Note I - Summary of Significant Accounting Policies

A - Description of Reporting Entity

Coos County (the County) operates under Oregon Revised Statutes (ORS) Title 20. Control of the County is vested in its Board of Commissioners, who are elected to office by voters within the County. Other elected officials of the County whose general duties and responsibilities are covered by various ORS chapters include the Assessor, Clerk, District Attorney, Sheriff, Surveyor, and Treasurer.

The basic financial statements include all financial activities, organizations, and functions for which the Board is responsible for financial accountability based on criteria established by the Governmental Accounting Standards Board. Financial accountability is defined as appointment of a voting majority of the component unit's board, and either a) the ability to impose its will on the component unit, or b) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the primary government.

Therefore, although legally separate entities, component units are, in substance, part of the primary government's operations and data from these units are included in the financial statements of the primary government. Additionally, if the governing body of the component unit is substantially the same as that of the primary government (the County) and the management of the primary government has operational responsibility for the component unit, the component unit's financial data is to be blended with the primary government's financial data.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. Based on application of the aforementioned criteria established by the Governmental Accounting Standards Board (GASB), the County has two component units: Coos County Library Service District and the Coos County 4-H Extension Service District.

Coos County Library Service District and the *Coos County 4-H Extension Service District* - These Districts serve all citizens of the county and are governed by the County's Board of Commissioners. The Board approves the Districts' budgets, levies taxes, and approves contracts with all cities and universities receiving County support payments. The Districts are reported as special revenue funds within the County's financial statements using the blended method of presentation. Financial statements for the Districts may be obtained from the Coos County Finance Director.

B - Measurement Focus, Basis of Accounting and Basis of Presentation

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide statements: The government-wide statements are prepared using the economic resources measurement focus and are reported on the accrual basis. This is the same approach used in preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

Governmental fund financial statements, therefore, include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The government-wide statements are the Statement of Net Position and the Statement of Activities. They display information about the primary government (the County) and its component units.

These statements include the financial activities of the overall government, except for fiduciary activities. Inter-fund activity such as loans and transfers are eliminated to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County.

Governmental activities - The County's general government activities are reported in this category, including general government, public safety, public works, health and welfare, conservation, community development, culture and recreation, and intergovernmental. Governmental activities generally are financed through taxes, intergovernmental revenue, and other non-exchange transactions.

Business-type activities - The County's business-type activities include operating a waste disposal facility, natural gas pipeline, and the County fair. Business-type activities are financed in whole or in part by fees charged to external parties.

Note I - Summary of Significant Accounting Policies, continued

B - Measurement Focus, Basis of Accounting and Basis of Presentation, continued

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: Fund financial statements report detailed information about the County. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The accounts of the County are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The various funds of the County are grouped into three categories: governmental, proprietary, and fiduciary.

Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. This includes nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, such as property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are used to account for the County's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, licenses, and interest are considered to be susceptible to accrual.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost reimbursement grant, categorical block grant, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grant, and then by general revenues.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pensions related items, and OPEB related items which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

An accrual for deferred revenue arises in the Governmental Funds Balance Sheet when potential revenue does not meet the earned and available criteria for recognition in the current period. Unavailable deferred revenue consists of uncollected property taxes not deemed available to finance operation of the current period. In the government-wide Statement of Activities, with a full accrual basis of accounting, revenue is recognized as soon as it is earned regardless of its availability. Thus, the deferred inflow created on the Governmental Fund Balance Sheet for unavailable deferred revenue is eliminated. Unearned revenues arise outside the scope of measurement focus and basis of accounting, such as when the County received resources before it has a legal claim to them. An example of this would be when grant monies are received prior to the incurrence of qualifying expenses.

Proprietary funds operating revenues, such as charges for services, result from exchange transactions associated with the principal activities of the funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investments earnings, result from non-exchange transaction or ancillary activities.

Note I - Summary of Significant Accounting Policies, continued

B - Measurement Focus, Basis of Accounting and Basis of Presentation, continued

The County reports the following major governmental funds:

General Fund - This is the County's primary operating fund. It accounts for and reports the financial resources of the County that are not accounted for and reported 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. Primary expenditures are for general administration, and public safety.

Public Works Fund - The fund accounts for and reports the general operations of the Road Department. Primary revenue resources include federal forest fees, motor vehicle fuel taxes and interest allocation. Expenditures are for the construction and maintenance of roads and bridges.

Health & Wellness Fund - This fund accounts for and reports the County's behavioral health and wellness operations. Primary revenue sources include State behavioral health grants and contracts.

County Forest Fund - This fund accounts for and reports the management of the County's forest. Primary source of revenue is from the sale of forest products. Expenditures consist of forestry management and transfers to the General Fund.

American Rescue Plan Fund - This fund accounts for grant proceeds and expenditures related to the American Rescue Plan Act.

The County reports the following major enterprise funds:

Waste Disposal Fund - This fund accounts for and reports the operations, maintenance, development, and closure/post closure care of various disposal sites. The fund's primary revenue source is waste disposal fees.

Gas Pipeline Fund - This fund accounts for and reports the construction and operations of a natural gas pipeline from Roseburg to the Coos Bay-North Bend Area. Initially funded by bonds, the fund's primary revenue source is from operational fees.

The County reports the following fiduciary fund types:

Custodial Funds - These funds account for and report monies held by the County in a fiduciary capacity or as an agent for other governments and other funds.

C - Assets, Liabilities and Equity

1. Cash and Cash Equivalents

The cash and cash equivalents reported on the Statement of Net Position and the balance sheets include cash on hand, demand deposits, cash with fiscal agents and amounts in investment pools that have the general characteristics of demand deposit accounts with highly liquid debt instruments purchased with a maturity of three months or less.

The State of Oregon authorizes municipalities to invest in general obligations of the United States and its agencies, certain debt of Oregon municipalities, savings accounts, certificates of deposit, bankers' acceptances, the Oregon State Treasurer's Local Government Investment Pool (LGIP) and certain highly rated commercial paper. Investments are recorded at fair value. Fair value of the LGIP is stated at amortized cost, which approximates fair value. Fair value of the LGIP is the same as the County's value in the pool shares.

For purposes of the statement of cash flows, the proprietary fund type considers all highly liquid investments (including restricted cash) with maturity of three months or less when purchased to be cash equivalents.

2. Receivables and Payables

All receivables are reported at their gross value. There is no provision for uncollectible amounts. The management of Coos County believes all receivables are collectible with no material uncollectible amounts.

Property taxes receivable for the governmental fund types which have been collected within 60 days subsequent to year end are considered measurable and available and are recognized as revenue. All other property taxes receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue on the budgetary basis. Property taxes are levied and attached as an enforceable lien on property as of July 1. Taxes are payable in three installments on November 15, February 15, and May 15. All property taxes receivable are due from property owners within the County and are billed and collected by Coos County, Oregon and turned over to the taxing districts within the County.

Note I - Summary of Significant Accounting Policies, continued

C - Assets, Liabilities and Equity, continued

2. Receivables and Payables, continued

Assessments receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue in the fund financial statements.

Receivables of the proprietary fund types are recorded as revenue earned, including services earned but not billed.

Receivables for federal and state grants, and state, county, and local shared revenue are recorded as revenue in all fund types as earned. The receivables for state, county, and local shared revenue are recorded in accounts receivable.

Under GASB 87, a receivable and deferred inflow are recorded for the estimated value over the life of lease agreements.

Investment earnings (e.g., accrued interest receivable) are recorded as revenue in all fund types as interest income.

During operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

3. Inventories

Materials and supplies inventories are used for road and equipment repairs and are carried in the Public Works Fund. Except for aggregate produced by the County, which is valued at a cost, that is different from the cost that would be derived using a method that is in accordance with generally accepted accounting principles, inventories are valued at actual cost and recorded with the Purchase Method. Inventories are shown on the balance sheet as an asset and a reservation of fund balance, which indicates that they do not constitute available expendable resources although they are a component of net current assets.

4. Restricted Assets

Certain resources are set aside and are classified as restricted assets on the Statement of Net Position because their use is limited by outside parties. Restricted amounts may include resources set aside for specific purposes including making principal and interest payments on bonds and post-closure costs.

5. Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at the donors cost as of the date received. The County maintains a capitalization threshold of $5,000 and an initial estimated useful life extending beyond a single reporting period. Improvements are capitalized, the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during construction is not capitalized.

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. For governmental activities these costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities. Capital assets utilized by the proprietary funds are reported in the business-type activities column of the government-wide Statement of Net Position and in the respective funds.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Capital assets are depreciated using straight-line method over the following estimated useful lives:

Asset Class	Years
Improvements	20 - 40
Buildings	20 - 60
Infrastructure	10 - 40
Equipment and vehicles	2 - 20

Note I - Summary of Significant Accounting Policies, continued

C - Assets, Liabilities and Equity, continued

6. Compensated Absences

The County's policy is for employees to accumulate up to twice their annual accrual rate of vacation leave. Sick leave may be accumulated without limit, but is payable upon termination at only 25 percent of the first 960, up to a maximum of 175 hours paid, except for Solid Waste employees, who are capped at 960 hours for a maximum of 240 hours paid and non-union employees hired after May 1, 2021 who are capped at 700 hours. Compensatory time-off may be accrued in lieu of overtime pay, limited to 40 hours.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated annual vacation, compensatory and sick leave balances. All unused vacation leave and twenty-five percent of unused sick leave vests with employees and is payable upon termination of employment.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as the result of employee resignations and retirements. The governmental funds typically used in prior years to liquidate the liability for compensated absences are any of the funds with payroll, which include: General Fund, Special Revenue Funds, and the Enterprise Funds.

7. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has two types of deferred outflows of resources, related to pension assets and to other postemployment benefits. These are reported only on the government-wide financial statements.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The County has two types of deferred inflows, one of which arises only under the modified accrual basis of accounting. This item, unavailable revenue from future property taxes, assessments and notes receivable, is reported on the governmental funds balance sheet. The District's other types of deferred inflows are related to pension obligations and other postemployment benefits, that are reported only on the government-wide financial statements.

8. Long-term Obligations

In the government-wide financial statements and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts as well as issuance costs are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as issuance costs during the current period. Debt proceeds, premiums and discounts are reported as other financing sources/uses, while issuance costs are reported as debt service expenditures.

9. Pensions

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

Note I - Summary of Significant Accounting Policies, continued

C - Assets, Liabilities and Equity, continued

10. lnterfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed.

All other interfund transactions, except as described above, are reported as transfers.

11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

12. Fund Equity

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. As a result, in the fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts that can be spent only for specific purposes because of the local, state, or federal laws, or externally imposed conditions by granters or creditors or enabling legislation.

Committed - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Commissioners. These amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) that was employed when the funds were initially committed.

Assigned - Amounts that are constrained by the County's intent to be used for a specific purpose, but are neither restricted nor committed. Intent must be expressed by the Board of Commissioners, the budget committee or the Board's authorized designee. The Board of Commissioners has authorized the County Treasurer to assign components of ending fund balance.

Unassigned - All amounts not included in other classifications. The amounts in the various categories of fund balance are included in the governmental funds balance sheet.

As discussed in Note 1 B, restricted funds are used first as appropriate. Decreases to the remaining fund balance categories first reduce committed fund balance, followed by assigned fund balance, then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

13. Net Position

Government-wide and proprietary fund net position is divided into three components:

Net investment in capital assets - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position - consists of assets that are restricted by the county's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.

Unrestricted - all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by unrestricted net position.

14. Reclassifications

Certain items for 2022 have been reclassified in the accompanying financial statements to conform to the presentation for 2023. The reclassification has no effect on the change in net assets for the year ended June 30, 2022.

Note II - Stewardship, Compliance, and Accountability

A - Budgetary Information

The County is required by State law to budget all funds. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds. The annual budget for proprietary funds is adopted on a basis not consistent with accounting principles generally accepted in the United States of America to comply with Oregon Local Budget Law. Proprietary Funds are budgeted on a working capital non-GAAP basis. The County defines working capital as current assets less current liabilities excluding current portions of noncurrent liabilities. All annual appropriations lapse at fiscal year-end.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The Board of Commissioners, on or before June 30 of each year, authorizes appropriations for each fund, which sets the level by which expenditures cannot exceed appropriations. The level of control for the General Fund, Public Works, the Health and Wellness Fund and various non-major funds is by department, while the level of control in all other Special Revenue Funds, Debt Service and Proprietary Funds is by total personnel services, materials and services, capital outlay, debt service and support of schools. The budget documents contains more specific, detailed information for the expenditure categories.

Original appropriations may be increased through resolutions by transferring amounts between appropriations categories or between funds. A supplemental budget is needed to increase appropriations when appropriations transfers are unauthorized. Unexpected resources and certain other changes may be made through use of a supplemental budget. The County had numerous appropriation transfers between levels of control during the year ended June 30, 2023 and the budgets are reported as originally adopted or as amended by the Board of Commissioners. Management may reassign resources within functions without seeking approval of the Board.

B. Excess of expenditures over appropriations

The following funds had expenditures in excess of related budgetary appropriations:

Fund	Appropriation Level	Over Expenditure Amount
County Fair Fund	Capital Outlay	$ 19,199

Note III - Detailed Notes on All Funds

A - Deposits and Investments

The County maintains a cash management pool for its cash and cash equivalents in which each fund participates. Interest earnings are distributed quarterly based on average daily balances.

Deposits - The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the County at June 30, 2023. If bank deposits at year end are not entirely insured or collateralized with securities held by the County or by its agent in the County's name, the County must disclose the custodial credit risk that exists. Deposits with financial institutions are comprised of bank demand deposits.

For deposits in excess of federal depository insurance, Oregon Revised Statutes require the depository institution to participate in the Public Funds Collateralization Program. The Public Funds Collateralization Pool is a multiple financial institution collateral pool administered by the Oregon State Treasurer's Office.

For the fiscal year ended June 30, 2023, the carrying amounts of the County's deposits in various financial institutions were $4,157,319 and the bank balance was $5,832,740. All deposits are held in the name of the County. Of the bank balance, $500,000 was insured by the Federal Depository Insurance Corporation and the remainder was covered under the Public Funds Collateralization Program.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The County's formal deposit policy for custodial credit risk is to deposit funds with qualified institutions. A qualified institution is defined by County policy as including approved security broker/dealers maintaining minimum net capital of $10,000,000 and having a history of at least 10 years of operation. These may include "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).

Note III - Detailed Notes on All Funds, continued

A - Deposits and Investments, continued

The Oregon State Treasurer is responsible for monitoring public funds held by bank depositories in excess of FDIC insured amounts, and for assuring that public funds on deposit are collateralized to the extent required by Oregon Revised Statutes (ORS) 295. ORS Chapter 295 requires depository banks to place and maintain on deposit with a third-party custodian bank securities having a value of 10 percent, 25 percent, or 110 percent of public funds on deposit depending primarily on the capitalization level of the depository bank. Deposits in the Public Funds Collateralization Pool are not 100 percent guaranteed.

Investments - The purpose of the County's investment policy is to identify various policies and procedures that enhance opportunities for a prudent and systematic investment policy and to organize and formalize investment related activities. The County has delegated investment responsibilities to the County Treasurer, who is primarily responsible for implementing the investment policy.

The State of Oregon Local Government Investment Pool (LGIP or Pool) is an unrated external investment pool and is not registered with the U.S. Securities and Exchange Commission as an investment company. Oregon Revised Statutes and the Oregon Investment Council govern the Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-Term Funds Board, which establish diversification percentages and specify the types and maturities of investments. Withdrawals in excess of $25 million require 48 hours' notice. The Oregon Audits Division of the Secretary of State's Office audits the Pool annually. The Division's report on the Pool as of and for the year ended June 30, 2023 was unmodified.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. US Treasuries are level 1 inputs. Investments in the LGIP are level 2 inputs.

Credit Risk. Credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The State of Oregon LGIP is not registered with the U.S. Securities and Exchange Commission as an investment company. As of June 30, 2023. $25,817,940 of the US Treasuries held by the County had a Moody's rating of Aaa; the remaining $6,975,300 was not rated.

State statutes authorize the County to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's investment pool, among others. The County has no formal investment policy that further restricts its investment choices beyond the restrictions in the State statues.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Oregon Short-Term Fund Board manages this risk by limiting the maturity of the investments held by the fund. The County does not have a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

		Maturity	
Investment type:	Carrying value	Less than 1 year	1 - 5 years
US Treasuries rated AA+	$ 32,793,240	$ 23,334,040	$ 9,459,200
LGIP not rated	32,441,214	32,441,214	-
Total subject to interest rate risk	65,234,454	55,775,254	9,459,200

Concentration of Credit Risk. The County is required to provide information about the concentration of credit risk associated with its investments in one issuer that represent five percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The County had no such investments during the year ended June 30, 2023.

Note III - Detailed Notes on All Funds, continued

A - Deposits and Investments, continued

A reconciliation of cash and investments as shown on the Statement of Net Position and Statement of Fiduciary Net Position is as follows:

Deposits and Investments		
Cash on hand	$	38,132
Deposits in financial institutions		4,157,319
LGIP		32,441,214
US Treasuries		32,793,240
Total deposits and investments	$	69,429,905
Governmental Activities	$	58,999,147
Business-Type Activities		6,112,890
Agency Fund		4,317,868
Total Cash and Investments	$	69,429,905

B- Fund Balance

Details of the classification of the components of ending fund balance In the governmental fund financial statements at June 30, 2023 are as follows:

	General Fund	Public Works Fund	Health & Wellness Fund	County Forest Fund	ARPA Fund	Nonmajor Funds	Total
Nonspendable:							
Inventory	$ -	$ 384,895	$ -	$ -	$ -	$ -	$ 384,895
Prepaid expenses	-	-	-	-	-	71,103	71,103
Restricted:							
Debt Service	-	-	-	-	-	136,714	136,714
Public Safety Services	43,736	-	-	-	-	2,736,355	2,780,091
Health Services	-	-	11,554,397	-	-	3,246,677	14,801,074
Economic Development Services	-	-	-	-	-	641,149	641,149
Public works	-	8,521,537	-	-	-	833,823	9,355,360
Other	-	-	-	-	178,425	1,976,468	2,154,893
Committed:							
Public Safety	-	-	-	-	-	107,901	107,901
Parks	-	-	-	-	-	1,380,929	1,380,929
Assigned:							
Forest Management	-	-	-	10,611,540	-	242,739	10,854,279
Unassigned	6,292,252	-	-	-	-	-	6,292,252
Total Fund Balance	$ 6,335,988	$ 8,906,432	$ 11,554,397	$ 10,611,540	$ 178,425	$ 11,373,858	$ 48,960,640

Note III - Detailed Notes on All Funds, continued

C - Interfund Activity

During the year, transfers were made between funds as follows:

Transfer to	Transfer from	Amount	Amount
General Fund	County Forest Fund	3,027,055	
	Non-major funds	1,409,983	4,437,038
Non-Major funds	General fund	916,303	
Non-Major funds	Non-major funds	6,692	922,995
Total		5,360,033	5,360,033

The transfers from the General Fund were routine transfers to support various activities of several nonmajor funds. The transfers into the General Fund consisted of routine transfers from several non-major funds as well as a large transfer from the County Forest Fund to offset a reduction in the Secure Rural Schools and Community Self-Determination Program Act funding.

The General Obligation Series 2003B debt is held in the Gas Pipeline Fund, a business-type activity. Debt is serviced through collection of property taxes in the Bonded Debt Fund, a non-major governmental-type activity. A non-budgetary adjustment to transfers has been made to reduce the principal outstanding in the Gas Pipeline Fund.

Interfund loan

In July 2021, the County Commissioners authorized an interfund loan to the County Forest Reserve Fund from the General Fund, in the amount of $3,273,200 with .6% interest. The loan was made to purchase forest land. The loan is to be paid at $1,104,186 annually over a 3- year period.

	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
County Forest Reserve Fund	$ 2,188,654	$ -	$ (1,123,826)	$ 1,064,828

Note III - Detailed Notes on All Funds, continued

D - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2023 was as follows:

	Governmental Activities:				
	2022	Additions	Deletions	Transfers	2023
Capital assets, not being depreciated:					
Land	$ 14,552,183	$ 770,390	$ (269,549)	$ -	$ 15,053,024
Construction in progress	1,694,883	512,621	-	(1,511,205)	696,299
Total capital assets, not being depreciated	16,247,066	1,283,011	(269,549)	(1,511,205)	15,749,323
Capital assets being depreciated:					
Improvements	4,943,873	62,882	(3,993)	-	5,002,762
Buildings	25,381,497	223,543	-	916,196	26,521,236
Infrastructure	124,482,737	1,066,785	(8,150)	(271,608)	125,269,764
Equipment and vehicles	20,080,623	1,048,995	(1,289,069)	(44,706)	19,795,843
Leased assets	5,815,063	-	-	-	5,815,063
SBITA right of use assets	-	202,039	-	-	202,039.00
Total capital assets being depreciated	180,703,793	2,604,244	(1,301,212)	599,882	182,606,707
Less accumulated depreciation for:					
Improvements	1,784,514	170,838	(3,993)	-	1,951,359
Buildings	10,706,783	442,672	-	-	11,149,455
Infrastructure	72,557,556	3,178,424	(8,150)	(16,813)	75,711,017
Equipment and vehicles	13,024,327	1,054,791	(1,029,269)	(2,713)	13,047,136
Leased assets	308,002	550,449	-	-	858,451
Total accumulated depreciation	98,381,182	5,397,174	(1,041,412)	(19,526)	102,717,418
Total capital assets, being depreciated, net	82,322,611	(2,792,930)	(259,800)	619,408	79,889,289
Governmental activities capital assets, net	$ 98,569,677	$ (1,509,919)	$ (529,349)	$ (891,797)	$ 95,638,612

Depreciation expense was charged to governmental activities as follows:

General Government	$ 1,527,962
Health and Welfare	206,773
Public Safety	402,687
Public Works	3,031,536
Culture and Recreation	228,216
Total depreciation expense -governmental activities	$ 5,397,174

Note III - Detailed Notes on All Funds, continued

D - Capital Assets, continued

	Business-Type Activities:			
	2022	Additions and Reclassifications	Deletions and Reclassifications	2023
Capital assets, not being depreciated:				
Land	$ 591,659	$ -	$ -	$ 591,659
Construction in progress	387,880	21,118	(350,002)	58,996
Total capital assets, not being depreciated	979,539	21,118	(350,002)	650,655
Capital assets being depreciated:				
Improvements	2,668,394	-	-	2,668,394
Buildings	3,072,825	6,882	-	3,079,707
Infrastructure	54,290,138	32,096	1,215,958	55,538,192
Equipment and vehicles	666,569	157,074	9,587	833,230
Leased assets	33,000	-	-	33,000
Total capital assets being depreciated	60,730,926	196,052	1,225,545	62,152,523
Less accumulated depreciation for:				
Improvements	2,200,434	71,993	-	2,272,427
Buildings	1,339,653	58,309	-	1,397,962
Infrastructure	18,261,803	1,100,653	16,813	19,379,269
Equipment and vehicles	381,965	34,939	(25,682)	391,222
Leased assets	12,847	3,300	-	16,147
Total accumulated depreciation	22,196,702	1,269,194	(8,869)	23,457,027
Total capital assets, being depreciated, net	38,534,224	(1,073,142)	1,234,414	38,695,496
Business-type activities capital assets, net	$ 39,513,763	$ (1,052,024)	$ 884,412	$ 39,346,151

Depreciation expense was charged to business-type activities as follows:

Waste operations	$ 136,060
Gas pipeline	1,090,571
County fair	42,563
Total depreciation expense - Business-Type Activities	$ 1,269,194

E - Lease Receivable

The County leases the right to use certain County property to users under long-term leases. Lease revenue recognized by the County in relation to these leases was $71,306 in principal and $37,919 in interest for the year ended June 30, 2023. The leases have expiration dates between 2026 and 2044.

F -Investment in Western Oregon Advanced Health

In November 2013, the County became a member of Western Oregon Advanced Health, LLC, now Advanced Health, a limited liability company which was formed to operate as a coordinated care organization in Oregon and whose members consist of various Oregon health care organizations. The County's investment in Advanced Health represents an approximate 10% ownership interest. Advanced Health's most recently available financial information, as of the year ending December 31, 2022, reported the County's interest at $1,003,976, a decrease of $179,734 over the prior year. Advanced Health does not prepare publicly available financial statements. This investment is measured using level three fair value criteria.

Note III - Detailed Notes on All Funds, continued

G -Compensated Absences Payable

Compensated absences payable activity for the year ended June 30, 2023, was as follows

	Beginning Balance	Additions	Payments	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 2,419,301	$ 2,852,941	$ (2,903,903)	$ 2,368,339	$ 2,368,339
Business-Type Activities					
Compensated Absences	$ 55,245	$ 42,106	$ (49,658)	$ 47,693	$ 47,693

H- Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Leases	$ 358,363	$ -	$ (147,368)	$ 210,995	$ 82,183
SBITA contracts	-	202,039	-	202,039	69,640
Financing arrangements:					
Radio Equipment Note	2,631,799	-	(857,480)	1,774,319	877,116
Excavator Note	59,788	-	(19,345)	40,443	19,924
Paver Note	407,500	-	(63,632)	343,868	64,803
Total financing arrangements	3,099,087	-	(940,457)	2,158,630	961,843
Net pension liability	22,783,497	6,364,905	-	29,148,402	-
Net other postemployment benefit obligation	1,441,865	-	(287,795)	1,154,070	-
Governmental Activities long-term liabilities	$ 27,682,812	$ 6,566,944	$ (1,375,620)	$ 32,874,136	$ 1,113,666
Business-Type Activities					
General Obligation Bonds	$ 1,285,000	$ -	$ (1,285,000)	$ -	$ -
Tractor Financing arrangements	14,972	-	(4,700)	10,272	4,982
Closure/Post-closure costs (Note IV.C)	1,877,763	131,716	(92,070)	1,917,409	105,140
Total Business-type Activities debt	3,177,735	131,716	(1,381,770)	1,927,681	110,122
Net pension liability	271,450	93,555	-	365,005	-
Net other postemployment benefit obligation	18,055	-	(2,188)	15,867	-
Business-Type Activities long-term liabilities	$ 3,467,240	$ 225,271	$ (1,383,958)	$ 2,308,553	$ 110,122

Note III - Detailed Notes on All Funds, continued

H- Long-term Liabilities, continued

On July 1, 2003 the County issued $17,760,000 of Series 2003B taxable general obligation bonds to U.S. Bank. The proceeds were used to finance a portion of the costs of designing, acquiring, constructing, and equipping a natural gas pipeline from Roseburg, Oregon to Coos Bay/North Bend, Oregon. The interest rate on the bonds was 4.33 percent through 2017, then increased to 4.88 percent through maturity. The Bonds are not subject to optional redemption prior to their stated maturities; however, the 2017 Term Bond and the 2023 Term Bond are subject to mandatory redemption. The payments are paid from the Bonded Debt Fund, from property taxes levied for debt service. The full faith and credit of the County is pledged for all outstanding general obligation bonds and the bonds are secured by ad valorem taxes to be levied against all taxable property within the County. These bonds were paid off during the 2023 fiscal year.

On June 15, 2020, the County entered into an agreement to acquire radio equipment from Government Capital Corporation. Ownership is expected to transfer at the end of the term of the agreement via a purchase option held by the County. The amount financed was $4,291,921 with an effective interest rate of 2.29%. Payments of $919,748 including principal and interest are due annually from 2021 through 2025, with amounts coming from the Radio Communications Fund. The amount is secured by an interest in the underlying equipment.

On November 4, 2020, the County financed the purchase of an excavator and trailer through Caterpillar Financial Services Corporation. Ownership is expected to transfer at the end of the term of the agreement via a purchase option held by the County. The amount financed was $99,706 with an effective interest rate of 2.99%. Payments of $21,133 including principal and interest are due annually from 2021 through 2025, with amounts coming from the County Parks Fund. The amount is secured by an interest in the underlying equipment.

On June 21, 2021 , the County financed the purchase of a paver through Caterpillar Financial Services Corporation. Ownership is expected to transfer at the end of the term of the agreement via a purchase option held by the County. The amount financed was $99,706 with an effective interest rate of 2.99%. Payments of $75,198 including principal and interest are due annually from 2023 through 2028, with payments coming from the Public Works fund. The amount is secured by an interest in the underlying equipment.

On August 17, 2018 , the County financed the purchase of a tractor through DLL Finance LLC. Ownership is expected to transfer at the end of the term of the agreement via a purchase option held by the County. The amount financed by the seller was $33,000 with an effective interest rate of 6%. Payments of $5,597 including principal and interest are due annually from 2019 through 2024, with payments coming from the County Fair fund. The amount is secured by an interest in the underlying equipment.

Future obligations related to equipment financing are as follows:

	Business-type Activities		Governmental Activities					
	Tractor		Radio		Excavator		Paver	
Year Ending June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 4,982	$ 615	$ 877,116	$ 40,632	$ 19,924	$ 1,209	$ 64,803	$ 10,395
2025	5,290	307	897,203	20,546	20,519	614	66,741	8,458
2026	-	-	-	-	-	-	68,736	6,462
2027	-	-	-	-	-	-	70,791	4,407
2028	-	-	-	-	-	-	72,797	2,401
Total	$ 10,272	$ 922	$ 1,774,319	$ 61,178	$ 40,443	$ 1,823	$ 343,868	$ 32,123

The County leases vehicles, which are amortized on a straight-line basis over 6 years. and is included in expenses on the Statement of Activities. Total accumulated amortization related to the leased vehicles as of June 30, 2023 was $360,057.

Principal and interest commitments related to long term leases as of June 30, 2023 are stated below.

Period ending June 30,	Governmental Funds
2024	$ 98,869
2025	138,539
Total lease payments	237,408
Less: Amount representing interest	(20,375)
Present value of lease payments	$ 217,033

Note IV - Other Information

A - Employee Retirement System and Pension Plans

Plan Description. Substantially all employees of the County are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan. The Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at Oregon PERS website.

Benefits provided under ORS 238 - Tier One / Tier Two

Pension Benefits. The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results. Under Senate Bill 1049, passed during the 2019 legislative session, the salary included in the determination of Final Average Salary will be limited for all members beginning in 2020. The limit was $225,533 in 2023 and will be indexed with inflation in later years.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

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

• the member was employed by a PERS employer at the time of death,

• the member died within 120 days after termination of PERS-covered employment,

• the member died as a result of injury sustained while employed in a PERS-covered job, or

• the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes. After retirement, members may choose to continue participation in a variable equity investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

Note IV - Other Information, continued

A - Employee Retirement System and Pension Plans, continued

Benefits provided under Chapter 238A - OPSRP Pension Program (OPSRP DB)

Pension Benefits. The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and Fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60, or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

Defined Contribution Plan - OPSRP Individual Account0 Program (OPSRP IAP)

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

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

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

Recordkeeping. OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions. PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2019 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2021. The contribution rates in effect for the fiscal year ended June 30, 2023 were 28.82% for Tier One/Tier Two covered members, 23.00% for OPSRP Pension Program General Service Members, and 27.36% for OPSRP Pension Program Police and Fire Members. Employer contributions for the year ended June 30, 2023 were $5,327,775, excluding amounts to fund employer specific liabilities.

Note IV - Other Information, continued

A - Employee Retirement System and Pension Plans, continued

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the County reported a liability of $29,148,402 for its proportionate share of the net pension asset. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by actuarial valuation as of December 31, 2020 rolled forward to June 30, 2022. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2023, the County's proportion was 0.19274683 percent, which was increased from its proportion of 0.19266273 percent measured as of June 30, 2022.

For the year ended June 30, 2023, the County recognized pension expense of $4,328,931. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 1,432,638	$ 184,051
Changes of assumptions	4,630,813	42,307
Net difference between projected and actual earnings on investments	-	5,276,426
Changes in proportionate share	1,549,955	580,906
Differences between employer contributions and employer's proportionate share of system contributions	370,230	2,454,706
Total (prior to post-MD contributions)	7,983,636	8,538,396
Contributions subsequent to MD	6,488,947	-
Total	$ 14,472,583	$ 8,538,396

Deferred outflows of resources related to pensions of $6,488,947 resulting from the County's contributions subsequent to the measurement date will be recognized as either a reduction of the net pension liability or an increase in the net pension asset in the year ended June 30, 2024. Net deferred outflows (inflows) of resources of $(554,760) will be recognized in pension expense as follows:

Amortization Period	
2024	$ 296,781
2025	(628,134)
2026	(2,229,031)
2027	2,211,638
2028	(206,014)
Total	$ (554,760)

Actuarial Assumptions. The employer contribution rates effective July 1, 2021, through June 30, 2023, were set using the projected unit credit actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Note IV - Other Information, continued

A - Employee Retirement System and Pension Plans, continued

Valuation Date	December 31, 2020
Measurement Date	June 30, 2022
Experience Study	2020, published July 20, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.4 %
Long-term Expected Rate of Return	6.9%
Discount Rate	6.9%
Projected Salary Increases	3.4% percent overall payroll growth
Cost Living Adjustments (COLA)	Blend of 2.00% COLA and Graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Date Scale, with job category adjustments and set-backs as described in the valuation. Active Members: Pub-2010 Employees, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2020 Experience Study which reviewed experience for the four-year period ending on December 31, 2020.

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

https://www.oregon.gov/pers/pages/financials/acfr-previous-years.aspx

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

Note IV - Other Information, continued

A - Employee Retirement System and Pension Plans, continued

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 6.90 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.90 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.9 percent) or one percentage-point higher (6.9 percent) than the current rate:

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.9%)
Proportionate Share of Net Pension Liability (Asset)	$ 52,339,474	$ 29,513,407	$ 10,409,042

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Assumptions and Other Inputs . Changes in actuarial methods and assumptions implemented since the December 31, 2021 valuation are described in the 2020 Experience Study (Study), published July 2021. Changes in assumptions from that Study are reported in the table of actuarial methods and assumptions, modifications to the allocation of actuarial accrued liabilities, administrative expense assumptions, healthcare cost inflation, and mortality tables can be found in the Study at: https://www.oregon.gov/pers/Documents/Exp_Study_2020.pdf

Note IV - Other Information, continued

B - Other Post-Employment Benefits (OPEB)

Plan Description. The County has a health insurance continuation option available for eligible retirees and their spouses and dependents until Medicare eligibility. The County is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Thus GASB 75 is applicable to the County due to the implicit rate subsidy. This "plan" is not a stand-alone plan and therefore does not issue its own financial statements. The plan is a single-employer defined-benefit plan administered by the County.

Funding Policy. The County pays health, dental and vision insurance premiums for those retirees at the blended rate for each family classification. The required contributions to the plan consist of the amount paid by retirees.

Financial Statement Presentation

The amounts on the financial statements relate to the plans as follows:

Net OPEB liability at June 30, 2022	$	1,459,920
Deferred outflow (inflow) of resources		
Service cost		166,990
Interest		56,706
Differences between expected and actual experience		(170,083)
Changes of assumptions or other input		(330,105)
Benefit payments		(13,490)
Net changes		(289,982)
Net OPEB liability at June 30, 2023	$	1,169,938

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	$ 72,243	$ 220,380
Changes of assumptions or other inputs	140,556	716,867
Total (prior to post-MD contributions)	$ 212,799	$ 937,247

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		
2024	$	(101,085)
2025		(101,083)
2026		(63,494)
2027		(110,348)
2028		(110,348)
Thereafter		(238,090)
Total	$	(724,448)

Benefits Provided. The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	-
Active employees	304
Total	304

Total OPEB Liability and OPEB Expense The County's total OPEB liability of $1,169,938 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022. For the fiscal year ended June 30, 2023, the County recognized OPEB expense from this plan of $122,611.

Note IV - Other Information, continued

B - Other Post-Employment Benefits (OPEB), continued

Actuarial Assumptions and Other Inputs The total OPEB liability in the July 1, 2022 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry age normal
Inflation	2.4 percent
Annual pay increases	3.4 percent
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex-distinct for members and dependents, with a one year setback for male general service employees and female safety employees.
Discount rate	3.5 percent
Health Care Claims Costs	2022-23 claims costs for an age 64 retiree or spouse are assumed to be $16,802 for Teamster CADS/Roads/Solid Waste plans, $19,170 for Teamsters non-union/FOPPO/ONA plans and $14,748 for Moda plans

Sensitivity of the Total OPEB Liability The following presents the County's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.5 percent) or 1-percentage-point higher (4.5 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rates:	1% Decrease (2.5%)	Discount Rate (3.5%)	1% Increase (4.5%)
Total OPEB Liability	$ 1,262,916	$ 1,169,937	$ 1,083,139

Health Cost Trends:	1% Decrease (5.8% graded down to 3.5%)	Trend Rate (6.8% graded down to 4.5%)	1% Increase (7.8% graded down to 5.5%)
Total OPEB Liability	$ 1,019,991	$ 1,169,937	$ 1,349,035

C - Landfill Closure and Post-Closure Care Costs

During 2012, the Beaver Hill disposal site became inactive and an interim cover was put in place on the trench. The landfill was closed during fiscal year 2014-15. The site continues to function as a transfer station for solid waste. The Joe Ney disposal site became inactive in summer 2013, received the final cover in 2014, and required repairs in late June 2015. The Bandon Landfill is closed, and has a soil cover. In 2014, DEQ approved the County's application for termination of environmental monitoring of the Bandon site.

The County has recorded a liability for the estimated costs of landfill postclosure care. Annually, the County evaluates the liability by examining the estimated costs needed to perform the postclosure care over the remaining life and adjusts the liability accordingly. During the year ended June 30, 2023 the County's estimated liability changed as follows:

	Landfill Postclosure care liability
Balance at June 30, 2022	$ 1,877,763
Change in estimate	131,716
Maintenance costs paid in 2023	(92,070)
Balance at June 30, 2023	$ 1,917,409

Note IV - Other Information, continued

D - Contingencies Under Grant Provisions

Under terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to the grantor agencies. The County believes disallowances, if any, will be immaterial.

E - Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors, and omission, injuries to employees, and natural disasters. The County purchases commercial insurance for general, auto and property liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. As of June 30, 2023 the County had outstanding claims filed in court against the County. The County's liability would be limited to the insurance deductible. If the County were to lose all the cases, the potential liability for the County is $531,509.