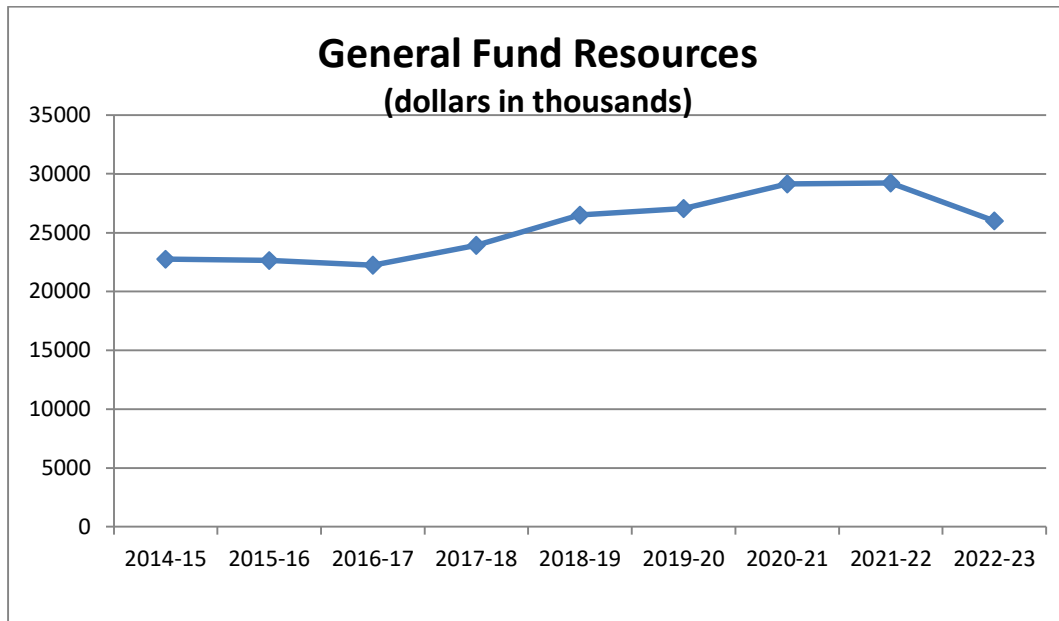


COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

The management of Coos County, Oregon offers this overview and analysis of the financial activities of the County, for the fiscal year ended June 30, 2023. We encourage readers to consider the information here in conjunction with the accompanying basic financial statements.

Financial Highlights (dollars in thousands)

- The County's assets exceeded its liabilities at June 30, 2023 by \$159,538 (*net position*) – an increase of \$9,974 or 6.67%. Of this amount, \$(2,805) (*unrestricted net position*) is showing as a negative amount mainly due to the increase in the Net Pension Liability of \$6,365.
- The County's revenues increased by 11.15% in the Governmental activities, they increased by 4.55% in the Proprietary activities. Expenses for the Governmental activities increased by \$4,365 or 7.24%, and Proprietary increased by \$12 or 0.25%. Net position in Governmental funds increased \$7,973 or 7.36% and Proprietary funds increased by \$2,003 or 4.86%.



Overview of the Financial Statements

Coos County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to private-sector business. The government-wide financial statements include not only the County itself (known as the primary government), but also two legally separate component units, Coos County Library Service District and Coos County 4-H Extension Service District, for which the County is financially accountable. Although legally separate, the governing body of each component unit is identical to the County's, and because the services of the component units are exclusively for the benefit of the County, they are included as an integral part of the primary government. Complete financial statements for each may be obtained from the Coos County Treasurer's Office, 250 N. Baxter, Coquille, OR 97423.

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For the Year Ended June 30, 2023

»The *statement of net position* presents information on all the County's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

»The *statement of activities* presents information showing how the government's net position changed during the most recent 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 only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

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

Fund financial statements. A fund is a grouping of related accounts that is 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 compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

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

Governmental funds are used to account for the financial resources of the County that are not accounted for in any other fund. Principal sources of revenue are Oregon and California land grant proceeds, state and federal revenues, property taxes, licenses and permits, charges for services and interest. Ordinary expenditures are for general administration, public safety, community services, and welfare and health services.

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. There is a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 32 individual 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 General fund, Public Works fund, Health & Wellness fund, County Forest fund, and American Rescue Plan fund which are considered to be major funds. Data from the other 27 governmental funds are combined into a single, aggregated presentation. Individual fund data for these non-major governmental funds is provided in the supplementary statements section of this report.

The County adopts an annual budget for all of its funds except the fiduciary funds. A budgetary comparison statement has been provided for the governmental funds as part of the basic financial statements. There are also individual budgetary statements for all major and non-major funds to demonstrate compliance with this budget elsewhere in this report.

COOS COUNTY, OREGON
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Special Revenue Funds – Special Revenue funds are used to account for proceeds of specific revenue sources that are restricted to expenditures for specified purposes. Funds included in the category are: Animal Control, Public Works, Public Health, Community Development, Law Library, County Parks, Community Corrections, Crime Victim Assistance, South Coast Interagency Narcotics Team (SCINT), Health & Wellness, Economic Development, Bandon Dunes Assessment, Radio Communication System, Charleston Transient Lodging Tax, Opioid Settlement, PL110-343 Title III, County Forest, Administrative Grants, County School, Foot Paths and Bicycle Trails, Industrial Development, County Family Mediation, 911/Dispatch, County Clerk Records, Public Land Corner Preservation, EForce Advisory Board, County Forest Reserve, American Rescue Plan, and the Dispatch Equipment Reserve funds.

Component Units-Special Revenue Funds – The Coos County Library Service District and the 4-H Extension Service District are reported as special revenue funds of the County.

Debt Service Fund – Debt Service Fund is used to account for the accumulation of resources and payment of general obligation bond and loan principal and interest. Funds included in this category are: Bonded Debt. The Bonded Debt Fund is for Coos County's outstanding bond issues.

On July 1, 2003, the County issued bonds for the local share of the natural gas pipeline project. Coos County voters passed a bond measure in 1999 authorizing an amount not to exceed \$27 million. Prior to the sale, Coos County received a bond rating from Moody's Investors Services of A3. The total of the general obligation bonds sold was \$17.76 million (including issuance costs). The bonds were taxable and sold for an interest cost of 4.56%.

General Obligation Debt Capacity	June 30, 2023	June 30, 2022
Taxable Real Market Value	\$ 6,458,017	\$ 9,381,044
General Obligation Bond Debt Limitation (2% of Real Market Value)	129,160	187,621
Less: Outstanding debt subject to limit	-	1,285
Less: Principal payments due within one year	-	(1,285)
Remaining Legal General Obligation Debt Capacity	\$ 129,160	\$ 187,621
Percent of Capacity Issued	0.0%	0.0%

Under Oregon Revised Statute (ORS) 287A.100 the aggregate amount of general obligation bonded indebtedness of the County is limited to two percent of the real market value of all taxable property in the County, computed in accordance with ORS 308.207. Additional information on the County's bonded debt can be found in the Notes to the Financial Statements.

COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Proprietary Funds

Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its County Fair fund, Waste Disposal fund, Waste Disposal Reserve fund, Household Hazardous Waste fund and Gas Pipeline fund, which are financed primarily by admission charges, waste disposal fees, bond sales and intergovernmental revenues.

The proprietary fund financial statements provide separate information for business-type funds. Individual fund data for the funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary Funds

Trust and Agency Funds – These funds account for resources received and held by the County in a fiduciary capacity or as an agent for other governments and other funds. Fiduciary funds are *not* reflected in the government-wide statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* referred to earlier in connection with non-major governmental funds and other schedules and information that are required by the State of Oregon. This information can be found in the supplementary statements section of this report.

Government-wide Financial Analysis (*dollars in thousands*)

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$159,538 at the close of the most recent fiscal year. The County's investment in capital assets (land, construction in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), less any related debt to acquire those assets is approximately 82.99% of total net position. The County uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Coos County's Net Position

in thousands

	Governmental Activities		Business-type Activities		Total		Comparison	
	2023	2022	2023	2022	2023	2022	Difference	
Current and other assets	\$ 67,032	\$ 59,373	\$ 6,417	\$ 5,487	\$ 73,449	\$ 64,860	\$ 8,589	13.24%
Capital assets	95,437	100,724	39,346	39,514	134,783	140,238	(5,455)	-3.89%
Total assets	162,469	160,097	45,763	45,001	208,232	205,098	3,134	1.53%
Deferred Outflow of Resources	14,504	16,494	182	197	14,686	16,691	(2,005)	-12.01%
Long-term liabilities	18,599	26,601	445	2,079	19,044	28,680	(9,636)	-33.60%
Other liabilities	31,761	22,089	2,199	1,717	33,960	23,806	10,154	42.65%
Total liabilities	50,360	48,690	2,644	3,796	53,004	52,486	518	0.99%
Deferred Inflows of Resources	10,257	19,519	118	221	10,375	19,740	(9,365)	-47.44%
Net position:								
Invested in capital assets	93,067	74,594	39,336	38,214	132,403	112,808	19,595	17.37%
Restricted	29,940	25,559	-	-	29,940	25,559	4,381	17.14%
Unrestricted	(6,652)	8,230	3,847	2,967	(2,805)	11,197	(14,002)	-125.05%
Total net position	\$ 116,355	\$ 108,383	\$ 43,183	\$ 41,181	\$ 159,538	\$ 149,564	\$ 9,974	6.67%

Changes in Net Position

The County's *unrestricted net position* \$(2,805) may be used to meet the government's ongoing obligations to citizens and creditors. It is showing as a negative amount mainly due to the increase in the Net Pension Liability of \$6,365.

COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Coos County's Changes in Net Position

in thousands

	Governmental		Business-type		Total		Comparison		
	Activities		Activities				Difference		
	2023	2022	2023	2022	2023	2022			
REVENUE:									
Program revenues:									
Charges for services & contracts	\$ 22,788	\$ 17,813	\$ 4,368	\$ 4,345	\$ 27,156	\$ 22,158	\$ 4,998	22.56%	
Operating grants & contributions	35,613	34,934	70	-	35,683	34,934	749	2.14%	
Capital grants & contributions	535	-	-	-	535	-	535	n/a	
General revenues:									
Property taxes	13,941	13,857	-	-	13,941	13,857	84	0.61%	
Other taxes	640	516	-	-	640	516	124	24.03%	
Interest on investments	1,369	254	137	31	1,506	285	1,221	428.42%	
Total revenues	74,886	67,374	4,575	4,376	79,461	71,750	7,711	10.75%	
EXPENDITURES:									
Current:									
General Government	11,106	11,301	-	-	11,106	11,301	(195)	-1.73%	
Public Safety	16,470	15,268	-	-	16,470	15,268	1,202	7.87%	
Public Works	9,676	8,645	1,529	1,499	11,205	10,144	1,061	10.46%	
Health & Welfare	18,744	15,312	-	-	18,744	15,312	3,432	22.41%	
Culture & Recreation	6,993	6,955	551	285	7,544	7,240	304	4.20%	
Community Development	795	741	-	-	795	741	54	7.29%	
Intergovernmental	717	630	-	-	717	630	87	13.81%	
Sanitation	-	-	2,724	3,015	2,724	3,015	(291)	-9.65%	
Interest	96	228	-	-	96	228	(132)	-57.89%	
Loss on disposition of fixed assets	77	1,229	7	-	84	1,229	(1,145)	0.00%	
Total expenditures	64,674	60,309	4,811	4,799	69,485	65,108	4,377	6.72%	
Change in net position before transfers	10,212	7,065	(236)	(423)	9,976	6,642	3,334	50.20%	
Transfers	(2,239)	(1,880)	2,239	1,880	-	-	-	0.00%	
Change in net position	7,973	5,185	2,003	1,457	9,976	6,642	3,334	50.20%	
Net position beginning	108,383	103,198	41,181	39,724	149,564	142,922	6,642	4.65%	
Net position ending	\$ 116,356	\$ 108,383	\$ 43,184	\$ 41,181	\$ 159,540	\$ 149,564	\$ 9,976	6.67%	

Capital Assets and Debt Administration

The County has no capital debt except for general obligation bonds and some capital leases.

Bonded Debt. Coos County paid the balance of the bonded debt in the amount of \$1,285,000 in fiscal year ended June 30, 2023. This entire amount was debt backed by the full faith and credit of the government through assessment to property owners.

Equipment Financing Debt. The County leases multiple vehicles, a tractor, an excavator, a paver, and radio communication equipment. The vehicles, tractor, paver, and the excavator are all backed by general revenues. The radio communication equipment is backed by a Local Option Levy. At the end of the current fiscal year, Coos County had total capital lease debt outstanding of \$2,369,625.

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023 amounted to \$134,782,826 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, improvements other than buildings, equipment, and infrastructure.

COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

COOS COUNTY'S CAPITAL ASSETS (In thousands)

	Governmental Activities	Business-type Activities	Total
Land	\$ 15,053	\$ 591	\$ 15,644
Construction in progress	696	59	755
Improvements other than buildings	3,051	396	3,447
Buildings and building improvements	15,372	1,682	17,054
Infrastructure	49,559	36,159	85,718
Machinery and equipment	6,749	442	7,191
Leased Assets	4,957	17	4,974
SBITAs	202	-	202
	<u>\$ 95,639</u>	<u>\$ 39,346</u>	<u>\$ 134,985</u>

Major capital asset events during the current fiscal year by Coos County included the following:

There was much discussion in the budget process with regard to deferred maintenance of buildings, facilities and County owned infrastructure as well as management and timely replacement of vehicles and equipment. Planned maintenance and replacement of capital items is a necessary challenge that must be addressed to ensure the ability to provide essential county services in the future.

Budgetary Highlights

The County budgets all funds (except fiduciary funds) in compliance with Oregon Budget law. Differences between the original budget and the final amended budget were relatively minor and can be briefly summarized as follows:

- ❖ A supplemental budget in September of 2022 that added appropriations to the Health and Wellness and Administrative Grant Funds and created the Charleston Transient Lodging Tax and Opioid Settlement Funds.
- ❖ Minor transfers of appropriations between line items within funds.

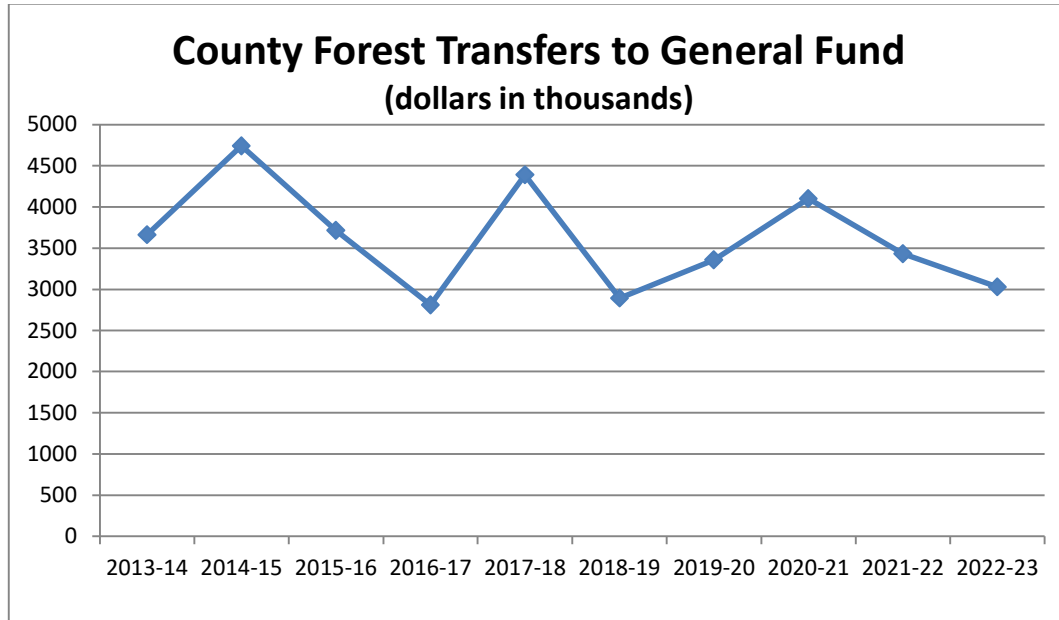
All of the budget changes were done by resolution or a supplemental budget as required by Oregon budget law.

Economic Factors and Next Year's Budgets

- ◆ The General Fund is the chief operating fund of Coos County. The County will continue to have to adjust the amount of spending available in future fiscal year budgets. Program services will have to be adjusted or eliminated to balance the budget. No taxes can be increased, other than the allowable 3 percent increase on taxable property value allowed by state law. The General Fund budgeted a beginning fund balance of \$6,000,000. The County budgeted \$2,500,000 for operating contingency for 2023-2024.
- ◆ The General Fund's proposed expenditures total \$29,983,141, with resources other than taxes of \$23,809,257. The amount budgeted for current year taxes is \$6,153,884, based upon our full tax rate authority of \$1.0799 per thousand. The County provides property tax assessment/collection services for all taxing districts, such as schools, cities, ports, and other districts at a cost of \$2,335,675.

COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

- ◆ Coos County created the County Forest Fund in 1999 to serve as a revenue stabilization fund. All receipts from the sale of timber and/or forest related products are deposited into the fund each year. In previous budget cycles, a 5-year rolling average of the receipts into the fund were appropriated into the General Fund. Annual transfers were calculated as the total receipts for the previous five years, divided by five, less the current years budgeted operating expenses. The FY 2023-2024 Forestry Department operating budget is \$1,520,400. The County Forest Fund balance on June 30, 2023 was \$10,611,540.



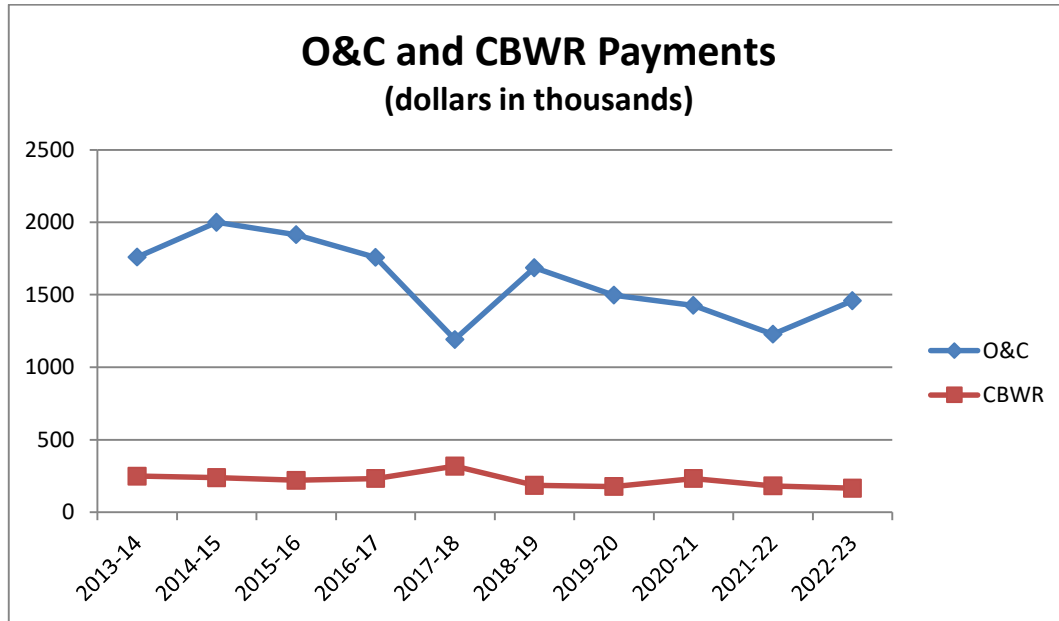
Note: In fiscal year 2017-18 excess funds of \$1.1 million from a comparison of Budget and Actual expenses since fiscal year 2001-02 were transferred in addition to the formula.

- ◆ Retention of federal in-lieu of timber revenue continues to be a problem.

In March 2018, Congress reauthorized the Secure Rural Schools and Community Self-Determination Program Act (SRS). The reauthorization meant that in 2018 the County was back under the Oregon and California Act (O&C) and Coos Bay Wagon Road (CBWR) statutory payment methods.

In FY 2023-2024, the SRS net payment to the General Fund (Title I), for the O&C lands, will be \$1,321,984. The County Road Department FY 2023-2024 SRS Title I payment, for the CBWR lands and U.S. Forest Service, is budgeted to be \$328,505.

COOS COUNTY, OREGON
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- ◆ On May 19, 2020, the voters passed a Local Option Levy to replace our failing 911 radio communications system. The Local Option Levy rate is \$0.2 per thousand. The Radio Communication System Fund's adopted expenditures for 2023-2024 total \$1,448,345.
- ◆ Current County services and activities are either state mandated or considered essential to public safety or health. Future across the board budget cuts are not practical in that further reductions will not allow program criteria to be met, thus the inability to function.
- ◆ On May 20, 2021, the County received \$6,262,922 in State and Local Fiscal Recovery Funds from the American Rescue Plan Act. The County received the same amount in May of 2022. These funds have helped us get through a couple of years, but we will be out of these funds by fiscal year 2025.
- ◆ The Board of Commissioners also serves as the Governing Board for the Coos County Library Service District and 4-H Extension Service District, which are separate entities from Coos County. There are four funds that require the levying of taxes; the General Fund, Bonded Debt Fund, Library Service District Fund and the 4-H Extension Service District Fund.
- ◆ The Library Service District's adopted expenditures for 2023-2024 total \$4,531,042 with resources other than taxes of \$270,000. The 4-H Extension Service District's adopted expenditures for 2023-2024 total \$845,612, with resources other than taxes of \$326,500. The Library and 4-H Extension Service Districts both intend to certify their total permanent tax rates in 2023-2024. The Library rate is \$0.7289 per thousand and the 4-H Extension rate is \$0.0888 per thousand.
- ◆ All of these factors were considered in preparing the County's budgets for the 2023-2024 fiscal year.

COOS COUNTY, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023

Requests for Information

This financial report is designed to provide a general overview of Coos County's finances for all those with an interest in the County's finances. For more information on the component units of Coos County please refer to each component unit's separately issued financial statements. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Coos County Finance Department, 250 N Baxter, Coquille, Oregon 97423.