcare cost trend. The actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The county’s total OPEB liability of \$5,106,384 was measured as of June 30, 2022 with a valuation date of June 30, 2022. The alternative method permitted under GASB 75 was used to calculate the liability instead of an actuarial valuation. The entry age normal actuarial cost method and the recognized immediately amortization method were used in this calculation. There are no assets in this plan, therefore, no asset valuation method was used.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement period, unless otherwise specified:

- **Inflation:** 3.0% total economic inflation
- **Discount Rate:** 2.167% beginning of measurement year, 3.54% end of measurement year
- **Healthcare cost trend rate:** for medical costs, approximately 5.0%, varies by year; for long-term care, 4.5%; Medicare Part B premiums varies by year, approximately 5.5%.

The source of the discount rate is the Bond Buyer General Obligation 20- Bond Municipal Index. Mortality rates were based on the RP-2000 report’s “+1 year Healthy Table” and “-2 years Disabled Table” published by the Society of Actuaries. The Washington State Actuary applied offsets to the base table and recognized future improvements in mortality by projecting the mortality rates using 100 percent Scale BB. The Age Setback was based on the Blended 50%/50% Healthy/Disabled table. Mortality rates are applied on a generational basis; meaning, each member is assumed to receive additional mortality improvements in each future year throughout his or her lifetime. Medicare participation is assumed at 100%.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Sensitivity of the Total OPEB Liability

The following table presents the total OPEB liability of the County calculated using the current healthcare cost trend rate of 6.8 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.8 percent) or 1-percentage point higher (7.8 percent) than the current rate.

Note 8 Table C - Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rates			
	1% Decrease (5.8%)	Current Healthcare Cost Trend Rate (6.8%)	1% Increase (7.8%)
Total OPEB Liability	\$ 4,660,328	\$ 5,106,384	\$ 5,615,328

The following table presents the total OPEB liability of the County calculated using the discount rate of 3.54 percent, as well as what the OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.54 percent) or 1-percentage point higher (4.54 percent) than the current rate.

Note 8 Table D - Sensitivity of the Total OPEB Liability to Changes in the Discount Rate			
	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 5,650,566	\$ 5,106,384	\$ 4,640,319

Changes in the Total OPEB Liability

Note 8 Table E - Changes in the Total OPEB Liability	
Total OPEB Liability at 01/01/2022	\$ 5,999,302
Service cost	-
Interest	126,584
Changes in Experience Data and Assumptions	(740,101)
Benefit payments	(279,401)
Total OPEB Liability at 12/31/2022	\$ 5,106,384

On December 31, 2022, the county reported deferred outflows of resources only for deferred outflows subsequent to the measurement date in the amount of \$143,064. This will be recognized as expense in the period ending December 31, 2023. Other changes in the total OPEB liability will be expensed immediately.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 9 – Deferred Compensation Plan

The County maintains an Internal Revenue Code (IRC) Section 457 plan for all permanent employees. Section 457 requires that the assets and income of the plans be held in trust for the exclusive benefit of participants and their beneficiaries. Monthly contributions to the plan are deducted from the wages of employees who choose to participate as prescribed by federal law and regulations. The contributions are deposited with a third party in the County's name and in trust on behalf of the County's employees. The County has little administrative involvement and does not perform investing functions for this plan, therefore, this plan is not shown in the County's financial statements.

In January 2019 the County began matching contributions for the members of the Deputy Sheriff's Guild. The County will match employee contributions up to 2.50% of the employee's base wage into the County sponsored International City/County Management Association (ICMA) 457 plan. Beginning December 2022, the County provides an additional 1% employer contribution to ICMA for deputies.

In April 2021 the County began matching contributions for the members of the Fraternal Order of Police, representing Corrections Lieutenants. The County will match employee contributions up to 2.0% of the employee's base wage into the County sponsored International City/County Management Association (ICMA) 457 plan.

The County recognized \$111,009 in contribution expense for 2022. The year-end liability for the employer contributions is \$13,969.

Note 10 – Risk Management

The County maintains insurance against most normal hazards, except for workers' compensation and unemployment, where it has elected to become self-insured. The County is required by the State to set aside for protection, to the Workers' Compensation Fund, \$100,000 in cash reserves. Workers' Compensation Fund reserves, on December 31, 2022, were \$3,575,779.

A. Risk Pool

Benton County is a participating member of the Washington Counties Risk Pool (WCRP). Chapter 48.62 RCW authorizes the governing body of one or more governmental entities to join together for the joint purchasing of insurance, and/or joint self-insuring, and/or joint hiring or contracting for risk management services to the same extent that they may individually purchase insurance, self-insure, or hire or contract for risk management services.

An agreement to form a pooling arrangement was made pursuant to the provisions of Chapter 39.34 RCW, the Interlocal Cooperation Act. The Pool was formed in August of 1988 when 15 counties in the state of Washington joined together by signing an Interlocal Governmental Agreement to pool their self-insured losses and jointly purchase insurance and administrative services. As of December 31, 2021, 24 counties participate in the WCRP.

The Pool allows members to jointly establish a plan of self-insurance, and provides related services, such as risk management, education, and claims administration. The Pool's liability program provides coverage

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

for general liability, public officials liability, police professional liability, employment practices liability, and automobile liability. WCRP provides liability limits of \$20,000,000 and currently retains \$2,000,000 million per occurrence. County deductibles range from \$10,000 to \$500,000. Reinsurance is purchased in several layers up to the policy limits of \$10,000,000. Members may purchase an optional \$5,000,000 excess of \$20,000,000 layer of coverage. Allocated Loss Adjustment Expense (ALAE) is combined with losses for purposes of the Pool retention, excess insurance, and deductibles. For losses occurring in 2021, Benton County selected a per-occurrence deductible of \$100,000.

Members make an annual contribution to fund the Pool. The Pool acquires excess and reinsurance for further protection from larger losses. For the first \$10,000,000 of coverage, the Pool acquires reinsurance. The reinsurance agreements are written with Self-Insured Retentions (“SIRs”) equal to the amount of the layer of coverage below. For 2020-21, the Pool’s SIR was \$2,000,000. For certain years prior to 2019, reinsurance programs have included “corridor deductibles” with aggregated stop losses which have the effect of increasing the Pool’s SIR. For 2018-19, the “corridor” increased the SIR to \$2,000,000, with losses between \$1,000,000 and \$2,000,000 having an annual aggregated stop loss of \$2,500,000. The other reinsurance agreements respond up to the applicable policy limits and the agreements contain aggregate limits for the maximum annual reimbursements to the Pool of \$30,000,000 (lowest reinsured layer), \$50 million, (second layer). The Pool purchases excess coverage for the additional \$10,000,000 with an aggregate limit of \$100,000,000. Since the Pool is a cooperative program, there is a joint liability among the participating members. Sixteen of the Pool’s 24 member counties group purchase an additional \$5,000,000 policy in excess of the pooled \$20,000,000.

New members may be asked to pay modest fees to cover the costs to analyze their loss data and risk profiles, and for their proportional shares of the entry year’s assessments. New members contract under the Interlocal Agreement to remain in the Pool for at least five years. Following its initial 60-month term, any member may terminate its membership at the conclusion of any Pool fiscal year, provided the county timely files the required advance written notice. Otherwise, the Interlocal Agreement and membership automatically renews for another year. Even after termination, former members remain responsible for reassessments by the Pool for the members’ proportional shares of any unresolved, unreported, and in-process claims for the periods that the former members were signatories to the Interlocal Agreement.

The Pool is fully funded by its member participants. Claims are filed directly with the Pool by members and adjusted by one of the four staff members responsible for evaluating each claim for coverage, establishing reserves, and investigating for any risk-shared liability. The Pool does not contract with any third-party administrators for claims adjustment or loss prevention services.

During 2020-21, Benton County was also one of twenty-six (26) counties which participated in the Washington Counties Property Program (WCPP). Two members withdrew from the WCRP during the 2020-21 Fiscal Year. Property losses are covered under the WCPP to the participating counties’ buildings and contents, vehicles, mobile/contractor equipment, Electronic Data Processing (EDP) and communication equipment, etc. that have been scheduled. The WCPP includes ‘All Other Perils (“AOP”)' coverage limits of \$500 million per occurrence as well as Flood and Earthquake (catastrophe) coverages with separate occurrence limits, each being \$200 million. There are no AOP annual aggregate limits, but the flood and earthquake coverages include annual aggregate limits of \$200 million each. Each participating county is solely responsible for paying their selected deductible, ranging between \$5,000 and \$50,000. Higher deductibles apply to losses resulting from catastrophe-type losses.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Benton County also participates in the jointly purchased cyber risk and security coverage from a highly rated commercial insurer. This group-purchased cyber coverage provides limits of \$2,000,000 per claim and \$10,000,000 in the aggregate. For 2021, the Pool's SIR for cyber claims was \$100,000 from January 1 through September 30 and was \$250,000 from October 1 through December 31, with Benton County having no deductible.

The Pool is governed by a board of directors which is comprised of one designated representative from each participating member. The Board of Directors generally meets three-times each year with the Annual Meeting of the Pool being held in summer. The Board approves the extent of risk-sharing, approves the Pool's self-insuring coverage documents, approves the selection of reinsurance and excess agreements, and approves the Pool's annual operating budget.

An 11-member executive committee is elected by and from the WCRP Board for staggered, 3-year terms. Authority has been delegated to the Committee by the Board of Directors to,

- a) approve all disbursements and review the Pool's financial health,
- b) approve case settlements exceeding the applicable member's deductible by at least \$100,000,
- c) to authorize by two-thirds majority vote commencement of lawsuits in the name of the Pool.

During 2020-21, the WCRP's assets decreased to \$53,351,913 while its liabilities also decreased to \$27,509,338. The Pool's net position ended at \$26,624,589. The Pool more than satisfies the State Risk Manager's solvency requirements (WAC 200.100.03001). The Pool is a cooperative program with joint liability amongst its participating members.

Deficits of the Pool resulting from any fiscal year are financed by reassessments of the deficient year's membership in proportion with the initially levied and collected deposit assessments. The Pool's reassessments receivable balance as of December 31, 2021, was zero (\$0). As such, there were no known contingent liabilities at that time for disclosure by the member counties.

Note 11 – Unpaid Claims Liabilities

Benton County maintains insurance coverage for the following: General liability, auto liability, property damage, excess workers' compensation and employers' liability, surety bonds, and employee dishonesty. These coverages insure against most normal hazards such as torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

Claims settlements and loss expenses are accrued in the Insurance Management Fund. This fund is responsible for collecting interfund premiums from insured funds and departments, and for purchasing insurance policies, and claim settlements. Every two years, Benton County has an actuarial review of the liability program that determines the interfund premiums to be allocated to each department. The interfund assessments are based on total budget dollars, worker hours and vehicle counts, as well as the loss history of each department. Claims settlements have not exceeded insurance coverage during the past three years.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Benton County maintains reserves at a funding confidence level as recommended by the actuary. The reserves are sufficient to cover estimated future payments on claims incurred and/or outstanding as of the year-end.

Reconciliation of Claims Liability

- Unemployment Compensation. Benton County reimburses the Employment Security Department for individual unemployment compensation claims. The County pays actual claims on a pay-as-you-go basis.

Note 11 Table A - Unpaid Claims Liabilities Unemployment Compensation	
Claims Liability at 12/31/2020	\$ -
Claims Incurred	41,395
Claims Paid	(41,395)
Claims Liability at 12/31/2021	-
Claims Incurred	96,003
Claims Paid	(96,003)
Claims Liability at 12/31/2022	<u>\$ -</u>

- Workers' Compensation. Benton County reimburses the Employment Security Department for individual unemployment compensation claims. The County pays actual claims on a pay-as-you-go basis.

Note 11 Table B - Unpaid Claims Liabilities - Workers' Compensation	
Claims Liability at 12/31/2020	\$ 501,545
Claims Incurred	1,184,843
Claims Paid	(703,687)
Claims Adjustments	-
Claims Liability at 12/31/2021	982,701
Claims Incurred	628,800
Claims Paid	(805,722)
Claims Adjustments	(9,394)
Prior Year Correction	(429,792)
Claims Liability at 12/31/2022	<u>\$ 366,593</u>

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 12 – Leases (Lessors)

County as Lessor Revenue

As of December 31, 2022, the County has three lease receivables in which it is acting as Lessor. Under GASB 87, the County's incremental borrowing rate was used to determine the PV of all future lease payments. All funds record lessee receivables on the fund level Statement of Net Position (Balance Sheet for the governmental funds) and are rolled into the government-wide Statement of Net Position.

As of December 31, 2022, future lease receivable principal and interest payments are as follows:

Note 12 Table A - County as Lessor Revenue Principal and Interest to Maturity			
Year Ended December 31	Principal	Interest	Total
2023	\$ 13,114	\$ 4,149	\$ 17,263
2024	3,104	3,847	6,951
2025	3,503	3,641	7,144
2026	3,935	3,409	7,344
2027	4,279	2,770	7,049
2028 - 2032	37,537	9,427	46,964
Total	\$ 65,472	\$ 27,243	\$ 92,715

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 13 – Leases (Lessees)

County as Lessee Expense

The County is committed under various leases for office space and office equipment (postage machines and copiers). Proprietary funds record lessee leases on the fund level Statement of Net Position and are rolled into the government-wide one. Governmental funds show lessee leases in the government-wide Statement of Net Position governmental activities only.

The present value of the leases is calculated based on the County’s incremental borrowing rate and compared to the County’s capitalization threshold of \$5,000. The lease must have a present value of at least \$5,000 and the lease must be longer than one year including possible extension(s). As December 31, 2022, the county has nineteen lessee financing leases in which it is acting as Lessee that meet these criteria. Leases which do not meet the criteria are expensed.

The right-to-use (RTU) intangible capital assets associated with the lessee leases comprise office space and office equipment:

As of December 31, 2022, the principal and interest requirements to maturity are as follows:

Note 13 Table A - County as Lessee Expense Principal and Interest to Maturity			
Year Ended December 31	Principal	Interest	Total
2023	\$ 179,381	\$ 40,852	\$ 220,233
2024	169,275	30,226	199,501
2025	134,759	20,527	155,286
2026	123,058	12,624	135,682
2027	121,724	4,670	126,394
2028 - 2032	8,337	46	8,383
Total	\$ 736,534	\$ 108,945	\$ 845,479

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 14 – Long-Term Debt

A. Long-Term Debt

The County issues general obligation bonds to finance the purchase of land and the acquisition or construction of buildings. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. General obligation bonds are being repaid from the applicable resources using debt service funds.

These bonds are subject to Federal arbitrage regulations. Benton County has contracted with Arbitrage Compliance Specialists, Inc., to perform periodic arbitrage rebate calculations on the County’s long-term debt. The latest report, dated January 5, 2022, determined that there were no requirements to report anything to the IRS as of that date.

On July 22, 2021, Benton County issued a \$3,885,000 Limited Tax General Obligation Refunding Bond to refinance the 2018 Limited Tax General Obligation Refunding Bond. This bond has a variable interest rate of 3.0% to 4.0% with maturity in December 2031. The principal outstanding on December 31, 2022, is \$3,230,000.

The annual requirements to amortize outstanding debt including interest, are as follows:

Note 14 Table A - Annual Requirements to Amortize Outstanding Debt, Including Interest				
Years	Benton Franklin Health District Center Refunding	Consolidated Road Improvement District 2016	Public Works Trust Fund Loan	Total Debt Payments
2023	\$ 430,350	\$ 67,318	\$ 199,726	\$ 697,394
2024	435,900	65,379	198,737	700,016
2025	436,000	63,365	-	499,365
2026	432,400	61,390	-	493,790
2027	426,900	59,415	-	486,315
2028 -				
2032	1,679,200	165,184	-	1,844,384
Total	\$ 3,840,750	\$ 482,051	\$ 398,463	\$4,721,264

General Obligation bonds currently outstanding are as follows:

Note 14 Table B - General Obligation Bonds Currently Outstanding		
Purpose	Interest Rate	Amount
Benton Franklin Health District Center (Refunded 2021)	Variable 3% to 4%	\$3,230,000
Total		\$3,230,000

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

The annual debt service requirements to maturity for general obligation bonds are as follows:

Note 14 Table C - Annual Debt Service Requirements to Maturity for General Obligation Bonds			
Year Ending December 31	Governmental Activities		
	Principal	Interest	Total
2023	\$ 315,000	\$ 115,350	\$ 430,350
2024	330,000	105,900	435,900
2025	340,000	96,000	436,000
2026	350,000	82,400	432,400
2027	355,000	71,900	426,900
2028-2031	1,150,000	139,200	1,289,200
Totals	\$ 2,840,000	\$ 610,750	\$ 3,450,750

On December 31, 2022, the County has \$298,813 available in Debt Service funds to service the general obligation bonded debt.

The County is meeting debt service requirements. The County has sufficient assets in a variety of different funds to meet current and future debt service payments. On December 31, 2022, the County had \$650,739 available in reserve in governmental debt service funds to service general obligation and assessment debt. The County's general obligation debt, as noted above, will be funded by cash balances and future revenue streams.

Under Washington State law RCW 39.36.020, a County may incur general obligation debt for general County purposes, with or without a vote, in an amount not to exceed two and one-half percent of the value of all taxable property within the County. State law requires all property to be assessed at 100 percent of its true and fair value. The County is limited to a non-voted debt capacity of one and one-half percent and a voted debt capacity of two and one-half percent of the assessed valuation. The County's legal non-voted debt limit is \$355,109,620 with \$351,569,620 still available. The legal voted debt limit with 3/5 vote is \$591,849,370 with \$588,309,370 still available.

B. Special Assessment Bonds

On May 1, 2003, Benton County issued \$382,995 in Special Assessment bonds payable by levy against real property in the County's Road Improvement District (CRID) numbers 11 and 12. This CRID was paid off in May 2018. There remains \$294 in delinquent special assessment receivables on December 31, 2022.

On December 31, 2005, Benton County issued \$899,598 in Special Assessment bonds payable by levy against real property in the County's Road Improvement District numbers 15 and 16. This CRID was paid off in 2017. There remains \$3,448 in delinquent special assessment receivables on December 31, 2022.

On August 23, 2016, Benton County issued \$713,724 in Special Assessment bonds payable by levy against real property in the County's Road Improvement District number 21. These bonds bear an interest rate of 3.80% and reach maturity in the year 2031. The principal outstanding on December 31, 2016, is \$773,373. There was \$14,259 in delinquent special assessment receivables on December 31, 2022.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Debt service requirements for special assessment bonds will be met by the collection of assessment receivable that have been levied against property owners. Benton County has established a CRID Guaranty fund whereby the County will cover expenses if the property owners do not pay the assessments necessary to finance the debt. The County will recover all funds spent in this manner, as the assessments are liens against the property and subject to foreclosure.

Note 14 Table D - Annual Debt Service Requirements to Maturity for Special Assessment Bonds			
<u>Year Ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 51,558	\$ 15,760	\$ 67,318
2024	51,557	13,822	65,379
2025	51,557	11,808	63,365
2026	51,557	9,832	61,389
2027	51,558	7,857	59,415
2028-2031	153,453	11,731	165,184
Totals	<u>\$ 411,240</u>	<u>\$ 70,810</u>	<u>\$ 482,050</u>

C. Advance Due to Other Governments

On June 28, 1985, Benton County entered into a contract with the Washington State Department of Social and Health Services (DSHS) and began receiving funding to be used as working advances for specific client services. The current amount of the advance is \$210,887. The contract has been renewed every two years since it was first signed. Since its inception, the contract with DSHS has required that the County “shall record” these advances as “Long-Term Payables in its financial records”. The County has complied with this requirement and listed them in the governmental balance sheets for the Human Services Special Revenue Fund and on the combining Balance Sheet for Governmental Funds as “Due to Other Governmental Units”. The County recognizes that this is a departure from GAAP but has chosen to continue presenting the advances in this manner since the amount is not material and presenting them in this format meets the specific contractual requirement mandated by the DSHS.

On July 16, 2007, Benton County accepted the first draw on a loan from the Washington State Department of Community Trade and Economic Development in the amount of \$1,462,500. On July 24, 2008, a second draw of \$812,500 was accepted by Benton County and on December 29, 2008, an additional draw of \$812,500 was accepted. The final draw was completed on March 31, 2009, in the amount of \$162,500 bringing the total to \$3,250,000. This loan was for the development of the I-82 to SR397 Intertie Project. The loan has a low-interest rate of 0.50% and the repayment term is approximately 20 years from completion of the project.

The completion of the Intertie Road in 2008 resulted in a route jurisdictional transfer of the road to the state that was signed by the Governor and became effective July 26, 2009. Benton County remains accountable for the loan.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Public Works Trust Fund Loan debt service requirements to maturity are as follows:

Note 14 Table E - Annual Debt Service Requirements to Maturity for Public Works Trust Fund Loan			
<u>Year Ending December 31</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 197,748	\$ 1,978	\$ 199,726
2024	197,748	989	198,737
Totals	<u>\$ 395,496</u>	<u>\$ 2,967</u>	<u>\$ 398,463</u>

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 15 – Changes in Long-Term Liabilities

During the year ended December 31, 2022, the following changes occurred in Long-Term Liabilities:

Note 15 - Changes in Long-Term Liabilities						
	Beginning Balance 1/1/2022	Additions	Reductions	Ending Balance 12/31/2022	Due Within One Year	Due In More Than One Year
Governmental Activities:						
Limited Tax General Obligation Refunding Bonds, 2021 ⁽¹⁾	\$ 3,540,000	\$ -	\$ 310,000	\$ 3,230,000	\$ 310,000	\$ 2,920,000
County Road Improvement District No. 21 Bond	462,777	-	51,558	411,219	51,558	359,661
Compensated Absences ⁽³⁾	6,926,828	358,049	-	7,284,877	4,819,561	2,465,316
Lease Liabilities	-	845,479	-	777,386	220,233	557,153
DSHS Working Advances	215,963	-	5,076	210,887	5,076	205,811
Public Works Trust Fund Loan ⁽²⁾	593,244	-	197,748	395,496	197,748	197,748
Net Pension Liability	2,835,913	3,323,330	-	6,159,243	-	6,159,243
Total OPEB Liability	5,999,302	126,584	1,019,502	5,106,384	286,127	4,820,257
Governmental Activity Long-Term Liabilities	\$ 20,574,027	\$ 4,653,441	\$ 1,583,884	\$ 23,575,491	\$ 5,890,303	\$ 17,685,188

⁽¹⁾ Benton Franklin Health District Center Refunding is capital related debt. See Note 6 – Capital Assets – Governmental Activities for additional information regarding net investment in capital assets reported on the Statement of Net Position.

⁽²⁾ Reported as Economic Development Loan in 2021.

⁽³⁾ Reported as Employee Leave Benefits in 2021. Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year-end \$169,602 of internal service funds are included in compensated absences. Compensated absence liabilities for governmental funds are typically liquidated by the fund in which the employee is being compensated reports his/her time. Additionally, the County liquidates and funds past and future pension and OPEB obligations through employee and employer paid pension and medical benefit obligations.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 16 – Restricted Component of Net Position

The government-wide statement of net position reports \$125,391,108 (restricted net position), all of which is restricted by enabling legislation.

Note 17 – Interfund Balances and Transfers

A. Interfund Balances

Interfund transactions are classified as follows:

1. Transactions that would be treated as revenues, expenditures, or expenses if they involved external organizations, such as buying goods and services or payment in lieu of taxes, are similarly treated when they involve other funds of the County.
2. Transfers to support the operations of other funds are recorded as "Transfers" and classified with "Other Financing Sources or Uses".

Interfund balances at December 31, 2022, were as follows:

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 17 Table A - Interfund Balances										
Due From										
	General Fund	Human Services	1/10% Criminal Justice Fund		Rural County Capital Fund	Behavioral Health	Capital Acquisition	Internal Service Funds	Total Nonmajor Funds	Total
			Human Services	Criminal Justice Fund						
Due To										
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 685	\$ 13,792	\$ -	\$ 14,477
Human Services	-	-	-	-	-	-	-	425	-	425
1/10% Criminal Justice Fund	-	-	-	-	-	-	-	-	-	-
Rural County Capital Fund	-	-	-	-	-	-	-	-	-	-
Behavioral Health	-	-	-	-	-	-	-	-	-	-
Capital Acquisition	-	-	-	-	-	-	-	111	-	111
Internal Service Funds	-	-	-	-	-	-	67,150	1,107	-	68,257
Total Nonmajor Funds	7,717	-	-	-	-	-	-	23,087	7,500	30,587
Total by Fund	\$ 7,717	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,835	\$ 38,522	\$ 7,500	\$ 121,574

These interfund transactions usually involve the exchange of goods and services in a normal business relationship. A post year end coding correction between the Capital Projects fund and the Central Services fund account for the \$67,150 of equipment purchases. The amounts due to the internal service funds consists primarily of assessments for the workers compensation fund of approximately \$20,883.

B. Interfund Transfers

Transfers represent subsidies and contributions provided to operating funds and capital project funds with no corresponding debt or promise to repay. Transfers out on non-major governmental funds generally represent debt service and capital project funding. Interfund transfers occurring between individual major funds and non-major governmental funds of the County during the year ended December 31, 2022, are as follows:

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 17 Table B - Interfund Transfers										
	Transfers-in					Transfers-out				
	General Fund	Human Services	1/10% Criminal Justice	Rural County Capital	Behavioral Health	Capital Acquisition	Nonmajor Funds	Total		
Transfers-in										
General Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Human Services	-	-	-	-	-	-	-	-	-	-
1/10% Criminal Justice Fund	-	-	-	-	-	-	-	-	-	-
Rural County Capital Fund	-	-	-	-	-	-	-	-	-	-
Behavioral Health	-	-	-	-	-	-	-	-	-	-
Capital Acquisition	53,467	-	-	-	-	-	-	-	-	-
Total Nonmajor Funds	-	-	-	-	-	-	-	-	-	-
Election Reserve	804,000	-	-	-	-	-	-	-	-	-
Event Center	1,750,000	-	-	-	-	-	-	-	-	-
Jail Depreciation Reserve	268,300	-	-	-	-	-	-	-	-	-
Juvenile Center	5,545,946	-	-	-	-	-	-	-	-	-
Park Development	500,000	-	-	-	-	-	-	-	-	-
Protective Inspection Svcs Fnd	33,614	-	-	-	-	-	-	-	-	-
Sustainable Development	440,000	-	-	-	-	-	-	-	-	-
Juvenile Center	-	-	1,916,400	-	-	-	-	-	-	1,916,400
Health Building Bond	-	-	-	-	-	-	-	-	-	159,697
Total by Fund	<u>\$ 9,395,327</u>	<u>\$ -</u>	<u>\$ 1,916,400</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 159,697</u>	<u>\$ 11,471,424</u>

For the year ended December 31, 2022, the following transfers were significant or of a nonroutine nature:

- Benton Franklin Juvenile Center to fund operations, consisting of the following: \$5,545,946 from the General Fund and \$1,916,400 million from the 1/10% Criminal Justice Jail-Juvenile Fund.
- Election Reserve fund received \$804,000 million from the General Fund for operations costs.
- The Event Center (formerly Fairgrounds) received \$1,750,000 from the General Fund for operations.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 18 – Property Tax

The County Treasurer acts as an agent to collect property taxes levied in the County for all taxing authorities. Collections are distributed daily.

Property taxes are levied and become an enforceable lien against properties upon certification, with collection beginning after the Treasurer has completed the tax roll for the current year's collection and provided the notification required. They may be paid in two installments—one half by April 30 and the second half by October 31. Interest is charged at the rate of 12% per annum, computed on a monthly basis from date of delinquency, until paid. A penalty of 3% of total delinquent tax is added on June 1 and an additional penalty of 8% is added December 1. On January 1, the assessed value of property is established for the next year's levy at 100% of market value.

Property taxes are recorded as a receivable and revenue when levied. Property tax collected in advance of the fiscal year to which it applies is recorded as a deferred inflow and recognized as revenue of the period to which it applies. The balance of taxes receivable includes related interest and penalties. No allowance for uncollectible taxes is established because delinquent taxes are considered fully collectible by lien foreclosure. Prior year tax levies were recorded using the same principal, and delinquent taxes are evaluated annually.

The County may levy up to \$1.80 per \$1,000 of assessed valuation for general governmental services, subject to three limitations:

- Washington State law, RCW 84.55.010, limits the growth of regular property taxes to the lesser rate of the implicit price deflator per year or 1%, excluding new construction, improvements to property, any increase in the value of state assessed property, and newly constructed wind turbines, solar, biomass and geothermal facilities.
- RCW Chapter 84.52 establishes a limitation on the levies for ports, public utilities, state schools, emergency medical services, counties, roads, cities, and towns. Counties, roads, cities, towns, and all other regular levies are proportionately reduced if a composite rate of \$5.90 per thousand is exceeded. Levies not subject to the \$5.90 Aggregate Limit: State, Ports, Public Utility Districts, Emergency Medical Services, Affordable Housing, Conservation Futures, County Ferry Districts, Criminal Justice, and County Transit.
- The Washington State Constitution limits the total regular property taxes to 1% of assessed valuation or \$10 per \$1,000 of value. If the taxes of all districts exceed this amount, each is proportionately reduced until the total is at or below the 1% limit. Exceptions include port districts and public utility districts.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

For 2022, the County levied the following property taxes:

Note 18 Table A - Benton County Property Taxes Levied		
Purpose of Levy	Per \$1,000	Levy Amount
General Government ^(A)	\$ 0.98	\$ 25,011,052
County Roads ^(B)	1.30	7,227,717
Human Services ^(A)	0.03	641,201
Veterans' Assistance ^(A)	0.01	288,541
Total	\$ 2.31	\$ 33,168,511

^(A) Assessed value of \$25,648,055,494

^(B) Assessed value of \$5,548,785,825

Note 19 – Tax Abatement

The State of Washington has several tax abatements. The information provided by Washington State is based upon calendar 2021 as a proxy for fiscal year 2022. The State Department of Revenue provides this information. There are three programs which affect Benton County sales and use tax received. RCW 82.32.585(4) prohibits disclosure of information by jurisdiction when there are less than three taxpayers within a county.

The High Unemployment Deferral for Manufacturing Facilities exemption under RCW 82.60 is intended to promote economic stimulation and new employment opportunities in distress areas. The tax abated for this program cannot be disclosed.

The High Technology sales and use tax deferral program under RCW 82.63, which was available to entities that qualified to start new research and development or pilot scale manufacturing operations, or expand or diversify a current operation by expanding, renovating, or equipping an existing facility anywhere in Washington. The tax abated for this program cannot be disclosed.

RCW 84.36.255 authorizes the State Department of Revenue through Benton County to provide property tax abatements through Habitat and Water Quality Improvements. All improvements to real and personal property that benefit fish and wildlife habitat, water quality, or water quantity are exempt from taxation if the improvements are included under a written conservation plan approved by a conservation district. The conservation districts must cooperate with the federal natural resource conservation service, other conservation districts, the department of ecology, the department of fish and wildlife, and nonprofit organizations to assist landowners by working with them to obtain approved conservation plans. For the fiscal year ended December 31, 2021, the Habitat and Water Quality Improvement, tax abatements were \$875. The State Department of Revenue provided this data.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

Note 20 – Joint Ventures

Note 20 Table A - Joint Ventures			
Joint Venture	2022	2021	Change
800 MHz Radio	\$ 1,260,684	\$ 1,482,753	\$ (222,069)
Benton County Emergency Management (BCEM)	36,003	25,057	10,946
Bi-County Police Information Network (BI-PIN)	1,860,949	1,773,590	87,359
Metro Drug Forfeiture Fund (Metro)	113,494	84,381	29,113
Microwave	54,078	52,310	1,768
Southeast Communications Center (SECOMM)	1,170,027	1,166,064	3,963
Total	\$ 4,495,235	\$ 4,584,155	\$ (88,920)

A. Benton County Emergency Services (BCES)

BCES was formed January 1, 1997 through an interlocal agreement entered into by the Cities of Richland, Kennewick, West Richland, Benton City and Prosser as well as Benton County. A second amended and restated interlocal agreement was made and entered into by and between the following entities: Benton County, Franklin County, the Cities of Kennewick, Richland, West Richland, Prosser, Benton City, and Pasco, Benton County Fire Protection Districts, and the Public Utility District #1 of Benton County. An Executive Board oversees the operations of BCES and consists of the City Managers (or designee) from the Cities of Kennewick, Pasco and Richland, City Administrators from Prosser and West Richland, a Council member from Benton City, a Benton County Commissioner, a Franklin County Commissioner, and a single representative collectively representing Benton County Fire Protection Districts. The City of Richland serves as the operating jurisdiction providing all the necessary administrative support services and reporting for BCES. The total amount paid by BCES in 2022 for these services was \$520,987. No distributions of income to the City are expected since charges are assessed only to recover anticipated expenses.

BCES is comprised of four funds, Southeast Communications (SECOMM), 800 MHz Radio, Microwave, and Benton County Emergency Management (BCEM).

1. 800 MHz Radio

The 800 MHz Radio Project fund provides communication infrastructure and technology for the dispatching of public safety agencies throughout Benton County. The Cities of Kennewick, Richland, and Benton County each owns a share of 800 MHz's net assets. User agencies are Benton County's Sheriff Office, Jail, Juvenile Justice Center, Public Utility District, and Animal Control; the Cities of Richland, Kennewick, Prosser, Pasco, and West Richland, as well as PNNL, DEA, and the Areva Corporation. Radios are charged an annual fee per radio to generate the funds to maintain and upgrade the system. Benton County's equity interest in 800 MHz as of December 31, 2022 was \$1,260,684, which is reported as an asset in the government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

2. Benton County Emergency Management (BCEM)

Benton County Emergency Management provides disaster response planning, exercise coordination, response assistance and disaster recovery for Benton County and its political subdivisions per RCW 38.52. Four grant programs fund BCEM: Radiological Emergency Preparedness, DOE Emergency Preparedness, State Homeland Security Program and Emergency Management Program. The six (6) participating jurisdictions of the Cities of Richland, Kennewick, West Richland, Benton City and Prosser as well as Benton County participate in the grant programs through the Interlocal Agreement for Emergency Management. Financial position is allocated based on equal shares of a predetermined basic charge and a variable charge calculated using population percentages and assessed valuations. Benton County's equity interest in BCEM as of December 31, 2022 was \$36,003, which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected under Public Safety in the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets will be shared equitably among the participants.

3. Microwave

The microwave system is accounted for separately within its own fund and the user groups are charged a portion of costs based on number of circuits utilized. The Cities of Kennewick, Richland, and Benton County each owns an equal share of Microwave's net assets. Benton County's equity interest in Microwave as of December 31, 2022 was \$54,078, which is reported as an asset in the government-wide Statement of Net Position. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net position will be shared equitably among the participants.

4. Southeast Communications Center (SECOMM)

The Southeast Communications Center provides public safety communications services to the Cities of Kennewick, Richland, Pasco and the Counties of Benton and Franklin. Each owns an equal share of SECOMM's net assets. Financial participation is allocated among the five participants based on equal shares of capital expenses, predetermined fixed costs, direct costs, and percentages of use. SECOMM also provides service through contracts to the Cities of West Richland and Prosser, Connell and the Benton and Franklin County Fire Protection Districts, Port of Pasco, Walla Walla Fire District #5, and the North Franklin County Hospital district. Service contract agencies are assessed on a cost per capita or cost per call basis. Benton County's equity interest in SECOMM as of December 31, 2022 was \$1,170,027, which is reported as an asset in the government-wide Statement of Net Assets. The change in equity is reflected in Public Safety under the government-wide Statement of Activities. Upon dissolution of the Interlocal Agreement, the net assets will be shared equitably among the participants.

Complete and separate financial statements for BCES may be obtained from:

City of Richland
625 Swift Blvd.
Richland, WA.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

B. Bi-County Police Information Network (BI-PIN)

The Bi-County Police Information Network (BI-PIN) was established November 24, 1982, when an Interlocal Agreement was entered into by eight participating municipal corporations: the cities of Kennewick, Pasco, Richland, Connell West Richland, and Prosser, and Benton and Franklin Counties. BI-PIN was established to assist the participating police and sheriff's departments in the deterrence and solution of criminal incidents. BI-PIN is served by an Executive Committee composed of the City Manager of each of the cities and a member from each of the Boards of County Commissioners of Benton and Franklin Counties. A liaison from the Bi-County Chiefs and Sheriffs is an ex officio, non-voting member.

The allocation of financial participation among the participating jurisdictions is based upon the approved budget for that year and is billed quarterly in advance to each agency. On dissolution of the Interlocal Agreement, the net position will be shared based upon participant contribution.

BI-PIN is currently in the process of implementing a new RMS/JMS system as well as upgrading all supporting infrastructure. The Benton County's equity interest in BI-PIN was \$1,860,949 on December 31, 2022, which is reported as an investment in joint ventures in the government-wide statement of net position. The change in equity is reflected in the government-wide statement of activities under Public Safety. The City does not anticipate any income distributions from BI-PIN since charges are assessed only to recover anticipated expenses.

Complete separate financial statements for BI-PIN may be obtained at the
City of Kennewick
210 W. 6th Ave.
Kennewick, Washington, 99336.

C. Metro Drug Forfeiture Fund (Metro)

The Metropolitan Controlled Substance Enforcement Group (Metro) was established prior to 1987, when an Inter-local Agreement was entered into by six participating municipal corporations, the cities of Kennewick, Pasco, Richland, and West Richland, and Benton and Franklin Counties (West Richland has subsequently opted out of the task force). Metro was established to account for the proceeds of forfeitures, federal grants, and court ordered contributions, and to facilitate the disbursement of those proceeds for the purpose of drug enforcement and investigations. Metro is served by an Executive Committee composed of the City Manager or designee of each of the cities and a member or designee from each of the Boards of County Commissioners of Benton and Franklin Counties. In addition, a Governing Board, consisting of the Chiefs of Police from the cities and the Sheriffs from the counties, administers daily activity. Effective July 1, 2009, the City of Kennewick assumed responsibility for the operation of Metro. As the Operating Jurisdiction, the City provides accounting support services for the operation of Metro.

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

The County's equity interest in Metro was \$113,494 on June 30, 2022. The County does not anticipate any income distribution from Metro since charges are assessed only to recover anticipated expense. Complete separate financial statements for Metro may be obtained at:

City of Kennewick
210 West Sixth Avenue
Kennewick, WA.

Note 21 – Jointly Governed Organizations

A. Public Facilities District

In 2002 Benton County established a Public Facilities District as provided by RCW 36.100. The district was established to account for the receipting and disbursing of cash for the development of a regional center convention, conference and/or special events center at a cost of at least \$10 million.

The County has reviewed the District as a potential component unit. It is a legally separate entity. Although the District's board members are appointed by the Benton County Commissioners, the County receives no financial benefit and assumes no financial responsibility, whatsoever, for the District.

B. Benton City Library Capital Facility Area

The Benton County Commissioners, by statute, are the governing board for the Benton City Library Capital Facility Area (BCLCFA). However, it is a separate quasi-municipal corporation and management and supervision of the project to build a library in Benton City were contractually transferred to the Building Committee for construction and the Mid-Columbia Library District for acquiring equipment, furnishings and collections and administering the finances of the BCLCFA.

Note 22 – Contingencies and Litigations

Blake Legal Financial Obligation Refunds. In *State v. Blake*, 197 Wn.2d 170, 173 (2021), the Washington Supreme Court invalidated Washington's simple drug possession statute. The effect of this decision is to render void all such convictions dating back to 1971. Under due process, all penalties, fines, and restitution ("legal financial obligations" or "LFOs") ordered in connection with simple possession convictions must be refunded. Shortly after the Blake decision, a putative class action was filed by the Civil Survival Project ("CSP") against King County, Snohomish County and the State of Washington seeking a refund of LFOs and other unspecified damages. The court authorized plaintiff to amend its complaint to add all Washington counties, including Benton County, as defendants. The obligation to refund LFOs is not disputed, but the question of whether refunds are the responsibility of the County or the State is in dispute. The counties believe that this is exclusively a state liability. The Blake decision invalidates in excess of 7,000 convictions in superior court dating back to 1971 and likely implicates in excess of \$8 million in refunds of LFOs related to criminal convictions for simple drug possession obtained for the State of Washington out of Benton County. The State of Washington has rejected a tender of the CSP matter from the counties. In Fall 2021, the CSP class action lawsuit was dismissed with prejudice. Plaintiffs have filed an appeal that is unlikely to be resolved until 2023. Benton County and numerous counties along with the Washington Association of Counties has filed suit against the State to both enforce the tender of

Benton County, Washington
Notes to the Financial Statements
For the Year Ended December 31, 2022

any Blake-related suits and to ensure that Blake-related liabilities belong to the State, not the counties. The Washington Legislature has provided ample funding thus far for the County to process vacations and refund LFOs on behalf of the state, including additional funding for FY 2023 and proviso language that suggests an ongoing state responsibility.

The County participates in a number of federal and state grant assisted programs. These grants are subject to audit by the grantors or their representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. County management believes that such disallowances, if any, will be immaterial.

Benton County's financial statements include all material liabilities. There are no material contingent liabilities to record. In the opinion of management, the County's insurance policies and self-insurance reserves are adequate to pay all known pending claims without adversely affecting the financial viability of the County.

Note 23 – Subsequent Events

The American Rescue Plan Act (ARPA) was signed into law by President Biden on March 11, 2021, and includes \$65.1 billion in direct aid to all counties in America. Benton County was allocated \$39.70 million in pandemic response and recovery funding, and received half of the funds, \$19.85 million, on May 19, 2021. The second half, an additional \$19.85 million, was received on January 9, 2023. Unspent funds at year-end have been classified as unearned revenue.

Benton County, Washington
 Budgetary Comparison Schedule
 General Fund

For the Biennium Ended December 31, 2022

	Budgeted Amounts		2022		2021		Total Biennial Actual	Variance with Final Budget
	Original	Final	Actual	Actual	Actual	Actual		
REVENUES								
Taxes	\$ 79,160,603	\$ 79,160,603	\$ 42,690,703	\$ 43,099,480	\$ 85,790,183	\$ 6,629,580		
Licenses and Permits	208,156	208,156	182,617	164,662	347,279	139,123		
Intergovernmental Revenues	12,302,087	32,351,290	11,504,724	19,472,827	30,977,551	(1,373,739)		
Charges for Goods and Services	38,857,530	38,857,530	15,032,005	15,266,355	30,298,361	(8,559,169)		
Charges for Goods and Services - External Sales	950,145	950,145	473,493	473,493	946,986	(3,159)		
Fines and Penalties	3,411,231	3,411,231	2,051,777	1,763,361	3,815,139	403,908		
Rents and Leases	660,460	660,460	309,450	318,383	627,834	(32,626)		
Miscellaneous Revenues	66,206	66,206	119,632	142,013	261,644	195,438		
Interest and Other Earnings	3,766,514	3,766,514	3,046,179	2,852,863	5,899,041	2,132,527		
Total Revenues	139,382,932	159,432,135	75,410,580	83,553,438	158,964,019	(468,116)		

Benton County, Washington
Budgetary Comparison Schedule
General Fund
For the Biennium Ended December 31, 2022

	<u>Budgeted Amounts</u>		<u>2022</u>	<u>2021</u>	<u>Total Biennial Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Actual</u>		
EXPENDITURES						
Current:						
Charges to Appropriations (Outflows)						
General Government	-	-	-	-	-	-
00 Depreciation Amortization and Other Decreases in Fund Resources	-	-	-	120,718	120,718	(120,718)
10 Salaries and Wages	31,419,643	32,264,985	15,530,191	15,748,663	31,278,854	986,131
20 Personnel Benefits	13,192,697	13,505,633	5,816,580	6,011,704	11,828,284	1,677,349
30 Supplies for Consumption and Resale	792,855	1,028,032	694,723	648,723	1,343,446	(315,414)
40 Services and Pass-Through Payments	27,675,486	45,182,983	9,275,389	7,886,262	17,161,651	28,021,332
94 Services and Pass-Through Payments - Internal	175,868	183,585	91,078	86,128	177,207	6,378
Public Safety	-	-	-	-	-	-
10 Salaries and Wages	26,559,975	26,680,440	13,441,699	12,528,924	25,970,623	709,817
20 Personnel Benefits	9,879,623	9,853,896	4,876,458	4,752,282	9,628,740	225,156
30 Supplies for Consumption and Resale	1,909,382	1,930,888	1,377,378	977,817	2,355,195	(424,307)
40 Services and Pass-Through Payments	18,556,795	18,480,159	9,748,732	8,425,176	18,173,908	306,251
94 Services and Pass-Through Payments - Internal	450,903	482,295	255,041	221,990	477,030	5,265
Natural and Economic Environment	-	-	-	-	-	-
10 Salaries and Wages	1,587,751	1,503,715	597,326	601,400	1,198,726	304,989
20 Personnel Benefits	700,687	700,687	242,997	266,196	509,193	191,494
30 Supplies for Consumption and Resale	107,215	112,715	83,332	55,129	138,461	(25,746)
40 Services and Pass-Through Payments	777,856	1,341,144	1,467,945	820,731	2,288,676	(947,532)
94 Services and Pass-Through Payments - Internal	14,680	22,792	11,112	11,112	22,224	568
Social Services	-	-	-	-	-	-
10 Salaries and Wages	480,347	561,787	296,449	253,338	549,787	12,000
20 Personnel Benefits	148,610	189,040	97,823	82,938	180,761	8,279
30 Supplies for Consumption and Resale	43,768	59,661	19,953	13,855	33,808	25,853
40 Services and Pass-Through Payments	1,208,727	1,158,634	756,144	591,967	1,348,110	(189,476)
94 Services and Pass-Through Payments - Internal	40,000	55,000	25,444	20,000	45,444	9,556
Culture and Recreation	-	-	-	-	-	-
10 Salaries and Wages	422,793	422,793	204,086	183,792	387,878	34,915
20 Personnel Benefits	185,137	185,137	84,523	82,103	166,626	18,511
30 Supplies for Consumption and Resale	64,144	49,794	66,317	29,872	96,189	(46,395)
40 Services and Pass-Through Payments	427,433	439,305	207,665	220,772	428,437	10,868
94 Services and Pass-Through Payments - Internal	31,744	34,222	16,352	17,649	34,001	221
Total Current	<u>136,854,119</u>	<u>156,429,322</u>	<u>65,284,734</u>	<u>60,659,243</u>	<u>125,943,978</u>	<u>30,485,344</u>

Benton County, Washington
Budgetary Comparison Schedule
General Fund

For the Biennium Ended December 31, 2022

	Budgeted Amounts		2022		2021		
	Original	Final	Actual	Actual	Actual	Actual	Variance with Final Budget
Debt Service:							
Interest and Other Debt Service Costs	-	-	3,240	-	-	3,240	(3,240)
Total Debt Service	-	-	3,240	-	-	3,240	(3,240)
Capital Outlay:							
General Government							
60 Capital Outlays	40,000	474,000	204,622	249,956	-	454,578	19,422
Public Safety							
60 Capital Outlays	-	40,000	32,893	-	-	32,893	7,107
Total Capital Outlay	40,000	514,000	237,515	249,956	-	487,470	26,530
Total Expenditures	136,894,119	156,943,322	65,525,488	60,909,199	126,434,688	30,508,634	
Excess (Deficiency) of Revenues over Expenditures	2,488,813	2,488,813	9,885,092	22,644,239	32,529,331	30,040,518	
OTHER FINANCING SOURCES (USES)							
Special or Extraordinary Items	-	-	7,645	-	-	7,645	7,645
Long-Term Debt Issued - Leases	-	-	54,907	-	-	54,907	54,907
Gain (Loss) on Disposition of Capital Assets	75,000	75,000	34,373	103,975	138,348	138,348	63,348
Transfers-In	2,830,000	2,830,000	-	1,395,000	1,395,000	1,395,000	(1,435,000)
Debt Service – Principal	-	-	(22,604)	-	(22,604)	(22,604)	(22,604)
Transfers-Out	(5,399,422)	(22,698,122)	(9,075,927)	(20,387,015)	(29,462,942)	(29,462,942)	(6,764,820)
Total Other Financing Sources (Uses)	(2,494,422)	(19,793,122)	(9,001,606)	(18,888,040)	(27,889,646)	(27,889,646)	(8,096,524)
Net Change in Fund Balances	(5,609)	(17,304,309)	883,486	3,756,199	4,639,685	21,943,994	
Fund Balances - Beginning	-	-	31,265,951	27,101,034	58,366,985	58,366,985	58,366,985
Fund Balances - Ending	\$ (5,609)	\$ (17,304,309)	\$ 32,149,437	\$ 30,857,233	\$ 63,006,670	\$ 80,310,979	

Benton County, Washington
 Budgetary Comparison Schedule
 Human Services

For the Biennium Ended December 31, 2022

	Budgeted Amounts			2021	2022	Actual	Total Biennial Actual	Variance with Final Budget
	Original	Final	Actual					
REVENUES								
Intergovernmental Revenues	\$ 5,394,031	\$ 5,394,031	\$ 17,724,656	\$ 22,816,421	\$ 40,541,077	\$ 35,147,046		
Charges for Goods and Services	956,000	956,000	829,510	604,517	1,434,026	478,026		
Charges for Goods and Services - External Sales	10,000	10,000	491	-	491	(9,510)		
Miscellaneous Revenues	1,000	1,000	-	-	-	(1,000)		
Total Revenues	6,361,031	6,361,031	18,554,656	23,420,938	41,975,593	35,614,562		
EXPENDITURES								
Current:								
Charges to Appropriations (Outflows)								
Social Services								
10 Salaries and Wages	1,207,301	1,481,392	724,382	605,001	1,329,382	152,010		
20 Personnel Benefits	552,434	668,417	328,258	270,101	598,359	70,059		
30 Supplies for Consumption and Resale	128,593	128,593	54,843	24,996	79,839	48,754		
40 Services and Pass-Through Payments	8,752,375	29,308,883	20,448,988	18,001,529	38,450,518	(9,141,635)		
94 Services and Pass-Through Payments - Internal	2,000	2,000	1,000	1,000	2,000	-		
Total Current	10,642,703	31,589,285	21,557,471	18,902,627	40,460,098	(8,870,813)		
Total Expenditures	10,642,703	31,589,285	21,557,471	18,902,627	40,460,098	(8,870,813)		
Excess (Deficiency) of Revenues over Expenditures	(4,281,672)	(25,228,254)	(3,002,815)	4,518,311	1,515,496	26,743,750		
OTHER FINANCING SOURCES (USES)								
Services and Pass-Through Payments	(245,328)	(245,328)	-	-	-	245,328		
Total Other Financing Sources (Uses)	(245,328)	(245,328)	-	-	-	245,328		
Net Change in Fund Balances	(4,527,000)	(25,473,582)	(3,002,815)	4,518,311	1,515,496	26,989,078		
Fund Balances - Beginning	-	-	9,681,890	5,163,579	14,845,469	14,845,469		
Fund Balances - Ending	\$ (4,527,000)	\$ (25,473,582)	\$ 6,679,075	\$ 9,681,890	\$ 16,360,965	\$ 41,834,547		

Benton County, Washington
 Budgetary Comparison Schedule
 1/10 Percent Criminal Justice

For the Biennium Ended December 31, 2021

	Budgeted Amounts		2022	2021		
	Original	Final	Actual	Actual	Total Biennial Actual	Variance with Final Budget
REVENUES						
Taxes	\$ 10,100,000	\$ 10,100,000	\$ 6,251,868	\$ 6,130,667	\$ 12,382,536	\$ 2,282,536
Miscellaneous Revenues	-	-	-	633,899	633,899	633,899
Total Revenues	10,100,000	10,100,000	6,251,868	6,764,567	13,016,435	2,916,435
EXPENDITURES						
Current:						
Charges to Appropriations (Outflows)						
Public Safety						
30 Supplies for Consumption and Resale	-	-	-	-	-	-
40 Services and Pass-Through Payments	-	8,000	5,640	-	5,640	2,360
Total Current	1,797,650	1,789,650	-	290,968	290,968	1,498,682
Capital Outlay:						
Public Safety						
60 Capital Outlays	-	-	-	-	-	-
Total Capital Outlay	2,057,850	2,057,850	-	24,229	24,229	2,033,621
Total Expenditures	3,855,500	3,855,500	5,640	315,196	320,837	3,534,663
Excess (Deficiency) of Revenues over Expenditures	6,244,500	6,244,500	6,246,228	6,449,370	12,695,598	6,451,098
OTHER FINANCING SOURCES (USES)						
Transfers-Out	(6,790,000)	(6,790,000)	(2,235,800)	(3,139,374)	(5,375,174)	1,414,826
Total Other Financing Sources (Uses)	(6,790,000)	(6,790,000)	(2,235,800)	(3,139,374)	(5,375,174)	1,414,826
Net Change in Fund Balances	(545,500)	(545,500)	4,010,428	3,309,996	7,320,424	7,865,924
Fund Balances - Beginning	-	-	20,983,752	17,673,756	38,657,508	38,657,508
Fund Balances - Ending	\$ (545,500)	\$ (545,500)	\$ 24,994,180	\$ 20,983,752	\$ 45,977,932	\$ 46,523,432

Benton County, Washington
 Budgetary Comparison Schedule
 Rural County Capital
 For the Biennium Ended December 31, 2022

	Budgeted Amounts		2021	2022	Actual	Total Biennial Actual	Variance with Final Budget
	Original	Final	Actual	Actual	Actual	Actual	Final Budget
REVENUES							
Taxes	\$ 9,225,600	\$ 9,225,600	\$ 5,688,242	\$ 5,600,885	\$ 11,289,127	\$ 2,063,527	
Total Revenues	<u>9,225,600</u>	<u>9,225,600</u>	<u>5,688,242</u>	<u>5,600,885</u>	<u>11,289,127</u>	<u>2,063,527</u>	
EXPENDITURES							
Current:							
Charges to Appropriations (Outflows)							
General Government	-	-	-	-	-	-	-
40 Services and Pass-Through Payments	22,814,935	22,814,935	3,604,760	807,001	4,411,761	18,403,174	
Natural and Economic Environment							
40 Services and Pass-Through Payments	800,000	800,000	92,000	80,000	172,000	628,000	
Total Current	<u>23,614,935</u>	<u>23,614,935</u>	<u>3,696,760</u>	<u>887,001</u>	<u>4,583,761</u>	<u>19,031,174</u>	
Total Expenditures	<u>23,614,935</u>	<u>23,614,935</u>	<u>3,696,760</u>	<u>887,001</u>	<u>4,583,761</u>	<u>19,031,174</u>	
Excess (Deficiency) of Revenues over Expenditures	<u>(14,389,335)</u>	<u>(14,389,335)</u>	<u>1,991,482</u>	<u>4,713,884</u>	<u>6,705,366</u>	<u>21,094,701</u>	
OTHER FINANCING SOURCES (USES)							
Transfers-Out	(3,425,402)	(3,425,402)	-	-	-	3,425,402	
Total Other Financing Sources (Uses)	<u>(3,425,402)</u>	<u>(3,425,402)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,425,402</u>	
Net Change in Fund Balances	<u>(17,814,737)</u>	<u>(17,814,737)</u>	<u>1,991,482</u>	<u>4,713,884</u>	<u>6,705,366</u>	<u>24,520,103</u>	
Fund Balances - Beginning	-	-	22,850,346	18,136,462	40,986,808	40,986,808	
Fund Balances - Ending	<u>\$ (17,814,737)</u>	<u>\$ (17,814,737)</u>	<u>\$ 24,841,828</u>	<u>\$ 22,850,346</u>	<u>\$ 47,692,174</u>	<u>\$ 65,506,911</u>	

Benton County, Washington
 Budgetary Comparison Schedule
 Behavioral Health

For the Biennium Ended December 31, 2022

	Budgeted		2022		2021		Total Biennial Actual	Variance with Final Budget
	Original	Final	Actual		Actual			
REVENUES								
Taxes	\$ -	\$ -	\$ 3,162,550	\$ -	\$ -	\$ 3,162,550	\$ 3,162,550	
Interest and Other Earnings	-	-	2,977	-	-	2,977	2,977	
Total Revenues	-	-	<u>3,165,527</u>	-	-	<u>3,165,527</u>	<u>3,165,527</u>	
EXPENDITURES								
Current:								
Charges to Appropriations (Outflows)	-	-	-	-	-	-	-	
Total Expenditures	-	-	<u>3,165,527</u>	-	-	<u>3,165,527</u>	<u>3,165,527</u>	
Excess (Deficiency) of Revenues Over Expenditures	-	-	<u>3,165,527</u>	-	-	<u>3,165,527</u>	<u>3,165,527</u>	
Net Change in Fund Balances	-	-	<u>3,165,527</u>	-	-	<u>3,165,527</u>	<u>3,165,527</u>	
Fund Balances - Beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Fund Balances - Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,165,527</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,165,527</u>	<u>\$ 3,165,527</u>	

BENTON COUNTY, WASHINGTON
 Required Supplementary Information
 Schedule of Changes in Total OPEB Liability and Related Ratios
 LEOFF I OPEB
 December 31, 2022

	2022	2021	2020	2019	2018
Total OPEB liability					
Interest	\$ 126,584	\$ 126,012	\$ 190,111	\$ 225,534	\$ 218,321
Changes of assumptions or other inputs	(740,101)	316,068	369,902	(312,741)	(195,999)
Benefit payments	(279,401)	(287,748)	(291,081)	(325,942)	(260,704)
Net change in total OPEB liability	(892,918)	154,332	268,932	(413,149)	(238,382)
Total OPEB liability beginning	5,999,302	5,844,970	5,576,038	5,989,187	6,227,569
Total OPEB liability ending	<u>\$ 5,106,384</u>	<u>\$ 5,999,302</u>	<u>\$ 5,844,970</u>	<u>\$ 5,576,038</u>	<u>\$ 5,989,187</u>
Covered payroll	-0-	-0-	-0-	-0-	-0-
Total OPEB liability as a percentage of covered employee payroll	N/A	N/A	N/A	N/A	N/A

Notes to schedule

1. Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	3.54%
2021	2.16%
2020	2.21%
2019	3.50%
2018	3.87%

2. The County implemented GASB 75 in 2018, therefore no data is presented before then. Eventually, ten years of data will be presented.

3. All participants in the plan are retired; therefore, there is no covered payroll or service cost.

BENTON COUNTY, WASHINGTON

Required Supplementary Information
 Schedule of Proportionate Share of the Net Pension Liability
 as of June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
PERS 1								
County's proportion of the net pension liability	0.28293%	0.26817%	0.25909%	0.24765%	0.24003%	0.23215%	0.23222%	0.22121%
County's proportionate share of the net pension liability	14,800,079	14,401,992	12,294,212	11,060,223	9,230,006	8,196,149	2,835,913	6,159,243
Covered payroll	26,067,012	25,793,355	25,841,359	25,676,056	25,931,757	27,030,630	28,275,586	28,586,357
County's proportionate share of the net pension liability as a percentage of covered payroll	56.78%	55.84%	2969.49%	43.08%	35.59%	30.32%	10.03%	21.55%
Plan fiduciary net position as a percentage of the total pension liability	59.10%	57.03%	61.24%	63.22%	67.12%	68.64%	88.74%	76.56%
PERS 2/3								
County's proportion of the net pension liability	0.28778%	0.26863%	0.25710%	0.24143%	0.23413%	0.22693%	0.22683%	0.22951%
County's proportionate share of the net pension liability	10,282,615	13,525,459	8,932,996	4,122,117	2,274,218	2,902,357	13,525,459	13,525,459
Covered payroll	25,516,578	25,372,621	25,427,342	25,263,741	25,506,428	26,584,403	27,938,515	28,488,032
County's proportionate share of the net pension liability as a percentage of covered payroll	40.30%	53.31%	35.13%	16.32%	8.92%	10.92%	48.41%	47.48%
Plan fiduciary net position as a percentage of the total pension liability	89.20%	85.82%	90.97%	95.77%	97.77%	97.22%	120.29%	106.73%
PSERS								
County's proportion of the net pension liability	1.88636%	1.86007%	1.82325%	1.73610%	1.56281%	1.20608%	1.88636%	1.01708%
County's proportionate share of the net pension liability (asset)	344,299	790,492	357,229	21,510	(203,227)	(165,956)	790,492	790,492
Covered payroll	5,547,129	6,093,742	6,553,730	6,851,830	7,236,368	7,414,477	6,987,402	6,943,813
County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	6.21%	12.97%	5.45%	0.31%	-2.81%	-2.24%	11.31%	11.38%
Plan fiduciary net position as a percentage of the total pension liability	95.08%	90.41%	96.26%	99.79%	101.85%	101.68%	123.67%	105.96%
LEOFF 1								
County's proportion of the net pension liability	0.02497%	0.02524%	0.02492%	0.02415%	0.02413%	0.02450%	0.02524%	0.02150%
County's proportionate share of the net pension liability (asset)	(300,908)	(260,013)	(378,137)	(438,426)	(476,976)	(462,685)	(260,013)	(260,013)
State's proportionate share of the net pension liability (asset) associated with the county	(2,035,331)	(1,758,723)	(2,557,708)	(2,965,500)	(3,226,254)	(3,129,588)	(1,758,723)	(1,758,723)
Total proportionate share of the net pension liability (asset)	(2,336,239)	(2,018,737)	(2,935,844)	(3,403,926)	(3,703,230)	(3,592,273)	(2,018,737)	(2,018,737)
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
County's proportionate share of the net pension liability as a percentage of covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	127.36%	123.74%	135.96%	144.42%	148.78%	146.88%	187.45%	169.62%

BENTON COUNTY, WASHINGTON

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Liability
as of June 30, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
LEOFF 2								
County's proportion of the net pension liability	0.17139%	0.17223%	0.17648%	0.18134%	0.17723%	0.17886%	0.15657%	0.15657%
County's proportionate share of the net pension liability	(1,761,526)	(1,001,718)	(2,449,012)	(3,681,496)	(4,105,782)	(3,648,544)	(1,001,718)	(1,001,718)
State's proportionate share of the net pension liability (asset) associated with the county	(1,164,722)	(653,047)	(1,588,628)	(2,383,699)	(2,688,737)	(2,332,968)	(653,047)	(653,047)
Total proportionate share of the net pension liability (asset)	(2,926,249)	(1,654,766)	(4,037,641)	(6,065,195)	(6,794,520)	(5,981,512)	(1,654,765)	(1,654,765)
Covered payroll	4,993,231	5,257,450	5,621,494	5,907,341	6,135,498	6,660,778	6,509,849	6,208,036
County's proportionate share of the net pension liability (asset) as a percentage of covered employee payroll	-35.28%	-19.05%	-43.57%	-62.32%	-66.92%	-54.78%	-15.39%	-16.14%
Plan fiduciary net position as a percentage of the total pension liability	111.67%	106.04%	113.36%	118.50%	119.43%	115.83%	142.00%	116.09%

Notes: GASB 68 was implemented for the 2015 financial statements so only seven years of data is available. Up to ten years of history will be presented over time as the data is generated.

BENTON COUNTY, WASHINGTON

Required Supplementary Information
Schedule of Employer Contributions
as of December 31, 2022

	2015	2016	2017	2018	2019	2020	2021	2022
PERS 1								
Statorily or contractually required contributions	1,406,030	1,562,495	1,609,072	1,677,341	1,715,849	1,701,837	2,052,789	1,884,508
Contributions in relation to the statorily or contractually required contributions	1,406,030	1,562,495	1,609,072	1,677,341	1,715,849	1,701,837	2,052,789	1,884,508
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	25,728,973	25,788,875	25,634,910	25,517,381	26,593,375	27,488,847	28,580,332	29,572,180
Contributions as a percentage of covered payroll	5.46%	6.06%	409.30%	6.57%	6.45%	6.19%	7.18%	6.37%
PERS 2/3								
Statorily or contractually required contributions	1,423,247	1,575,575	1,734,116	1,882,303	2,019,210	2,146,316	2,026,145	1,874,514
Contributions in relation to the statorily or contractually required contributions	1,423,247	1,575,575	1,734,116	1,882,303	2,019,210	2,146,316	2,026,145	1,874,514
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	25,294,162	25,329,385	25,241,784	25,097,445	26,153,140	27,099,922	28,361,118	29,473,439
Contributions as a percentage of covered payroll	5.63%	6.22%	6.87%	7.50%	7.72%	7.92%	7.14%	6.36%
PSERS								
Statorily or contractually required contributions	373,961	422,449	440,221	478,811	529,660	528,941	459,839	492,294
Contributions in relation to the statorily or contractually required contributions	373,961	422,449	440,221	478,811	529,660	528,941	459,839	492,294
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	5,771,264	6,364,883	6,613,047	6,987,494	7,425,690	7,346,373	6,722,366	7,531,831
Contributions as a percentage of covered payroll	6.48%	6.64%	6.66%	6.85%	7.13%	7.20%	6.84%	6.54%
LEOFF 1								
Statorily or contractually required contributions	-	-	-	-	-	-	-	-
Contributions in relation to the statorily or contractually required contributions	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Contributions as a percentage of covered payroll	-	-	-	-	-	-	-	-

BENTON COUNTY, WASHINGTON

Required Supplementary Information
Schedule of Employer Contributions
as of December 31, 2022

LEOFF 2	2015	2016	2017	2018	2019	2020	2021	2022
Statutorily or contractually required contributions	256,406	276,631	299,483	324,373	334,023	354,342	326,478	390,396
Contributions in relation to the statutorily or contractually required contributions	256,406	276,631	299,483	324,373	334,023	354,342	326,478	390,396
Contribution deficiency (excess)	-	-	-	-	-	-	-	-
Covered payroll	5,077,340	5,475,673	5,686,374	6,066,931	6,351,432	6,707,871	6,219,646	7,461,755
Contributions as a percentage of covered payroll	5.05%	5.05%	5.27%	5.35%	5.26%	5.28%	5.25%	5.23%

Notes: GASB 68 was implemented for the 2015 financial statements so only seven years of data is available.

Up to ten years of history will be presented over time as the data is generated.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Child Nutrition Cluster								
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	School Breakfast Program	10.553	N/A	13,331	-	13,331	-	1
FOOD AND NUTRITION SERVICE, AGRICULTURE, DEPARTMENT OF (via OSPI)	National School Lunch Program	10.555	N/A	22,610	-	22,610	-	1
		Total Child Nutrition Cluster:		35,941	-	35,941	-	
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	WA 20-6221C-103	73,062	-	73,062	66,712	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	WA 21-62210-002	64,211	-	64,211	60,711	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via WA State Dept of Commerce)	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-62210-029	120,446	-	120,446	-	1
		Total ALN 14.228:		257,719	-	257,719	127,423	

The accompanying notes are an integral part of this schedule.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF (via Washington State Department of Commerce)	Emergency Solutions Grant Program	14.231	20-4613C-102	1,310,877	-	1,310,877	1,174,091	1
ASSISTANT SECRETARY FOR COMMUNITY PLANNING AND DEVELOPMENT, HOUSING AND URBAN DEVELOPMENT, DEPARTMENT OF	Continuum of Care Program	14.267	-	-	46,464	46,464	-	1
OJP BUREAU OF JUSTICE ASSISTANCE, JUSTICE, DEPARTMENT OF (via Department of Justice)	COVID 19 - Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX- 0753	1,342	-	1,342	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Department of Commerce)	Crime Victim Assistance	16.575	SFY 2021 V/W Assistance Grant	81,411	-	81,411	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via Washington State Office of Public Defense)	COVID 19 - Edward Byrne Memorial Competitive Grant Program	16.751	GRT22078	18,155	-	18,155	-	1
OFFICE OF JUSTICE PROGRAMS, JUSTICE, DEPARTMENT OF (via US Department of Justice)	STOP School Violence	16.839	BJA-2019- 15117	63,817	-	63,817	-	1

The accompanying notes are an integral part of this schedule.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
CRIMINAL DIVISION, JUSTICE, DEPARTMENT OF (via City of Kennewick)	Equitable Sharing Program	16.922	WA0030000	1,820	-	1,820	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	STPR-A039 (005) / LA-9826	1,262,069	-	1,262,069	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	HSIP-000S (556) / LA-9839	15,596	-	15,596	-	1
FEDERAL HIGHWAY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WSDOT)	Highway Planning and Construction	20.205	HSIP-000S (617) / LA- 10286	13,541	-	13,541	-	1
Total ALN 20.205:				1,291,206	-	1,291,206	-	
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via WA Traffic Safety Commission)	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	2022-HVE-4455 -Region 14 Target Zero Task Force	820	-	820	-	1
Highway Safety Cluster								
NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION, TRANSPORTATION, DEPARTMENT OF (via Washington Association of Sheriff's & Police)	National Priority Safety Programs	20.616	FY2022 WASPC Traffic Safety Grant	6,961	-	6,961	-	1
Total Highway Safety Cluster:				6,961	-	6,961	-	

The accompanying notes are an integral part of this schedule.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Benton-Franklin Health District)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	10,814	-	10,814	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Benton-Franklin Health District)	COVID 19 - Coronavirus Relief Fund	21.019	N/A	62,020	-	62,020	-	1
			Total ALN 21.019:	72,834	-	72,834	-	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - Emergency Rental Assistance Program	21.023		-	229,617	229,617	35,949	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Commerce)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4616C-102	5,866,318	-	5,866,318	800,762	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via Washington State Department of Revenue)	COVID 19 - Emergency Rental Assistance Program	21.023	21-4618C-102	4,312,038	-	4,312,038	1,694,813	1
			Total ALN 21.023:	10,178,356	229,617	10,407,973	2,531,524	
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE (via WA State Dept of Commerce)	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027	21-4619C-102	1,888,193	-	1,888,193	-	1
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	COVID 19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	21.027		-	4,273,627	4,273,627	1,070,710	1
			Total ALN 21.027:	1,888,193	4,273,627	6,161,820	1,070,710	

The accompanying notes are an integral part of this schedule.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
DEPARTMENTAL OFFICES, TREASURY, DEPARTMENT OF THE	Local Assistance and Tribal Consistency Fund	21.032	-	-	25,583	25,583	-	1
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Social & Health Services - Division of Alcohol & Substance Abuse)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K3904	6,763	-	6,763	6,262	1
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Social & Health Services - Division of Alcohol & Substance Abuse)	Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	K3904	58,988	-	58,988	53,856	1
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Social & Health Services)	Child Support Enforcement	93.563	2110-80578 / 75 -1501-0-1-609	266,161	-	266,161	-	1
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Social & Health Services)	Child Support Enforcement	93.563	2110-80578 / 75 -1501-0-1-609	453,319	-	453,319	-	1, 2, 3
			Total ALN 93.243:	65,751	-	65,751	60,118	
			Total ALN 93.563:	719,480	-	719,480	-	

The accompanying notes are an integral part of this schedule.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
ADMINISTRATION FOR CHILDREN AND FAMILIES, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via DSHS- Juvenile rehabilitation admin)	Foster Care Title IV-E	93.658	2232-38438	318	-	318	-	1
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Opioid STR	93.788	K4879, K5680 and K6454	525,000	-	525,000	-	1
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Washington State Health Care Authority)	Opioid STR	93.788	K3904	68,652	-	68,652	63,376	1
Total ALN 93.788:				593,652	-	593,652	63,376	
SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION, HEALTH AND HUMAN SERVICES, DEPARTMENT OF (via Department of Social & Health Services - Division of Alcohol & Substance Abuse)	Block Grants for Prevention and Treatment of Substance Abuse	93.959	K3904	110,914	-	110,914	104,185	1
U.S. COAST GUARD, HOMELAND SECURITY, DEPARTMENT OF (via Washington State Parks and Recreation Commission)	Boating Safety Financial Assistance	97.012	MLE 123-109	12,174	-	12,174	-	1

The accompanying notes are an integral part of this schedule.

Benton County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Agency (Pass-Through Agency)	Federal Program	ALN Number	Other Award Number	Expenditures			Passed through to Subrecipients	Note
				From Pass- Through Awards	From Direct Awards	Total		
Total Federal Awards Expended:				16,711,741	4,575,291	21,287,032	5,131,427	

The accompanying notes are an integral part of this schedule.

BENTON COUNTY, WASHINGTON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

NOTE 1 - BASIS OF ACCOUNTING

This schedule is prepared on the same basis of accounting as the County's financial statements. The County uses the modified accrual basis of accounting.

NOTE 2 - PROGRAM COSTS

The amounts shown as current year expenditures represent only the federal grant portion of the program costs. Entire program costs, including the County's portion, are more than shown. Such expenditures are recognized following, as applicable, either the cost principles in the OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - INDIRECT COST RATE

The County has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.



Board of County Commissioners

**CORRECTIVE ACTION PLAN FOR FINDINGS REPORTED UNDER
 UNIFORM GUIDANCE**

Benton County

January 1, 2022 through December 31, 2022

This schedule presents the corrective action planned by the County for findings reported in this report in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

<p>Finding ref number: 2022-001</p>	<p>Finding caption: The County did not have adequate internal controls ensuring accurate and reliable reporting of its financial statements.</p>
<p>Name, address, and telephone of the County contact person: Rayce Miller Accounting Services Manager, Benton County Auditor’s Office 7122 W Okanogan Place, Suite E120 Kennewick, WA 99336 (509) 736-2727</p>	
<p>Corrective action the auditee plans to take in response to the finding: (If the auditee does not concur with the finding, the auditee must list the reasons for disagreement). <i>Benton County takes financial reporting seriously with its responsibility to produce accurate financial statements. County management is committed to improving internal control processes and management oversight in review of procedures over financial statement preparation and ensuring accuracy.</i> <i>The County will develop and implement processes to ensure it supports the financial activity of the fiduciary fund with adequate documentation. The County will retain support for the amounts reported in the fiduciary funds to ensure the reporting is accurate.</i> <i>The accounting staff will review and process all year-end journal entries and ensure proper accuracy. Because the Benton County Accounting Division had some turnover in key positions, this process wasn’t handled as timely and accurately as possible. The County’s plan is to implement internal controls to make sure everything has been reviewed by someone other than the person that prepares each section of the financials.</i></p>	

Capital assets tracking has now gone to different staff members outside the Accounting Division. The County is now using our accounting software system to track capital assets. This change will help with tracking capital asset useful life, depreciation, and reviewing those capital assets that might not have been added. Benton County has a new capital policy passed in 2024 to facilitate more accurate tracking.

The County plans to strengthen controls to track, monitor and evaluate infrastructure assets. This includes updating the County's written policy and procedures, as mentioned earlier. These measures will ensure infrastructure assets are correctly recorded. The County's Public Works CFO continues to grow in competency and expertise regarding how to accurately evaluate the infrastructure assets.

The County will record financial transactions to the correct fund and category for assets, liabilities, equity, revenues, and expenditures to ensure the County presents accurate financial information on its financial statements. The County will dedicate sufficient time and resources to preparing the financial statements, including performing necessary research and evaluating transactions to ensure proper presentation, and ensure a detailed final review.

As the Accounting Division becomes more familiar with the annual reporting process and gets more training to new members, we are developing a process to review the Management Discussion and Analysis (MD&A), financial statements, notes to the financial statements, and schedules that are in accordance with the GAAP reporting requirements.

Due to the fact that the County has new staff members that are new to governmental accounting and we implemented a new software mid-year in 2022, mistakes were inadvertently made. The County is now working out of one accounting system going forward.

The County takes the FY 2022 financial reporting recommendations that State Auditor's Office (SAO) has provided seriously. These recommendations will help Benton County develop future processes to ensure more accurate financial statements submitted. Benton County agrees to implement the recommendations provided within this report to ensure the proper internal controls are in place. We want to thank the SAO for working with us throughout this audit. We appreciate all the help SAO has provided us and the patience our SAO team has given through the whole audit process.

Anticipated date to complete the corrective action: Effective now – July 1, 2025

<p>Finding reference number: 2022-002</p>	<p>Finding caption: The County’s internal controls were inadequate for ensuring compliance with suspension and debarment requirements and subrecipient monitoring.</p>
<p>County Contact:</p>	<p>Matt Rasmussen, Deputy County Administrator 7122 West Okanogan Place – E-333, Kennewick WA 99336 509-786-5600 – matt.rasmussen@co.benton.wa.us</p>
<p>Auditee’s planned corrective actions:</p>	<p><i>Suspension and Debarment</i></p> <p><i>Benton County has established internal controls to verify all contractors it expects to pay \$25,000 or more, all or in part with federal funds, are not suspended or debarred from participating in federal programs. Internal practice now requires that all contracts be reviewed by the purchasing department to ensure they meet the requirements of state and federal regulations. The bid proposal documents also now contain a form, to be completed by each bidder, certifying that they are not suspended or debarred from receiving federal funds. These steps were implemented as a result of a finding from our 2021 Audit that was issued in March 2023 by the State Auditors Office. Unfortunately this non-compliance occurred in April 2022 so the new internal practice had not been implemented as we did not become aware of the deficiency until March 2023.</i></p> <p><i>Additionally, for the SLFRF program and other coronavirus relief funds a “double check” by the grant/finance manager has been implemented to verify the debarment status of contractors who may be paid with those funds. The County has established internal control practices to verify that all contractors awarded a contract that is paid all or in part with federal funds are not suspended or debarred from receiving such funds. The prospective contractors status is verified using SAM.gov, and the verification is documented in the project file, prior to execution of a contract. Our bidding documents also now contain a form on which the contractor must also certify that they are not suspended or debarred.</i></p> <p><i>Subrecipient Monitoring</i></p> <p><i>Benton County has implemented an internal practice that all contracts must be reviewed by the purchasing department to ensure compliance with state and federal regulations. This review will also ensure that all required contract elements are included, and that particular attention is drawn to notify contractors that the contract is paid all or in part with federal funds.</i></p>

	<p><i>While the County did perform a risk assessment in accordance with Treasury guidance these were not well documented. The County has developed a template risk assessment form to be included in the bidding documents for contracts funded all or in part with federal funds.</i></p> <p><i>The County does monitor subrecipient expenditures by requesting, and reviewing, detailed invoices for any payments made to sub recipients. The County also requires monthly written reports from sub recipients and our contract language also reserves the right for the County to review and audit all sub recipient financial information. Depending on the nature of the contract routine meetings with sub recipients are also held to monitor progress and discuss and resolve areas of concern. Inspection of documents and regular contact with sub recipients is part of our normal contracting process.</i></p> <p><i>The County is developing a draft risk assessment policy that includes a formal assessment template that will be modifiable per specific conditions of revised future guidance from federal or state grantors.</i></p>
<p>Anticipated date to complete the corrective action: Completed (Suspension and Debarment) and June 30, 2024 (Subrecipient Monitoring risk assessment policy)</p>	

Finding ref number: 2022-003	Finding caption: The County did not have adequate internal controls for ensuring compliance with federal reporting requirements for the Emergency Rental Assistance Program.
Name, address, and telephone of the County contact person: Kyle Sullivan 7102 W. Okanogan Pl., Ste. 201 Kennewick, WA 99336 (509)737-3909	
Corrective action the auditee plans to take in response to the finding: <i>Thank you for bringing this to our attention. There were several factors that contributed to the difficulties we encountered submitting the required quarterly reports and have since remedied those issues. The Human Services Department has worked with Treasury on the challenges we encountered uploading the required reporting templates and we now has multiple people with access to the reporting portal and in the event of staff turnover we can continue to submit required reports. The Human Services Manager and the Budget and Finance Analyst have created reminders on their calendars to ensure reporting is completed on time and with accurate data.</i>	
Anticipated date to complete the corrective action: May 6, 2024	

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The State Auditor's Office is established in the Washington State Constitution and is part of the executive branch of state government. The State Auditor is elected by the people of Washington and serves four-year terms.

We work with state agencies, local governments and the public to achieve our vision of increasing trust in government by helping governments work better and deliver higher value.

In fulfilling our mission to provide citizens with independent and transparent examinations of how state and local governments use public funds, we hold ourselves to those same standards by continually improving our audit quality and operational efficiency, and by developing highly engaged and committed employees.

As an agency, the State Auditor's Office has the independence necessary to objectively perform audits, attestation engagements and investigations. Our work is designed to comply with professional standards as well as to satisfy the requirements of federal, state and local laws. The Office also has an extensive quality control program and undergoes regular external peer review to ensure our work meets the highest possible standards of accuracy, objectivity and clarity.

Our audits look at financial information and compliance with federal, state and local laws for all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits and cybersecurity audits of state agencies and local governments, as well as state whistleblower, fraud and citizen hotline investigations.

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