

Popular Annual Financial Report

For the Fiscal Year Ended June 30, 2023



DESCHUTES COUNTY, OREGON

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Introduction

Residents of Deschutes County,

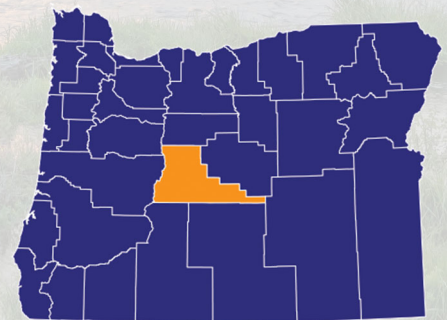
The purpose of the Deschutes County Popular Annual Financial Report (PAFR) is to provide residents with a relatively quick read of the highlights from the County's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023, and to provide insight into long-term trends of the County's largest financial indicators.

The ACFR is a detailed and complete financial presentation prepared in conformance with the United States Generally Accepted Accounting Principles (GAAP) and is available in its entirety online at www.deschutes.org/finance. The ACFR was audited by Moss Adams LLP, an independent auditing firm, and received a clean opinion.

Respectfully Submitted,

Robert Tintle, MPA
Chief Financial Officer

Jana Cain, CPA
Controller



Net Position

Deschutes County's net position as of June 30, 2023 was approximately **\$250 million**. Net Position is broken into two types: Capital Assets and Other Assets.

Net position—Capital assets represents the current value of County infrastructure, offset for amounts owed.

Infrastructure includes the County's investment in:

- Roads
- Vehicles and equipment
- Buildings for providing services

The net position of capital assets could be viewed in a similar manner as home-equity (i.e. in 2023, capital assets are worth \$186 million more than what is owed).

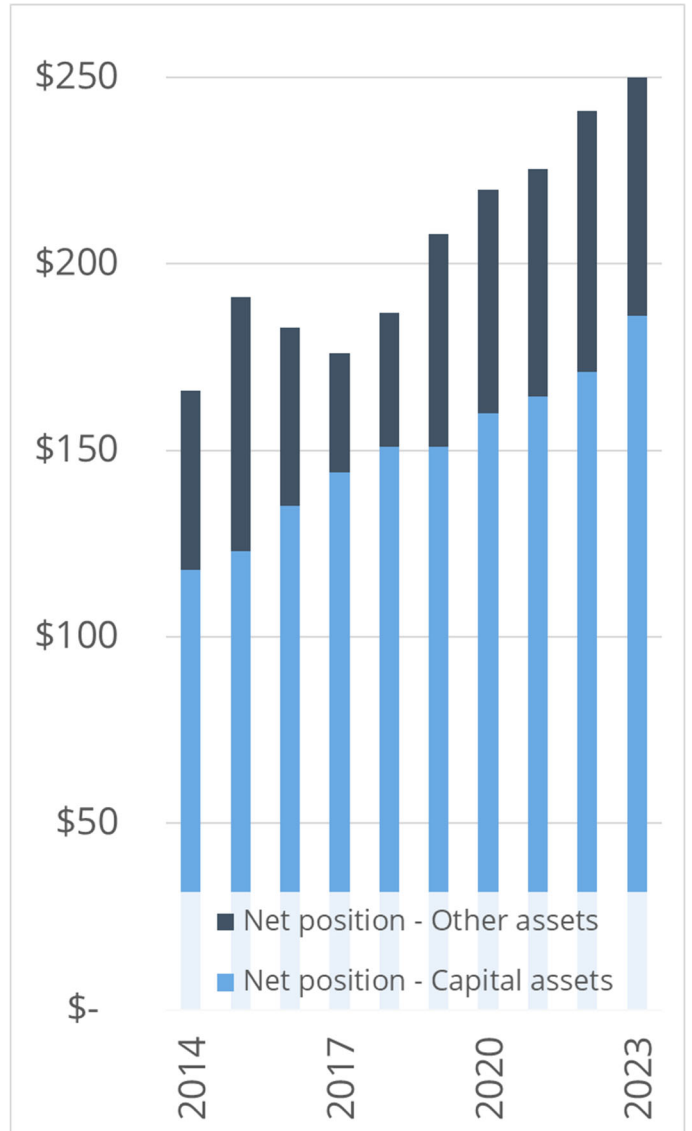
Net position—Other assets represents the current value of all other assets, offset for amounts owed.

- Cash reserves
- Inventory
- Loans and other receivables (businesses or people owing the County money)

The current value in net position of all other assets could be viewed in a similar manner to that of a checking account (i.e. other assets are worth \$64 million more than what is owed).

The graphics below show the last 10 years of net position as well as the net position per capita:

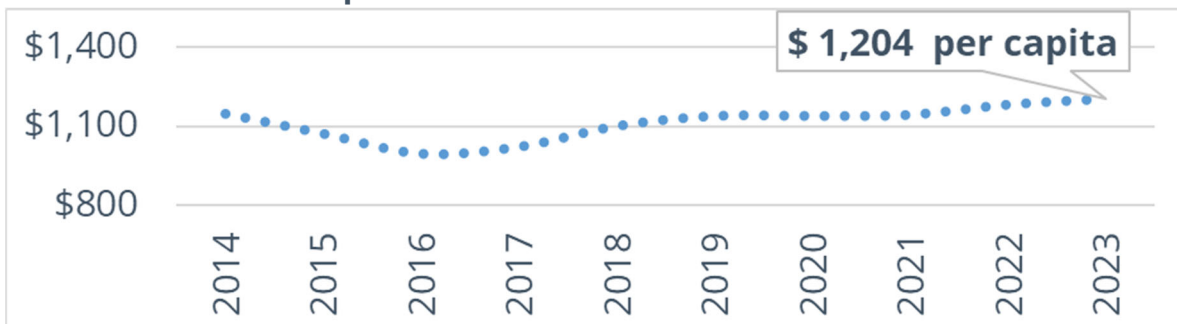
Net Position (in millions)



Net Position (in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net position - Capital assets	\$ 118	\$ 123	\$ 135	\$ 144	\$ 151	\$ 151	\$ 160	\$ 164	\$ 171	\$ 186
Net position - Other assets	48	68	48	32	36	57	60	61	70	64
Total Net Position	\$ 166	\$ 191	\$ 183	\$ 176	\$ 187	\$ 208	\$ 220	\$ 225	\$ 241	\$ 250

Net Position Per Capita



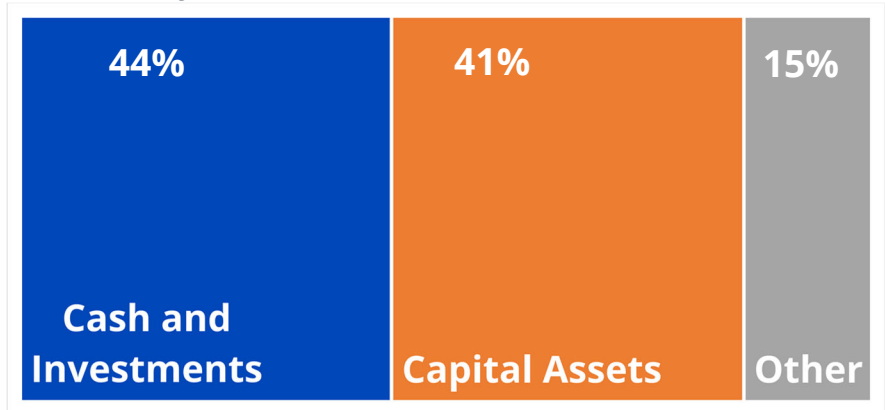
Assets

Total assets held by Deschutes County as of June 30, 2023 was **\$587 million**, an **increase of 6%** from the prior year.

During fiscal year 2023, the County invested significantly in capital assets which support long-term service delivery. Capital assets increased by \$39.3 million primarily due to major transportation projects and Solid Waste improvements, including the Negus Transfer Station in Redmond.

“Other” assets are made up of receivables and inventory.

Assets by Percent



Assets (in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Cash and Investments	\$ 125	\$ 127	\$ 141	\$ 148	\$ 164	\$ 191	\$ 197	\$ 245	\$ 268	\$ 256
Capital Assets	184	184	190	193	194	193	199	199	203	243
Other	(15)	34	24	63	49	55	73	80	82	88
Total Assets	\$ 294	\$ 345	\$ 355	\$ 404	\$ 407	\$ 439	\$ 469	\$ 524	\$ 553	\$ 587

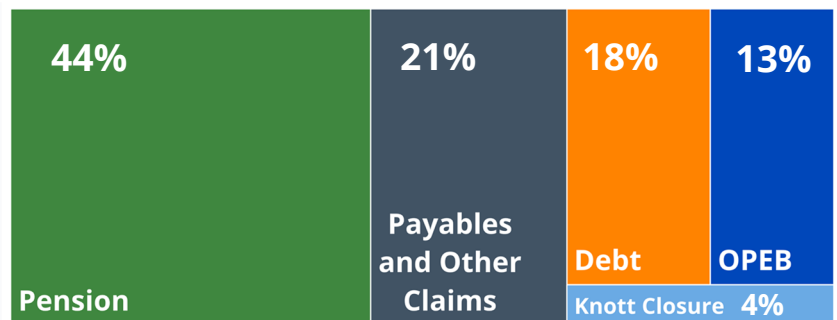
Liabilities

Total liabilities incurred by Deschutes County as of June 30, 2023 was **\$336 million**, a **7% increase**.

In August of 2022, the County received \$21.4 million from issuing new debt for improvements to the Negus Transfer Station. This debt has a true interest cost of 3.3% and is scheduled for repayment over a 20-year period.

Future pension and other post-employment benefits (OPEB) payments continue to be the largest County liabilities.

Liabilities by Percent



Liabilities (in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pension	\$ -	\$ -	\$ 46	\$ 96	\$ 87	\$ 102	\$ 121	\$ 143	\$ 142	\$ 147
Debt	79	72	66	59	55	52	47	42	38	51
OPEB	17	46	20	33	34	35	35	36	44	44
Payables and Other Claims	22	26	29	29	35	34	35	67	77	80
Knott Closure	10	10	11	11	9	8	11	10	12	14
Total Liabilities	\$ 128	\$ 154	\$ 172	\$ 228	\$ 220	\$ 231	\$ 249	\$ 298	\$ 313	\$ 336

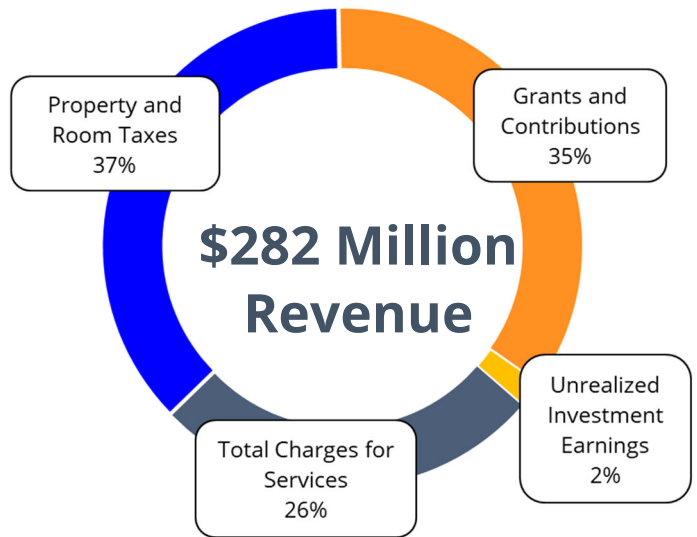
Revenues

Deschutes County revenues for Fiscal Year 2023, were **\$282 million**, an increase of 14.1% over the prior year.

Taxes include both property tax revenue and room-tax revenue. Total tax revenue for the year was \$104 million, a 5.1% increase over the prior year. This was driven by a 5.6% increase in assessed property value and an addition of 1,169 new property tax accounts.

Charges for Services include payments made by residents for a specific service provided to the resident. Total charges for services for the year was \$74 million, a 3.8% increase over the prior year.

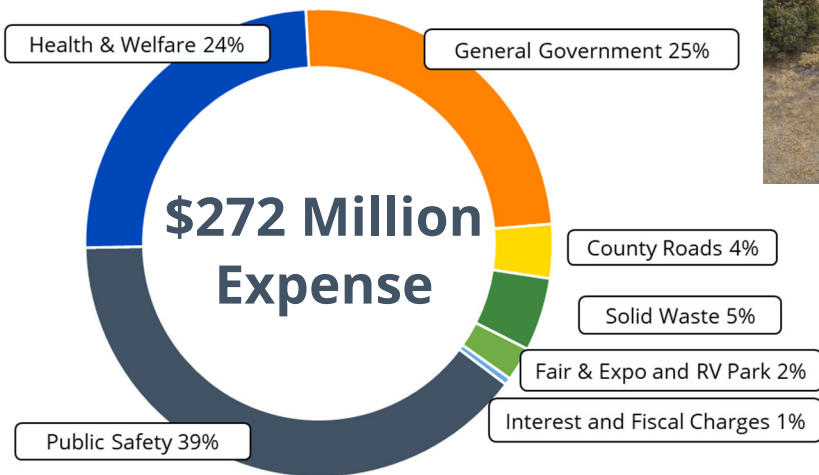
Grants and Contributions include payments made for services by the Federal, State, and other local governments. Grants and contributions totaled \$99 million, an 18.7% increase from the prior year. The increase was primarily driven by Health and Welfare programs as well as American Rescue Plan Act (ARPA) funding.



Roundabout at Homehook and Deschutes Market

Deschutes County expenses for Fiscal Year 2023, were **\$272 million** (a 17.4% increase from the prior year).

Expenses



Public Safety and **General Government** expenses increased by 23.6% and 37.8%, respectively, due primarily to rising personnel and technology costs.

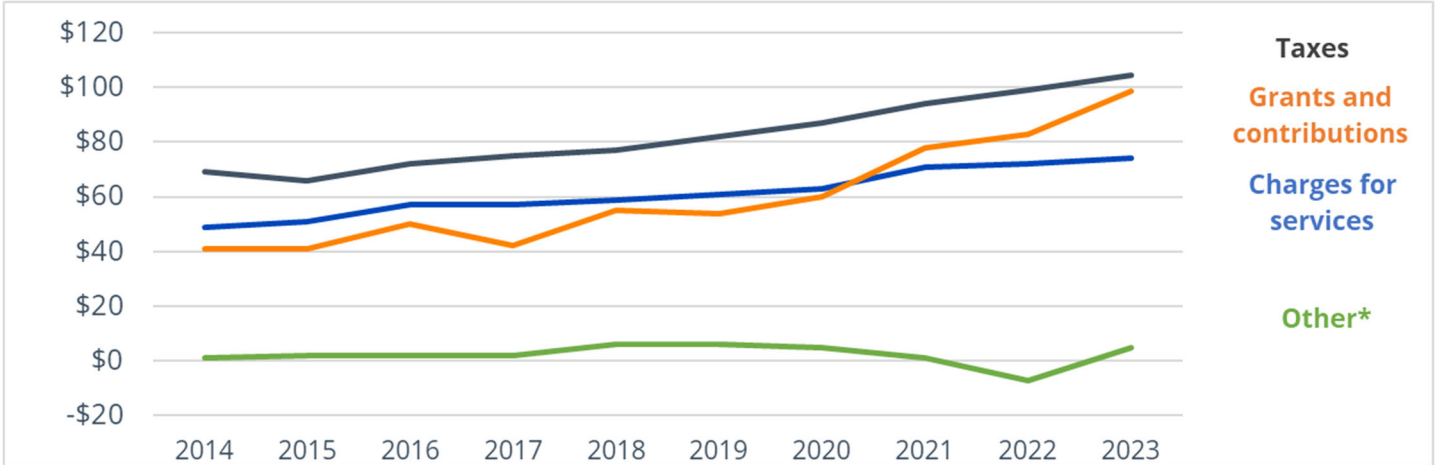
Health & Welfare expenses increased by 19.4%. However, revenues for this service area increased by 41.4% as a result of expanded services to County residents.

County Roads costs decreased due to a large portion of fiscal year 2023 funds spent on capital projects. These multi-year projects are not reported as expenses, but rather as capital assets on the Statement of Net Position.

Solid Waste expenses increased primarily due to the costs incurred to identify a new landfill site as the Knott Landfill is projected to reach capacity in 2029.

Fair & Expo expenses increased 30.7% due to multiple new and expanded event offerings in fiscal year 2023. New events included the High Desert Stampede, Fairwell Festival, and Cascade Equinox Festival.

Revenues — 10 Year History

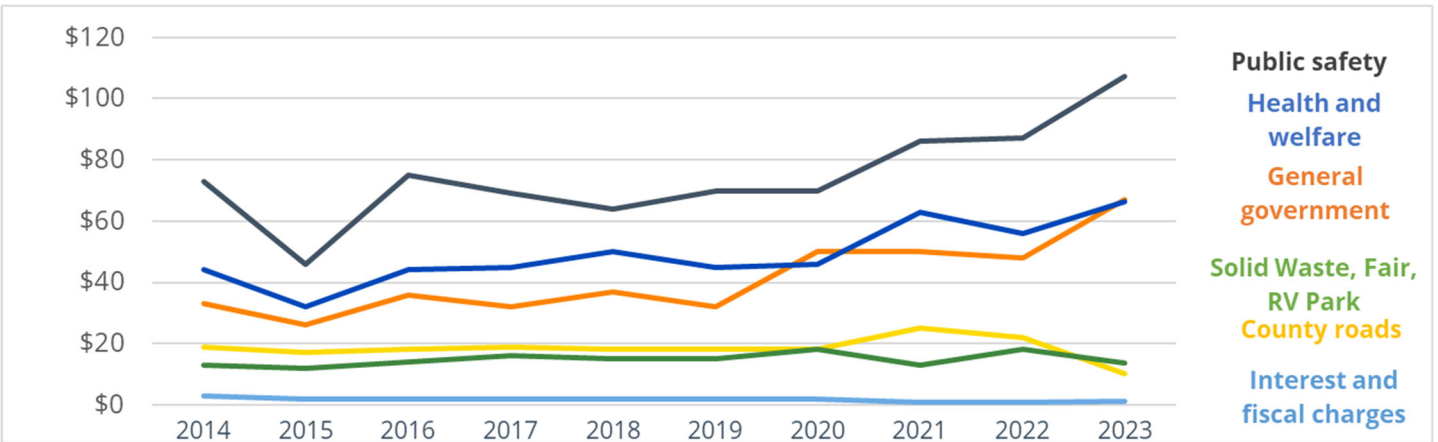


Revenues (in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Taxes	\$ 69	\$ 66	\$ 72	\$ 75	\$ 77	\$ 82	\$ 87	\$ 94	\$ 99	\$ 104
Charges for services	49	51	57	57	59	61	63	71	72	74
Grants and contributions	41	41	50	42	55	54	60	78	83	99
Other*	1	2	2	2	6	6	5	1	(7)	5
Total Revenues	\$ 160	\$ 160	\$ 181	\$ 176	\$ 197	\$ 203	\$ 215	\$ 244	\$ 247	\$ 282

* FY22 other revenues decreased due to unrealized investment losses.

Expenses — 10 Year History



Expenses (in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety	\$ 73	\$ 46	\$ 75	\$ 69	\$ 64	\$ 70	\$ 70	\$ 86	\$ 87	\$ 107
Health and welfare	44	32	44	45	50	45	46	63	56	66
General government	33	26	36	32	37	32	50	50	48	67
County roads	19	17	18	19	18	18	18	25	22	10
Solid Waste, Fair & Expo, RV Park	13	12	14	16	15	15	18	13	18	20
Interest and fiscal charges	3	2	2	2	2	2	2	1	1	1
Total Expenses	\$ 185	\$ 135	\$ 189	\$ 183	\$ 186	\$ 182	\$ 204	\$ 238	\$ 232	\$ 272

Debt

During fiscal year 2023, Deschutes County borrowed \$21.4 million to finance improvements to the Negus Transfer Station. This increased the debt to **\$54.9 million** (\$265 per County resident). In November of 2023 (after 2023 fiscal year-end), the County borrowed an additional \$26.6 million; \$20.6 million for the expansion of the Deschutes County Courthouse, and \$6.0 million to refinance prior debt at favorable repayment terms.

On June 30, 2023, Deschutes County owed:

Debt (in millions)	Bonded Debt	Premium (Discount)	Total
General Government	\$ 21.3	\$ 0.7	\$ 22.0
Pension	5.8	-	5.8
Solid Waste	23.2	3.0	26.2
Fair & Expo and RV Park	0.9	-	0.9
Total debt	\$ 51.2	\$ 3.7	\$ 54.9

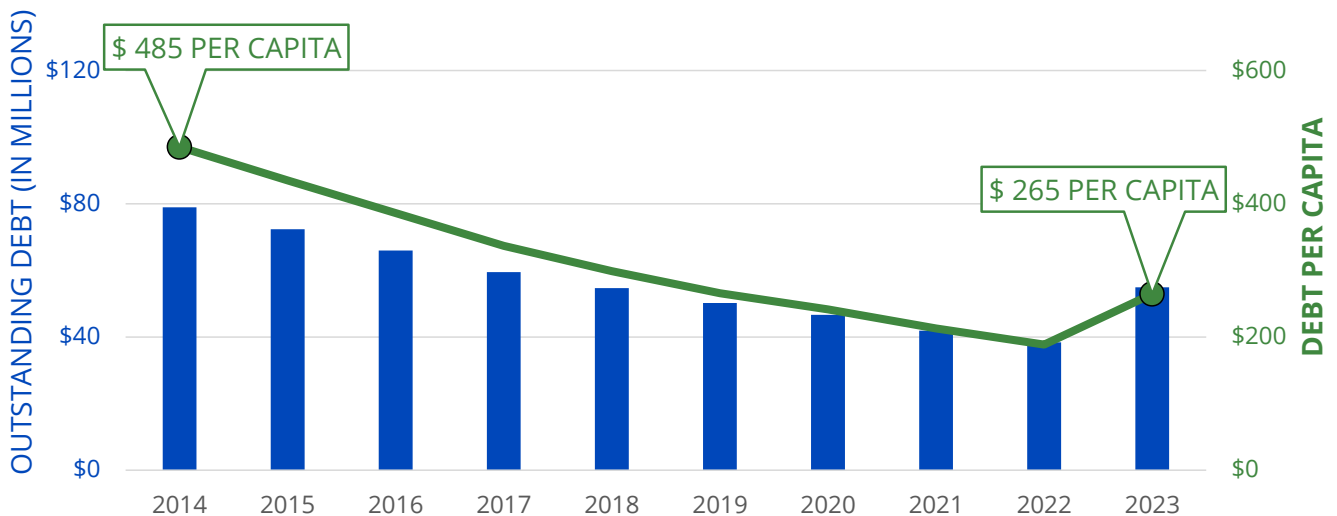
The County's creditworthiness was evaluated in November 2023 and maintained its rating of Aa1 as measured by Moody's Investors Service. Moody's rating of Aa1 represents that Deschutes County is a "High Quality" investment to municipal bond investors. In their ratings rationale, Moody's noted improving resident income levels as well as the County's solid financial profile with healthy and stable reserves and liquidity.



Knott Landfill

The chart below presents the amount of debt outstanding each year, as well as the amount attributable to each resident in Deschutes County. The debt per capita metric illustrates the County's debt burden in relation to an individual resident.

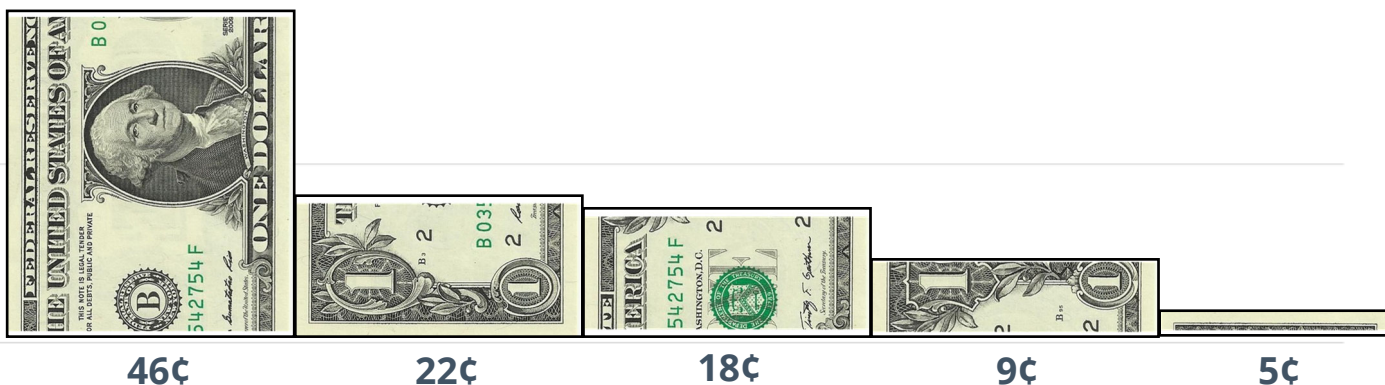
10 Year History of Debt



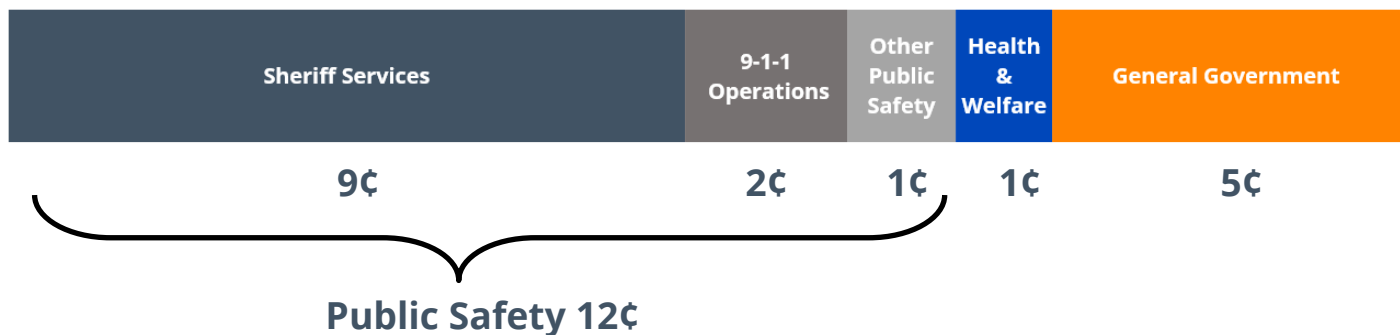
Where do your taxes go?

Although Deschutes County is the tax collector for all taxing districts within the county, overall **only 18 cents of each dollar paid in taxes is retained by the County**. The remaining 82 cents is passed through to other government agencies to provide for schools, police and fire departments, parks, libraries, and more.

NOTE: Tax allocations based on the City of Bend Taxing District (Tax Code 1001). All other city/rural allocations are similar.



Deschutes County uses its taxes to fund Public Safety, Health & Welfare, and General Government.



Public Safety includes the Sheriff's Office, Deschutes 9-1-1, Community Justice, District Attorney's Office (including Victims' Assistance), and Justice Court.

Health & Welfare includes Deschutes County Health Services and Veterans' Services.

General Government includes a variety of departments, such as the Assessor's Office, Clerk's Office including elections, and Community Justice.

Property Taxes

$$\text{Assessed Value} \times \text{Tax Rate} = \text{Tax Bill}$$

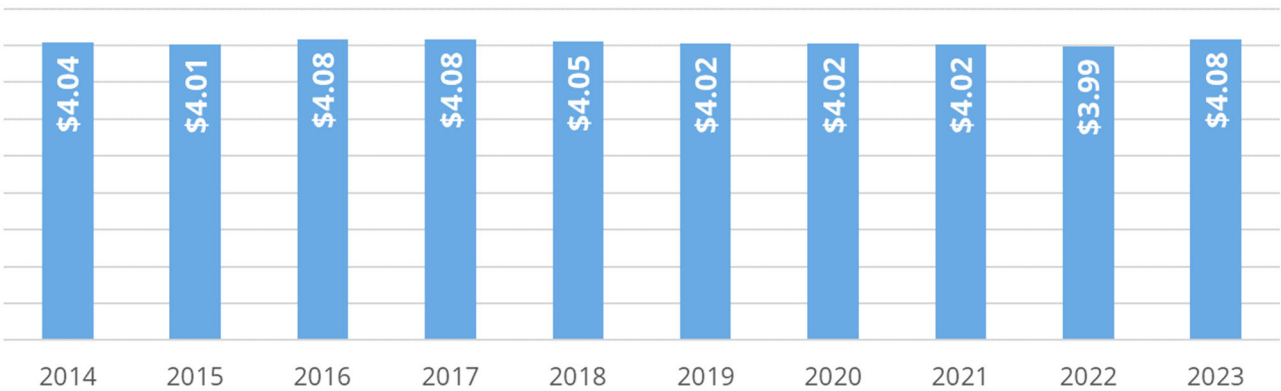
In Oregon, property taxes are billed based on the **assessed value** of a property multiplied by the approved (levied) **tax rate**.

Deschutes County is funded, in part, by five separate tax levies.

- General Deschutes County Levy: District Attorney, Assessor, Community Justice, and more, for all residents.
- Countywide Law Enforcement Levy: County Jail, Civil Unit, and Search and Rescue for all residents.
- Rural Law Enforcement Levy: Detectives, Patrol, and Records for residents outside of city limits.
- 9-1-1 Levy: Traditional 9-1-1 services for all residents.
- Extension and 4-H Levy: Extension and 4-H services for all residents.

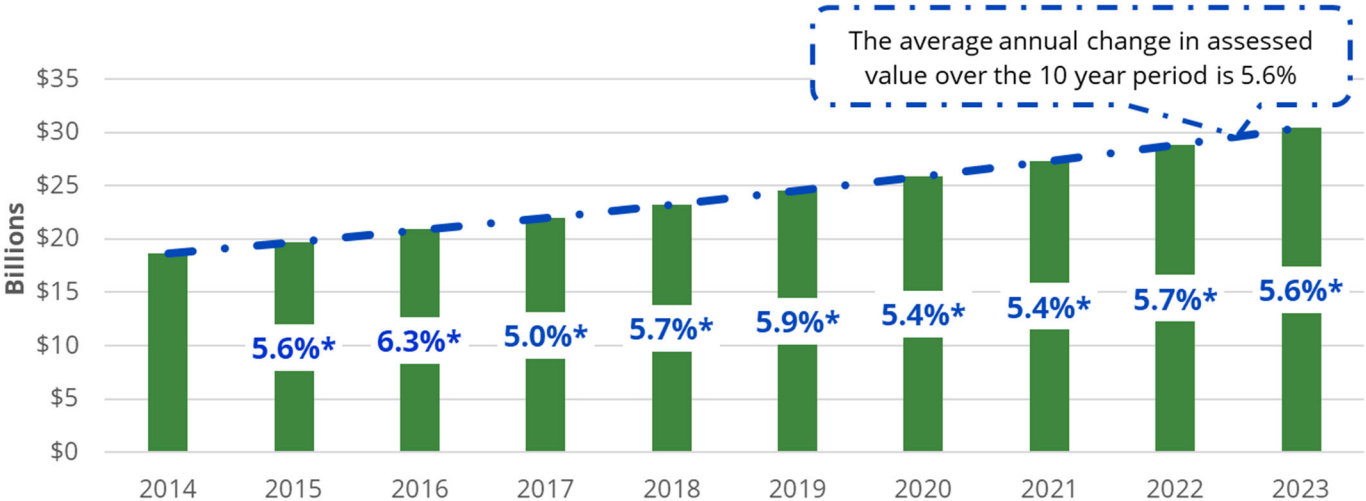
The cumulative total of **tax rates** levied and the **assessed value** for the past 10 years are shown below.

10 Year History of the Tax Rates*



*Rate per \$1,000 of assessed value (excludes expired local option levies)

10 Year History of Assessed Value



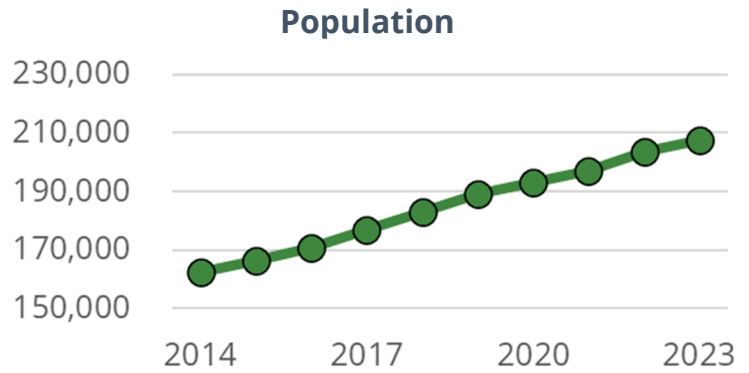
*% Change in Assessed Value from prior year

Demographics and Staffing Ratio

Population for Deschutes County has increased by 28% over the 10 year period. This translates into an average annual growth rate of **2.8%**. The average annual growth rate for the State or Oregon overall was 0.8% during the same period.

Deschutes County's population increased by 2.1% in 2023 to 207,561.

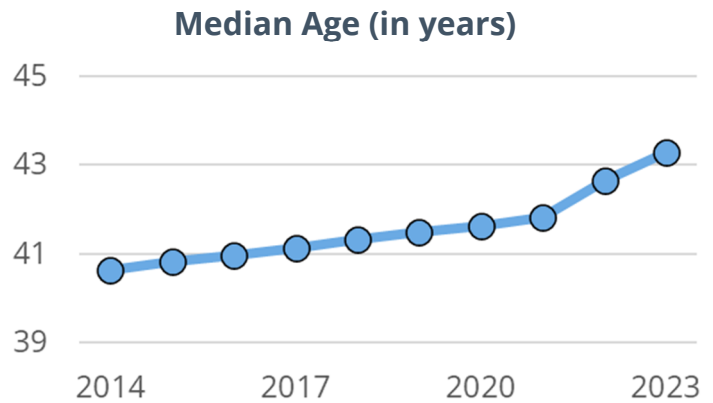
Source: Portland State University



Median Age for Deschutes County has increased by 2.65 years since 2014. The median age for the United States over that same period hovered around 38 years old.

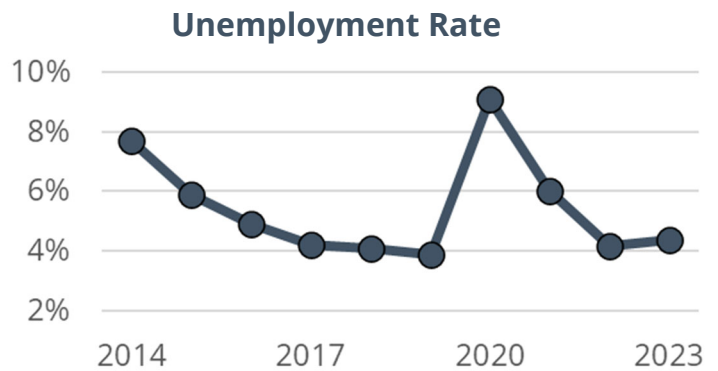
At the end of Fiscal Year 2023, 50% of County residents were older than **43.28** years and 50% were younger.

Source: Portland State University



Unemployment Rate for Deschutes County for Fiscal Year 2023 ended at **4.4%**. Deschutes County started the 10 year period shown with an unemployment rate of 7.7%.

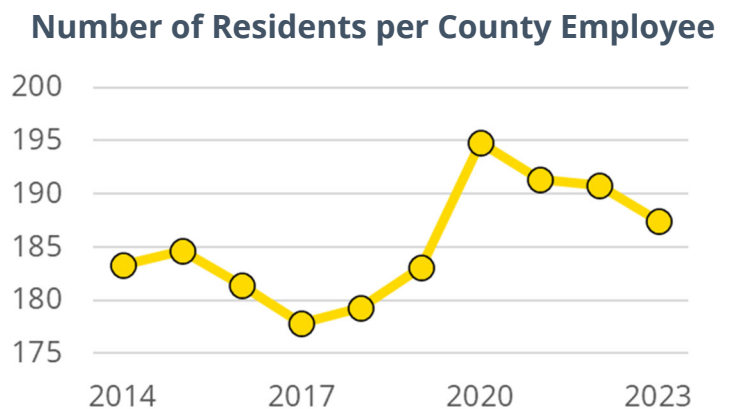
Source: Oregon Employment Department



Population Per Full-Time Employee for Deschutes County has remained stable over the last 10 years. At the end of Fiscal Year 2023, there were **187** residents per County employee.

This data point provides insight into the size of government versus the population governed.

Source: Deschutes County



Additional Information

Disclosures:

- **Intended audience:** Residents seeking high-level financial information concerning the County.
- **Measurement focus:** The financial data presented in the Popular Annual Financial Report (PAFR) uses the same measurement focus and basis of accounting as the County's Annual Comprehensive Financial Report (ACFR).
- **Financial information:** Financial information from the ACFR's government-wide financials have been reproduced (full-accrual). Fund-level information has not been provided, but is available in the ACFR. All financial entities (including component units), as presented in the ACFR, have been consolidated in the PAFR.
- **Departures from accounting terminology:** In preparing the PAFR, minor departures were made from standard *generally accepted accounting principal (GAAP)* prescribed terminology. Such departures were made in an attempt to avoid confusion concerning the materials presented. Highlighted departures from GAAP are:
 - "Assets" as used in this report, at times, include both Assets and Deferred Outflows.
 - "Liabilities" as used in this report, at times, include both Liabilities and Deferred Inflows.
 - "Net Position - Other Assets" includes both Restricted & Unrestricted Net Position.
 - "Net Position - Capital Assets" is Net Investment in Capital Assets.
- **Volatility due to changes in accounting measurement:** Over the course of the 10 years presented, the Government Accounting Standards Board (GASB) has made modification to how certain items are presented (e.g. pensions and other post-employment benefits). Such changes in recognition practices introduced volatility to the 10 year trend information, as presented.

Contact Information:

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Special thanks to Finance Department staff and their commitment to the underlying debits/credits.

Fiscal Year 2022 PAFR Award



Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**Deschutes County
Oregon**

For its Annual Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO



FINANCE