

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2016

About the Cover

The rendering on the cover of the Comprehensive Financial Annual Report is a view from Tom McCall Waterfront Park of what the new Multnomah County Central Courthouse (building on the right) will look like upon completion.

In fiscal year 2016 significant progress was made on the project. The County acquired many of the office and restaurant condominiums in Jefferson Station which will be incorporated into the Courthouse. The rest of the condos will be acquired in fiscal year 2017. The project architects held more than a hundred meetings with Courthouse users (including the Sheriff's Office, judges, lawyers, and District Attorney staff). Additional meetings were held with Elders in Action, Disability Rights Oregon, and victim's advocacy groups to get their feedback on the design.

When the current central courthouse was built in downtown Portland between 1909 and 1914, the county had one-third its current population. This was long before modern building code standards for earthquakes were in place. A century's worth of public use combined with increased demands from today's much larger population of about 750,000 county residents has created major functional difficulties and needed safety upgrades. The new courthouse will incorporate 21st century best practices in courthouse operations, security, and design that will be capable of adapting to changing needs over a planned 100-year useful life.

The new 17-story building will be located at the west end of the Hawthorne Bridge on the northwest corner of SW Madison and SW First Avenue, bordered by Naito Parkway and the Willamette River on the east, and the downtown core along the other elevations. The east section of the 17-story building will be clad in glass and house ten floors of courtrooms and a jury assembly room. These public areas of the building were intentionally oriented with views towards the Willamette River and Mt Hood. Similar to the other Courthouses and public buildings in Portland the building will be clad in limestone. Jefferson Station, an historic building immediately to the south, will connect to the new courthouse and include a waiting room and high volume courtrooms.

The lobby will have a three-story atrium that serves as a welcoming entrance to the Courthouse. While the ground floor functions as the security check-in area for all visitors, the second and third floors will have the highest number of visitors with views overlooking the Willamette River. The project includes main sustainable features including a green roof, solar panels, and a radiant floor heating system. There will also be a bike parking area in the building for staff as well as CourtCare where children can be dropped off for a few hours while their parents address business in the Courthouse.

The \$300M project is jointly funded by the State of Oregon and Multnomah County. The building's design phase is well underway and construction is scheduled to begin in February 2017. The building is scheduled open in the spring of 2020.

Hoffman Construction is the acting project's construction manager and general contractor. Hoffman staff led teams of sub-contractor trade partners in refining the design with the project's architects and engineers. The project team used the *target value design method* to provide a continuous update on project cost estimates.

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016



Prepared by: Department of County Management
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MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

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Department of County Management

MULTNOMAH COUNTY OREGON

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December 21, 2016

Honorable County Chair, Board of County Commissioners
and Citizens of Multnomah County, Oregon,

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2016, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the *Minimum Standards for Audits of Oregon Municipal Corporations* Division 10 of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Office of Management and Budget (OMB) 2 CFR Part 200 (Uniform Administrative Guidance) and the provisions of *Government Auditing Standards* promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the County's compliance with applicable Federal laws and regulations related to the OMB 2 CFR Part 200 is included with this report beginning on page 202.

This report presents fairly the financial position of the various funds of the County at June 30, 2016, and the results of operations of such funds and the cash flows of the proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP). It is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, County management established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Multnomah County's MD&A can be found immediately following the independent auditors' report. Unless otherwise noted, dollar amounts are expressed in thousands.

PROFILE OF MULTNOMAH COUNTY, OREGON
(amounts expressed in thousands)

Multnomah County, incorporated in 1854, is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, and serves an estimated population as of July 1, 2015 of 790,294 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

Multnomah County is governed according to its Home Rule Charter. The County's charter, adopted in January 1967, has had several subsequent amendments. The County is governed by a Board of County Commissioners consisting of four non-partisan members elected from designated districts within the County and the Chair of the Board, elected at large. The Board of County Commissioners conducts all legislative business of the County.

Multnomah County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and therefore are included in the County's financial statements as component units. The legally separate Library District of Multnomah County is also included in the County's financial statements, as is The Library Foundation, a tax-exempt foundation whose primary purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. The County also maintains a Hospital Facilities Authority (Authority) whose primary purpose is to issue conduit debt for health care facilities. The Hospital Facilities Authority is also considered a component unit but it is not included in the County's financial statements as the activity of the Authority is not material to the County's financial statements. Additional information on these legally separate entities can be found in Note I of the Notes to the financial statements.

The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse at the end of the fiscal year. Additional unanticipated resources and corresponding appropriations may be added to the budget during the fiscal year through a supplemental budget process. Original and supplemental budgets may be modified during the fiscal year by the use of appropriation transfers between categories. The appropriation transfers must be approved by the Board of County Commissioners in public meetings prior to the related expenditures. During the fiscal year, two supplemental budgets were adopted.

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. The General Fund and Federal/State Program Special Revenue Fund budget to actual comparisons are provided on pages 45-46 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 106.

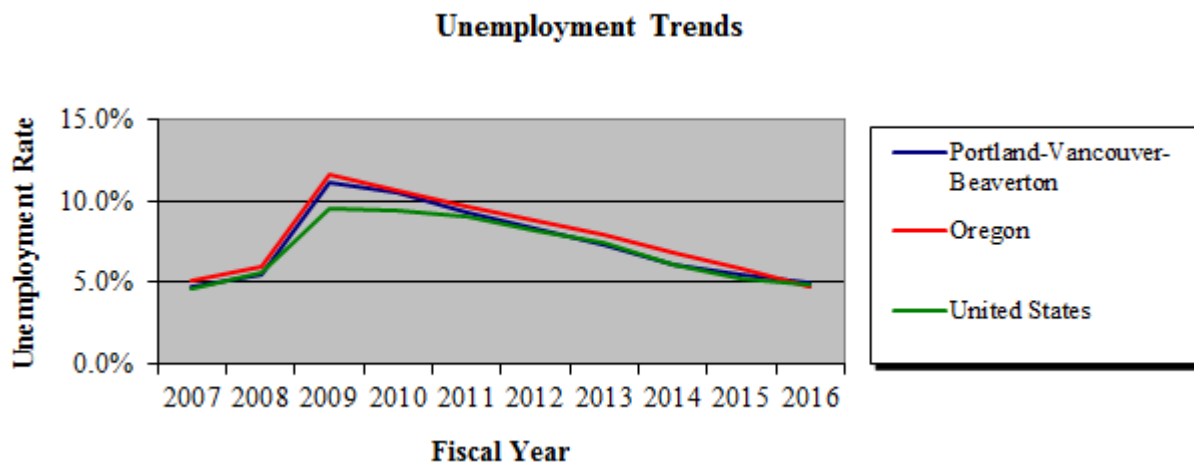
FACTORS AFFECTING FINANCIAL CONDITION

(amounts expressed in thousands)

Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River Basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy experienced above long-term trend growth according to the University of Oregon Index of Economic Activity during fiscal year 2016. Like the rest of the nation, the region saw increasing real estate values with some areas of the County seeing double-digit growth. Employment growth has been strong and unemployment is now down to pre-recession levels. The rest of the State also saw improved economic conditions with Eugene-Springfield, Central Oregon, and Salem growing at average to slightly above average employment rates, while the Rogue Valley has only recently experienced improved growth rates. It is likely that the local economy will continue average to above average growth in the upcoming year.

The area's unemployment rate has steadily declined from the peak of the “great recession”. As of June 30, 2016 the Portland-Vancouver-Beaverton PMSA’s unemployment rate was at 5 percent, down about a half percent from 5.5 percent a year ago. The unemployment rate for the area is on par with both the State of Oregon (at 4.8 percent) and national average of 4.9 percent. The chart below compares the area’s unemployment rate to the rates for the state and nation.



Financial outlook: Multnomah County emerged from the “great recession” in better financial shape than most local governments in Oregon. The County has taken great strides toward achieving fiscal resilience over the past few years. Significant budget gaps have been closed while the County has maintained a wide array of health, social, and public safety services. Prudent financial planning, careful management of long-term liabilities, and a low inflation environment, allowed the County to increase service levels in fiscal year 2016. One-time-only General Fund resources were used to address a number of infrastructure projects, including replacement of the County’s Central Courthouse, thereby reducing future long-term financing needs.

The current forecast assumes steady growth in employment and personal income over the next few years. Barring a recession or unexpected reductions in State or Federal funding, the General Fund should be able to provide funding at current service levels in fiscal year 2017. The current five year forecast projects that revenues will grow, on average, by slightly less than 3 percent from fiscal years 2017 to 2021. At this level, revenue growth should exceed inflation over the forecast period.

FACTORS AFFECTING FINANCIAL CONDITION

(amounts expressed in thousands)

This generally positive outlook is tempered somewhat by the decision, in April, 2015, of the Oregon Supreme Court in the case *Moro v. State of Oregon*, which struck down most of the Oregon Public Employee Retirement System (OPERS) reforms passed during the 2013 legislative session. Specifically, the Court invalidated the portion of the statute that reduced cost of living increases to retirees who are currently drawing OPERS benefits.

As a result, the County will experience OPERS rate increases in upcoming bienniums. The County's OPERS rates will increase by nearly 4 percent of payroll beginning with the 2017-2019 biennium. Additional changes made by the OPERS Board – a reduction in the assumed earnings rate and updated mortality tables – will further increase rates paid by the County over the next several bienniums.

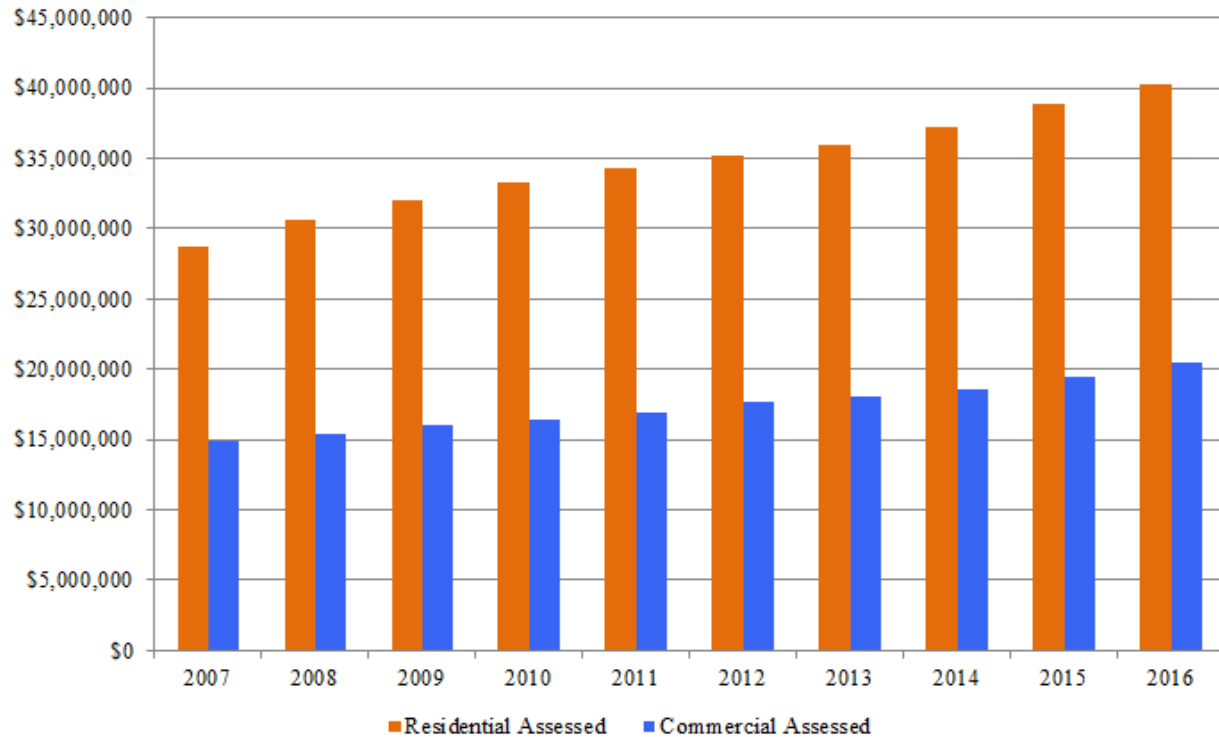
The forecasted OPERS rate increases are manageable and the County has taken proactive measures to limit their impact on ongoing operations. For example, the fiscal year 2017 budget increased rates charged to departments by 2.3 percent to begin addressing the significant OPERS rate increases and unfunded liability. In addition, the budget also includes a \$25 million appropriation to create a “side account” with OPERS. The County is pursuing a strategy of using accumulated reserves over the next three fiscal years to “buy down” anticipated OPERS rate increases. Even with these measures, however, the forecast increase in OPERS rates will probably limit the amount of funding available to expand County services.

The “great recession” had an impact on the County's revenue stream and illustrated which of the County's General Fund revenue streams are sensitive to economic cycles and which are not. The business income tax (BIT), in particular, experienced significant volatility and declines in fiscal year 2009. It wasn't until fiscal year 2015 before BIT collections increased to pre-recession levels. However, property taxes, which account for approximately two-thirds of General Fund revenues, have remained relatively constant despite fluctuations in real estate values. Property taxes are governed by two state constitutional measures, Measure 5 and Measure 50, which set limits on the amount of tax that can be collected. In general, individual property taxable values may not grow by more than 3 percent year over year. For fiscal year 2017, property tax collections are expected to increase by 4 percent driven by new construction and decreased Measure 5 compression.

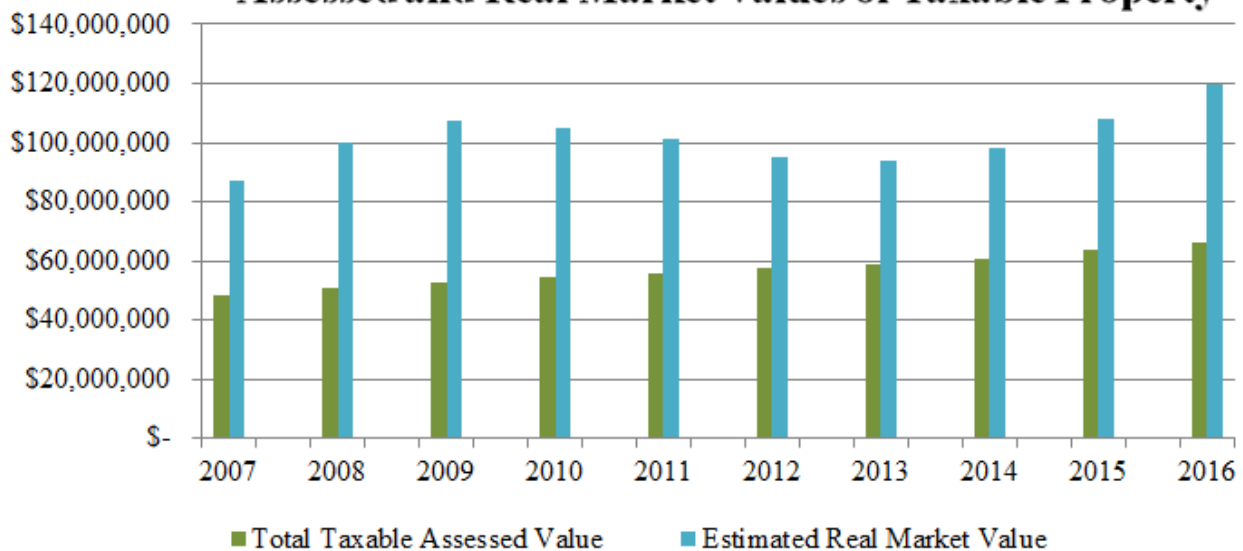
The chart on the following page highlights the County's residential and commercial assessed (taxable) values over the past ten years. Residential property has experienced a 40.4 percent increase in taxable property value over a ten year period compared to a 38 percent increase for commercial property value over the same period. Because assessed values remain well below real market values for most properties, property tax collections are *relatively* inelastic to falling real market values. Had real market values declined below assessed values rather than stabilize and grow, there would have been an adverse impact on the amount of property tax collected and the year over year property tax growth.

FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

Assessed Values of Taxable Property



Assessed and Real Market Values of Taxable Property

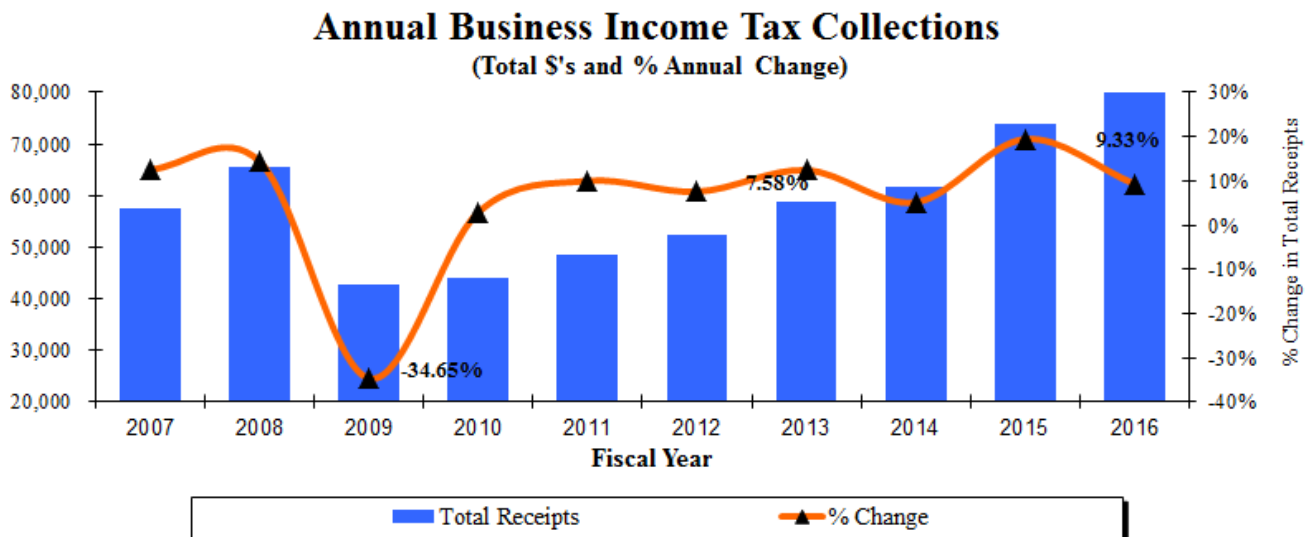


FACTORS AFFECTING FINANCIAL CONDITION

(amounts expressed in thousands)

Business income tax (BIT) is the second largest source of revenue in the General Fund and is set at a rate of 1.45 percent of net income. BIT collections generally parallel economic cycles. Prior to the onset of the “great recession”, fiscal year 2008 BIT collections were nearly \$66 million and had exhibited five years of double-digit growth. The following year they declined by more than a third, with fiscal year 2009 collections coming in at just under \$43 million. In fiscal year 2016, collections were nearly \$81 million, a 9.3 percent increase over fiscal year 2015 and the highest level of BIT collections ever received.

The following chart highlights the volatility of BIT collections over the past ten years. Current forecasts assume moderate growth in BIT revenue. The County has taken proactive measures to establish a separate contingency amount in the General Fund to guard against downturns in the BIT. For fiscal year 2017, this “BIT Stabilization Reserve” has been set at \$8 million providing an additional 10 percent buffer.



Motor vehicle rental taxes (MVRT) account for about 7.5 percent of General Fund tax revenues. The tax rate is set at 17 percent of vehicle rental charges, with the majority of revenue collections dedicated for use in the General Fund. MVRT collections are highly influenced by the economy. The travel and tourism industry was particularly hard hit by the “great recession” and tax collections declined by about 14 percent from fiscal year 2008 to fiscal year 2010. They have rebounded since then and fiscal year 2016 General Fund revenues were \$28.2 million. Since bottoming out in fiscal year 2010, MVRT revenues have increased by more than 80 percent over the past five years reflecting the growing importance of travel and tourism to the region. The expectation is for MVRT to continue to grow at above historical averages in the short term.

A number of years ago the County’s Budget Office identified a “structural deficit” in the General Fund. This represents the ongoing gap that exists before any actions by the Board of County Commissioners required to balance revenues and expenditures. It is an estimate that takes into account the rate of inflation, growth in employee benefits and long term fixed costs. This gap is chiefly the result of property tax limitation measures passed by Oregon voters in 1990 and 1997. As noted earlier, property taxes cannot grow (with a few exceptions) by more than 3 percent a year. Since property taxes make up a large percentage of General Fund revenues, the property tax limits have the effect of constraining

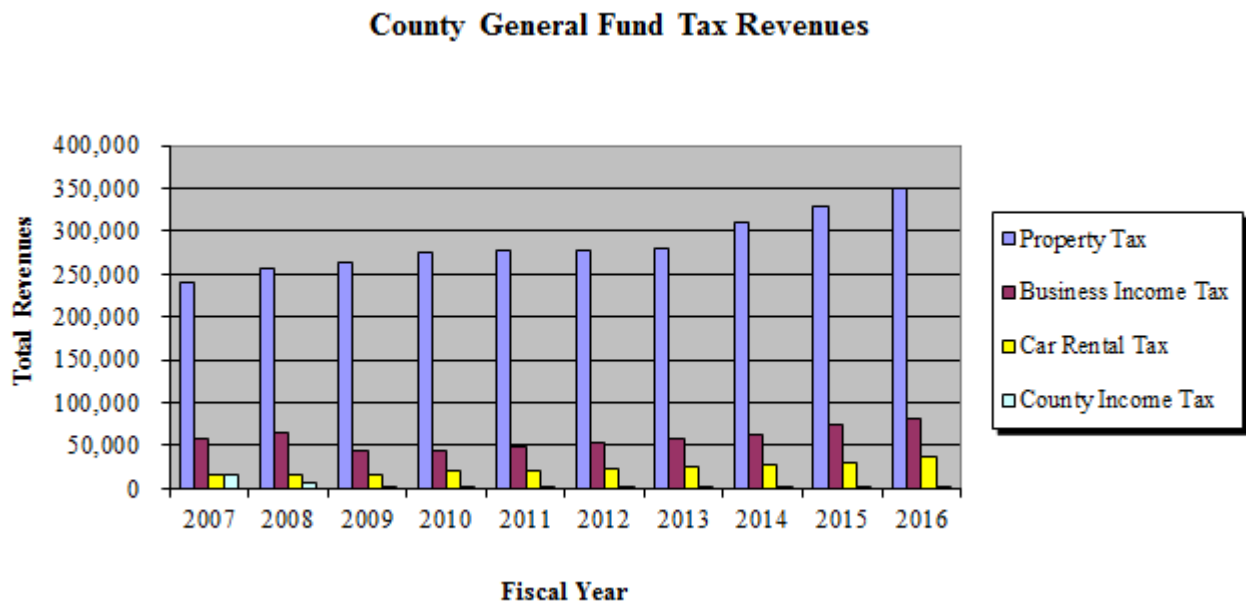
FACTORS AFFECTING FINANCIAL CONDITION (amounts expressed in thousands)

overall revenue growth. The volatility of the BIT also factors into this equation. Expenditures, driven by health care costs (which have been below trend for the past four years) and OPERS costs (which are expected to increase in coming fiscal years), typically tend to grow faster than revenues.

That said, the “structural deficit” of roughly 1 percent of revenues has been masked over the past few years by low inflation, moderating cost growth, and decreasing property tax compression. The “structural deficit” is forecast to reappear as inflation returns to more normal levels and property tax compression can no longer fall. Because the budget, by state statute, must be balanced it is likely that the County will need to trim program spending, allocate one-time sources of revenue, or some combination thereof to bring expenditures in line with revenues. The County will only draw down on budgeted reserves under only extreme circumstances to meet ongoing operational requirements.

The State of Oregon provides a significant portion of the County’s funding, mostly recorded in the Federal/State Program Special Revenue Fund. The State’s General Fund is highly dependent upon economically sensitive personal income taxes, with approximately 85 percent of State General Fund revenue attributable to this tax. For the County’s fiscal year 2016 and the State’s 2015-17 biennium, State funding was generally stable as the State’s financial picture improved with the economy.

The following graph highlights the County’s major tax sources.



Financial and budget policies. The County has established financial and budget policies which are reviewed and adopted annually by the Board of County Commissioners in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the County’s ongoing financial commitments and the continuing revenues available to the County, and to leverage local dollars with Federal and State funding grants. Consistent application of these financial policies has helped ensure that the County has appropriately recorded and accounted for transactions in our financial statements.

The County’s adopted financial and budget policies generally provide for the County to use one-time-only resources for costs that will not recur in future years. However, the policies allow the use of one-time-only resources when, in the short term, it would be more beneficial to allocate such resources to the highest priority public services than to restrict them to non-recurring costs.

FACTORS AFFECTING FINANCIAL CONDITION (amounts expressed in thousands)

In fiscal year 2015, the Board of County Commissioners updated its use of One-Time Only Resources policy, directing that *“after fully funding reserves as established by policy, 50 percent of any remaining one-time-only resources will be allocated to the capitalization, or recapitalization, of major County facilities projects.”* This policy refinement has limited one-time-only funds being used for recurring costs, while addressing long-term facility costs.

The fiscal year 2017 adopted budget includes approximately \$60 million of one-time only General Fund resources after fully funding the General Fund reserve. The majority of these one-time only funds are used for one-time-only expenses, \$19.9 million for replacement of the County’s Downtown Courthouse, almost \$10 million for affordable housing through the County’s “A Home for Everyone” initiative, \$6.8 million to support the purchase and renovation of a new facility in mid county for parole and probation services, \$3 million towards replacement of the Sheriff’s Office headquarters facility, \$1.8 million for expansion of the North Portland dental clinic, and \$1.5 million for replacement of the District Attorney’s CRIMES computer system. A complete list of the uses of one-time-only funds can be found on page 21 of the Budget Director’s Message in the County’s fiscal year 2017 adopted budget. The adopted budget document can be found on line at: <https://multco.us/budget/fy-2017-adopted-budget>.

By adopting the financial and budget policies, the Board of County Commissioners acknowledges that, to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board of County Commissioners is to fund and maintain a reserve designated as unappropriated fund balance and set at 10 percent of budgeted “corporate” revenues (i.e., property taxes, business income taxes, and motor vehicle rental tax) of the General Fund. The reserve is to be used for periods where revenues experience significant declines or are used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond ratings. Moody’s Investor Services currently rates the County as Aaa, the highest possible rating, for general obligation debt and Aa1 (second highest) for full faith and credit debt indicating that the County’s financial capacity to repay its debt obligations is very strong.

Long-term financial planning. The County’s Chief Financial Officer and Budget Director work closely with the Board of County Commissioners and the Chair’s Chief Operating Officer to develop short-term and long-term financial goals and to address the financial stability of the County. The County’s Chief Financial Officer and Budget Director also meet with other local jurisdictions to confer on financial issues that either overlap or impact each entity.

Major initiatives. Due to improved economic conditions, the County has been able to focus on longer-term initiatives, such as infrastructure replacement, health care transformation, and ending homelessness. The County is a founding member of Health Share of Oregon, the regional Coordinated Care Organization, which is a key element in the State of Oregon’s aim to provide better care and reduce costs for people enrolled in the Oregon Health Plan.

The County’s capital project initiatives include funding for improvements and construction on many of the County owned buildings, roads and Willamette River bridges. Included in the County’s capital project plan was the replacement of an 89-year old Willamette River bridge, the Sellwood Bridge. The project to replace the bridge was completed and the new Sellwood Bridge was opened to vehicle traffic in the spring of 2016.

FACTORS AFFECTING FINANCIAL CONDITION

(amounts expressed in thousands)

Another significant capital project initiative is the construction of a new Health Department headquarters, to relocate operations from the outdated McCoy Building to the east half of Block U in downtown Portland. When completed the building is expected to be approximately 157,000 gross square feet with nine floors of office, clinic, and laboratory space. It will house all of the Health Department functions that are currently located in the McCoy Building. The total cost of the new building and relocation of current operations is expected to cost from \$90 million to \$95 million, with \$36.4 million anticipated in the form of a grant from the Portland Development Commission from the River District Urban Renewal Area. It is anticipated that the County will borrow the remaining amount when construction commences. The project is expected to break ground in late 2016 and be ready for occupancy in early 2019.

Planning for a new downtown Multnomah County Courthouse has been underway for the past few years. The project took a significant step forward in fiscal year 2015 and moved into the design and construction phase in fiscal year 2016. The existing Courthouse is over 100 years old and has been determined to be both functionally and structurally obsolete. It is at capacity and there is no room for additional growth. The County has partnered with the State of Oregon, as well as other stakeholders, to plan a new facility that will be between 445,000 and 455,000 square feet and meet all modern standards for court operations and security. The project is expected to cost between \$290 million and \$300 million. Under legislation passed in 2013, the State of Oregon can provide up to 50 percent of the cost of constructing or renovating county courthouses. In fiscal year 2015, the County received the first \$15 million commitment from the State in support of the project. The 2015 legislature approved an additional \$17.4 million. The County has reserved proceeds from the sale of property at the west end of the Morrison Bridge, and the fiscal year 2016 and 2017 budgets earmarked \$48 million of one-time-only resources to provide the required match to the State commitments.

“A Home for Everyone” is a community-wide effort launched in 2014 to house homeless Multnomah County citizens by making smart investments in the areas of housing, income, survival, emergency services, health, access to services and systems coordination. Key partners in the effort include Multnomah County, the City of Portland, the City of Gresham, Home Forward, local nonprofits and members of the public. Over the past two years the County has made significant investments in homeless services and affordable housing. During fiscal year 2016, Multnomah County and the City of Portland signed an intergovernmental agreement which created the Joint Office for Homeless Services, thereby consolidating homeless services under the County. The fiscal year 2017 budget appropriates \$44.8 million for the Joint Office which includes nearly \$10 million in increased General Fund and Video Lottery Fund investments.

AWARDS AND ACKNOWLEDGEMENTS
(amounts expressed in thousands)

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2015. The County has received this prestigious award for 31 consecutive years. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both US GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of the employees in the Department of County Management who maintained the County's financial records and assisted in the preparation of this report. Special thanks are extended to the General Ledger Staff who were instrumental in preparing this report. Appreciation is also extended to the Chair of the Board, Board of County Commissioners, Department Directors, and other County personnel for their assistance and support in planning and conducting the financial operations of the County in a prudent manner.

Respectfully Submitted,



Joseph Mark Campbell
Chief Financial Officer



Samina S. Gillum
Accounting Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

**Presented to
Multnomah County
Oregon**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended**

June 30, 2015

Executive Director/CEO

ELECTED OFFICIALS — MULTNOMAH COUNTY OREGON



Deborah Kafoury
Chair



Loretta Smith
Commissioner District 2



Jules Bailey
Commissioner District 1



Judy Shiprack
Commissioner District 3



Diane McKeel
Commissioner District 4



Steve March
Auditor



Michael Reese
Sheriff

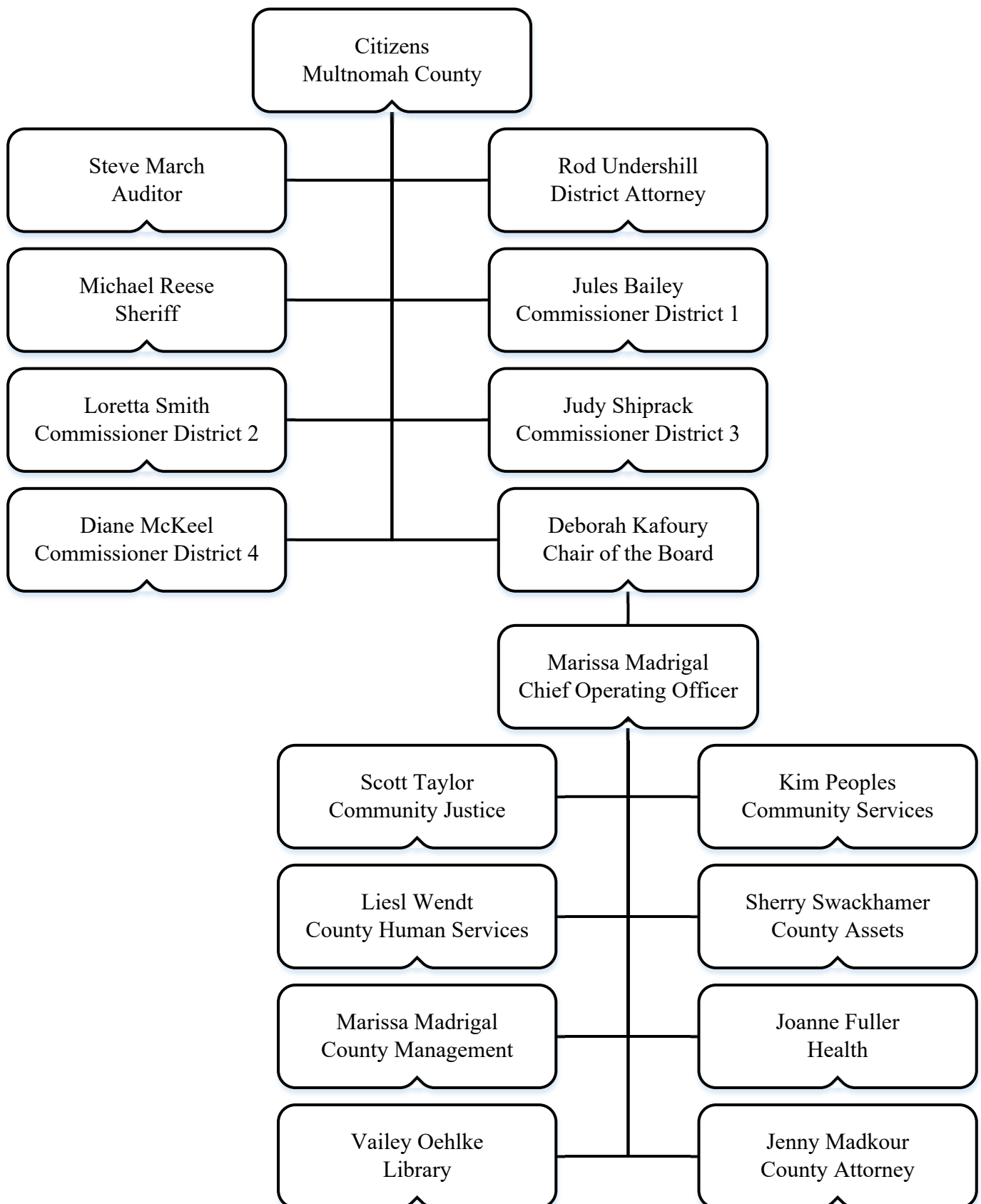


Rod Underhill
District Attorney

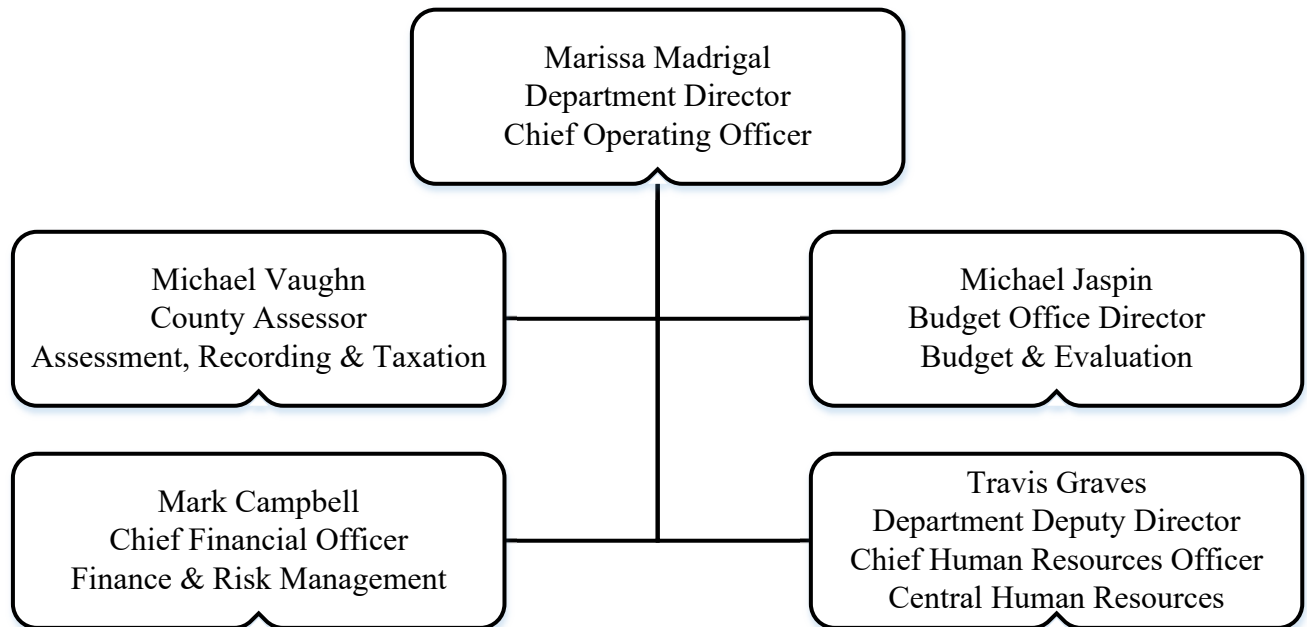
MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2016
Principal Officers

Title	Name	Term Expires
<u>Board of County Commissioners</u>		
Chair of Board	Deborah Kafoury 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2018
District No. 1	Jules Bailey 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2018
District No. 2	Loretta Smith 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2018
District No. 3	Judy Shiprack 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2016
District No. 4	Diane McKeel 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2016
<u>Other Elected Officials</u>		
County Auditor	Steve March 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2018
County District Attorney	Rod Underhill 1021 SW Fourth Avenue Portland, OR 97204	12/31/2016
County Sheriff	Michael Reese 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2018
<u>Other Appointed Officials</u>		
Chief Financial Officer	Joseph Mark Campbell	Not elected
County Attorney	Jenny Madkour	Not elected

MULTNOMAH COUNTY, OREGON



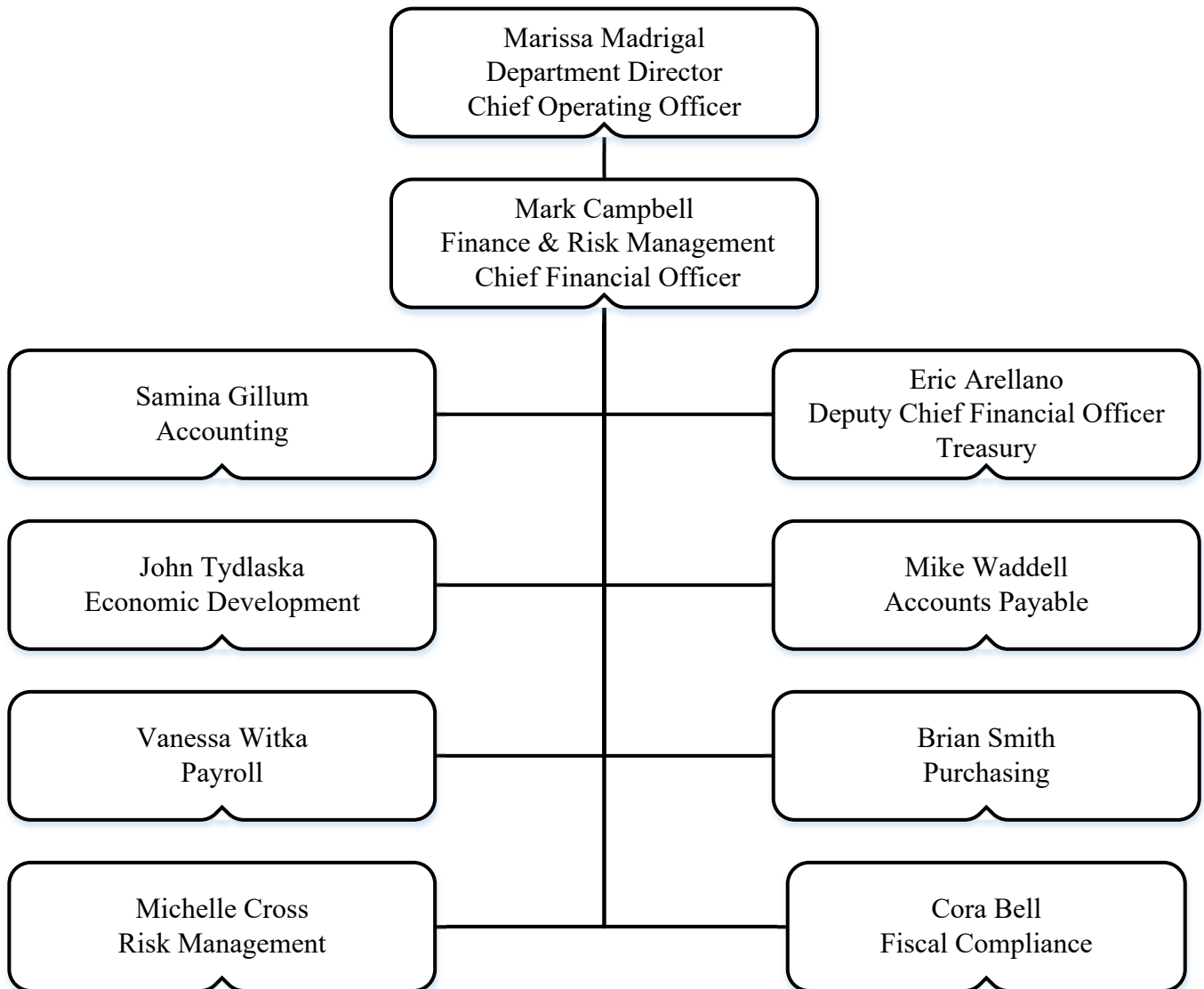
MULTNOMAH COUNTY, OREGON
Department of County Management



MULTNOMAH COUNTY, OREGON

Department of County Management

Finance & Risk Management



FINANCIAL SECTION

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REPORT OF INDEPENDENT AUDITORS

The Board of Commissioners
 Multnomah County, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Federal/State Program Fund of Multnomah County, Oregon (the "County") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Library Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



REPORT OF INDEPENDENT AUDITORS (continued)

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, and the respective budgetary comparisons for the General Fund and the Federal/State Program Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the other postemployment healthcare benefits schedule of funding progress, the County's schedule of proportionate share of net pension liability, the schedule of pension contributions, and the notes to the required supplementary information as listed in the table of contents (collectively, the required supplementary information) on pages 20 through 35 and 100 through 103 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules; other schedules; and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards; each as listed in the table of contents (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.



REPORT OF INDEPENDENT AUDITORS (continued)

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as described above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, and statistical information section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 21, 2016 on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink that reads "James C. Lanzarotta".

James C. Lanzarotta, Partner
On behalf of Moss Adams LLP
Certified Public Accountants
Eugene, Oregon
December 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
(dollar amounts expressed in thousands)

As management of Multnomah County, Oregon, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. The information presented here should be read in conjunction with the letter of transmittal, which can be found on pages 1-10 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016, by \$807,924 (*net position*). Of this amount, \$40,614 is restricted for capital projects and buildings, \$22,892 is restricted for improvements to roads, bridges and bike path improvements, \$10,942 is restricted for various community support programs, \$6,696 is restricted for library operations and \$207 is restricted for document storage and retrieval. The largest portion of the County's net position is reflects an investment of \$855,474 or 105.9 percent in capital assets, net of any related outstanding debt used to acquire those assets. The high percentage of investment in capital assets, in relation to total *net position*, is largely a result of the offsetting deficit of \$128,901 *unrestricted net position* due to the net effect of pension-related balances discussed in detail below.
- The amortization of deferred inflows and outflows will have a more significant effect on the variance of the net position once a full five year amortization of these amounts is included in the financials. This variance was heightened during the 2016 year because of the Moro decision which caused a large shift in the net pension liability and therefore caused the County's unrestricted balance to become negative.
- For fiscal year 2016 the County reported \$206,128 for its proportionate share of the OPERS net pension liability, deferred outflows of \$125,295 for pension contributions, and deferred inflows of \$127,956 for its proportionate share of OPERS pension earnings and contributions. A net pension asset of \$77,474 was reported in fiscal year 2015, a net pension liability of \$206,128 in fiscal year 2016. Total pension expense (income) for the fiscal year ending 2016 and 2015 was \$200,636 and \$(71,677) respectively which is a net change of -379 percent.
- Total assets for governmental activities increased by \$12,083 or 0.8 percent over the prior year. The increase in assets is primarily due to the increase to the construction of the Sellwood Bridge. Non depreciating assets (land, right-of-ways, construction in process) increased by \$63,384 or 21.6 percent over 2015. Additions to construction in process for the Sellwood Bridge were approximately \$46,949 in fiscal year 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$294,672. The net change in governmental fund balances during the year was an increase of \$3,110 or 1.1 percent over fiscal year 2015.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$69,302, or approximately 15 percent of total General Fund expenditures and 18.4 percent of total "corporate" revenues of General Fund. Corporate revenues include Property Tax, Business Income Tax, Motor Vehicle Rental Tax, State Revenue Sharing, and Interest Earnings, revenues that are available for general use and over which the Board has complete discretion. This balance is consistent with the County's finance and budget policies requiring a 10 percent reserve.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Multnomah County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, health and social services, public safety and justice, community services, roads and bridges, and libraries. The business-type activities of the County include sanitary sewer and street lighting districts, and a behavioral health managed care operation.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the legally separate library district, legally separate sanitary sewer district and a legally separate street lighting district, for which the County is financially accountable. The statements also include a legally separate, tax exempt foundation whose purpose is to support the County's libraries

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Financial information for the three *blended component units* are each presented as separate funds with separately issued financial statements. The *discretely presented component unit* is reported separately from the financial information presented for the County itself.

The government-wide financial statements can be found on pages 36-38 of this report.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for the *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains 28 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Federal/State Program Fund, the PERS Pension Bond Sinking Fund and the Sellwood Bridge Replacement Fund, which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The County adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements and respective reconciliations can be found on pages 39-44 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer and lighting operations, and for behavioral health managed care services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses *internal service funds* to account for its risk management activities, fleet operations, telephone and data processing systems, mail distribution, and facilities management operations. Because these services

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide aggregate information for the sewer and lighting districts and the behavioral health fund. The internal service funds are also combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the proprietary and internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 47-49 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support County programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 50 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 154-155 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 51 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found beginning on page 104 of this report.

Required Supplementary Information (RSI). In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its pension obligations and other postemployment healthcare benefits obligations. Required supplementary information can be found on pages 100-102.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial condition. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$807,924 at the close of the most recent fiscal year.

Multnomah County's Net Position

	Governmental Activities		Business- Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 546,030	\$ 601,795	\$ 10,046	\$ 25,572	\$ 556,076	\$ 627,367
Capital assets	1,035,658	967,810	5,315	3,775	1,040,973	971,585
Total assets	1,581,688	1,569,605	15,361	29,347	1,597,049	1,598,952
Deferred outflows of resources	123,728	29,412	1,567	360	125,295	29,772
Liabilities:						
Current and other liabilities	184,622	162,434	6,289	4,886	190,911	167,320
Long-term liabilities outstanding	590,984	415,406	2,604	-	593,588	415,406
Total liabilities	775,606	577,840	8,893	4,886	784,499	582,726
Deferred inflows of resources	128,730	150,654	1,191	1,496	129,921	152,150
Net position:						
Net investment in capital assets	850,159	768,977	5,315	3,775	855,474	772,752
Restricted for:						
Capital projects	40,614	27,586	-	-	40,614	27,586
Roads, bridges and bike paths	22,892	59,217	-	-	22,892	59,217
Other programs	17,845	13,383	-	-	17,845	13,383
Unrestricted surplus (deficit)	(130,430)	1,360	1,529	19,550	(128,901)	20,910
Total net position	\$ 801,080	\$ 870,523	\$ 6,844	\$ 23,325	\$ 807,924	\$ 893,848

The largest portion of the County's net position reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the outstanding debt used to acquire the assets in the amount of \$855,474 as compared to \$772,752 a year ago. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net position in the amount of \$81,351 as compared to \$100,186 a year ago is restricted for capital projects, debt service, and various community support programs. Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance is the County's unrestricted net position of negative \$128,901.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

Below is a summary of the County's changes in net position for fiscal years 2016 and 2015.

Multnomah County's Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 217,190	\$ 218,190	\$ 63,049	\$ 72,496	\$ 280,239	\$ 290,686
Operating grants and contributions	383,728	350,767	-	-	383,728	350,767
Capital grants and contributions	10,364	20,455	-	-	10,364	20,455
General revenues:						
Taxes:						
Property taxes	348,203	330,014	-	-	348,203	330,014
Business income taxes	80,710	73,825	-	-	80,710	73,825
Other taxes	75,095	67,883	-	-	75,095	67,883
State government shared revenues	9,998	9,534	-	-	9,998	9,534
Grants and contributions not restricted to specific programs	13	-	-	-	13	-
Interest and investment earnings	3,016	2,363	100	119	3,116	2,482
Miscellaneous	2,304	2,713	726	100	3,030	2,813
Gain (loss) on sale of capital assets	(2,005)	189	-	-	(2,005)	189
Total revenues	1,128,616	1,075,933	63,875	72,715	1,192,491	1,148,648
Expenses:						
General government	271,016	101,137	-	-	271,016	101,137
Health services	242,366	147,909	-	-	242,366	147,909
Social services	227,737	244,858	-	-	227,737	244,858
Public safety and justice	255,904	200,669	-	-	255,904	200,669
Community services	54,495	53,731	-	-	54,495	53,731
Library services	63,640	60,150	-	-	63,640	60,150
Roads and bridges	64,539	50,327	-	-	64,539	50,327
Interest on long-term debt	18,362	19,785	-	-	18,362	19,785
Dunthorpe-Riverdale Service						
District No. 1	-	-	607	622	607	622
Mid County Service District No.14	-	-	329	404	329	404
Behavioral Health Managed Care	-	-	79,420	69,242	79,420	69,242
Total expenses	1,198,059	878,566	80,356	70,268	1,278,415	948,834
Change in net position	(69,443)	197,367	(16,481)	2,447	(85,924)	199,814
Beginning net position	870,523	673,156	23,325	20,878	893,848	694,034
Ending net position	<u>\$ 801,080</u>	<u>\$ 870,523</u>	<u>\$ 6,844</u>	<u>\$ 23,325</u>	<u>\$ 807,924</u>	<u>\$ 893,848</u>

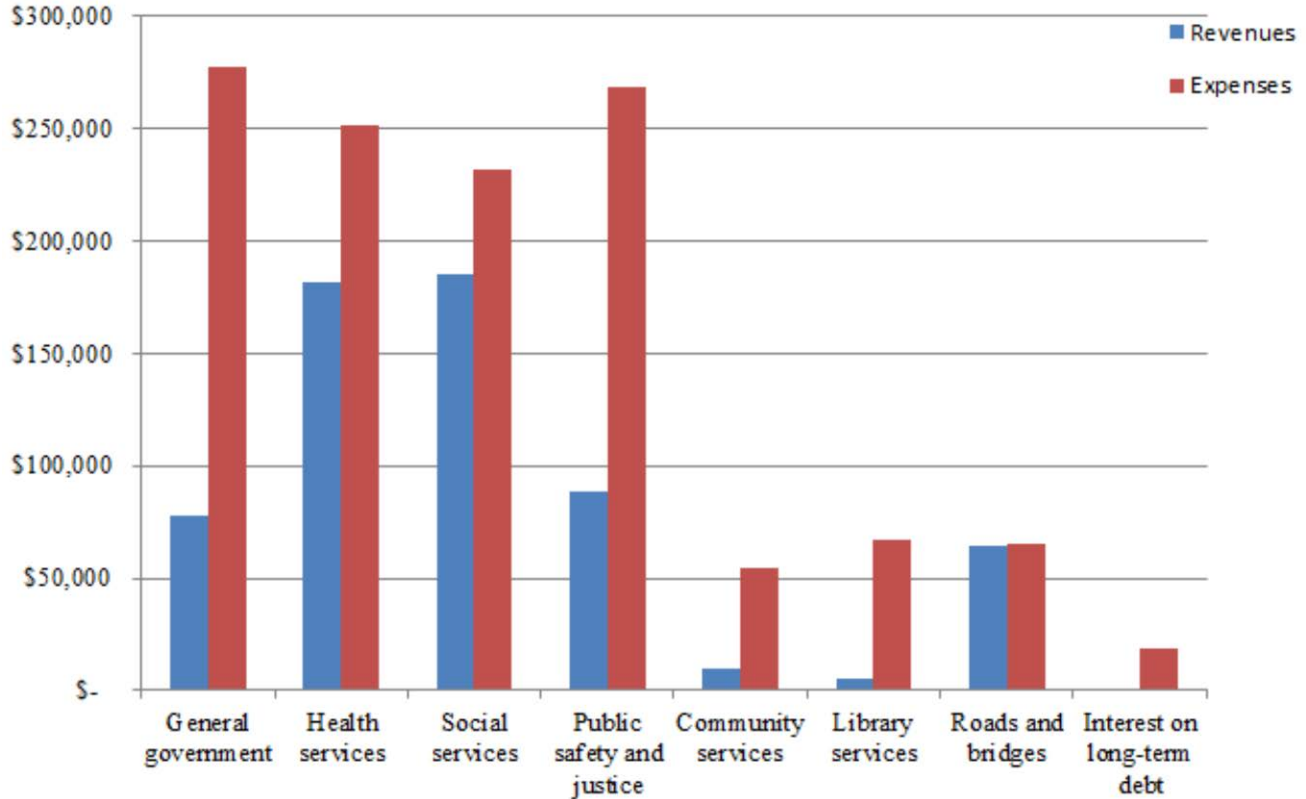
Governmental activities. Governmental activities decreased the County's net position by \$69,443; listed are noteworthy reasons for the change from prior year:

- Property tax revenues are up by \$18,189 or 5.5 percent over 2015. The increase is primarily attributable to a 4.13 percent increase in assessed values and a decrease in Measure 50 compression.
- Business income taxes increased by \$6,885 or 9.3 percent over the prior year. This is a reflection of the renewed strength of the regional economy.
- Other taxes increased by \$7,212 or 10.6 percent over the prior year. Other taxes includes selective excise and use taxes such as transient lodging and motor vehicle rental tax which were up in fiscal year 2016 primarily due to the continued popularity of the Portland area as a travel destination.
- Operating grants and contributions for Health Services increased by \$44,232 or 121.6 percent in fiscal year 2016. The increase is primarily attributable to the transfer of Mental Health and Addictions Services (MHAS) from the Department of County Human Services to the Health Department at the beginning of the fiscal year. In addition, Primary Care Quality and Incentive revenue increased by \$6,567.
- In the current year, capital grants and contributions for General Government included a balance of \$10,361. These amounts are primarily related to the Broadway, Burnside and Morrison Bridges projects.
- Expenses across all functional areas increased by \$319,493, or 36.4 percent, in 2016, mostly as a result of pension expenses related to GASB 68. Pension expense for governmental activities increased \$233,092 from fiscal year 2015 to 2016, primarily due to the Moro decision.

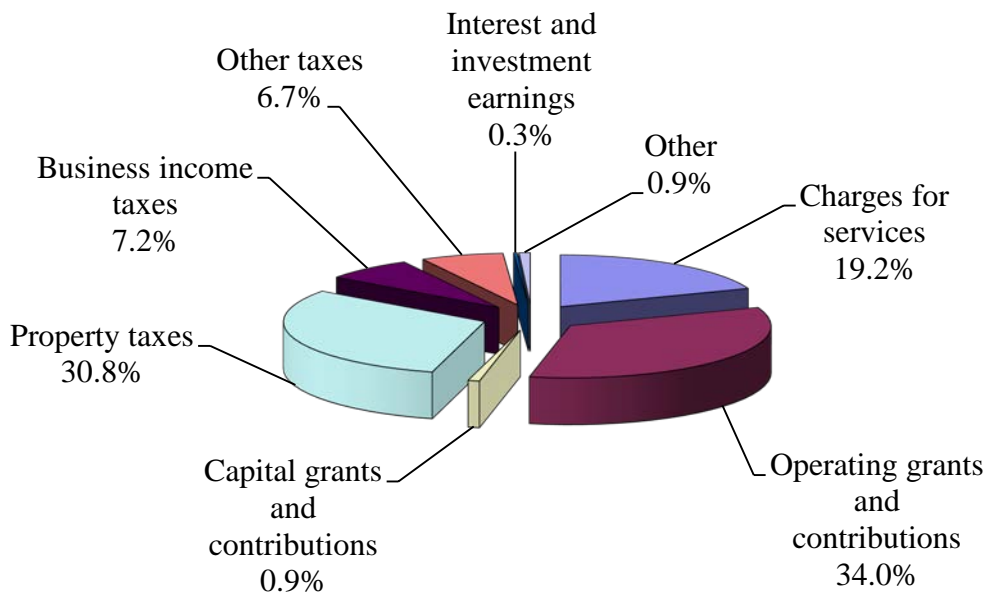
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

The following graphs show the County's Governmental Activities expenses and revenues by program area and revenue by sources.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

Business-type activities. Business-type activities decreased the County's net position by \$16,481, compared to an increase of \$1,008 in the prior year. The primary reasons for the current year's decrease are:

- In the Behavioral Health Managed Care Fund, the Health Department operates the Multnomah Mental Health (MMH) Risk-Accepting Entity as part of HealthShare of Oregon (HSO). MMH serves as the health insurance plan responsible for paying for the mental health benefits associated with HSO's overall membership benefit package. Each month the Health Department receives premium revenue for each member of the MMH health plan. The premium revenue per member per month is established by the Oregon Health Authority (OHA) and risk-adjusted by HSO. In the fall of 2015, OHA re-evaluated Oregon Health Plan member service premiums and determined a retroactive premium revenue adjustment was necessary to bring the Oregon Health Plan into compliance with Centers for Medicare and Medicaid Services regulations. Mental Health rates decreased by nearly 14 percent. As a result, HSO withheld the premium revenue adjustments applicable to FY2015 from the FY2016 premium revenue payments, totaling \$4,947. This premium revenue adjustment was also applicable to FY2016 activities and had a similarly negative impact on net position.
- The Behavioral Managed Care Fund was also impacted by a \$1,854 decrease of net position attributed to pension-related items for the Oregon Public Employees Retirement System (OPERS), due to the reporting requirements of GASB Statement No. 68.
- Mid County Service District No. 14 Fund, had a decrease in total expenses of \$75. This was due to delays in the implementation of new operational maintenance software and the LED conversion project implementation occurring in FY2016.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$294,672 an increase of \$3,110 over the prior year. Approximately 29.6 percent or \$87,212 of this total amount constitutes *assigned and unassigned fund balances*, which is available for spending at the government's discretion. Unassigned fund balances in the General Fund represent available amounts. A deficit unassigned fund balance in the Federal/State Program Special Revenue Fund represents overspending on assigned amounts. Assigned fund balances in other governmental funds represent available fund balance in those funds. The restricted fund balance is \$87,538 or 29.7 percent of the total fund balance. Most of the restricted balance is dedicated to two capital projects: \$33,415 for the Downtown Courthouse and \$15,486 for the Sellwood Bridge replacement.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

Other restricted resources include grant programs, improvements to roads or bike paths, various community support or future debt service. The remainder of fund balance is either *committed* for resources constrained on use by the Board of County Commissioners via a County Ordinance or Board resolution or is *nonspendable* to indicate that it is not available for discretionary spending because it has already been dedicated to prepaid items and inventories. Additional information on the County's fund balances can be found in Note III.H. of this report.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$69,302 in the General Fund or approximately 94 percent of the total fund balance of \$73,348. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unassigned fund balance represents 15 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$9,003 or 14 percent, reflecting revenues that were 4.3 percent above budgeted amounts while expenditures were 6.7 percent lower than appropriations.

The Federal/State Program Special Revenue Fund has a total fund balance of \$5,347, of which \$480 is nonspendable due to balances reported for prepaid items and inventories. The restricted balance of \$5,292 includes grants and other amounts received in advance that are restricted to specific purposes by external parties. In general, Federal revenues are closely matched with Federal expenditures. The remaining balance of negative \$425 is reported as unassigned because the total nonspendable and restricted amounts were greater than the total ending fund balance. The ending fund balance in the Federal/State Program Fund decreased by \$1,104 or 17.1 percent from the prior fiscal year resulting from an increase in spending of carry-over funds from fiscal year 2015 in the Department of County Human Services for settlements related to prior bienniums of the State Mental Health Block Grant for various mental health and developmental disabilities programs.

The PERS Pension Bond Sinking Fund is a debt service fund with a total fund balance of \$85,752 which is an increase of \$1,473 or 1.7 percent over the prior year's ending fund balance of \$84,279. The increase is directly related to the County's conservative approach to recover OPERS costs through internal service charges. The total fund balance is committed for future debt service.

The Sellwood Bridge Replacement Capital Project Fund reported a total fund balance of \$18,633 of which \$47 is nonspendable for balances reported in prepaid items and inventories, \$2,623 is committed and \$477 is assigned. The largest balance is reported as restricted fund balance of \$15,486. The restricted balance primarily represents unspent grants and capital contributions to finance construction of the new Sellwood Bridge.

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the proprietary funds at year end amounted to:

- Dunthorpe-Riverdale Service District No. 1 Fund, \$929
- Mid County Service District No. 14 Fund, \$128
- Behavioral Health Managed Care Fund, \$472

The total change in net position for all proprietary funds was a decrease of \$16,481. Other factors concerning the finances of these three funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for some of the differences between the original General Fund budget and the final adopted budget. Total final adopted budgeted revenues increased by \$8,084 and the total final adopted budgeted expenditures increased by \$8,084 from the original budgeted numbers.

The following are noteworthy changes from the original adopted budget to the final budget in the General Fund:

- Department of County Management - \$4,700 increase to provide funding for the leasing and purchasing properties for shelter and housing, due diligence, renovation, and capital improvements for priority populations.
- Department of County Human Services - \$1,000 increase to provide funding for programs that aim to eradicate socio-economic disparities following the model of the federal Promise Neighborhoods initiative including efforts to improve the quality of life for youth experiencing generational poverty and discrimination.
- The contingency modifications account for increases in budgeted expenditures not related to increased revenues, and may be used only when approved by the Board for a specific purpose and department. There was no effect on the ending General Fund budgetary fund balance as a result of these budget amendments. There were not any significant variances between the final budget and actual expenditures.

The following are noteworthy variances from final budget to actual amounts in the General Fund:

- The final budget for County Management was \$45,877. However, the actual amount expended was only \$34,687; a variance of \$11,190 or 24 percent less than budgeted. This was primarily due to a \$4,700 budget modification in March of 2016 in anticipation for funding to be used for "A Home for Everyone Capital Funding" and will now be used in future years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

- Business income tax revenues were budgeted at \$74,460 but actual revenues received were \$80,710. The variance was \$6,250 or 8 percent more than budgeted. The difference was primarily due to the increase in business income tax which is directly attributable to the health of the economy in the County.

Capital Assets and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2016, amounts to \$1,040,336 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and improvements, machinery and equipment, internally developed software, roads and bridges, sewer and street lighting systems, motor vehicles, and works of art. The total overall change in the County's investment in capital assets for the current fiscal year was an increase of \$68,751 or approximately 7.1 percent.

The increase in capital assets is primarily attributable to the County's Sellwood Bridge project under construction at the end of fiscal year 2016, which accounts for \$46,949 of the total \$63,017 increase in construction in process. Other substantial projects that increased construction in process include: \$13,620 for the Courthouse, \$13,071 for the Broadway, Burnside and Morrison Bridges.

Buildings not-in-service represents the Wapato jail facility. Construction was completed in fiscal year 2005 at a total cost of \$51,164; however, the County does not have sufficient resources to operate the facility. In fiscal year 2013, management determined the asset had been impaired. Since then, a total impairment write-down of \$5,300 has been recorded, which includes \$300 for fiscal year ending June 30, 2016. The net book value of the Wapato jail facility is \$45,864.

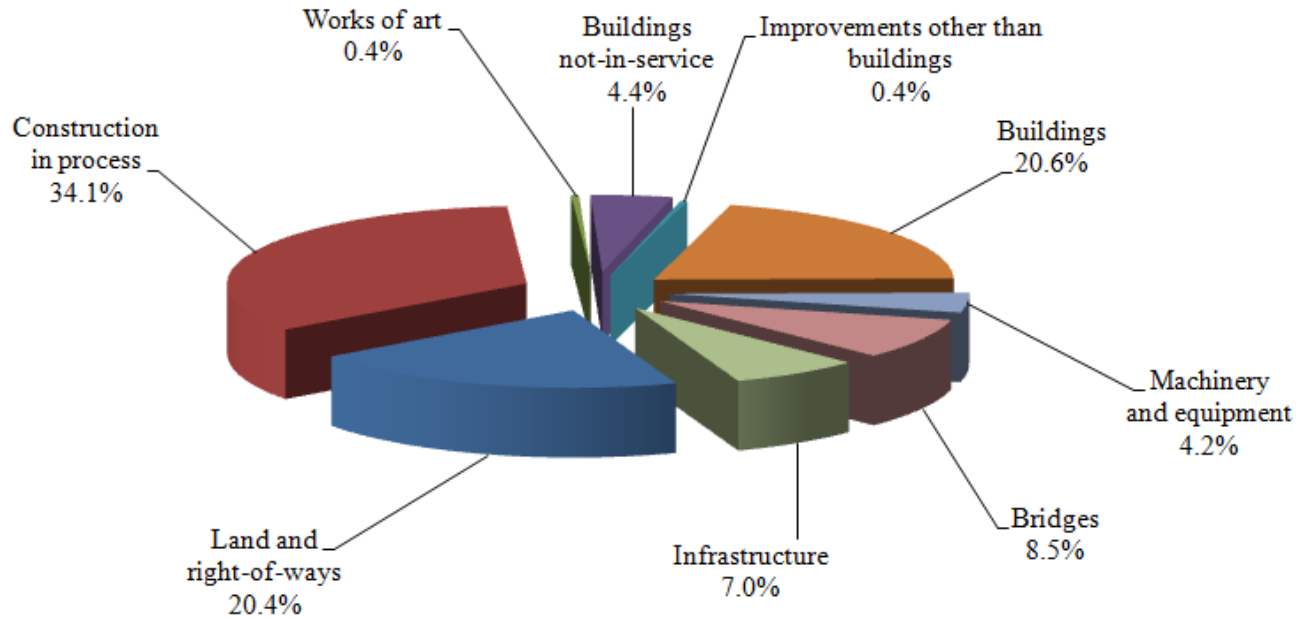
Multnomah County's Capital Assets
(Net of depreciation, where applicable)

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land and right of ways	\$ 212,537	\$ 211,870	\$ -	\$ -	\$ 212,537	\$ 211,870
Construction in process	352,912	290,940	2,142	460	355,054	291,400
Works of art	4,430	4,430	-	-	4,430	4,430
Buildings not-in-service	45,864	46,164	-	-	45,864	46,164
Buildings	214,260	214,337	-	-	214,260	214,337
Improvements other than buildings	635	675	3,173	3,315	3,808	3,990
Machinery and equipment	43,390	31,011	-	-	43,390	31,011
Bridges	88,527	91,364	-	-	88,527	91,364
Infrastructure	73,103	77,019	-	-	73,103	77,019
Total capital assets	<u>\$ 1,035,658</u>	<u>\$ 967,810</u>	<u>\$ 5,315</u>	<u>\$ 3,775</u>	<u>\$ 1,040,973</u>	<u>\$ 971,585</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

The following chart indicates the County's capital assets as of June, 30, 2016. Additional information on the County's capital assets can be found in Note III.F. of this report.

Total Capital Assets, Net of Depreciation



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$294,272. Of this amount, \$6,601 is general obligation bonds; \$281,674 represents full faith and credit bonds; \$3,520 comprises long term loan obligations; and the remainder of \$2,477 represents capitalized leases. Both general obligation bonds and full faith and credit bonds are direct obligations pledging the full faith and credit of the County. Long term debt was only located in Governmental Activities during fiscal year 2016.

Multnomah County's Outstanding Debt

	Governmental Activities	
	2016	2015
General obligation bonds	\$ 6,601	\$ 12,961
Full faith and credit bonds	281,674	299,648
Capital leases	2,477	1,192
Loans	3,520	2,723
Total outstanding debt	<u>\$ 294,272</u>	<u>\$ 316,524</u>

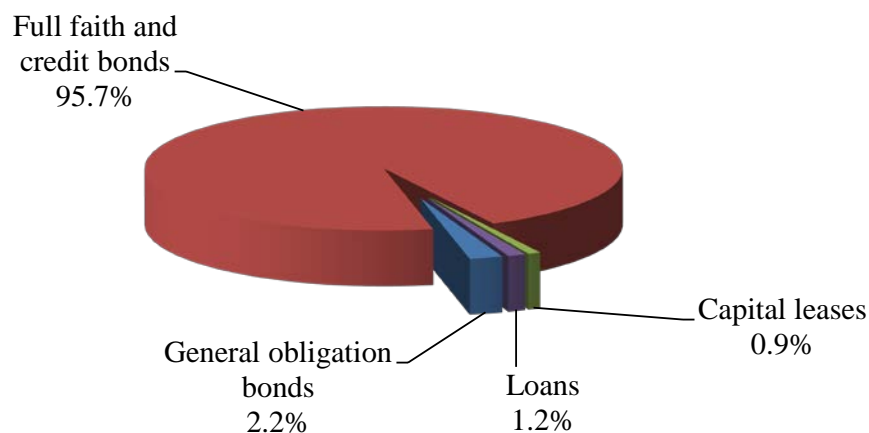
The County's total debt decreased by \$22,252 approximately 7 percent, during the current fiscal year. The County issued a new Tax-Exempt Non-Revolving Credit Facility and Bond of no more than \$25,000, of which \$1,000 has been drawn as of June 30, 2016. No other debt was issued in fiscal year 2016. Changes to the County's long-term debt during fiscal year 2016 consisted primarily of principal payments.

The County maintains an AAA rating with a stable outlook from Moody's, for general obligation debt and AA1 for full faith and credit bonds. Standard & Poor's rated the County's full faith and credit bonds as AA+.

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$2,391,635 which is significantly in excess of the County's outstanding general obligation debt. State statutes also limit the amount of full faith and credit obligations to one percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for full faith and credit obligations is \$1,195,817, which is in excess of the County's outstanding full faith and credit debt. The County is also subject to State statute on revenue bonds used to finance pension liabilities by 5 percent of the real market value of all taxable property within the County's boundaries. The current debt limitation for pension revenue bonds is \$5,979,087, which is also in excess of the County's outstanding pension revenue bonds.

The following chart indicates the County's long-term liabilities as of June 30, 2016. Additional information on the County's long-term liabilities can be found in Note III.G. of this report.

Total Outstanding Long-Term Debt



MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year the rate had dropped to approximately 5 from 5.5 percent at the same time last year. The consensus forecast has Oregon employment growing 3.2 percent in 2016 and 2.7 percent in 2017. Personal income growth is projected to increase 5.3 percent in 2016 and 6 percent in 2017.
- Property tax revenues are the single largest source of revenue in the General Fund and account for over half of ongoing revenues. Therefore, General Fund growth is particularly sensitive to taxable value growth and compression. Property tax revenues are based on projections and estimates. This data shows an increase in the 2017 budget of 5.8 percent due to a combination of increases in assessed values and a reduction in Measure 50 compression.
- The forecast for fiscal year 2017 projects business income tax revenues will increase by 6.9 percent over budgeted fiscal year 2016 levels. Business income tax (BIT) is highly sensitive to economic conditions and has historically been a volatile revenue source. The fiscal year 2017 budget includes an additional 10 percent BIT stabilization reserve to help mitigate the risk of an unexpected downturn in the regional economy.
- Motor vehicle rental tax revenues are a good indicator of tourism activity in the region and correlate very closely with the growth in air traffic passengers who pass through Portland International Airport (PDX). The forecast for fiscal year 2017 calls for a 7.5 percent increase over budgeted fiscal year 2016 levels.
- Health care transformation and the expansion of Medicaid continue to drive growth in the County's Health Department. The County is a founding member of Health Share, a Coordinated Care Organization (CCO) that establishes rates paid to support Medicaid programs throughout Oregon.
- The County's primary cost drivers are costs related to personnel. Expenditures for employee salary and benefits are forecast to grow by an estimated 5 percent in fiscal year 2017. Wage growth is based on the change in the CPI which has been relatively low for the past several years. Of particular note is the fact that rates charged to County departments for the provision of employee and retiree medical benefits have not increased for the past few years. They will start increasing at above inflation rates in fiscal year 2017 but the County has accumulated reserves to help offset the forecast increases.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

- The County has taken a conservative approach to OPERS. In years when required contribution rates have decreased the County has kept rates charged to departments internally at higher levels. This has had two positive consequences. It has provided for the accumulation of reserves that are committed to repayment of debt service. And, as forecast for fiscal year 2017, it allows the County to use the internal rates as a lever to control overall wage and benefit growth. Due to the Supreme Court decision in the Moro case, it is anticipated that OPERS rates will increase significantly over the next several biennium. In fiscal year 2017 the County has used accumulated reserves to fund a “side account” with OPERS. This strategy will help the County mitigate the impacts of the forecast OPERS rate increases.
- The County has recently begun to tackle some of its long-term capital needs. Replacement of the Sellwood Bridge is estimated to be substantially completed during fiscal year 2017. Over the past two fiscal years, the County has dedicated approximately \$48,000 of one-time-only revenues to support construction of a new Central Courthouse. The project is anticipated to cost approximately \$300,000 and will be supplemented with funding from the State of Oregon as well as proceeds from long-term debt issuance. The new Courthouse is anticipated to be ready for use in the spring of 2020. The County is also in the process of constructing a new headquarters building for the County’s Health Department (estimated to cost between \$85,000 and \$95,000). When completed these projects will add significantly to the County’s asset base and reduce the amount of deferred capital maintenance. In addition, the County has recently implemented a Strategic Capital Planning program that will prioritize future capital investments.

All of these factors were considered in preparing the County’s budget for fiscal year 2017.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$69,302. At this level, the County is able to fully fund the reserve account in the General Fund unappropriated fund balance as described in the Financial and Budget policies. The Finance and Budget policies state it is the goal of the Board of County Commissioners to fund and maintain a General Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 10 percent of specifically identified revenues, “corporate” revenues, of the General Fund. In fiscal year 2016, reserves are budgeted at 10 percent of the “corporate” revenues of the General Fund. The fiscal year 2016 budget fully funds the reserve in the General Fund.

Requests for Information

This financial report is designed to provide a general overview of Multnomah County’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for separately issued component unit reports should be directed to the following address:

Multnomah County
Department of County Management
501 SE Hawthorne Blvd. Suite 531
Portland, OR 97214

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2016
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Library Foundation
ASSETS				
Current assets (unrestricted):				
Cash and investments	\$ 312,035	\$ 9,861	\$ 321,896	\$ 17,283
Receivables, net:				
Taxes	28,056	-	28,056	-
Accounts	42,994	100	43,094	-
Interest	937	-	937	-
Special assessments	11	85	96	-
Contracts	354	-	354	-
Contributions	-	-	-	178
Inventories	1,540	-	1,540	-
Prepaid items	4,343	-	4,343	19
Split interest and other agreements	-	-	-	572
Current assets (restricted):				
Cash and investments	100,640	-	100,640	39
Receivables, net:				
Taxes	3,869	-	3,869	-
Accounts	50,047	-	50,047	-
Loans	629	-	629	-
Inventories, restricted	575	-	575	-
Noncurrent assets (unrestricted):				
Capital assets:				
Capital assets, not being depreciated	615,743	2,142	617,885	-
Capital assets, net of accumulated depreciation	419,915	3,173	423,088	14
Total assets	1,581,688	15,361	1,597,049	18,105
DEFERRED OUTFLOWS OF RESOURCES				
Pension plan	123,728	1,567	125,295	-
Total deferred outflows of resources	123,728	1,567	125,295	-
LIABILITIES				
Current liabilities (payable from unrestricted assets):				
Accounts payable	44,482	5,261	49,743	238
Claims and judgments payable	10,295	1,028	11,323	-
Accrued salaries and benefits	6,278	-	6,278	-
Accrued interest payable	1,286	-	1,286	-
Gift annuity payable	-	-	-	5
Unearned revenue	563	-	563	-

MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2016
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Library Foundation
Current liabilities (payable from unrestricted assets, continued):				
Compensated absences	29,385	-	29,385	-
Bonds payable	35,755	-	35,755	-
Capital leases payable	443	-	443	-
Loans payable	1,212	-	1,212	-
Pollution remediation obligation	27	-	27	-
Current liabilities (payable from restricted assets)				
Accounts payable	38,288	-	38,288	-
Accrued salaries and benefits	3,641	-	3,641	-
Unearned revenue	12,967	-	12,967	-
Noncurrent liabilities (payable from unrestricted assets):				
Compensated absences	1,352	-	1,352	-
Bonds payable	252,520	-	252,520	-
Capital leases payable	2,034	-	2,034	-
Loans payable	2,308	-	2,308	-
Other accrued liabilities	1,190	-	1,190	-
Net other postemployment benefits obligation	128,056	-	128,056	-
Net pension liability	203,524	2,604	206,128	-
Total liabilities	775,606	8,893	784,499	243
DEFERRED INFLOWS OF RESOURCES				
Unrestricted:				
Pension plan	126,765	1,191	127,956	-
Resources received before time requirements met	1,054	-	1,054	-
Restricted:				
Resources received before time requirements met	911	-	911	-
Total deferred inflows of resources	128,730	1,191	129,921	-
NET POSITION				
Net investment in capital assets	850,159	5,315	855,474	14
Restricted for:				
Nonexpendable - library operations	-	-	-	4,356
Expendable - library operations	6,696	-	6,696	3,989
Capital projects, buildings	40,614	-	40,614	-
Community support programs	10,942	-	10,942	-
Document storage and retrieval	207	-	207	-
Road, bridge and bike path improvements	22,892	-	22,892	-
Unrestricted	(130,430)	1,529	(128,901)	9,503
Total net position	\$ 801,080	\$ 6,844	\$ 807,924	\$ 17,862

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

MULTNOMAH COUNTY, OREGON
Statement of Activities
For the year ended June 30, 2016
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 271,016	\$ 62,857	\$ 4,796	\$ 10,361	\$ (193,002)	\$ -	\$ (193,002)	\$ -
Health services	242,366	100,720	80,616	-	(61,030)	-	(61,030)	-
Social services	227,737	624	184,173	-	(42,940)	-	(42,940)	-
Public safety and justice	255,904	30,080	58,123	-	(167,701)	-	(167,701)	-
Community services	54,495	7,406	1,984	3	(45,102)	-	(45,102)	-
Library	63,640	2,189	3,285	-	(58,166)	-	(58,166)	-
Roads and bridges	64,539	13,314	50,751	-	(474)	-	(474)	-
Interest on long-term debt	18,362	-	-	-	(18,362)	-	(18,362)	-
Total governmental activities	1,198,059	217,190	383,728	10,364	(586,777)		(586,777)	-
Business-type activities:								
Dunthorpe-Riverdale Service District No. 1	607	896	-	-	-	289	289	-
Mid County Service District No. 14	329	453	-	-	-	124	124	-
Behavioral health managed care	79,420	61,700	-	-	-	(17,720)	(17,720)	-
Total business-type activities	80,356	63,049				(17,307)	(17,307)	
Total primary government	\$ 1,278,415	\$ 280,239	\$ 383,728	\$ 10,364	\$ (586,777)	\$ (17,307)	\$ (604,084)	\$ -
Component unit:								
The Library Foundation	\$ 2,407	\$ -	\$ 1,637	\$ -	\$ -	\$ -	\$ -	\$ (770)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					342,128	-	342,128	-
Property taxes, levied for debt service					6,075	-	6,075	-
Personal income taxes					15	-	15	-
Business income taxes					80,710	-	80,710	-
Selective excise and use taxes					74,594	-	74,594	-
Payments in lieu of taxes					486	-	486	-
State government shared unrestricted revenues					9,998	-	9,998	-
Grants and contributions not restricted to specific programs					13	-	13	608
Interest and investment earnings					3,016	100	3,116	(611)
Miscellaneous					2,304	726	3,030	-
Gain (loss) on disposal of capital assets					(2,005)	-	(2,005)	-
Total general revenues					517,334	826	518,160	(3)
Change in net position					(69,443)	(16,481)	(85,924)	(773)
Net position - beginning					870,523	23,325	893,848	18,635
Net position - ending					\$ 801,080	\$ 6,844	\$ 807,924	\$ 17,862

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

FUND FINANCIAL STATEMENTS

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MULTNOMAH COUNTY, OREGON
Balance Sheet
Governmental Funds
June 30, 2016
(amounts expressed in thousands)

	General Fund	Federal/State Program Special Revenue Fund	PERS Pension Bond Sinking Debt Service Fund
ASSETS			
Unrestricted:			
Cash and investments	\$ 89,229	\$ -	\$ 85,752
Receivables:			
Taxes	23,529	-	-
Accounts, net	41,577	334	-
Interest	937	-	-
Special assessments	11	-	-
Contracts	354	-	-
Due from other funds	-	-	-
Inventories	390	-	-
Prepays and deposits	229	480	-
Restricted:			
Cash and investments	176	2,835	-
Receivables:			
Taxes	-	-	-
Accounts, net	3,444	32,033	-
Loans	-	629	-
Inventories	-	575	-
Total assets	<u>\$ 159,876</u>	<u>\$ 36,886</u>	<u>\$ 85,752</u>
LIABILITIES			
Liabilities payable from unrestricted assets:			
Accounts payable	\$ 27,227	\$ 759	\$ -
Payroll payable	4,664	-	-
Unearned revenue	509	-	-
Liabilities payable from restricted assets:			
Accounts payable	193	13,563	-
Payroll payable	-	3,339	-
Due to other funds	-	-	-
Internal loans payable	-	-	-
Unearned revenue	-	12,967	-
Total liabilities	<u>32,593</u>	<u>30,628</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Resources not yet available:			
Clinic fees	37,040	-	-
Property taxes	15,841	-	-
Property taxes, restricted	-	-	-
Resources received before time requirements met	1,054	-	-
Restricted:			
Resources received before time requirements met	-	911	-
Total deferred inflows of resources	<u>53,935</u>	<u>911</u>	<u>-</u>
FUND BALANCES			
Nonspendable	619	480	-
Restricted	3,427	5,292	-
Committed	-	-	85,752
Assigned	-	-	-
Unassigned	69,302	(425)	-
Total fund balances	<u>73,348</u>	<u>5,347</u>	<u>85,752</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 159,876</u>	<u>\$ 36,886</u>	<u>\$ 85,752</u>

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

Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 3,100	\$ 51,654	\$ 229,735
-	4,526	28,055
-	715	42,626
-	-	937
-	-	11
-	-	354
-	254	254
-	183	573
47	668	1,424
24,342	67,624	94,977
-	3,870	3,870
3,122	11,447	50,046
-	-	629
-	-	575
<u>\$ 30,611</u>	<u>\$ 140,941</u>	<u>\$ 454,066</u>
\$ -	\$ 8,131	\$ 36,117
-	852	5,516
-	-	509
11,978	12,555	38,289
-	303	3,642
-	254	254
-	3,000	3,000
-	-	12,967
<u>11,978</u>	<u>25,095</u>	<u>100,294</u>
-	-	37,040
-	758	16,599
-	3,496	3,496
-	-	1,054
-	-	911
<u>-</u>	<u>4,254</u>	<u>59,100</u>
47	851	1,997
15,486	63,333	87,538
2,623	29,550	117,925
477	17,858	18,335
-	-	68,877
<u>18,633</u>	<u>111,592</u>	<u>294,672</u>
<u>\$ 30,611</u>	<u>\$ 140,941</u>	<u>\$ 454,066</u>

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of June 30, 2016
(dollar amounts expressed in thousands)

Fund balances - governmental funds	\$	294,672
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:		
Governmental capital assets	1,664,560	
Less accumulated depreciation	<u>(645,136)</u>	1,019,424
Unrealized gain on investment		657
Net pension liability		(186,768)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - pension		113,472
Accrued interest payable		(1,286)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:		
Bonds payable	(288,275)	
Capital leases payable	(2,477)	
Loans payable	<u>(3,520)</u>	(294,272)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds		(28,081)
Pollution remediation obligation		(27)
Net other postemployment benefits obligation		(128,056)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred inflows of resources - pension		(115,980)
Unearned revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds:		
Clinic fees	37,040	
Property taxes	<u>20,095</u>	57,135
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of the internal service funds is reported with governmental activities:		<u>70,190</u>
Net position of governmental activities	\$	<u><u>801,080</u></u>

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

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MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	General Fund	Federal/State Program Special Revenue Fund	PERS Pension Bond Sinking Debt Service Fund
REVENUES			
Taxes	\$ 376,535	\$ -	\$ -
Payments in lieu of taxes	517	-	-
Intergovernmental	13,125	300,342	-
Licenses and permits	12,304	1,174	-
Charges for services	59,964	51,781	-
Interest	508	1	529
Non-governmental grants	8,897	4,571	-
Service reimbursements	34,490	-	21,131
Miscellaneous	1,467	425	-
Total revenues	<u>507,807</u>	<u>358,294</u>	<u>21,660</u>
EXPENDITURES			
Current:			
General government	77,333	-	-
Health services	131,898	125,819	-
Social services	51,995	185,090	-
Public safety and justice	198,693	45,913	-
Community services	-	1,462	-
Library services	-	-	-
Roads and bridges	-	-	-
Capital outlay	3,555	1,114	-
Debt service:			
Principal	-	-	6,845
Interest expense	-	-	13,342
Total expenditures	<u>463,474</u>	<u>359,398</u>	<u>20,187</u>
Revenues over (under) expenditures	<u>44,333</u>	<u>(1,104)</u>	<u>1,473</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,658	-	-
Transfers out	(36,997)	-	-
Proceeds from issuance of debt	-	-	-
Proceeds from sale of capital assets	9	-	-
Total other financing sources (uses)	<u>(35,330)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	9,003	(1,104)	1,473
Fund balances - beginning	<u>64,345</u>	<u>6,451</u>	<u>84,279</u>
Fund balances - ending	<u>\$ 73,348</u>	<u>\$ 5,347</u>	<u>\$ 85,752</u>

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

Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 127,210	\$ 503,745
-	-	517
7,114	56,354	376,935
12,060	4,521	30,059
-	17,461	129,206
236	624	1,898
-	3,122	16,590
-	25,325	80,946
-	412	2,304
<u>19,410</u>	<u>235,029</u>	<u>1,142,200</u>
-	-	77,333
-	42	257,759
-	-	237,085
-	16,720	261,326
-	51,465	52,927
-	65,206	65,206
10,649	44,643	55,292
46,949	34,832	86,450
-	15,592	22,437
-	7,443	20,785
<u>57,598</u>	<u>235,943</u>	<u>1,136,600</u>
<u>(38,188)</u>	<u>(914)</u>	<u>5,600</u>
-	104,535	106,193
-	(72,695)	(109,692)
-	1,000	1,000
-	-	9
<u>-</u>	<u>32,840</u>	<u>(2,490)</u>
(38,188)	31,926	3,110
<u>56,821</u>	<u>79,666</u>	<u>291,562</u>
<u>\$ 18,633</u>	<u>\$ 111,592</u>	<u>\$ 294,672</u>

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Net change in fund balances - governmental funds		\$ 3,110
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are depreciated over their estimated useful lives.		
Expenditures for capital assets	86,450	
Current year depreciation expense	<u>(29,728)</u>	56,722
Contributed and donated capital assets	10,361	
Proceeds on sale of capital assets	(9)	
Loss on disposal of capital assets	<u>(2,268)</u>	8,084
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Increase in deferred inflows of resources - clinic fees	2,300	
Increase in deferred inflows of resources - property taxes	<u>1,746</u>	4,046
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the Statement of Net Position:		
The current year premium is amortized to interest expense in the Statement of Activities		2,260
Unrealized gain on investments		657
Repayment of and proceeds from the issuance of long-term debt (including defeased amounts) are reported as expenditures and revenues, respectively, in the governmental funds, but as reductions and increases, respectively, of long-term liabilities in the Statement of Net Position		
		21,437
Some expenses reported in the Statement of Activities do not require use of current resources:		
Increase in long-term compensated absences	(1,638)	
Decrease in accrued interest expense	162	
Increase in other expenses	<u>(188)</u>	(1,664)
Certain pension expenses in the Statement of Activities are recognized on the accrual basis of accounting in accordance with GASB 68:		
Pension expenditures reported at fund /modified accrual level	86,551	
Amount of pension income recognized at government-wide level	<u>(235,146)</u>	(148,595)
Activities related to pollution remediation obligations:		
Pollution remediation activities incurred and paid within the fiscal year		11
Current year expense for net other postemployment benefits obligation		(6,262)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities:		
		<u>(9,249)</u>
Change in net position of governmental activities		<u>\$ (69,443)</u>

MAJOR GOVERNMENTAL FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures or expenses, assets or liabilities (excluding extraordinary items) are at least ten percent of corresponding totals for all governmental funds for the same. The General Fund is always classified as a major fund. The modified accrual basis of accounting is used to record revenues and expenditures.

- **General Fund** - accounts for the financial operations of the County which are not accounted for in any other fund. The principal sources of revenues are property taxes, personal income taxes, and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, health and social services.
- **Federal/State Program Fund** - accounts for the majority of grant restricted revenues and expenditures related to funding received from federal, state and local programs. This fund also includes some non-restricted operations revenues in the form of fees and licenses.
- **PERS Pension Bond Sinking Fund** - accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's Oregon Public Employees Retirement System (OPERS) unfunded liability. Revenues consist of charges to departments and interest. The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the OPERS Pension Bond Sinking Debt Service Fund is on page 130.
- **Sellwood Bridge Replacement Fund** - accounts for expenditures for construction and replacement of the Sellwood Bridge. Resources are derived from vehicle registration fees, City of Portland, Clackamas County, the State of Oregon and a request for federal funds, debt issuance or other financing proceeds. The Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual for the Sellwood Bridge Replacement Capital Projects Fund is on page 142.

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MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes:				
Property	\$ 263,743	\$ 263,743	\$ 267,597	\$ 3,854
Business income	74,460	74,460	80,710	6,250
Personal income	-	-	15	15
Motor vehicle rental	26,240	26,240	28,180	1,940
Transient lodging	-	-	33	33
Payments in lieu of taxes	437	437	517	80
Intergovernmental	12,714	12,752	13,125	373
Licenses and permits	10,949	10,949	12,304	1,355
Charges for services	52,490	58,847	62,264	3,417
Interest	1,191	1,191	508	(683)
Other:				
Non-governmental grants	4,597	4,646	8,897	4,251
Service reimbursements	33,014	34,654	34,490	(164)
Miscellaneous	1,284	1,284	1,464	180
Total revenues	481,119	489,203	510,104	20,901
EXPENDITURES				
Current:				
Community justice	62,541	62,327	60,382	1,945
Community services	14,636	15,136	13,359	1,777
County assets	6,250	6,250	6,102	148
County management	41,177	45,877	34,687	11,190
District attorney	22,648	22,697	22,524	173
Health services	134,734	135,725	131,952	3,773
Human services	51,902	53,711	52,067	1,644
Nondepartmental	26,966	26,966	26,039	927
Sheriff	118,090	118,635	116,360	2,275
Contingency	9,825	9,529	-	9,529
Total expenditures	488,769	496,853	463,472	33,381
Revenues over (under) expenditures	(7,650)	(7,650)	46,632	54,282
OTHER FINANCING SOURCES (USES)				
Transfers in	1,755	1,755	1,658	(97)
Transfers out	(36,997)	(36,997)	(36,997)	-
Proceeds from sale of capital assets	-	-	9	9
Total other financing sources (uses)	(35,242)	(35,242)	(35,330)	(88)
Net change in fund balances	(42,892)	(42,892)	11,302	54,194
Fund balances - beginning	80,422	80,422	99,087	18,665
Fund balances - ending	\$ 37,530	\$ 37,530	110,389	\$ 72,859

Reconciliation to GAAP Basis:

Certain clinic fee revenues are not considered available, and are reported as deferred inflows on the GAAP basis:

Difference in beginning fund balance	(34,742)
Current year revenues unavailable	(11,811)
Unavailable in prior year, recognized in current year	9,512

Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances

\$ 73,348

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal/State Program Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 210,392	\$ 223,654	\$ 208,111	\$ (15,543)
Licenses and permits	963	963	1,174	211
Charges for services	47,881	55,615	51,781	(3,834)
Interest	-	-	1	1
Non-governmental grants	3,635	3,990	4,571	581
Service reimbursements	63	63	-	(63)
Miscellaneous	121	122	425	303
Total revenues	<u>263,055</u>	<u>284,407</u>	<u>266,063</u>	<u>(18,344)</u>
EXPENDITURES				
Current:				
Community justice	33,413	32,513	27,780	4,733
Community services	41	4,292	185	4,107
District attorney	6,794	9,241	6,757	2,484
Health services	119,491	128,420	126,684	1,736
Human services	92,237	103,052	92,864	10,188
Nondepartmental	1,792	1,740	1,277	463
Sheriff	11,334	11,620	11,620	-
Total expenditures	<u>265,102</u>	<u>290,878</u>	<u>267,167</u>	<u>23,711</u>
Revenues over (under) expenditures	(2,047)	(6,471)	(1,104)	5,367
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	3,951	-	(3,951)
Net change in fund balances	(2,047)	(2,520)	(1,104)	1,416
Fund balances - beginning	<u>2,047</u>	<u>2,520</u>	<u>6,451</u>	<u>3,931</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>5,347</u>	<u>\$ 5,347</u>
Reconciliation to GAAP Basis:				
Intergovernmental revenues for State payments to County service providers			92,231	
State payments to County service providers			<u>(92,231)</u>	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$ 5,347</u>	

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

PROPRIETARY FUNDS

The County utilizes eight proprietary funds made up of three enterprise funds and five internal service funds. The statements and schedules for internal service funds begin on page 146.

Enterprise Funds:

These funds are used to finance and account for the acquisition, operation and maintenance of sewage treatment facilities, street lighting facilities and mental health claims administration, which are supported by user charges. The County accounts for certain expenditures of the enterprise funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes the accrual basis of accounting is used. The difference in the accounting basis used relates primarily to the methods of accounting for depreciation and capital outlay. Funds included are:

- **Dunthorpe-Riverdale Service District No. 1 Fund** - accounts for the operations of the sanitary sewer system in southwest unincorporated Multnomah County. (A blended component unit of Multnomah County.)
- **Mid County Service District No. 14 Fund** - accounts for the operation of street lights throughout unincorporated Multnomah County. (A blended component unit of Multnomah County).
- **Behavioral Health Managed Care Fund** - accounts for all financial activity associated with the State required behavioral health services.

MULTNOMAH COUNTY, OREGON
Statement of Fund Net Position
Proprietary Funds
June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe-Riverdale Service District No. 1	Mid County Service District No. 14	Behavioral Health Managed Care	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 1,217	\$ 135	\$ 8,509	\$ 9,861	\$ 87,307
Receivables:					
Accounts, net	1	-	99	100	369
Special assessments	56	29	-	85	-
Inventories	-	-	-	-	967
Prepaid items	-	-	-	-	2,922
Total current assets	1,274	164	8,608	10,046	91,565
Noncurrent assets:					
Internal loans receivable	-	-	-	-	3,000
Capital assets:					
Construction in progress	1,505	637	-	2,142	1,946
Other capital assets (net of accumulated depreciation)	1,974	1,199	-	3,173	14,286
Total noncurrent assets	3,479	1,836	-	5,315	19,232
Total assets	4,753	2,000	8,608	15,361	110,797
DEFERRED OUTFLOWS OF RESOURCES					
Pension plan	-	-	1,567	1,567	10,256
Total deferred outflows of resources	-	-	1,567	1,567	10,256
LIABILITIES					
Current liabilities:					
Accounts payable	345	36	4,880	5,261	8,365
Claims and judgments payable	-	-	1,028	1,028	10,295
Payroll payable	-	-	-	-	762
Unearned revenue	-	-	-	-	54
Compensated absences	-	-	-	-	2,524
Total current liabilities	345	36	5,908	6,289	22,000
Noncurrent liabilities:					
Compensated absences	-	-	-	-	132
Other accrued payables	-	-	-	-	1,190
Net pension liability	-	-	2,604	2,604	16,756
Total noncurrent liabilities	-	-	2,604	2,604	18,078
Total liabilities	345	36	8,512	8,893	40,078
DEFERRED INFLOWS OF RESOURCES					
Pension plan	-	-	1,191	1,191	10,785
Total deferred inflows of resources	-	-	1,191	1,191	10,785
NET POSITION					
Net investment in capital assets	3,479	1,836	-	5,315	16,232
Unrestricted	929	128	472	1,529	53,958
Total net position	\$ 4,408	\$ 1,964	\$ 472	\$ 6,844	\$ 70,190

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe-Riverdale Service District No. 1	Mid County Service District No. 14	Behavioral Health Managed Care	Total	
OPERATING REVENUES					
Current assessments	\$ 874	\$ 447	\$ -	\$ 1,321	\$ -
Prior assessments	13	6	-	19	-
Charges for services	9	-	61,700	61,709	178,572
Insurance premiums	-	-	-	-	9,080
Experience ratings	-	-	-	-	1,152
Miscellaneous	3	-	723	726	166
Total operating revenues	899	453	62,423	63,775	188,970
OPERATING EXPENSES					
Cost of sales and services	512	243	78,255	79,010	193,689
Administration	19	20	1,165	1,204	5,831
Depreciation and amortization	76	66	-	142	2,923
Total operating expenses	607	329	79,420	80,356	202,443
Operating income (loss)	292	124	(16,997)	(16,581)	(13,473)
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	9	3	88	100	461
Gain (loss) on disposal of capital assets	-	-	-	-	263
Total nonoperating revenues	9	3	88	100	724
Income (loss) before contributions and transfers	301	127	(16,909)	(16,481)	(12,749)
Transfers in	-	-	-	-	3,500
Change in net position	301	127	(16,909)	(16,481)	(9,249)
Total net position - beginning	4,107	1,837	17,381	23,325	79,439
Total net position - ending	\$ 4,408	\$ 1,964	\$ 472	\$ 6,844	\$ 70,190

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

MULTNOMAH COUNTY, OREGON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

	Business Type Activities - Enterprise Funds				
	Dunthorpe - Riverdale Service District No. 1	Mid County Service District No. 14	Behavioral Health Manage Care	Total	Governmental Activities - Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 896	\$ 452	\$ 62,324	\$ 63,672	\$ 13,750
Receipts connected with interfund activities	-	-	-	-	175,458
Payments to suppliers	(193)	(217)	(68,902)	(69,312)	(130,504)
Payments to employees	(3)	(37)	(6,814)	(6,854)	(42,532)
Payments connected with interfund activities	-	-	(793)	(793)	(15,225)
Net cash provided by operating activities	700	198	(14,185)	(13,287)	947
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers out	-	-	-	-	(2,750)
Net cash (used) by noncapital and related financing activities	-	-	-	-	(2,750)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(1,045)	(637)	-	(1,682)	(4,770)
Transfers in	-	-	-	-	3,250
Proceeds on sales of capital assets	-	-	-	-	328
Net cash provided by (used in) capital and related financing activities	(1,045)	(637)	-	(1,682)	(1,192)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	9	3	88	100	461
Net cash provided by investing activities	9	3	88	100	461
Net increase (decrease) in cash and cash equivalents	(336)	(436)	(14,097)	(14,869)	(2,534)
Balances at beginning of the year	1,553	571	22,606	24,730	89,841
Balances at end of the year	\$ 1,217	\$ 135	\$ 8,509	\$ 9,861	\$ 87,307
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 292	\$ 124	\$ (16,997)	\$ (16,581)	\$ (13,473)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	76	66	-	142	2,923
Changes in assets and liabilities:					
Receivables, net	(2)	(1)	(99)	(102)	232
Inventories	-	-	-	-	(112)
Prepaid items	-	-	-	-	(1,208)
Deferred outflows - pension	-	-	(1,207)	(1,207)	(7,766)
Accounts payable	334	9	1,052	1,395	(129)
Claims and judgments payable	-	-	4	4	(617)
Payroll payable	-	-	-	-	22
Unearned revenue	-	-	-	-	6
Compensated absences	-	-	-	-	91
Incremental leases payable	-	-	-	-	(310)
Pension liability	-	-	3,366	3,366	23,249
Deferred inflows - pension	-	-	(304)	(304)	(1,961)
Total adjustments	408	74	2,812	3,294	14,420
Net cash provided by operating activities	\$ 700	\$ 198	\$ (14,185)	\$ (13,287)	\$ 947
Noncash financing activities:					
None	\$ -	\$ -	\$ -	\$ -	\$ -

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

FIDUCIARY FUNDS

These funds account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. The accrual basis of accounting is used to record transactions in the agency funds. The funds included are:

- **Agency Funds** - accounts for resources held by the County in a purely custodial capacity.

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MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Position
June 30, 2016
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Restricted assets:	
Cash and investments	\$ 35,891
Receivables - taxes	<u>76,207</u>
Total assets	<u>112,098</u>
 LIABILITIES	
Liabilities payable from restricted assets:	
Accounts payable	15,547
Due to other governmental units	71,921
Amounts held in trust	<u>24,630</u>
Total liabilities	<u>112,098</u>
 NET POSITION	
Total net position	<u><u>\$ -</u></u>

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

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NOTES TO THE FINANCIAL STATEMENTS

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MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Note I. Summary of significant accounting policies

A. Reporting entity

Multnomah County, Oregon (County) was established in 1854 and is organized under the Oregon Revised Statutes (ORS), chapter 201.260, as a municipal corporation. The County is governed by an elected Board of Commissioners, comprised of a board chair and four commissioners. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's governing board and where (1) the County is able to significantly influence the programs or services performed or provided by the organization or (2) the County is legally entitled to or can otherwise access the organization's resources. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Component units may also include organizations which are fiscally dependent on the County in that the County approves the budget, the issuance of debt or levying of taxes. Multnomah County has three blended component units which are included in this report.

Blended component units. Dunthorpe-Riverdale Sanitary Service District No. 1 and Mid County Lighting Service District No. 14 serve residents within each district's geographical boundaries and are governed by a board comprised of the County's elected Board. The rates for user charges for both districts are approved by the Board. Each district is reported as an enterprise fund. The management of the districts is handled by County management. Separate financial statements for the individual component units may be obtained at the Finance and Risk Management Division of the County's administrative offices.

The Library District of Multnomah County was created on July 1, 2013. In November 2012, the voters of Multnomah County approved a measure to form and fund a library district with a permanent rate dedicated to library services, operations, books, materials, programs, activities and oversight of the district. The Library District's permanent rate means library operations will have stable and dedicated funding. The Library District is reported as a special revenue fund and is governed by a board comprised of the County's elected Board. The County and the Library District have executed an intergovernmental agreement which states that the County will be reimbursed by the Library District for the cost of library operations provided using County-owned assets. Separate financial statements for the Library District may be obtained at the Finance and Risk Management Division of the County's administrative offices.

The County also maintains a Hospital Facilities Authority (Authority) that issues conduit debt for health care facilities. The Authority is considered to be a blended component unit of the County because the board for the Authority consists of board members from the County. The balances and activity of the Authority are insignificant and therefore the financial statements of the County do not include the Authority. The County is not fiscally accountable for the Authority. Nor do the County and the Authority have any financial benefit, or burden between their relationships.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Discretely presented component unit. The Library Foundation (TLF) is a legally separate, tax exempt component unit of the County. TLF's purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Although the County does not control the timing or amount of receipts from TLF, the majority of resources or income thereon that TLF holds and invests is restricted to the County libraries' activities by the donors. TLF is a discretely presented component unit as the nature and relationship with the County is significant and to exclude TLF would cause the County's financial statements to be misleading.

TLF is a private non-profit organization that reports under the Financial Accounting Standards Board (FASB) standards, including FASB Statement ASC 958, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to TLF's financial information in the County's financial reporting entity for these differences. TLF is an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. A complete copy of The Library Foundation's financial statements can be obtained by contacting: The Library Foundation, 522 SW Fifth Ave, Suite 1103, Portland, Oregon, 97204; or online at: <https://multco.us/finance/financial-reports>.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the *Statement of Net Position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the County is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. In addition, functional expenses on the statement of activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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C. Measurement focus, basis of accounting, and financial statement preparation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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) plan and additions to/deductions from OPERS' fiduciary net position have been determined using the accrual basis of accounting, same as the OPERS plan. Plan member contributions are recognized in the period in which contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are recognized at fair value as determined by OPERS.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, excise taxes, personal income taxes, business income taxes, intergovernmental revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Federal/State Program Fund* is a special revenue fund that accounts for primarily grant resources (federal, state and local) and the related expenditures for those programs.

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The *PERS Pension Bond Sinking Fund* is a debt service fund that accounts for payment of principal and interest on general obligation bonds that were issued to fund the County's OPERS unfunded liability. Revenues are derived from charge backs to departments based on departmental payroll costs and interest.

The *Sellwood Bridge Replacement Fund* is a capital project fund that accounts for expenditures for construction and replacement of the Sellwood Bridge. Resources are derived from Vehicle Registration Fees, City of Portland, Clackamas County, State of Oregon and a request for federal funds, debt issuance or other financing proceeds.

Proprietary funds account for the operations of predominantly self-supporting activities. Proprietary funds are classified as either enterprise or internal service. *Enterprise funds* account for services rendered to the public on a user charge basis. The following are the County's major enterprise funds:

The Dunthorpe-Riverdale Service District No. 1 Fund accounts for the operations of the sanitary sewer system in southwest unincorporated Multnomah County.

The Mid County Service District No. 14 Fund accounts for the operations of the street lighting system throughout unincorporated Multnomah County.

The Behavioral Health Managed Care Fund accounts for all financial activity associated with the State of Oregon required behavioral health capitated services.

Additionally, the County reports the following fund types:

Special revenue funds are primarily operating funds that account for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

Debt service funds account for the resources accumulated and payments made for principal and interest on long-term debt of governmental funds.

Capital projects funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of County-owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.

Internal service funds account for activities and services performed primarily for other organizational units within the County. The County reports five internal service funds: Risk Management Fund, Fleet Management Fund, Information Technology Fund, Mail Distribution Fund, and Facilities Management Fund.

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Fiduciary Funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four categories: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement or applicable legislative enactment for individuals, private organizations or other governments and are therefore, not available to support the County's own programs. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. The County's agency funds are primarily established to account for the collection and disbursement of various taxes and to account for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

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

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and lighting districts, of the Behavioral Health Managed Care fund, and of the County's internal service funds are charges to customers for sales and services. The sewer district also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as needed.

D. Assets, deferred outflows, liabilities, deferred inflows, and net position or fund balances

Cash and investments

The County's cash and cash equivalents are comprised of cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, each fund's share of pooled cash is treated as cash and equivalents.

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State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

The County reports cash with fiscal agent and cash and investments with special restrictions such as restricted bond proceeds or restrictions imposed by grantors or regulations from other governments as restricted cash and investments.

Accounts receivables

The activities between funds for which there are balances owing at year end for transactions occurring for which reimbursement has not yet been completed are referred to as "due to / from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property tax receivables are deemed to be substantially collectible or recoverable through foreclosure. Accordingly, no allowance for doubtful tax accounts is deemed necessary. All other receivables are shown net of an allowance for uncollectibles.

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date.

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25 percent levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. In fiscal year 2015, the County discontinued its collection of remaining delinquent accounts from this income tax.

Inventories and prepaid items

Inventories of materials and supplies in the governmental funds are valued at average cost and are included in nonspendable classification of fund balances with the exception of vaccine inventories noted on the following page. Inventories of materials and supplies in the internal service funds are valued at the lower of average cost or market. All inventories are recorded as expenditures when consumed rather than when purchased.

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Vaccine inventories in the amount of \$575 are purchased with federal monies, are required to be used for health services and therefore are recorded as restricted inventory/restricted fund balance. The County is not eligible to be reimbursed for costs until the inventory has been properly used. Once used, the funds used to purchase the inventory are eligible to be reimbursed; revenue is recorded at that time.

Payments in excess of \$10 to vendors, which reflect costs applicable to future accounting periods, are recorded as prepaid items in both government-wide and fund financial statements.

Fund balances / net position

In the financial statements, assets in excess of liabilities are presented in one of two ways depending on the measurement focus used in the reporting fund.

On the *Balance Sheet – Governmental Funds*, assets and deferred outflows of resources in excess of liabilities and deferred inflows of resources are reported as fund balances, which are segregated into separate classifications indicating the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. The Finance and Budget Policies state the County will spend restricted resources first, followed by committed, then assigned, with unassigned resources spent last.

Fund balance is reported as *Nonspendable* when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid, except for the vaccine inventory noted above, which is recorded as restricted. Fund balance is reported as *Restricted* when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as *Committed* for resources constrained on use authorized by the Board of County Commissioners (Board), the County's highest level of decision making authority. This is accomplished through either a County ordinance or board resolution. Constraints over how resources are spent are considered an administrative action, which will generally be decided via Board resolution, while ordinances are used for legislative actions. Resolutions and ordinances are considered equally binding in that either can be repealed with a single vote from the Board. Resources will be committed prior to June 30th and the amount may be determined at a subsequent date.

Resources that are constrained by the County's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as *Assigned* fund balance. The Board expresses their intent to use a resource for a specific purpose by including that resource in the adopted annual budget for funds outside of the General Fund. Assigned fund balances are not reported in the General Fund as the County has not established a formal policy regarding the assignment of funds.

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Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that is not otherwise reported as nonspendable, restricted or committed within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

On the *Statement of Net Position* for government-wide reporting and for the proprietary funds and on the *Statement of Fiduciary Net Position*, net position is segregated into restricted and unrestricted balances. Restrictions are limitations on how the net position may be used. Restrictions may be placed on net position by an external party that provided the resources, by enabling legislation or by the nature of the asset.

The *Net investment in capital assets* component of net position represents total capital assets net of accumulated depreciation and debt directly related to capital assets. This amount is reported on the *Statement of Net Position* for government-wide reporting and for proprietary funds.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include dedicated property taxes, state gas tax, intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities. In addition, proceeds from general obligation bonds, revenue bonds, and full faith and credit bonds are restricted to support the specific purpose for which the debt was issued. Net position in these resources is reported as restricted on the *Statement of Net Position* and is recorded in separate funds supporting the specific function or operation.

Capital assets

Capital assets, which include land, right of ways, construction in progress, works of art, buildings, machinery and equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and property improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the County as assets with an initial, individual cost of more than \$5 for equipment and \$100 for infrastructure and internally developed software with an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets for business-type activities.

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Capital assets are depreciated unless they are inexhaustible in nature, such as land and right of ways. The County, as well as the component units, depreciates property, plant, and equipment using the straight line method over the following estimated useful lives:

<u>Asset class</u>	<u>Useful life</u>	<u>Threshold</u>
Vehicles & Heavy Equipment	3 to 10 years	\$5,000
Equipment	3 to 20 years	\$5,000
Software	3 to 20 years	\$100,000
Street lighting	30 years	\$10,000
Roads and bridges	40 years	\$100,000
Buildings and improvements	40 years	\$100,000
Sewer systems	50 years	\$10,000

Net pension asset / liability

The net pension asset or net pension liability in the *Statement of Net Position* has been recognized in connection with the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions*, GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date* (amendment to No. 68), GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB Statements 67 and 68*, and the most recent OPERS actuarial valuation measurement date.

The measurement is the portion of the present value of projected benefits payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees past periods of service less the amount of the pension plan's fiduciary net position.

Deferred outflows / inflows of resources

In addition to assets, the *Statement of Net Position* will 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 is applicable to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows of resources for pension-related amounts: contributions made subsequent to the measurement date, changes in proportionate share, net difference between projected and actual earnings on investments, and the net difference between projected and actual experience.

In addition to liabilities, the *Statement of Net Position* will 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 is applicable to a future period and so will not be recognized as an inflow of resources (revenue) until then. The County reports deferred inflows of resources for pension-related amounts: net difference between projected and actual earnings on investments and net differences between employers share of contributions. The County also reports deferred inflows of resources for resources received before time requirements are met. In the governmental fund financial statements, deferred inflows of resources also include revenues that are measureable but not available.

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Unearned revenues

Unearned revenues will be recognized as revenue in the fiscal year earned in accordance with the accrual basis of accounting. Revenue is considered earned when measurable and all eligibility criteria are met.

Compensated absences

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. No liability has been recorded for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay and compensatory time is accrued as a long term liability when incurred in the government-wide statements and proprietary funds statements. A short term liability is shown for amounts reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

Long-term obligations

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type *Statement of Net Position*. When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures when incurred.

Certain facility leases contain fluctuating or escalating payments, where the rent expense is recorded on a straight-line basis over the lease term. This liability is recorded on the *Statement of Net Position* as other accrued liabilities representing the cumulative difference between rent expense and rent payments.

Net other postemployment benefits obligation (net OPEB obligation)

The net OPEB obligation is recognized as a long-term liability in the government-wide financial statements. The liability reflects both the lump sum payments to employees and the present value of expected future payments. The net other postemployment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year. This liability is funded via internal service charges from the Risk Management

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internal service fund to all governmental funds that support personnel costs, via a rate charged to subject salary costs.

Pollution remediation obligations

When the County determines a pollution remediation obligation exists and management is able to make a reasonable and supportable estimation of expected outlays, a liability is recorded.

In the County's government-wide and proprietary fund financial statements, pollution remediation costs are reported in the *Statement of Revenues, Expenses, and Changes in Fund Net Position* as a program or operating expense (or as revenues for recoveries received after all remediation activities have been completed), special item or extraordinary item.

In the County's governmental fund financial statements, expenditures and liabilities are recognized upon receipt of goods and services. Estimated recoveries from insurers and other responsible parties reduce any associated pollution remediation expenditures when the recoveries are measurable and available.

Contributions

Contributions of cash, property or equipment received from other governments are credited to contribution revenue and recorded in the government-wide financial statements. The County also receives financial gifts and gifts in-kind from The Library Foundation. These in-kind donations from The Library Foundation are recorded at fair value upon receipt to contribution revenue in the government wide and fund financial statements.

Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Reclassifications

Certain amounts from the financial statements of the discretely presented component unit have been reclassified to conform to the presentation requirements of the primary government's financial statements.

Revenue and expenditure naming conventions may differ in presentation from prior year. If so, current year naming conventions have been applied consistently throughout these statements and appropriately reflect the activity presented.

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E. Adoption of new accounting pronouncements and standards

During the fiscal year ended June 30, 2016, the County implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

GASB Statement No. 72, *Fair Value Measurement and Application*. This standard expands fair value disclosures to provide comprehensive information for financial statement users about the impact of fair value measurements on a government's financial position. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Information on the impact of this pronouncement and additional disclosures has been provided in Note III.A. *Cash and investments*.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard includes extending the approach to accounting and financial reporting established in Statement No. 68 to all defined-benefit pensions. It also adds clarification to the information that is required to be presented as notes to the financial statements, the timing of employer recognition of revenue, and reporting for separately financed liabilities of contributing entities. This statement amends certain provisions of Statement No. 67, *Financial Reporting for Pension Plans*, and Statement No. 68, *Accounting and Financial Reporting for Pensions*, which are within their respective scopes.

The County, along with other local governments, participates in a cost-sharing multiple employer defined benefit public employee pension plan, noted as OPERS. The requirements of this standard have a significant impact over financial accounting and reporting for the County's participation in the OPERS plan. Detailed information on the impact of this pronouncement can be found in Note IV.D. *Employee retirement systems, pension plans and deferred compensation plan*.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles [GAAP] for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.

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F. Future adoption of accounting pronouncements and standards

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB), but are not effective as of June 30, 2016:

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement establishes financial reporting standards for state and local governmental other postemployment benefit (OPEB) plans and is set to improve the usefulness of information about postemployment benefits other than pensions. This Statement replaces Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB Statement No. 74 will be effective for the County fiscal year ending June 30, 2017.

GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. It further establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. GASB Statement No. 75 will be effective for the County fiscal year ending June 30, 2018.

GASB Statement No. 77, Tax Abatement Disclosures. This statement defines tax abatements and contains required disclosures about a reporting government's own tax abatement agreements and those that are entered into by other governments that reduce the reporting government's tax revenues. GASB Statement No. 77 will be effective for the County fiscal year ending June 30, 2017.

GASB Statement No. 78, Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans. This statement addresses a practice issue regarding the scope and applicability of Statement No. 68 *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, caused by certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided such pensions. GASB Statement No. 78 will be effective for the County fiscal year ending June 30, 2017.

GASB Statement No. 79, Certain External Investment Pools and Pool Participants. This statement addresses accounting and financial reporting for certain investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. GASB Statement No. 79 will be effective for the County fiscal year ending June 30, 2017.

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GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. This statement clarifies the financial statement presentation requirements for certain component units, specifically with the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity*. GASB Statement No. 80 will be effective for the County fiscal year ending June 30, 2018.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement provides recognition and measurement guidance for situations in which a government is a beneficiary of an irrevocable split interest agreement and requires recognition of assets, liabilities and deferred inflows of resources at the inception of the agreement. GASB Statement No. 81 will be effective for the County fiscal year ending June 30, 2018.

GASB Statement No. 82, *Pension Issues: an amendment of GASB Statements No. 67, No. 68, and No 73*. This statement addresses issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an actuarial standard of practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. GASB Statement No. 82 will be effective for the County fiscal year ending June 30, 2018.

Multnomah County will implement new GASB pronouncements no later than the required effective date. The County is currently evaluating whether or not the above listed new GASB pronouncements will have a significant impact to the County's financial statements.

Note II. Stewardship, compliance, and accountability

A. Budgetary information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the trust funds. Any differences from the budgetary basis to the GAAP basis are reconciled on the budget to actual statement. All annual appropriations lapse at fiscal year end.

During the month of February each year, all agencies of the County submit requests for appropriations to the County Chair so that a budget may be prepared. By May 15, the proposed budget is presented to the County Board of Commissioners (Board) for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30.

The adopted budget is prepared by fund and department. County department managers may make transfers of appropriations within a department and fund. Transfers and changes (increases) of appropriations between departments or funds require approval of the Board prior to the related expenditures. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level. The Board approved one supplemental budget and several other budgetary appropriations throughout the year.

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Under nearly all circumstances, prior year budgets cannot be modified. An exception to the rule is if the budget is for money that is collected by one jurisdiction and passed through to another, as explained in ORS 294.466. In compliance with this statute, resolution agenda item "BudMod-NOND-13-16 APR" modified the 2016 budget to allocate funds received in the Special Excise Tax Fund by the Transient Lodging Tax and were passed through to the Metro.

B. Expenditures in excess of appropriations

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For the year ended June 30, 2016, expenditures exceeded appropriations in the *Capital Debt Retirement Fund* by \$9 due to a new capital lease for the Gresham Women's Shelter which was executed and capitalized in June of 2016. A budget modification will be prepared for the 2017 fiscal year.

C. Deficit net position:

Oregon state law requires fund disclosure of deficit fund balances/net position. At June 30, 2016, the Facilities Management Fund (and internal service fund) reported a deficit net position of \$5,088 in the Combining Statement of Net Position - Internal Service Funds, and the Combining Statement of Revenues, Expenses and Changes in Fund Net Position - Internal Service Funds.

The deficit net position of the Facilities Management Fund is primarily attributed to pension-related items for the Oregon Public Employees Retirement System (OPERS), due to the reporting requirements of GASB Statement No. 68 (see Note IV. D. *Employee retirement systems, pension plans and deferred compensation* for additional information):

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015	Change
Net Pension Asset	\$ -	\$ 1,759	\$ (1,759)
Deferred Outflows of Resources	1,909	657	1,252
Net Pension Liability	(4,385)	-	(4,385)
Deferred Inflows of Resources	(2,938)	(3,451)	513
Net effect of pension-related balances	<u>\$ (5,414)</u>	<u>\$ (1,035)</u>	<u>\$ (4,379)</u>

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Note III. Detailed notes

A. Cash and investments

Multnomah County pools virtually all funds for investment purposes. All appropriate funds are allocated interest based on the average daily cash balance of the fund and the average monthly yield of the County's investment portfolio. Each fund's portion of this pool is displayed as "Cash and investments."

The County's unrestricted and restricted cash and investments are reported in governmental, business-type, and fiduciary activities:

	Unrestricted	Restricted	Total
Governmental activities	\$ 312,035	\$ 100,640	\$ 412,675
Business-type activities	9,861	-	9,861
Fiduciary activities	-	35,891	35,891
Total cash and investments	<u>\$ 321,896</u>	<u>\$ 136,531</u>	<u>\$ 458,427</u>

Deposit risk

Policies

Oregon Revised Statutes, Chapter 295 governs that the Office of the State Treasurer be given responsibility for overseeing collateralization of public funds held by depositories, banks and credit unions, in Oregon. The Public Funds Collateralization Program (PFCP) requires well capitalized depositories to pledge securities with a market value of at least 10 percent of their uninsured public deposits. The OST may require up to 110 percent be pledged for those banks that are poorly capitalized. A list of depositories that may accept public deposits over the insurance limits can be found at: <http://www.oregon.gov/treasury/Divisions/Finance/LocalGov/Pages/Qualified-Depositories.aspx>.

Funds deposited with fiscal agents for the purpose of meeting the payment of principal or interest on bonds or like obligations are not required to be collateralized per Oregon Revised Statutes, Chapter 295.005.

Custodial risk

At June 30, 2016, the carrying amount of the County's deposits was \$65,795 and the bank balance was \$65,773. Of this bank balance \$5,858 was covered by depository insurance, FDIC or NCUA, and \$59,915 was collateralized by the PFCP.

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The remaining carrying amount of \$22 represents petty cash accounts that were uninsured and uncollateralized. The County does not have a policy related to custodial risk over cash.

Insured Deposits by Depository	Cash Balance	Credit Risk
Certificate of Deposit (various)	\$ 5,145	Depository Insurance FDIC/NCUA
Bank of America	250	Depository Insurance FDIC/NCUA
Umpqua Bank - MM	250	Depository Insurance FDIC/NCUA
US Bank	206	Depository Insurance FDIC/NCUA
Paypal	7	Depository Insurance FDIC/NCUA
Total	<u>\$ 5,858</u>	

Uninsured Deposits by Depository	Cash Balance	Credit Risk
Bank of America	\$ 32,109	Collateralized by PFCP, held by FHLB, Seattle
Umpqua Bank - MM	19,460	Collateralized by PFCP, held by FHLB, Seattle
Umpqua Bank - Retainage	5,164	Collateralized by PFCP, held by FHLB, Seattle
Willamette Community Bank - MM	3,032	Collateralized by PFCP, held by FHLB, Seattle
US Bank - Cash with Fiscal Agent	150	Collateralized by PFCP, held by FHLB, Seattle
Petty Cash / Imprest Accounts	22	Uncollateralized
Total	<u>\$ 59,937</u>	

Investment risk

Policies

Oregon Revised Statutes, Chapter 294, authorizes the County to invest in obligations of the U.S. Treasury, U.S. Government agencies and instrumentalities, bankers' acceptances guaranteed by a qualified financial institution, commercial paper, corporate bonds, repurchase agreements, State of Oregon Local Government Investment Pool (LGIP), and various interest-bearing bonds of Oregon and other municipalities.

The County's investments are governed by a written investment policy that is reviewed annually by the Multnomah County Investment Advisory Board, and is adopted annually by the Board of County Commissioners. The policy specifies the County's investment objectives, benchmarks, required diversification by security type and by maturity, and the reporting requirements. A copy of the policy is located at <http://multco.us/finance/investments>.

The County is authorized to invest in the Local Government Investment Pool (LGIP), an open-ended, no-load diversified portfolio. The LGIP is comingled with other state funds in the Oregon Short-Term Fund (OSTF). These investments are governed by a written investment policy that is reviewed annually by the Governor appointed, Oregon Short-Term Fund Board. The OSTF is not managed as a stable net asset value fund; therefore, preservation of principal is not assured. The Oregon Short-Term Fund financial statements and its portfolio rules can be obtained at www.ost.state.or.us. LGIP is not rated by any national rating service.

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asset value fund; therefore, preservation of principal is not assured. The Oregon Short-Term Fund financial statements and its portfolio rules can be obtained at www.ost.state.or.us. LGIP is not rated by any national rating service.

Custodial risk

The County's investment policy requires that a third party be used for safekeeping of investment instruments. Investment securities purchased or sold pursuant to the County's investment policy are delivered via payment by book entry or physical delivery to a third party custodian. The investments are held in the county's name and therefore do not have custodial risk.

Concentration of credit risk

Policies

In addition, to limit its exposure to losses due to asset concentration, the County's investment policy and Oregon Revised Statutes limit asset concentration as follows:

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service or the equivalent rating by any nationally recognized statistical rating organization.
2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon, or has more than 50 percent of its tangible assets in Oregon.
3. Purchase of commercial paper and other corporate debt not insured by an agency of the U.S. Government up to 25 percent of the total investment portfolio is allowed, but may exceed that limit up to 30 percent for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75 percent of the investment portfolio.
5. Investments guaranteed by an agency of the U.S. Government (e.g., the U.S. Treasury or the Federal Depository Insurance Corporation) may be owned without limit.
6. Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term debt rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (2)]. Also, lawfully issued debt obligations of the States of California, Idaho and Washington and their political subdivisions if such obligations have a long-term rating of AA or better or are rated on the settlement date in the highest category for short-term

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municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (3)]. For these latter obligations, they are allowable subject to ORS 294.040.

Additionally, to limit its exposure to asset concentration risk, the County restricts the total investment that can be made in the corporate indebtedness of a single corporate entity and its affiliates and subsidiaries to 5 percent of the total investment portfolio.

Investment Type / Issuer	Issuer Holding Greater than Five Percent		
	Fair Value	Percent of Total Portfolio	Policy Limit
Federal Home Loan Mortgage Corp.	\$ 47,573	10.6%	25%
Federal Farm Credit Banks	35,206	7.8%	25%

As of June 30, 2016, the County had the following unrestricted cash and investments:

Investment Type	Fair Value	Risk Concentration	Weighted Average Maturity (in months)
US Treasuries	\$ 205,327	63.79%	3.2
US Agencies	99,447	30.89%	3.9
Corporate Debt	17,122	5.32%	<1
Total unrestricted cash and investments	\$ 321,896	100.00%	

Portfolio weighted average maturity 7.7

As of June 30, 2016, the County had the following restricted cash and investments. All types reported as restricted had weighted average maturities of less than one month. The County maintains cash with fiscal agent accounts to set aside for debt service requirements per the trustees and bond indentures.

Investment Type	Fair Value	Risk Concentration
Cash and Equivalents	\$ 65,645	48.08%
LGIP	56,298	41.23%
US Agencies	14,326	10.50%
Cash with Fiscal Agent	150	0.11%
Deposit Securities in Lieu of Retainage	112	0.08%
Total	\$ 136,531	100.00%

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Interest rate risk

Policies

As a means of limiting its exposure to fair value losses resulting from rising interest rates, the County's investment policy limits maturities as follows:

<u>Maturity</u>	<u>Cumulative Constraint</u>
Less than 30 days	10%
Less than 1 year	35%
Less than 3 years	100%

The County's investment policy limits the weighted average maturity of the total portfolio to 1.5 years.

If the goals of maturity limits are exceeded by 5 percent or more for ten successive business days, prompt notification to the County's Chief Financial Officer and the County's Investment Advisory Board is required.

At June 30, 2016, the County had the following interest rate and concentration risk. Credit ratings are noted by Moody's and Standard & Poor's respectively:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Days to Maturity</u>		
			<u>0-90</u>	<u>91-365</u>	<u>366-1095</u>
US Agency	\$ 113,773	Aaa/AA+	\$ 21,017	\$ 27,560	\$ 65,196
Corporate MTN	5,093	Aaa/AAA	-	-	5,093
	10,024	Aa1/AA+	-	10,024	-
	2,005	A1/AA+	-	2,005	-
US Treasury	205,327	Aaa/AA+	85,046	65,103	55,178
LGIP	56,298	AA*	56,298	-	-
Total	<u>\$ 392,520</u>		<u>\$ 162,361</u>	<u>\$ 104,692</u>	<u>\$ 125,467</u>
Percentage			41%	27%	32%

* This represents the composite weighted average rating of the investments held by the Local Government Investment Pool (LGIP).

Fair value measurement

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability between market participants at the measurement date (exit price). Observable inputs reflect market participants' assumptions in pricing the asset or liability and are developed based on market data

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obtained from sources independent of reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset or liability.

Multnomah County's investment custodial bank utilizes the following pricing service and valuation frequency:

<u>Domestic Assets Primary</u>		
<u>Asset Type</u>	<u>Pricing Source(s)</u>	<u>Frequency</u>
US Treasuries	Interactive Data	Daily
US Agencies	Interactive Data	Daily
Corporate Debt	Interactive Data	Daily
Municipal Debt	Interactive Data	Daily

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 – quoted prices (unadjusted) in active markets for identical assets at the measurement date.

Level 2 – quoted prices for similar assets in active or inactive markets, or inputs derived from observable (directly or indirectly) market data.

Level 3 – valuations derived from valuation techniques in which significant inputs are unobservable.

<u>Investment Assets at Fair Value as of June 30, 2016</u>				
<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
US Treasuries	\$ 205,327	\$ -	\$ -	205,327
US Agencies	113,773	-	-	113,773
LGIP	-	56,298	-	56,298
Money Market Accounts	22,742	-	-	22,742
Corporate Debt	-	17,122	-	17,122
Certificate of Deposit	5,145	-	-	5,145
Total	\$ 346,987	\$ 73,420	\$ -	\$ 420,407

US Treasuries and Agencies are valued using quoted prices for identical assets in the active market. Corporate Debt Securities are valued using matrix pricing in the active market. Balances held in the Local Government Investment Pool (LGIP), Certificates of Deposit, and Money Market Accounts are valued at cost; the amount currently required to replace asset. Demand Deposits, and other Cash and Equivalent accounts are reported at bank balance as of June 30, 2016 measurement date.

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B. Receivables

Receivables as of year-end for the County's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are noted below.

	Governmental Activities							
	General Fund	Federal/ State Program Fund	Sellwood Bridge Fund	Internal Service Funds	Non- Major Funds	Total Governmental Activities	Business- type Activities	Total
Receivables:								
Taxes:								
Property	\$ 17,397	\$ -	\$ -	\$ -	\$ 4,675	\$ 22,072	\$ -	\$ 22,072
Other	6,132	-	-	-	3,721	9,853	-	9,853
Accounts	46,871	33,611	3,122	369	12,162	96,135	100	96,235
Loans	-	629	-	-	-	629	-	629
Interest	937	-	-	-	-	937	-	937
Special assessments	11	-	-	-	-	11	86	97
Contracts	354	-	-	-	-	354	-	354
Gross receivables	71,702	34,240	3,122	369	20,558	129,991	186	130,177
Less: allowance for discounts and uncollectible amounts	(1,850)	(1,244)	-	-	-	(3,094)	(1)	(3,095)
Net total receivables	<u>\$ 69,852</u>	<u>\$ 32,996</u>	<u>\$ 3,122</u>	<u>\$ 369</u>	<u>\$ 20,558</u>	<u>\$ 126,897</u>	<u>\$ 185</u>	<u>\$ 127,082</u>

Revenues of Dunthorpe-Riverdale and Mid County Service Districts are reported net of uncollectible amounts. Total uncollectible amounts related to revenues are all for prior periods.

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C. Deferred outflows and inflows of resources and unearned revenues

The County recognizes revenues when earned. Amounts received in advance of the period in which services are performed are recorded as a liability, "unearned revenue". Various components of unearned revenue reported in the governmental funds at June 30, 2016 are as follows:

	Governmental Activities			
	General	Federal/State Program	Internal Service	Total
Grant draws prior to meeting all eligibility requirements	\$ -	\$ 11,763	\$ -	\$ 11,763
Loans receivable	-	629	-	629
Special assessments receivable	11	-	-	11
Contracts receivable	354	-	-	354
Tax title land sales inventory	144	-	-	144
State vaccine inventory	-	575	-	575
Miscellaneous	-	-	54	54
Total unearned revenue	<u>\$ 509</u>	<u>\$ 12,967</u>	<u>\$ 54</u>	<u>\$ 13,530</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Various components of deferred inflows in the governmental funds at June 30, 2016 are reported on the Governmental Funds Balance Sheet. Various components of deferred outflows and inflows in the government-wide statements at June 30, 2016 are reported on the Statement of Net Position. For the County's reported deferred outflows of resources and deferred inflows of resources related to pensions see Note IV.D *Employee retirement systems, pension plans and deferred compensation plan*.

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D. Operating leases

Operating leases for certain land, buildings and equipment used in governmental operations that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2016 in accordance with accounting principles generally accepted in the United States of America are as follows:

Fiscal Year Ending June 30,	Amount
2017	\$ 4,968
2018	3,714
2019	894
2020	475
2021	160
2022 - 2026	590
2027 - 2031	522
2032 - 2036	58
Total minimum payments	<u>\$ 11,381</u>

The County recorded \$5,331 in base rent expense for the year ended June 30, 2016. Total rent expense was \$6,751, which includes operating and maintenance costs.

For details on capital leases see Note III.G. *Long-term debt*.

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E. Interfund receivables, payables, and transfers

Due from / to other funds

The County records “due from” and “due to” transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from reporting a negative cash balance. The amount payable to the Library Fund is related to providing interim working capital financing for the Library District Fund. This balance is collected in the subsequent year. As of June 30, 2016 the Library District Fund due to the Library Fund is \$254.

Interfund transfers

Significant transfers include \$28,120 from the General Fund to the Downtown Courthouse Capital Construction Fund and a transfer of \$71,002 from the Library District Fund to the Library Fund to support library operations. The Library District Fund and Library Fund transfer is necessary for financial reporting purposes; however, this transfer is reported as intergovernmental revenue and expenditures on the budgetary basis. Interfund transfers of governmental activities for the year ended June 30, 2016 consist of the following:

Fund	Transfers in	Transfers out
General Fund	\$ 1,658	\$ 36,998
Animal Control Fund	-	1,658
Willamette River Bridges Fund	-	35
Library Fund	71,002	-
Library District Fund	-	71,002
Capital Debt Retirement Fund	1,400	-
Downtown Courthouse Capital Construction Fund	28,120	-
Asset Replacement Revolving Fund	35	-
Capital Improvement Fund	1,671	-
Asset Preservation Fund	2,307	-
Risk Management Fund	-	-
Fleet Management Fund	250	-
Information Technology Fund	3,250	-
Facilities Management Fund	-	-
Total:	<u>\$ 109,693</u>	<u>\$ 109,693</u>

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Interfund loans

In fiscal year 2016, the Willamette River Bridges Fund received a \$3,000 loan from the Risk Management Fund for a feasibility study of seismic rehabilitation or replacement of the Burnside Bridge. This 10-year loan was authorized by Resolution No. 2015-116. Repayment is interest-only for the first five years. The interest rate is 0.54 percent. It is expected to be repaid in full during the fiscal year ending June 30, 2026. Annual repayments to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest
2017	\$ -	\$ 16
2018	-	16
2019	-	16
2020	-	16
2021	-	16
2022-2026	3,000	49
Total	<u>\$ 3,000</u>	<u>\$ 129</u>

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F. Capital assets

Capital asset activity of the primary government, for the year ended June 30, 2016 is as follows:

Primary government

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 15,027	\$ 431	\$ -	\$ -	\$ 15,458
Right-of-ways	196,843	301	146	(211)	197,079
Construction in progress	290,940	83,617	(21,386)	(259)	352,912
Works of art	4,430	-	-	-	4,430
Buildings not-in-service	46,164	-	-	(300)	45,864
Total capital assets, not being depreciated	553,404	84,349	(21,240)	(770)	615,743
Capital assets, being depreciated:					
Buildings	399,691	4,122	7,464	(3,629)	407,648
Improvements other than buildings	1,010	-	-	-	1,010
Machinery and equipment	107,525	11,966	10,911	(3,007)	127,395
Bridges	172,657	-	-	-	172,657
Infrastructure	370,476	2,586	2,865	(155)	375,772
Total capital assets being depreciated	1,051,359	18,674	21,240	(6,791)	1,084,482
Less accumulated depreciation for:					
Buildings	(185,354)	(10,153)	-	2,119	(193,388)
Improvements other than buildings	(335)	(40)	-	-	(375)
Machinery and equipment	(76,514)	(10,090)	-	2,599	(84,005)
Bridges	(81,293)	(2,837)	-	-	(84,130)
Infrastructure	(293,457)	(9,346)	-	134	(302,669)
Total accumulated depreciation	(636,953)	(32,466)	-	4,852	(664,567)
Total capital assets being depreciated, net	414,406	(13,792)	21,240	(1,939)	419,915
Governmental activities capital assets, net	\$ 967,810	\$ 70,557	\$ -	\$ (2,709)	\$ 1,035,658
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 460	\$ 1,682	\$ -	\$ -	\$ 2,142
Total capital assets, not being depreciated	460	1,682	-	-	2,142
Capital assets, being depreciated:					
Improvements other than buildings	6,605	-	-	-	6,605
Total capital assets being depreciated	6,605	-	-	-	6,605
Less accumulated depreciation for:					
Improvements other than buildings	(3,290)	(142)	-	-	(3,432)
Total accumulated depreciation	(3,290)	(142)	-	-	(3,432)
Total capital assets being depreciated, net	3,315	(142)	-	-	3,173
Business-type activities capital assets, net	\$ 3,775	\$ 1,540	\$ -	\$ -	\$ 5,315

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During fiscal year 2005 the County finalized the construction of the Wapato Jail. Since the completion of the jail in 2005, the County has not funded an operating budget for the jail; therefore the jail has not been placed into service and is not currently being depreciated. The capitalized cost of the jail in fiscal year 2005 was \$51,164. Since the jail has not been put into operation, management has estimated a total asset impairment of \$5,300. The adjusted balance of the Wapato Jail is \$45,864. This amount is included in the above capital asset schedule. Management continues to look for options to operate the jail. When the jail becomes operational it will be depreciated over forty years.

Fully depreciated capital assets at June 30, 2016 totaled \$130,929, all of which were remain to be used in governmental type activities. Capital assets are evaluated annually for impairment. Fully depreciated capital assets are comprised of:

	Acquisition Value
Buildings	\$ 17,470
Machinery and equipment	54,284
Bridges	59,175
Total	<u>\$ 130,929</u>

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

Governmental activities:	
General government	\$ 10,321
Health services	409
Social services	44
Public safety and justice	638
Community services	1,853
Library	7,784
Roads and bridges	11,417
Total depreciation expense – governmental activities	<u>\$ 32,466</u>
Business-type activities:	
Sewer	\$ 76
Lighting	66
Total depreciation expense – business-type activities	<u>\$ 142</u>

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G. Long-term debt

General obligation bonds

In March 2010, the County issued \$45,175 in General Obligation Refunding bonds, Series 2010 at a premium of \$4,870, with interest rates from 3 - 5 percent. Bonds were rated Aaa by Moody's. These bonds were issued to refund previously issued General Obligation debt. At June 30, 2016 the outstanding balance on the Series 2010 bonds was \$5,905 and the balance on the unamortized premium was \$696.

General obligation bonds are direct obligations, pledge the full faith and credit of the County and are backed by the County's authority to levy property taxes. These bonds are generally issued as 20-year serial bonds with equal amounts of principal and interest maturing each year. General obligation bonds currently outstanding are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.00-5.00%	\$ 5,905

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

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 5,905	\$ 118
Subtotal	5,905	\$ 118
Premium on long-term debt	696	
Total	<u>\$ 6,601</u>	

Full faith and credit bonds

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49 to 7.74 percent to fund the County's unfunded accrued actuarial liability (UAAL). Bonds were rated Aa2 by Moody's. The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the amount calculated by the Oregon Public Employees Retirement System (OPERS) to retire the UAAL and the amount of the debt repayment. Payment of principal and interest, except for a term bond, will be guaranteed by National Public Finance Guarantee. At June 30, 2016, \$111,248 of these bonds was outstanding.

On March 31, 2010, the County issued \$9,800 in Full Faith and Credit Obligations, Series 2010 at a premium of \$573, with interest rates from 2 to 3 percent. Bonds were rated AA by Standard & Poor's. The obligations were issued to finance the replacement cost of the County's data center, provide for telephone enhancements, deferred facilities maintenance and assist with a project to automate the movement of library materials. At June 30, 2016 the outstanding balance on the Series 2010A bonds was \$1,485 and the balance of the unamortized premium was \$82.

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On December 14, 2010, the County issued \$15,000 in Full Faith and Credit Obligations, Series 2010B, with interest rates from 4 to 4.7 percent. Bonds were rated Aa1 by Moody's. The proceeds from the sale of the obligations were used to finance the construction costs for the East County Courthouse (ECC). At June 30, 2016 the entire debt issue was outstanding.

On December 4, 2012, the County issued \$128,000 in Full Faith and Credit Obligations, Series 2012, at a premium of \$21,113, with interest rates from 3 to 5 percent. Bonds were rated Aa1 by Moody's and AA by Standard & Poor's. The obligations were issued to finance and refinance constructions of the Sellwood Bridge. The obligations were issued to support construction of a new Sellwood Bridge along with upgrades to the east and west end approaches. At June 30, 2016 the outstanding balance on the Series 2012 bonds was \$115,460 and the balance on the unamortized premium was \$17,946.

On June 18, 2014, the County issued \$22,530 in Full Faith and Credit Refunding Obligations, Series 2014, at a premium of \$2,562 with interest rates from 3 to 5 percent. Bonds were rated Aa1 by Moody's. This debt issue was all used as a current refunding during the 2015 fiscal year which the proceeds of the obligations were used to refund debt (fiscal years 2016 through 2020 or \$24,395 in principal) on the Series 2004. At June 30, 2016 the outstanding balance on the Series 2014 bonds was \$18,745 and the balance on the unamortized premium was \$1,708.

Full faith and credit bond obligations outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.50-7.74%	\$ 261,938

Annual debt service requirements to maturity for full faith and credit bonds are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 27,590	\$ 10,770
2018	29,065	9,001
2019	31,790	7,126
2020	15,364	24,914
2021	12,088	26,062
2022 – 2026	63,702	150,589
2027 – 2031	64,219	150,080
2032 – 2033	18,120	819
Subtotal	261,938	\$ 379,361
Premium on long-term debt	19,736	
Total	<u>\$ 281,674</u>	

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The full faith and credit bonds are included in the bonds payable line item on the *Statement of Net Position*.

Full faith and credit bonds	Long-term	Current	Total
Maturities	\$ 234,347	\$ 27,591	\$ 261,938
Premium on long-term debt	18,173	1,563	19,736
Total	<u>\$ 252,520</u>	<u>\$ 29,154</u>	<u>\$ 281,674</u>

Capital leases

The County has entered into various lease/purchase agreements to acquire property and equipment. These lease agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with accounting principles generally accepted in the United States of America. Two new capital leases were executed during fiscal year 2016 for the West Gresham Plaza and the Gresham Woman's Shelter. Total assets acquired through capital leases are as follows:

Asset	Governmental Activities
Buildings	\$ 84,077
Less: Accumulated depreciation	(40,602)
Total	<u>\$ 43,475</u>

Capital lease obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	2.50-4.90%	<u>\$ 2,477</u>

Future minimum lease payments are as follows:

	Governmental Activities	
Fiscal Year Ending June 30,	Principal	Interest
2017	\$ 443	\$ 118
2018	303	108
2019	199	101
2020	205	95
2021	212	88
2022 - 2026	620	336
2027 - 2031	436	153
2032	58	2
Total	<u>\$ 2,477</u>	<u>\$ 1,000</u>

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Loans payable

In fiscal year 2009, the County entered into a loan agreement with the Oregon Department of Transportation – Financial Services for the purpose of making capital improvements to the County’s road system. The total outstanding under this agreement was \$2,520 at June 30, 2016.

In June 2016, the County entered into an interim financing agreement and issued Tax-Exempt Non-Revolving Credit Facility and Bond of no more than \$25,000. The bonds carry a LIBOR daily floating rate. This agreement provided interim financing for capital costs for the County's new Courthouse and Health Department Headquarters building construction projects. At June 30, 2016 \$1 million was outstanding with an interest rate of 0.6636 percent plus 0.3 percent per annum on the actual unused amount of bank commitment. Interest payments are due semi-annually commencing December 31, 2016 and the outstanding balance fully matures on June 30, 2017. The County plans to issue long-term Full Faith and Credit Obligations before the Credit Facility and Bonds are due in June 2017. The outstanding balance on the Credit Facility and Bond will be paid off with the issuance of the Full Faith and Credit Obligation.

The loan obligations outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.98%	<u>\$ 3,520</u>

Annual debt service requirements to maturity for long-term loans outstanding at year-end are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 1,212	\$ 179
2018	220	92
2019	229	83
2020	238	74
2021	247	65
2022 – 2026	1,374	167
Total	<u>\$ 3,520</u>	<u>\$ 660</u>

Pollution remediation obligations

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, including pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and post remediation monitoring.

Included in the current year’s additions and reductions are pollution remediation activities related to various properties where the County is responsible for cleanup costs. The year-end liability for pollution

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remediation includes estimates environmental monitoring activities at a former landfill, where methane gas has been detected. The County obligated itself to commence monitoring and potentially cleanup. During the 2016 fiscal year, the County installed additional probes and continued monthly checks for levels of methane and other gases associated with a closed landfill. The year-end liability estimate for this site includes continued monitoring of existing conditions and costs for cleanup and improvements of existing probes. The site is subject to DEQ regulation and oversight at this time. Pollution remediation activities were paid by an internal service fund and a capital projects fund.

The County is also addressing pollution remediation concerns in connection with the construction of a new County bridge, the Sellwood Bridge project. Any pollution remediation costs incurred with the construction of the Sellwood Bridge project will be capitalized with the bridge. Management estimates any pollution remediation costs for the Sellwood Bridge project to be immaterial to the total construction cost for the bridge. These costs for pollution remediation will be paid for by the capital project fund for the Sellwood Bridge.

The calculation for the June 30, 2016 pollution remediation obligation is an estimate determined by management using the expected cash flow techniques and applying probabilities to the pollution remediation activities. The County's pollution remediation obligation is an estimate that is subject to changes resulting from price increases and decreases, changes in technology as well as changes in applicable laws and regulations. The current pollution remediation obligation does not provide for any recoveries that could reduce the liability. Changes in the County's pollution remediation obligation are noted in the schedule below and the liability is recorded on the *Statement of Net Position*.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 11,570	\$ -	\$ 5,665	\$ 5,905	\$ 5,905
Full Faith and Credit Bonds	278,348	-	16,410	261,938	27,591
Unamortized Premium Bonds	22,692	-	2,260	20,432	2,259
Bonds Total	312,610	-	24,335	288,275	35,755
Capital Leases	1,192	1,443	158	2,477	443
Loans Payable	2,723	1,000	203	3,520	1,212
Long-term debt before other long-term liabilities	316,525	2,443	24,696	294,272	37,410
Pollution Remediation Obligations	38	-	11	27	27
Compensated Absences	29,009	34,400	32,672	30,737	29,385
Governmental activity long-term liabilities	<u>\$ 345,572</u>	<u>\$ 36,843</u>	<u>\$ 57,379</u>	<u>\$ 325,036</u>	<u>\$ 66,822</u>

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Conduit financing

Multnomah County Conduit Financing

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds.

The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. The County is not responsible for the repayment of conduit debt. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements.

As of June 30, 2016, \$6,265 of the Higher Education Variable Rate Demand Revenue Bonds was outstanding.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. The proceeds of these bonds issues were used by health care facilities to finance various capital projects and refund outstanding bonds.

The debt has not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the bond indenture and payments are made by the health care facilities. The obligors have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County.

Upon completion of the project, the assets constructed or purchased are owned by the respective health care facility. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements.

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A summary of the Authority's conduit debt is as follows:

Obligor (Health Care Facility), debt issue, terms	Original Amount	Balance June 30, 2016
Adventist Health System/West, Revenue Bonds, Series 2009A, due September 1, 2021 and September 1, 2040	\$ 66,535	\$ 66,535
Holladay Park Plaza, Revenue and Refunding Bonds, Variable Rate Demand Revenue Refunding Bonds, Series 2010A, due serially through December 1, 2040	14,460	12,885
Terwilliger Plaza, Revenue and Refunding Bonds, Series 2012, due serially through December 1, 2029	18,245	15,890
Odd Fellows Home-Friendship Health Center, Variable Rate Demand Revenue Refunding Bonds, Series 2013, due serially through September 15, 2020	7,280	6,820
Holladay Park Plaza, Revenue Bonds, Series 2013, due serially through December 1, 2043	14,138	12,238
Parkview Christian Retirement Community Project, Variable Rate Revenue Refunding Bonds, Series 2013, due serially through November 1, 2034	7,315	6,811
Pacific Mirabella (at South Waterfront Project), Variable Rate Demand Revenue Refunding Bonds, Series 2014A, due serially through October 1, 2049	93,380	92,470
Terwilliger Plaza Inc., Revenue Refunding Bonds, Series 2016, due serially through December 1, 2036	13,625	13,625
	<u>\$ 234,978</u>	<u>\$ 227,274</u>

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H. Fund balances, governmental funds

On the *Balance Sheet – Governmental Funds*, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2016 were as follows:

Fund balances	General Fund	Federal and State Program Fund	PERS Bond Fund	Sellwood Bridge Replacement Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:						
Inventories	\$ 390	\$ -	\$ -	\$ -	\$ 183	\$ 573
Prepaid items	229	480	-	47	668	1,424
Restricted:						
Capital projects, buildings	-	-	-	-	40,614	40,614
Community support programs	3,220	5,292	-	-	5,320	13,832
Debt service	-	-	-	-	6,187	6,187
Document storage and retrieval	207	-	-	-	-	207
Library operations	-	-	-	-	6,696	6,696
Road, bridge and bike path improvements	-	-	-	15,486	4,516	20,002
Committed:						
Capital projects, buildings	-	-	-	-	24,205	24,205
Capital projects, information technology	-	-	-	-	3,751	3,751
Community support programs	-	-	-	-	60	60
Debt service	-	-	85,752	-	1,534	87,286
Road, bridge and bike path improvements	-	-	-	2,623	-	2,623
Assigned:						
Capital equipment acquisition	-	-	-	-	412	412
Capital projects, information technology	-	-	-	-	563	563
Community support programs	-	-	-	-	384	384
Library operations	-	-	-	-	11,149	11,149
Road, bridge and bike path improvements	-	-	-	477	5,350	5,827
Unassigned	69,302	(425)	-	-	-	68,877
Total fund balances	<u>\$ 73,348</u>	<u>\$ 5,347</u>	<u>\$ 85,752</u>	<u>\$ 18,633</u>	<u>\$ 111,592</u>	<u>\$ 294,672</u>

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Note IV. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability, workers' compensation and medical/dental, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund, an internal service fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2016, interfund premiums exceeded reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. A discount factor of 0.931 and 0.958 were used to estimate the year-end workers' compensation component and the liability component, respectively.

Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. The County's excess insurance coverage policies cover claims in excess of \$1,000 for workers' compensation and \$1,000 for all liability claims. Settlements have not exceeded coverages for each of the past three fiscal years. The County anticipates the balance in the claims liability account at year-end will be paid within the next fiscal year.

Changes in the balances of claims liabilities during the past two years are as follows:

	Fiscal Year Ended June 30, 2016	Fiscal Year Ended June 30, 2015
Unpaid claims, beginning of fiscal year	\$ 10,911	\$ 10,792
Incurred claims (including IBNRs)	25,291	27,387
Actuarial adjustment	(2,815)	(2,819)
Claim payments	(23,092)	(24,449)
Unpaid claims, end of fiscal year	<u>\$ 10,295</u>	<u>\$ 10,911</u>

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B. Commitments and contingent liabilities

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

Lawsuits

The County is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the County's legal counsel the resolution of these matters will not have a material adverse effect on the financial condition of the County.

Construction contracts

The County has entered into various construction and non-construction contracts at fiscal year-end. The commitments noted below are evidenced by signed purchase orders or contracts which were entered into prior to June 30, 2016.

Construction Commitments	Fiscal Year Ended June 30, 2016	Financing Source
Buildings	\$ 32,869	State of Oregon reimbursements, tax increment financing, grant funding, General Fund
Bridges	22,010	Vehicle registration fees, grant funding, General Fund
Sewer	11,169	City of Portland reimbursements, Service District property taxes
Roads	<u>6,693</u>	Oregon Department of Transportation loan agreement
Total commitments	<u>\$ 72,741</u>	

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Labor agreements

There are eleven labor agreements between the County and its employees. Labor agreements for the Painters & Allied Trades Contract, Physicians Contract, and Local 48 Electrical Workers Contract expired on June 30, 2016 and are currently being negotiated. Juvenile Custody Services Specialist Unit expired on June 30, 2015 and is scheduled for arbitration in late 2016. Contracts may be viewed online at: <https://multco.us/employee-labor-relations/labor-contracts>.

The following is a list of all agreements currently in effect:

	Effective Dates
Oregon Nurses Association (ONA)	July 1, 2015 - June 30, 2018
Multnomah County Deputy Sheriff's Association (MCDSA)	July 1, 2014 - June 30, 2018
Multnomah County Employees Union - Local 88, AFSCME AFL-CIO	July 1, 2014 - June 30, 2017
Federation of Oregon Parole and Probation Officers (FOPPO)	July 1, 2014 - June 30, 2017
Multnomah County Prosecuting Attorneys Association	July 1, 2013 - June 30, 2017
International Union of Operating Engineers - Local 701, AFL-CIO	July 1, 2012 - June 30, 2017
Multnomah County Corrections Deputy Association (MCCDA)	July 1, 2010 - June 30, 2017
International Union of Painters and Allied Trades	
District Council 5, Local 1094, AFL-CIO	July 1, 2013 - June 30, 2016
Multnomah County Employees Union, Physicians Unit - Local 88-4, AFSCME AFL-CIO	July 1, 2012 - June 30, 2016
International Brotherhood of Electrical Workers (IBEW) - Local 48, AFL-CIO	July 1, 2011 - June 30, 2016
Multnomah County Employees Union	
Juvenile Custody Services Specialists Unit (JCSS), Local 88, AFSCME AFL-CIO	July 1, 2013 - June 30, 2015

C. Postemployment benefits other than pensions

State of Oregon Public Employees Retirement System - Plan Description The County contributes to the OPERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employee defined other postemployment benefit plan administered by PERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. PERS issues a publicly available financial report that includes financial statements and required supplementary information. For 2016, the County contributed \$1,606 to the plan.

Single Employer Defined Benefit Healthcare - Plan description The County also administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. In general, the plan states the County shall pay 50 percent of the monthly medical insurance premium on behalf of a County retiree and his/her eligible dependents from the retiree's 58th birthday or date of retirement, whichever is later, until the retiree's 65th birthday, death or eligibility for Medicare, whichever is earlier, if the retiree has: five years of continuous County service immediately preceding retirement at or after age fifty-eight years; or ten years of continuous

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County service immediately preceding retirement prior to age 58. The County's postemployment medical plan does not issue a publicly available financial report.

Funding policy. The County has not established a trust fund to hold resources for the payment of benefits for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County offers retirees a health benefit equal to half of their monthly premium and retirees are required to pay the other half. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to cover 50 percent of the annual premium costs which is 2 percent of annual covered payroll to fund the retiree benefit. At June 30, 2016, there were 669 retirees that were enrolled in the postemployment medical benefit and 743 enrolled in dental. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2016, the County contributed \$8,353 to the plan. Of this amount, \$2,540 was explicitly contributed as part of the contractual obligation described above. The remaining \$5,813 represents the implicit subsidy derived from active employee contributions.

Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending June 30, 2016, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 14,413
Interest on net OPEB obligation	4,263
Adjustment to annual required contribution	(4,060)
Annual OPEB cost (expense)	14,616
Contributions made	(8,354)
Increase in net OPEB obligation	6,262
Net OPEB obligation - beginning of year	121,794
Net OPEB obligation - end of year	<u>\$ 128,056</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016 and three preceding years were as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 11,980	54%	\$ 110,700
2014	12,464	58	115,946
2015	14,046	58	121,794
2016	14,616	57	128,056

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Funded status and funding progress. As of the most recent actuarial report, January 1, 2016, the actuarial accrued liability for benefits was \$152,624 and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$152,624. The covered payroll (annual payroll of active employees covered by the plan) was \$334,264 for fiscal year 2016 and the ratio of the UAAL to the covered payroll was 46 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recently conducted, actuarial valuation (as of January 1, 2015), the projected unit credit (PUC) method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 3.5 percent was used in the most recent actuarial valuation for the closed period. The actuarial report does not reflect future changes in benefits, penalties, taxes, or administrative costs that may be required as a result of the Patient Protection and Affordable Care Act of 2010, related legislation, or regulations except for excise tax "Cadillac Tax" that commences in years 2018 and after. The County's plan may be subject to a 40 percent excise tax on the value of benefits provided above a certain dollar level. This valuation includes an explicit estimate of the value of the excise tax for this plan. The report also states health care costs rates are grading down from 7.60 percent in 2015 to 6.80 percent in 2019. The report includes assumptions for medical inflation at 4.0 percent and annual payroll growth rate of 3.5 percent. The County's unfunded actuarial accrued liability is re-determined each valuation and amortized over a 30 year open period as a level percentage of payroll. The remaining amortization period at June 30, 2016 is 30 years.

D. Employee retirement systems, pension plans and deferred compensation plan

Pension plan descriptions. The County is a participating employer in the Oregon Public Employee Retirement System (OPERS), a cost-sharing multiple-employer defined benefit public employee pension plan. The County also maintains a defined contribution plan for the purpose of individual retirement savings through OPERS; the Individual Account Program (IAP). Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS

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Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS is administered under Oregon Revised Statutes Chapter 238 and Internal Revenue Service 401(a) by the Public Employees Retirement Board (OPERS Board). OPERS, a component of the State of Oregon, issues a comprehensive annual financial report that can be obtained from Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, or at: http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

Summary of significant accounting policies – basis of accounting and valuation of investments. 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 OPERS plan and additions to/deductions from OPERS' fiduciary net position have been determined using the accrual basis of accounting, same as the OPERS plan. Plan member contributions are recognized in the period in which contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are recognized at fair value as determined by OPERS.

Plan Benefits

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

Tier One/Tier Two Retirement Benefit. Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension Benefits. The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 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 a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at a 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.

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

- the member was employed by an OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in an OPERS-covered job, or
- the member was on an official leave of absence from an OPERS-covered job at the time of death.

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

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. 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 of annual benefit and 0.15 percent on annual benefits above \$60.

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 by formula for members who attain normal retirement age. For general service members, 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. For police and fire members, 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 are 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.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

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 2016 and beyond will vary based on 1.25 percent on the first \$60 of annual benefit and 0.15 percent on annual benefits above \$60.

Contributions

OPERS 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. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The County's contribution rates for the period were 11.27 percent for Tier One/Tier Two members, 7.66 percent for OPSRP General Service members, and 10.39 percent for OPSRP Police and Fire members. The County's total contributions for the year ended June 30, 2016 were \$36,661, excluding the IAP 6 percent "pick-up".

Covered employees are required to contribute 6 percent of their salary to the Plan, but the employer is allowed to pay any or all of the employees' contribution in addition to the required employers' contribution. The County has elected to contribute the 6 percent "pick-up" or \$19,506 of the employees' contribution.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2016, the County reported a liability of \$206,128 for its proportionate share of the OPERS net pension asset/liability. The net pension asset/liability was measured as of June 30, 2015, using the actuarial valuation of December 31, 2013, rolled forward to June 30, 2015. The County's proportion of the net pension asset/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 employers, actuarially determined. As of the June 30, 2015 measurement date, the County's proportion was 3.5902%.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

For the year ended June 30, 2016 and 2015, the County recognized a total pension expense (income) of \$200,636 and \$(71,677) respectively. At June 30, 2016, 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
Net difference between projected and actual experience	\$ 11,115	\$ -
Net difference between projected and actual earnings on investments	74,562	117,771
Changes in proportionate share	2,957	-
Changes in share of contributions	-	10,185
Contributions subsequent to measurement date	36,661	-
Total	<u>\$ 125,295</u>	<u>\$ 127,956</u>

Deferred outflows of resources of \$36,661 were reported related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows:

Fiscal Year Ending June 30,	Amounts
2017	\$ (19,834)
2018	(19,834)
2019	(19,834)
2020	19,645
2021	535
Total	<u>\$ (39,322)</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Actuarial methods and assumptions used in developing total pension liability

The total pension liability based on the December 31, 2013 actuarial valuation was determined using the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Actuarial assumptions:	
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service
Mortality	<p>Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p>Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p>Disabled retirees: Mortality rates are a percentage (65 percent for males, 90 percent for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

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 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount rate

The discount rate used to measure the total pension liability was 7.75 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 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Sensitivity analysis 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 7.75 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 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
County's proportionate share of the net pension liability (asset)	\$ 497,481	\$ 206,128	\$ (39,407)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the OPERS 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 on the subsequent page 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.

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-Term Bonds	8.00	3.70
Intermediate-Term Bonds	3.00	4.10
High Yield Bonds	1.80	6.66
Large Cap US Equities	11.65	7.20
Mid Cap US Equities	3.88	7.30
Small Cap US Equities	2.27	7.45
Developed Foreign Equities	14.21	6.90
Emerging Foreign Equities	5.49	7.40
Private Equity	20.00	8.26
Opportunity Funds/Absolute Return	5.00	6.01
Real Estate (Property)	13.75	6.51
Real Estate (REITS)	2.50	6.76
Commodities	7.71	6.07
Assumed Inflation - Mean		2.75%

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Changes in Assumptions

Changes in Plan Provisions Subsequent to Measurement Date

At its July 31, 2015 meeting, the OPERS Board lowered the "assumed rate" to 7.5% effective, January 1, 2016. Based on the sensitivity analysis provided by OPERS, this could increase net pension liability by an additional \$77 million.

Changes in Plan Provisions Effecting the Roll Forward

The Oregon Supreme Court decision in *Moro v. State of Oregon* (issued on April 30, 2015) occurred after the December 31, 2013 valuation date but affected the plan provisions reflected for financial reporting purposes. The Moro decision modified the COLA-related changes of Senate Bills 822 and 861, creating a blended COLA for members who earned service both before and after the effective dates of the legislation. Due to the timing of the Supreme Court decision, this means the COLA change due to Moro is reflected in the June 30, 2015 Total Pension Liability.

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at: https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf.

OPSRP Individual Account Program (OPSRP IAP)

The defined contribution pension plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are OPERS or OPSRP eligible. State statutes require covered employees to contribute 6 percent of their annual covered salary to the IAP plan effective January 1, 2004. Multnomah County has elected to pay all of the employees' required IAP contributions. Although OPERS members retain their existing OPERS account, all current member contributions are deposited into the member's IAP account. The liability outstanding at June 30, 2016 was \$2,580 for the amount associated with the final year-end payroll and is recorded as a current other liability in the Statement of Net Position.

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

Upon retirement, a member of the OPSRP 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

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.

Deferred Compensation Plan

Plan Description. The County offers employees a voluntary deferred compensation plan (the Plan) administered by the County. The Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The County's deferred compensation committee has the authority to establish or amend the plan provisions. The Plan is available to any individual who is an elected official of the County or who is employed by the County in a benefit eligible (medical & dental) position after completing 30 days of service, and permits them to defer a portion of their salary until future years.

Participation in the plan is voluntary. Contributions are made through salary withholdings from participating employees up to the amounts specified in the code. No contributions are required from the County.

Amounts deferred are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. No Plan assets have been used for purposes other than the payment of benefits. At June 30, 2016, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$322,619. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

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REQUIRED SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

I . Postemployment benefits other than pensions

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
1/1/2011	\$ -	\$ 154,498	\$ 154,498	0%	\$ 273,938	56%
1/1/2013	\$ -	\$ 134,712	\$ 134,712	0%	\$ 289,938	46%
1/1/2015	\$ -	\$ 152,624	\$ 152,624	0%	\$ 309,377	49%

The above table presents the three most recent actuarial valuations for the County's postretirement medical plans and provides information that approximates the funding progress of the plan.

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

II . Employee retirement systems, pension plan

Schedule of Proportionate Share of Net Pension (Asset) Liability
Oregon Public Employees Retirement System
Last Three Fiscal Years*

	<u>2016</u>	<u>2015</u>	<u>2014</u>
County's proportion of the net pension liability (asset)	3.59%	3.42%	3.42%
County's proportionate share of the net pension liability (asset)	\$ 206,128	\$ (77,474)	\$ 174,421
County's covered-employee payroll	\$ 304,993	\$ 303,774	\$ 284,960
County's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68%	-26%	61%
Plan fiduciary net position as a percentage of the total pension liability	92%	104%	92%

**The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.*

Schedule of Pension Contributions
Oregon Public Employees Retirement System
Last Three Fiscal Years

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contributions	\$ 36,661	\$ 29,772	\$ 28,158
Contributions in relation to actuarially determined contributions	36,661	29,772	28,158
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 304,993	\$ 303,774	\$ 284,960
Contributions as a percentage of covered-employee payroll	12%	10%	10%

**The schedule is required to show information for 10 years. However, until a full 10-year trend is compiled, the information presented is for those years for which information is available.*

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

III. Notes to required supplementary information - Employee retirement systems, pension plan

Changes in benefit terms

Senate Bill 822, signed into law in May 2013, eliminated the Senate Bill 656/House Bill 3349 tax remedy payments for benefit recipients who are not subject to Oregon income tax due to not residing in Oregon, and limited the 2013 post-retirement Cost of Living Assessment (COLA) to 1.5 percent of annual benefit. Senate Bill 861, signed into law in October 2013, limited the post-retirement COLA for years beyond 2013 to 1.25 percent on the first \$60 of annual benefit and 0.15 percent on annual benefits above \$60.

Due to the timing of the benefit changes, the combined impact of Senate Bill 822 and Senate Bill 861 are reflected in the June 30, 2014 total pension liability. The decrease in the total pension liability resulting from Senate Bill 861, measured as of June 30, 2014, created a \$82,800 reduction in the County's pension plan liabilities.

Changes in assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study Oregon Public Employees Retirement System for the System, which was published on September 18, 2013, and can be found at:

<http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

Actuarial Cost Method - The Actuarial Cost Method was changed from the Projected Credit (PUC) cost method to the Entry Age Normal (EAN) cost method. This change allows Oregon Public Employees Retirement System (OPERS) to use the same cost method for contribution rate calculations as required by GASB Statements No. 67 and 68.

Tier 1/Tier 2 Unfunded Accrued Liability Amortization - In combination with the change in cost method, the OPERS Board chose to re-amortize the outstanding Tier 1/Tier 2 Unfunded Accrued Liability (UAL) as of December 31, 2013 over a closed period of 20 years as a level percentage of projected payrolls. Gains and losses between subsequent rate-setting valuations will be amortized over a closed 20 year period from the valuation in which they are first recognized.

Contribution Rate Stabilization Method - The "grade-in range" over which the rate collar gradually doubles was modified so that the collar doubles as funded status (excluding side accounts) decreases from 70 to 60 percent or increases from 130 to 140 percent. Previously the ranges had been decreased from 80 to 70 percent and increased from 120 to 130 percent.

Allocation of Liability for Service Segments - For allocating Tier 1/Tier 2 liability among multiple employers, the weighting between Money Match and Full Formula methodology was updated to reflect expected future experience. The money match was weighted 30 percent for general service members and 5 percent for police and fire members for the December 31, 2012/2013 valuations (40 percent for general service members and 10 percent for police and fire members for the December 31, 2010/2011 valuations).

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Changes in Economic Assumptions

Investment Return and Interest Crediting - The assumed investment return and interest crediting rate (regular and variable) was reduced to 7.5 percent. Previously the assumed investment return and interest crediting to regular account balances was 8 percent and the assumed interest crediting to variable account balances was 8.25 percent

OPSRP Administrative Expenses - Assumed administrative expenses were reduced from \$6,600 per year to \$5,500 per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum Retiree Health Insurance Premium Account (RHIPA) subsidy was updated based on analysis performed by Millman's healthcare actuaries. This analysis includes the consideration of the excise tax that will be introduced in 2018 by the Patient Protection and Affordable Care Act.

Changes in Demographic Assumptions

Health Mortality - The healthy mortality assumption is based on the RP2000 generational mortality tables with group-specific class and setback adjustments. The group-specific adjustments have been updated to more closely match recently observed system experience.

Disabled Mortality - The disabled mortality assumption base was changed from the RP2000 healthy tables to the RP2000 disabled tables. Gender-specific adjustments were applied to align the assumption with recently observed system experience.

Disability, Retirement from Active Status, and Termination - Rates for disability, retirement from active status, and termination were adjusted. Termination rates were changed from being indexed upon age to being indexed upon duration from hire date.

Changes in Salary Increase Assumptions

Merit Increases, Unused Sick Leave, and Vacation Pay - Unused sick leave and vacation pay rates were adjusted.

Retiree Healthcare Participation - The Retiree Health Insurance Account (RHIA) participation rate for healthy retirees was reduced from 48 to 45 percent. The RHIPA participation rate was changed from uniform rate of 13 percent to a service-based table of rates. *(Source: December 31, 2012 OPERS Actuarial Valuation, page 89)*

Plan fiduciary net position as a percentage of total pension liability - See Schedule of Changes in Net Pension (Asset/Liability) on page 57 of the OPERS June 30, 2014 Comprehensive Annual Financial Report (CAFR), and can be found at:

http://www.oregon.gov/pers/pages/section/financial_reports/financials.aspx

COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES GOVERNMENTAL FUNDS

General Fund*

Special Revenue Funds

- Federal/State Program Fund (Major)*
- Road Fund
- Bicycle Path Construction Fund
- Recreation Fund
- County School Fund
- Animal Control Fund
- Willamette River Bridges Fund
- Library Fund
- Special Excise Tax Fund
- Land Corner Preservation Fund
- Inmate Welfare Fund
- Justice Services Special Operations Fund
- Oregon Historical Society Levy Fund
- Video Lottery Fund
- Library District Fund

Debt Service Funds

- Capital Debt Retirement Fund
- General Obligation Bond Sinking Fund
- PERS Pension Bond Sinking Fund (Major)*

Capital Project Funds

- Downtown Courthouse Capital Construction Fund
- Asset Replacement Revolving Fund
- Financed Projects Fund
- Library Capital Construction Fund
- Capital Improvement Fund
- Asset Preservation Fund
- Health Department HQ Fund
- Sellwood Bridge Replacement Fund (Major)*

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ 20,208	\$ 1,534	\$ 29,912	\$ 51,654
Receivables:				
Taxes	4,526	-	-	4,526
Accounts, net	670	-	45	715
Due from other funds	254	-	-	254
Inventories	155	-	28	183
Prepaid items	668	-	-	668
Restricted:				
Cash and investments	20,194	6,145	41,285	67,624
Receivables:				
Taxes	3,378	492	-	3,870
Accounts, net	8,240	-	3,207	11,447
Total assets	<u>\$ 58,293</u>	<u>\$ 8,171</u>	<u>\$ 74,477</u>	<u>\$ 140,941</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ 7,105	\$ -	\$ 1,026	\$ 8,131
Payroll payable	852	-	-	852
Liabilities payable from restricted assets:				
Accounts payable	8,677	-	3,878	12,555
Payroll payable	303	-	-	303
Due to other funds	254	-	-	254
Internal loans payable	3,000	-	-	3,000
Total liabilities	<u>20,191</u>	<u>-</u>	<u>4,904</u>	<u>25,095</u>
DEFERRED INFLOWS OF RESOURCES				
Resources not yet available:				
Property taxes	758	-	-	758
Property taxes, restricted	3,046	450	-	3,496
Total deferred inflows of resources	<u>3,804</u>	<u>450</u>	<u>-</u>	<u>4,254</u>
FUND BALANCES				
Nonspendable	823	-	28	851
Restricted	16,532	6,187	40,614	63,333
Committed	60	1,534	27,956	29,550
Assigned	16,883	-	975	17,858
Total fund balances	<u>34,298</u>	<u>7,721</u>	<u>69,573</u>	<u>111,592</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,293</u>	<u>\$ 8,171</u>	<u>\$ 74,477</u>	<u>\$ 140,941</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 121,135	\$ 6,075	\$ -	\$ 127,210
Intergovernmental	49,040	299	7,015	56,354
Licenses and permits	4,521	-	-	4,521
Charges for services	7,271	-	10,190	17,461
Interest	260	34	330	624
Non-governmental grants	3,122	-	-	3,122
Service reimbursements	300	16,701	8,324	25,325
Miscellaneous	368	-	44	412
Total revenues	<u>186,017</u>	<u>23,109</u>	<u>25,903</u>	<u>235,029</u>
EXPENDITURES				
Current:				
Health services	-	-	42	42
Public safety and justice	6,928	-	9,792	16,720
Community services	46,587	-	4,878	51,465
Library services	64,687	-	519	65,206
Roads and bridges	44,643	-	-	44,643
Capital outlay	13,268	-	21,564	34,832
Debt service:				
Principal	-	15,592	-	15,592
Interest expense	-	7,443	-	7,443
Total expenditures	<u>176,113</u>	<u>23,035</u>	<u>36,795</u>	<u>235,943</u>
Revenues over (under) expenditures	<u>9,904</u>	<u>74</u>	<u>(10,892)</u>	<u>(914)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	71,002	1,400	32,133	104,535
Transfers out	(72,695)	-	-	(72,695)
Proceeds from issuance of debt	-	-	1,000	1,000
Total other financing sources (uses)	<u>(1,693)</u>	<u>1,400</u>	<u>33,133</u>	<u>32,840</u>
Net change in fund balances	8,211	1,474	22,241	31,926
Fund balances - beginning	<u>26,087</u>	<u>6,247</u>	<u>47,332</u>	<u>79,666</u>
Fund balances - ending	<u>\$ 34,298</u>	<u>\$ 7,721</u>	<u>\$ 69,573</u>	<u>\$ 111,592</u>

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NONMAJOR SPECIAL REVENUE FUNDS

These funds account for revenue derived from specific taxes or other earmarked revenue sources, including state gas tax, grants, and charges for services which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make the expenditures. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.
- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.
- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.
- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school districts.
- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.
- **Willamette River Bridges Fund** - accounts for capital grants and contributions for County bridges, motor vehicle fees, and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.
- **Library Fund** – accounts for the public library operations. Principal source of revenue is reimbursement from library district.
- **Special Excise Tax Fund** - accounts for transient lodging tax and motor vehicle tax collections to be used for convention center expenditures.
- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.
- **Oregon Historical Society Levy Fund** - accounts for the five year local option levy revenues collected on behalf of the Oregon Historical Society and four east county Historical Societies. The funding is passed through to support the history library, museum and educational programs.
- **Video Lottery Fund** - accounts for revenues received from the Oregon State Lottery. Expenditures are restricted to furthering economic development per House Bill 3188 passed during the Regular Session of the 76th Oregon Legislative Assembly.
- **Library District Fund** – accounts for the revenues and expenditures of the Multnomah Library District. The primary source of revenue is property tax collections related to the permanent rate passed by the voters of Multnomah County for the creation of the Multnomah County Library District on July 1, 2013. Additional sources of revenue include fines and grants. The expenditures are made pursuant to an intergovernmental agreement for library services provided to Multnomah County Library. Library operations will continue out of the Library Fund, with periodic reimbursements from the Library District Fund to the Library operations fund per the intergovernmental agreement.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	<u>Road</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>
ASSETS				
Unrestricted:				
Cash and investments	\$ 4,243	\$ -	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Accounts, net	170	-	-	-
Due from other funds	-	-	-	-
Inventories	155	-	-	-
Prepays and deposits	4	-	-	-
Restricted:				
Cash and investments	3,033	432	53	-
Receivables:				
Taxes	-	-	-	-
Accounts, net	5,109	-	-	-
Total assets	<u>\$ 12,714</u>	<u>\$ 432</u>	<u>\$ 53</u>	<u>\$ -</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ 328	\$ -	\$ -	\$ -
Payroll payable	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	8,029	-	53	-
Payroll payable	113	-	-	-
Due to other funds	-	-	-	-
Internal loans payable	-	-	-	-
Total liabilities	<u>8,470</u>	<u>-</u>	<u>53</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Resources not yet available:				
Property taxes	-	-	-	-
Property taxes, restricted	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	159	-	-	-
Restricted	-	432	-	-
Committed	-	-	-	-
Assigned	4,085	-	-	-
Total fund balances	<u>4,244</u>	<u>432</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,714</u>	<u>\$ 432</u>	<u>\$ 53</u>	<u>\$ -</u>

Animal Control	Willamette River Bridges	Library	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations
\$ -	\$ 1,261	\$ 8,641	\$ 1,426	\$ -	\$ 63	\$ 34
-	-	814	3,712	-	-	-
7	4	16	-	-	-	449
-	-	254	-	-	-	-
-	-	-	-	-	-	-
-	4	660	-	-	-	-
555	6,125	-	-	2,924	11	268
-	-	-	-	8	-	1
-	1,459	-	-	2	-	115
<u>\$ 562</u>	<u>\$ 8,853</u>	<u>\$ 10,385</u>	<u>\$ 5,138</u>	<u>\$ 2,934</u>	<u>\$ 74</u>	<u>\$ 867</u>

\$ -	\$ -	\$ 1,585	\$ 5,100	\$ -	\$ 63	\$ 29
-	-	797	-	-	-	55
27	403	-	-	25	-	24
2	97	-	-	19	11	57
-	-	-	-	-	-	-
-	3,000	-	-	-	-	-
<u>29</u>	<u>3,500</u>	<u>2,382</u>	<u>5,100</u>	<u>44</u>	<u>74</u>	<u>165</u>

-	-	758	-	-	-	-
-	-	-	-	-	-	-
-	-	758	-	-	-	-

-	4	660	-	-	-	-
526	4,084	-	-	2,890	-	303
-	-	-	38	-	-	22
7	1,265	6,585	-	-	-	377
<u>533</u>	<u>5,353</u>	<u>7,245</u>	<u>38</u>	<u>2,890</u>	<u>-</u>	<u>702</u>
<u>\$ 562</u>	<u>\$ 8,853</u>	<u>\$ 10,385</u>	<u>\$ 5,138</u>	<u>\$ 2,934</u>	<u>\$ 74</u>	<u>\$ 867</u>

(Continued)

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2016
(amounts expressed in thousands)

	Oregon Historical Society Levy	Video Lottery	Library District	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ -	\$ 4,540	\$ 20,208
Receivables:				
Taxes	-	-	-	4,526
Accounts, net	-	-	24	670
Due from other funds	-	-	-	254
Inventories	-	-	-	155
Prepays and deposits	-	-	-	668
Restricted:				
Cash and investments	-	407	6,386	20,194
Receivables:				
Taxes	124	-	3,245	3,378
Accounts, net	-	1,301	254	8,240
Total assets	<u>\$ 124</u>	<u>\$ 1,708</u>	<u>\$ 14,449</u>	<u>\$ 58,293</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ -	\$ -	\$ 7,105
Payroll payable	-	-	-	852
Liabilities payable from restricted assets:				
Accounts payable	-	116	-	8,677
Payroll payable	-	4	-	303
Due to other funds	-	-	254	254
Internal loans payable	-	-	-	3,000
Total liabilities	<u>-</u>	<u>120</u>	<u>254</u>	<u>20,191</u>
DEFERRED INFLOWS OF RESOURCES				
Resources not yet available:				
Property taxes	-	-	-	758
Property taxes, restricted	111	-	2,935	3,046
Total deferred inflows of resources	<u>111</u>	<u>-</u>	<u>2,935</u>	<u>3,804</u>
FUND BALANCES				
Nonspendable	-	-	-	823
Restricted	13	1,588	6,696	16,532
Committed	-	-	-	60
Assigned	-	-	4,564	16,883
Total fund balances	<u>13</u>	<u>1,588</u>	<u>11,260</u>	<u>34,298</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 124</u>	<u>\$ 1,708</u>	<u>\$ 14,449</u>	<u>\$ 58,293</u>

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MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	<u>Road</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>
REVENUES				
Taxes	\$ 7,301	\$ -	\$ 55	\$ 47
Intergovernmental	35,898	-	-	15
Licenses and permits	76	-	-	-
Charges for services	2	-	-	-
Interest	75	3	-	-
Other:				
Non-governmental grants	-	-	-	-
Service reimbursements	-	-	-	-
Miscellaneous	30	-	-	-
Total revenues	<u>43,382</u>	<u>3</u>	<u>55</u>	<u>62</u>
EXPENDITURES				
Current:				
Public safety and justice	-	-	-	-
Community services	-	-	55	62
Library services	-	-	-	-
Roads and bridges	40,207	-	-	-
Capital outlay	2,902	-	-	-
Total expenditures	<u>43,109</u>	<u>-</u>	<u>55</u>	<u>62</u>
Revenues over (under) expenditures	<u>273</u>	<u>3</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	273	3	-	-
Fund balances - beginning	<u>3,971</u>	<u>429</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 4,244</u></u>	<u><u>\$ 432</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Animal Control	Willamette River Bridges	Library	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations
\$ -	\$ -	\$ 214	\$ 39,166	\$ -	\$ -	\$ -
-	7,596	-	-	2	-	-
1,529	5	-	-	-	-	2,796
97	43	-	-	1,745	1,059	2,972
4	-	22	7	15	-	3
148	-	1,096	-	-	-	-
-	-	35	-	-	-	265
-	304	1	-	-	-	17
1,778	7,948	1,368	39,173	1,762	1,059	6,053
-	-	-	-	-	1,071	5,857
446	-	-	39,148	-	-	-
-	-	64,687	-	-	-	-
-	3,366	-	-	1,070	-	-
-	2,874	7,447	-	45	-	-
446	6,240	72,134	39,148	1,115	1,071	5,857
1,332	1,708	(70,766)	25	647	(12)	196
-	-	71,002	-	-	-	-
(1,658)	(35)	-	-	-	-	-
(1,658)	(35)	71,002	-	-	-	-
(326)	1,673	236	25	647	(12)	196
859	3,680	7,009	13	2,243	12	506
\$ 533	\$ 5,353	\$ 7,245	\$ 38	\$ 2,890	\$ -	\$ 702

(Continued)

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Oregon Historical Society Levy	Video Lottery	Library District	Total
REVENUES				
Taxes	\$ 2,325	\$ -	\$ 72,027	\$ 121,135
Intergovernmental	-	5,219	310	49,040
Licenses and permits	-	-	115	4,521
Charges for services	-	-	1,353	7,271
Interest	-	2	129	260
Other:				
Non-governmental grants	-	-	1,878	3,122
Service reimbursements	-	-	-	300
Miscellaneous	-	-	16	368
Total revenues	<u>2,325</u>	<u>5,221</u>	<u>75,828</u>	<u>186,017</u>
EXPENDITURES				
Current:				
Public safety and justice	-	-	-	6,928
Community services	2,326	4,550	-	46,587
Library services	-	-	-	64,687
Roads and bridges	-	-	-	44,643
Capital outlay	-	-	-	13,268
Total expenditures	<u>2,326</u>	<u>4,550</u>	<u>-</u>	<u>176,113</u>
Revenues over (under) expenditures	<u>(1)</u>	<u>671</u>	<u>75,828</u>	<u>9,904</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	71,002
Transfers out	-	-	(71,002)	(72,695)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(71,002)</u>	<u>(1,693)</u>
Net change in fund balances	(1)	671	4,826	8,211
Fund balances - beginning	<u>14</u>	<u>917</u>	<u>6,434</u>	<u>26,087</u>
Fund balances - ending	<u>\$ 13</u>	<u>\$ 1,588</u>	<u>\$ 11,260</u>	<u>\$ 34,298</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 6,870	\$ 6,870	\$ 7,301	\$ 431
Intergovernmental	41,330	41,330	35,898	(5,432)
Licenses and permits	70	70	76	6
Charges for services	103	103	2	(101)
Interest	45	45	75	30
Service reimbursements	259	259	-	(259)
Miscellaneous	46	46	30	(16)
Total revenues	48,723	48,723	43,382	(5,341)
EXPENDITURES				
Current:				
Community services	51,879	51,879	43,109	8,770
Total expenditures	51,879	51,879	43,109	8,770
Net change in fund balances	(3,156)	(3,156)	273	3,429
Fund balances - beginning	3,156	3,156	3,971	815
Fund balances - ending	\$ -	\$ -	\$ 4,244	\$ 4,244

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ 2	\$ 2	\$ 3	\$ 1
Total revenues	2	2	3	1
EXPENDITURES				
Current:				
Community services	75	75	-	75
Contingency	295	295	-	295
Total expenditures	370	370	-	370
Net change in fund balances	(368)	(368)	3	371
Fund balances - beginning	368	368	429	61
Fund balances - ending	\$ -	\$ -	\$ 432	\$ 432

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 103	\$ 103	\$ 55	\$ (48)
Total revenues	103	103	55	(48)
EXPENDITURES				
Current:				
County management	103	103	55	48
Total expenditures	103	103	55	48
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 57	\$ 57	\$ 47	\$ (10)
Intergovernmental	20	20	15	(5)
Total revenues	<u>77</u>	<u>77</u>	<u>62</u>	<u>(15)</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>77</u>	<u>77</u>	<u>62</u>	<u>15</u>
Total expenditures	<u>77</u>	<u>77</u>	<u>62</u>	<u>15</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Licenses and permits	\$ 1,725	\$ 1,725	\$ 1,529	\$ (196)
Charges for services	55	55	97	42
Interest	-	-	4	4
Non-governmental grants	190	190	148	(42)
Total revenues	1,970	1,970	1,778	(192)
EXPENDITURES				
Current:				
Community services	751	751	446	305
Contingency	323	323	-	323
Total expenditures	1,074	1,074	446	628
Revenues over (under) expenditures	896	896	1,332	436
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,755)	(1,755)	(1,658)	97
Total other financing sources (uses)	(1,755)	(1,755)	(1,658)	97
Net change in fund balances	(859)	(859)	(326)	533
Fund balances - beginning	859	859	859	-
Fund balances - ending	\$ -	\$ -	\$ 533	\$ 533

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Willamette River Bridges Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 6,442	\$ 6,442	\$ 7,596	\$ 1,154
Licenses and permits	-	-	5	5
Charges for services	-	-	43	43
Service reimbursements	2,910	2,910	-	(2,910)
Miscellaneous	5	5	304	299
Total revenues	<u>9,357</u>	<u>9,357</u>	<u>7,948</u>	<u>(1,409)</u>
EXPENDITURES				
Current:				
Community services	<u>10,828</u>	<u>13,828</u>	<u>6,240</u>	<u>7,588</u>
Total expenditures	<u>10,828</u>	<u>13,828</u>	<u>6,240</u>	<u>7,588</u>
Revenues over (under) expenditures	<u>(1,471)</u>	<u>(4,471)</u>	<u>1,708</u>	<u>6,179</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(35)	(35)	(35)	-
Internal loan proceeds	<u>-</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(35)</u>	<u>2,965</u>	<u>2,965</u>	<u>-</u>
Net change in fund balances	<u>(1,506)</u>	<u>(1,506)</u>	<u>4,673</u>	<u>6,179</u>
Fund balances - beginning	<u>1,506</u>	<u>1,506</u>	<u>3,680</u>	<u>2,174</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8,353</u>	<u>\$ 8,353</u>
Reconciliation to GAAP Basis:				
Internal loans payable			<u>(3,000)</u>	
Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds			<u>\$ 5,353</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ -	\$ -	\$ 214	\$ 214
Intergovernmental	74,134	74,134	71,002	(3,132)
Interest	-	-	22	22
Service reimbursements	35	35	35	-
Miscellaneous	-	-	1	1
Total revenues	<u>74,169</u>	<u>74,169</u>	<u>71,274</u>	<u>(2,895)</u>
EXPENDITURES				
Current:				
Library	74,134	74,134	71,038	3,096
Contingency	6,800	6,800	-	6,800
Total expenditures	<u>80,934</u>	<u>80,934</u>	<u>71,038</u>	<u>9,896</u>
Revenues over (under) expenditures	<u>(6,765)</u>	<u>(6,765)</u>	<u>236</u>	<u>7,001</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(35)	(35)	-	35
Total other financing sources (uses)	<u>(35)</u>	<u>(35)</u>	<u>-</u>	<u>35</u>
Net change in fund balances	<u>(6,800)</u>	<u>(6,800)</u>	<u>236</u>	<u>7,036</u>
Fund balances - beginning	<u>6,500</u>	<u>6,500</u>	<u>7,009</u>	<u>509</u>
Fund balances - ending	<u>\$ (300)</u>	<u>\$ (300)</u>	<u>7,245</u>	<u>\$ 7,545</u>
Reconciliation to GAAP Basis:				
In kind contributions			1,096	
Consumption of in kind contributions			(1,096)	
Reimbursements from the Library District are reported as Transfers In on the GAAP Basis, rather than as Intergovernmental Revenues				
Intergovernmental Revenues			(71,002)	
Transfers In			<u>71,002</u>	
Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds			<u>\$ 7,245</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Special Excise Tax Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 36,827	\$ 39,127	\$ 39,166	\$ 39
Interest	5	5	7	2
Total revenues	36,832	39,132	39,173	41
EXPENDITURES				
Current:				
Nondepartmental	37,146	39,446	39,148	298
Total expenditures	37,146	39,446	39,148	298
Net change in fund balances	(314)	(314)	25	339
Fund balances - beginning	314	314	13	(301)
Fund balances - ending	\$ -	\$ -	\$ 38	\$ 38

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2	\$ 2
Charges for services	1,390	1,390	1,745	355
Interest	8	8	15	7
Service reimbursements	240	240	-	(240)
Total revenues	<u>1,638</u>	<u>1,638</u>	<u>1,762</u>	<u>124</u>
EXPENDITURES				
Current:				
Community services	<u>1,502</u>	<u>1,502</u>	<u>1,115</u>	<u>387</u>
Total expenditures	<u>1,502</u>	<u>1,502</u>	<u>1,115</u>	<u>387</u>
Net change in fund balances	136	136	647	511
Fund balances - beginning	<u>1,890</u>	<u>1,890</u>	<u>2,243</u>	<u>353</u>
Fund balances - ending	<u>\$ 2,026</u>	<u>\$ 2,026</u>	<u>\$ 2,890</u>	<u>\$ 864</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 1,094	\$ 1,094	\$ 1,059	\$ (35)
Interest	1	1	-	(1)
Miscellaneous	1	1	-	(1)
Total revenues	<u>1,096</u>	<u>1,096</u>	<u>1,059</u>	<u>(37)</u>
EXPENDITURES				
Current:				
Community justice	1	1	-	1
Sheriff	<u>1,095</u>	<u>1,095</u>	<u>1,071</u>	<u>24</u>
Total expenditures	<u>1,096</u>	<u>1,096</u>	<u>1,071</u>	<u>25</u>
Net change in fund balances	-	-	(12)	(12)
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Justice Services Special Operations Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 107	\$ 107	\$ -	\$ (107)
Licenses and permits	2,825	2,825	2,796	(29)
Charges for services	3,108	3,108	2,972	(136)
Interest	-	-	3	3
Service reimbursements	267	267	265	(2)
Miscellaneous	-	-	17	17
Total revenues	<u>6,307</u>	<u>6,307</u>	<u>6,053</u>	<u>(254)</u>
EXPENDITURES				
Current:				
Community justice	2,410	2,410	2,222	188
Sheriff	4,170	4,202	3,635	567
Total expenditures	<u>6,580</u>	<u>6,612</u>	<u>5,857</u>	<u>755</u>
Net change in fund balances	(273)	(305)	196	501
Fund balances - beginning	<u>273</u>	<u>305</u>	<u>506</u>	<u>201</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 702</u>	<u>\$ 702</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Oregon Historical Society Levy Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 2,107	\$ 2,407	\$ 2,325	\$ (82)
Interest	3	3	-	(3)
Total revenues	2,110	2,410	2,325	(85)
EXPENDITURES				
Current:				
Nondepartmental	2,122	2,422	2,326	96
Total expenditures	2,122	2,422	2,326	96
Net change in fund balances	(12)	(12)	(1)	11
Fund balances - beginning	12	12	14	2
Fund balances - ending	\$ -	\$ -	\$ 13	\$ 13

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Video Lottery Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 4,896	\$ 4,896	\$ 5,219	\$ 323
Interest	-	-	2	2
Total revenues	4,896	4,896	5,221	325
EXPENDITURES				
Current:				
Community justice	2,312	2,312	2,312	-
Community services	597	597	326	271
County management	275	275	164	111
Human services	1,015	1,015	1,015	-
Nondepartmental	762	762	733	29
Contingency	480	480	-	480
Total expenditures	5,441	5,441	4,550	891
Net change in fund balances	(545)	(545)	671	1,216
Fund balances - beginning	545	545	917	372
Fund balances - ending	\$ -	\$ -	\$ 1,588	\$ 1,588

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Library District Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 71,406	\$ 71,406	\$ 72,027	\$ 621
Intergovernmental	115	115	310	195
Licenses and permits	115	115	115	-
Charges for services	1,391	1,391	1,353	(38)
Interest	50	50	129	79
Non-governmental grants	2,131	2,131	1,878	(253)
Miscellaneous	-	-	16	16
Total revenues	<u>75,208</u>	<u>75,208</u>	<u>75,828</u>	<u>620</u>
EXPENDITURES				
Current:				
Library	74,134	74,134	71,002	3,132
Contingency	7,420	7,420	-	7,420
Total expenditures	<u>81,554</u>	<u>81,554</u>	<u>71,002</u>	<u>10,552</u>
Net change in fund balances	(6,346)	(6,346)	4,826	11,172
Fund balances - beginning	<u>6,346</u>	<u>6,346</u>	<u>6,434</u>	<u>88</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>11,260</u>	<u>\$ 11,260</u>
Reconciliation to GAAP Basis:				
Reimbursements to the Library Fund are reported as Transfers Out on the GAAP Basis, rather than as Library District Expenditures				
Library District Expenditures			(71,002)	
Transfers Out			<u>71,002</u>	
Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds			<u>\$ 11,260</u>	

DEBT SERVICE FUNDS

These funds account for the retirement of general obligation bonds, certificates of participation (capitalized leases) and other lease-purchase agreements. The modified accrual basis of accounting is used. Funds included are:

Major Fund

- **PERS Pension Bond Sinking Fund** - accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's unfunded liability with OPERS. Revenues consist of charges to departments and interest. (See Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds reported in Fund Financial Statements.)

Nonmajor Funds

- **Capital Debt Retirement Fund** - accounts for lease-purchase and full faith credit principal and interest payments for buildings and major pieces of equipment acquired by the issuance of certificates of participation, lease-purchase agreements and full faith and credit bonds. Revenues consist of certificates of participation proceeds, bond proceeds, service reimbursements and cash transfers from other County funds.
- **General Obligation Bond Sinking Fund** - accounts for payment of principal and interest on general obligation bonds. Revenue is derived from property taxes and interest.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond Sinking	Total
ASSETS			
Unrestricted:			
Cash and investments	\$ 1,534	\$ -	\$ 1,534
Restricted:			
Cash and investments	150	5,995	6,145
Receivables:			
Taxes	-	492	492
Total assets	<u>\$ 1,684</u>	<u>\$ 6,487</u>	<u>\$ 8,171</u>
DEFERRED INFLOWS OF RESOURCES			
Resources not yet available:			
Property taxes, restricted	\$ -	\$ 450	\$ 450
Total deferred inflows of resources	<u>-</u>	<u>450</u>	<u>450</u>
FUND BALANCES			
Restricted	150	6,037	6,187
Committed	<u>1,534</u>	<u>-</u>	<u>1,534</u>
Total fund balances	<u>1,684</u>	<u>6,037</u>	<u>7,721</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,684</u>	<u>\$ 6,487</u>	<u>\$ 8,171</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond Sinking	Total
REVENUES			
Taxes	\$ -	\$ 6,075	\$ 6,075
Intergovernmental	299	-	299
Interest	5	29	34
Other - service reimbursements	16,701	-	16,701
Total revenues	<u>17,005</u>	<u>6,104</u>	<u>23,109</u>
EXPENDITURES			
Debt service:			
Principal	9,927	5,665	15,592
Interest	7,094	349	7,443
Total expenditures	<u>17,021</u>	<u>6,014</u>	<u>23,035</u>
Revenues over (under) expenditures	<u>(16)</u>	<u>90</u>	<u>74</u>
OTHER FINANCING SOURCES			
Transfers in	1,400	-	1,400
Total other financing sources	<u>1,400</u>	<u>-</u>	<u>1,400</u>
Net change in fund balances	<u>1,384</u>	<u>90</u>	<u>1,474</u>
Fund balances - beginning	300	5,947	6,247
Fund balances - ending	<u>\$ 1,684</u>	<u>\$ 6,037</u>	<u>\$ 7,721</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Capital Debt Retirement Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 298	\$ 298	\$ 299	\$ 1
Interest	10	10	5	(5)
Service reimbursements	16,692	16,692	16,701	9
Total revenues	17,000	17,000	17,005	5
EXPENDITURES				
Current:				
Nondepartmental	17,012	17,012	17,021	(9)
Total expenditures	17,012	17,012	17,021	(9)
Revenues over (under) expenditures	(12)	(12)	(16)	(4)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,400	1,400	1,400	-
Total other financing sources (uses)	1,400	1,400	1,400	-
Net change in fund balances	1,388	1,388	1,384	(4)
Fund balances - beginning	306	306	300	(6)
Fund balances - ending	\$ 1,694	\$ 1,694	\$ 1,684	\$ (10)

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Obligation Bond Sinking Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 6,078	\$ 6,078	\$ 6,075	\$ (3)
Interest	35	35	29	(6)
Total revenues	6,113	6,113	6,104	(9)
EXPENDITURES				
Current:				
Nondepartmental	6,015	6,015	6,014	1
Total expenditures	6,015	6,015	6,014	1
Net change in fund balances	98	98	90	(8)
Fund balances - beginning	5,924	5,924	5,947	23
Fund balances - ending	\$ 6,022	\$ 6,022	\$ 6,037	\$ 15

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Pension Bond Sinking Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ 320	\$ 320	\$ 529	\$ 209
Service reimbursements	20,286	20,286	21,131	845
Total revenues	20,606	20,606	21,660	1,054
EXPENDITURES				
Current:				
Nondepartmental	20,188	20,188	20,187	1
Total expenditures	20,188	20,188	20,187	1
Net change in fund balances	418	418	1,473	1,055
Fund balances - beginning	76,565	76,565	84,279	7,714
Fund balances - ending	\$ 76,983	\$ 76,983	\$ 85,752	\$ 8,769

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CAPITAL PROJECTS FUNDS

These funds account for expenditures on major construction projects, proceeds from certificates of participation issued to finance capital acquisitions, proceeds from sale of County property, revenue bond proceeds, and library and public safety general obligation bond proceeds. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

Major Fund

- **Sellwood Bridge Replacement Fund** - accounts for expenditures for construction and replacement of the Sellwood Bridge. Resources are derived from Vehicle Registration Fees, City of Portland, Clackamas County, the State of Oregon and a request for federal funds, debt issuance or other financing proceeds. (See Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds reported in Fund Financial Statements)

Nonmajor Funds

- **Downtown Courthouse Capital Construction Fund** - accounts for the planning, potential land acquisition, and construction of a new County courthouse. Construction will be funded by a combination of County General Fund and debt issuance proceeds.
- **Asset Replacement Revolving Fund** - accounts for expenditures for small capital assets/equipment that might otherwise need to be acquired through the issuance of debt. Resources in the fund are derived from one-time revenue. Expenditures will be reimbursed over time by loan payments charged to the budgets of programs for which the assets are purchased.
- **Financed Projects Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **Library Capital Construction Fund** - accounts for the capital improvement project fees collected from County libraries to provide for needed capital projects for the Library District.
- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property.
- **Asset Preservation Fund** - accounts for the expenditures for building scheduled maintenance projects such as boiler replacement, carpet replacement, roof replacement, etc. Resources are derived from an asset preservation fee that is part of the facilities charges assessed to building tenants.
- **Health Department HQ Fund** - accounts for the construction and relocation of current Department operations to a new location. The location has been strategically selected to better serve the vulnerable citizens of the County. Funding sources are expected to be met by a combination of County General Fund, Portland Development Commission, and issuance of debt.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2016
(amounts expressed in thousands)

	Downtown Courthouse Capital Construction	Asset Replacement Revolving	Financed Projects	Library Capital Construction
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ 412	\$ 4,565	\$ -
Receivables:				
Accounts, net	-	-	-	-
Inventories	-	-	-	-
Restricted:				
Cash and investments	33,286	-	-	2,308
Receivables:				
Accounts, net	3,207	-	-	-
Total assets	<u>\$ 36,493</u>	<u>\$ 412</u>	<u>\$ 4,565</u>	<u>\$ 2,308</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ -	\$ 251	\$ -
Liabilities payable from restricted assets:				
Accounts payable	3,078	-	-	46
Total liabilities	<u>3,078</u>	<u>-</u>	<u>251</u>	<u>46</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	33,415	-	-	2,262
Committed	-	-	3,751	-
Assigned	-	412	563	-
Total fund balances	<u>33,415</u>	<u>412</u>	<u>4,314</u>	<u>2,262</u>
Total liabilities and fund balances	<u>\$ 36,493</u>	<u>\$ 412</u>	<u>\$ 4,565</u>	<u>\$ 2,308</u>

Capital Improvement	Asset Preservation	Health Department HQ	Total
\$ 7,377	\$ 11,158	\$ 6,400	\$ 29,912
45	-	-	45
28	-	-	28
-	-	5,691	41,285
-	-	-	3,207
<u>\$ 7,450</u>	<u>\$ 11,158</u>	<u>\$ 12,091</u>	<u>\$ 74,477</u>
\$ 333	\$ 442	\$ -	\$ 1,026
-	-	754	3,878
<u>333</u>	<u>442</u>	<u>754</u>	<u>4,904</u>
28	-	-	28
-	-	4,937	40,614
7,089	10,716	6,400	27,956
-	-	-	975
<u>7,117</u>	<u>10,716</u>	<u>11,337</u>	<u>69,573</u>
<u>\$ 7,450</u>	<u>\$ 11,158</u>	<u>\$ 12,091</u>	<u>\$ 74,477</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Downtown Courthouse Capital Construction	Asset Replacement Revolving	Financed Projects	Library Capital Construction
REVENUES				
Intergovernmental	\$ 7,015	\$ -	\$ -	\$ -
Charges for services	10,056	-	-	-
Interest	105	3	28	11
Other:				
Service reimbursements	-	-	-	1,149
Miscellaneous	10	-	-	4
Total revenues	<u>17,186</u>	<u>3</u>	<u>28</u>	<u>1,164</u>
EXPENDITURES				
Current:				
Health services	-	-	-	-
Public safety and justice	9,792	-	-	-
Community services	-	-	-	-
Library services	-	-	-	519
Capital outlay	<u>13,454</u>	<u>-</u>	<u>664</u>	<u>431</u>
Total expenditures	<u>23,246</u>	<u>-</u>	<u>664</u>	<u>950</u>
Revenues over (under) expenditures	<u>(6,060)</u>	<u>3</u>	<u>(636)</u>	<u>214</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,120	35	-	-
Proceeds from issuance of debt	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>29,120</u>	<u>35</u>	<u>-</u>	<u>-</u>
Net change in fund balances	23,060	38	(636)	214
Fund balances - beginning	<u>10,355</u>	<u>374</u>	<u>4,950</u>	<u>2,048</u>
Fund balances - ending	<u>\$ 33,415</u>	<u>\$ 412</u>	<u>\$ 4,314</u>	<u>\$ 2,262</u>

Capital Improvement	Asset Preservation	Health Department HQ	Total
\$ -	\$ -	\$ -	\$ 7,015
134	-	-	10,190
44	62	77	330
3,671	3,504	-	8,324
-	-	30	44
3,849	3,566	107	25,903
-	-	42	42
-	-	-	9,792
3,131	1,747	-	4,878
-	-	-	519
1,657	2,600	2,758	21,564
4,788	4,347	2,800	36,795
(939)	(781)	(2,693)	(10,892)
1,671	2,307	-	32,133
-	-	-	1,000
1,671	2,307	-	33,133
732	1,526	(2,693)	22,241
6,385	9,190	14,030	47,332
\$ 7,117	\$ 10,716	\$ 11,337	\$ 69,573

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Downtown Courthouse Capital Construction Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 5,000	\$ 5,000	\$ 7,015	\$ 2,015
Charges for services	-	-	10,056	10,056
Interest	-	-	105	105
Miscellaneous	-	-	10	10
Total revenues	5,000	5,000	17,186	12,186
EXPENDITURES				
Current:				
County assets	54,331	54,331	23,246	31,085
Total expenditures	54,331	54,331	23,246	31,085
Revenues over (under) expenditures	(49,331)	(49,331)	(6,060)	43,271
OTHER FINANCING SOURCES (USES)				
Transfers in	28,120	28,120	28,120	-
Proceeds from issuance of debt	-	-	1,000	1,000
Proceeds from sale of capital assets	10,430	10,430	-	(10,430)
Total other financing sources (uses)	38,550	38,550	29,120	(9,430)
Net change in fund balance	(10,781)	(10,781)	23,060	33,841
Fund balances - beginning	10,781	10,781	10,355	(426)
Fund balances - ending	\$ -	\$ -	\$ 33,415	\$ 33,415

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Replacement Revolving Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 3	\$ 3
Total revenues	-	-	3	3
EXPENDITURES				
Current:				
County assets	406	406	-	406
Total expenditures	406	406	-	406
Revenues over (under) expenditures	(406)	(406)	3	409
OTHER FINANCING SOURCES (USES)				
Transfers in	35	35	35	-
Total other financing sources (uses)	35	35	35	-
Net change in fund balance	(371)	(371)	38	409
Fund balances - beginning	371	371	374	3
Fund balances - ending	\$ -	\$ -	\$ 412	\$ 412

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Financed Projects Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 28	\$ 28
Total revenues	-	-	28	28
EXPENDITURES				
Current:				
County management	4,930	4,930	664	4,266
Total expenditures	4,930	4,930	664	4,266
Net change in fund balance	(4,930)	(4,930)	(636)	4,294
Fund balances - beginning	4,930	4,930	4,950	20
Fund balances - ending	\$ -	\$ -	\$ 4,314	\$ 4,314

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Capital Construction Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 11	\$ 11
Service reimbursements	1,149	1,149	1,149	-
Miscellaneous	-	-	4	4
Total revenues	1,149	1,149	1,164	15
EXPENDITURES				
Current:				
County assets	2,949	3,197	950	2,247
Total expenditures	2,949	3,197	950	2,247
Net change in fund balance	(1,800)	(2,048)	214	2,262
Fund balances - beginning	1,800	2,048	2,048	-
Fund balances - ending	\$ -	\$ -	\$ 2,262	\$ 2,262

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 1,538	\$ 1,538	\$ 134	\$ (1,404)
Interest	25	25	44	19
Service reimbursements	3,665	3,665	3,671	6
Total revenues	<u>5,228</u>	<u>5,228</u>	<u>3,849</u>	<u>(1,379)</u>
EXPENDITURES				
Current:				
County assets	<u>20,324</u>	<u>20,324</u>	<u>4,788</u>	<u>15,536</u>
Total expenditures	<u>20,324</u>	<u>20,324</u>	<u>4,788</u>	<u>15,536</u>
Revenues over (under) expenditures	<u>(15,096)</u>	<u>(15,096)</u>	<u>(939)</u>	<u>14,157</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>2,307</u>	<u>2,307</u>	<u>1,671</u>	<u>(636)</u>
Total other financing sources (uses)	<u>2,307</u>	<u>2,307</u>	<u>1,671</u>	<u>(636)</u>
Net change in fund balance	<u>(12,789)</u>	<u>(12,789)</u>	<u>732</u>	<u>13,521</u>
Fund balances - beginning	<u>12,789</u>	<u>12,789</u>	<u>6,385</u>	<u>(6,404)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,117</u>	<u>\$ 7,117</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ 20	\$ 20	\$ 62	\$ 42
Service reimbursements	3,509	3,509	3,504	(5)
Total revenues	3,529	3,529	3,566	37
EXPENDITURES				
Current:				
County assets	14,664	14,664	4,347	10,317
Total expenditures	14,664	14,664	4,347	10,317
Revenues over (under) expenditures	(11,135)	(11,135)	(781)	10,354
OTHER FINANCING SOURCES (USES)				
Transfers in	2,476	2,476	2,307	(169)
Total other financing sources (uses)	2,476	2,476	2,307	(169)
Net change in fund balance	(8,659)	(8,659)	1,526	10,185
Fund balances - beginning	8,659	8,659	9,190	531
Fund balances - ending	\$ -	\$ -	\$ 10,716	\$ 10,716

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Health Department HQ Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 16,900	\$ 16,900	\$ -	\$ (16,900)
Interest	-	-	77	77
Miscellaneous	-	-	30	30
Total revenues	16,900	16,900	107	(16,793)
EXPENDITURES				
Current:				
County assets	45,139	45,139	2,800	42,339
Total expenditures	45,139	45,139	2,800	42,339
Revenues over (under) expenditures	(28,239)	(28,239)	(2,693)	25,546
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	13,739	13,739	-	(13,739)
Total other financing sources (uses)	13,739	13,739	-	(13,739)
Net change in fund balance	(14,500)	(14,500)	(2,693)	11,807
Fund balances - beginning	14,500	14,500	14,030	(470)
Fund balances - ending	\$ -	\$ -	\$ 11,337	\$ 11,337

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sellwood Bridge Replacement Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 9,192	\$ 9,192	\$ 7,114	\$ (2,078)
Licenses and permits	11,173	11,173	12,060	887
Interest	10	10	236	226
Total revenues	20,375	20,375	19,410	(965)
EXPENDITURES				
Current:				
Roads and bridges	61,615	61,615	57,598	4,017
Total expenditures	61,615	61,615	57,598	4,017
Net change in fund balances	(41,240)	(41,240)	(38,188)	3,052
Fund balances - beginning	41,240	41,240	56,821	15,581
Fund balances - ending	\$ -	\$ -	\$ 18,633	\$ 18,633

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COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES PROPRIETARY FUNDS

Enterprise Funds

- Dunthorpe-Riverdale Service District No. 1 Fund (Major fund)
- Mid County Service District No. 14 Fund (Major fund)
- Behavioral Health Managed Care Fund (Major fund)

Internal Service Funds

- Risk Management Fund
- Fleet Management Fund
- Information Technology Fund
- Mail Distribution Fund
- Facilities Management Fund

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MAJOR ENTERPRISE FUNDS*

The County's Enterprise Funds are listed below.

- **Dunthorpe-Riverdale Service District No. 1 Fund** - accounts for the operation of the sanitary sewer system in southwest unincorporated Multnomah County. (A blended component unit of Multnomah County.)
- **Mid County Service District No. 14 Fund** - accounts for the operation of street lights throughout unincorporated Multnomah County. (A blended component unit of Multnomah County.)
- **Behavioral Health Managed Care Fund** - accounts for all financial activity associated with the State required behavioral health capitated services.

*See statements for Proprietary Funds Reported in Fund Financial Statements

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MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Dunthorpe-Riverdale Service District No. 1
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Current assessments	\$ 865	\$ 865	\$ 870	\$ 5
Prior assessments	13	13	13	-
Charges for services	-	-	9	9
Interest	4	4	9	5
Miscellaneous	2	2	3	1
Total revenues	<u>884</u>	<u>884</u>	<u>904</u>	<u>20</u>
EXPENDITURES				
Current:				
Community services	1,680	1,680	1,577	103
Contingency	50	50	-	50
Total expenditures	<u>1,730</u>	<u>1,730</u>	<u>1,577</u>	<u>153</u>
Net change in fund balances	(846)	(846)	(673)	173
Fund balances - beginning	<u>1,600</u>	<u>1,600</u>	<u>1,551</u>	<u>(49)</u>
Fund balances - ending	<u>\$ 754</u>	<u>\$ 754</u>	<u>878</u>	<u>\$ 124</u>
Reconciliation to GAAP Basis:				
Allowance for uncollectible accounts, assessments			(2)	
Capital assets, net of accumulated depreciation and amortization			3,479	
Assessment revenues that were not available to fund current expenditures and therefore were not reported in the budgetary basis schedule			<u>53</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 4,408</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mid County Service District No. 14 Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Current assessments	\$ 445	\$ 445	\$ 445	\$ -
Prior assessments	6	6	6	-
Interest	2	2	3	1
Total revenues	<u>453</u>	<u>453</u>	<u>454</u>	<u>1</u>
EXPENDITURES				
Current:				
Community services	1,325	1,325	899	426
Contingency	25	25	-	25
Total expenditures	<u>1,350</u>	<u>1,350</u>	<u>899</u>	<u>451</u>
Revenues over (under) expenditures	(897)	(897)	(445)	452
OTHER FINANCING SOURCES (USES)				
Transfers in	371	371	-	(371)
Total other financing sources (uses)	<u>371</u>	<u>371</u>	<u>-</u>	<u>(371)</u>
Net change in fund balances	(526)	(526)	(445)	81
Fund balances - beginning	<u>526</u>	<u>526</u>	<u>547</u>	<u>21</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>102</u>	<u>\$ 102</u>
Reconciliation to GAAP Basis:				
Allowance for uncollectible accounts, assessments			(1)	
Capital assets, net of accumulated depreciation and amortization			1,836	
Assessment revenues that were not available to fund current expenditures and therefore were not reported in the budgetary basis schedule			<u>27</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 1,964</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Behavioral Health Managed Care Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental:				
Charges for services	\$ 72,522	\$ 72,522	\$ 61,700	\$ (10,822)
Interest	117	117	88	(29)
Miscellaneous	-	-	723	723
Total revenues	<u>72,639</u>	<u>72,639</u>	<u>62,511</u>	<u>(10,128)</u>
EXPENDITURES				
Current:				
Health services	73,014	78,014	77,566	448
Contingency	<u>22,995</u>	<u>17,995</u>	<u>-</u>	<u>17,995</u>
Total expenditures	<u>96,009</u>	<u>96,009</u>	<u>77,566</u>	<u>18,443</u>
Net change in fund balances	(23,370)	(23,370)	(15,055)	8,315
Fund balances - beginning	<u>23,370</u>	<u>23,370</u>	<u>17,755</u>	<u>(5,615)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,700</u>	<u>\$ 2,700</u>
Reconciliation to GAAP Basis:				
Deferred outflows - pension			1,567	
Pension liability			(2,604)	
Deferred inflows - pension			<u>(1,191)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 472</u>	

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NONMAJOR INTERNAL SERVICE FUNDS

These funds account for activities and services performed primarily for other organizational units within the County. Charges to the County agencies are calculated to recover costs and maintain capital. The County accounts for certain expenditures of the Internal Service Funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes the accrual basis of accounting is used. Such differences relate to the methods of accounting for depreciation and capital outlay. Funds included are:

- **Risk Management Fund** - accounts for the County's risk management activities including insurance coverage.
- **Fleet Management Fund** - accounts for the County's motor vehicle fleet operations and electronics
- **Information Technology Fund** - accounts for the County's data processing and telephone service operations.
- **Mail Distribution Fund** - accounts for the County's mail distribution and records management operations.
- **Facilities Management Fund** - accounts for the management of all County owned and leased property.

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MULTNOMAH COUNTY, OREGON
Combining Statement of Net Position
Internal Service Funds
June 30, 2016
(amounts expressed in thousands)

Government Activities - Internal Service Funds						
	Risk Management	Fleet Management	Information Technology	Mail Distribution	Facilities Management	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 67,083	\$ 4,829	\$ 8,948	\$ 830	\$ 5,617	\$ 87,307
Accounts receivable, net	2	67	57	6	237	369
Inventories	-	377	213	77	300	967
Prepaid items	533	-	2,331	1	57	2,922
Total current assets	67,618	5,273	11,549	914	6,211	91,565
Noncurrent assets:						
Internal loans receivable	3,000	-	-	-	-	3,000
Construction in progress	-	21	1,925	-	-	1,946
Other capital assets (net of accumulated depreciation)	20	5,996	8,190	53	27	14,286
Total noncurrent assets	3,020	6,017	10,115	53	27	19,232
Total assets	70,638	11,290	21,664	967	6,238	110,797
DEFERRED OUTFLOWS OF RESOURCES						
Pension plan	1,599	242	5,500	226	2,689	10,256
Total deferred outflows of resources	1,599	242	5,500	226	2,689	10,256
LIABILITIES						
Current liabilities:						
Accounts payable	1,849	629	1,994	39	3,854	8,365
Claims and judgments payable	10,295	-	-	-	-	10,295
Payroll payable	115	19	401	15	212	762
Unearned revenue	38	-	16	-	-	54
Compensated absences	392	69	1,371	36	656	2,524
Total current liabilities	12,689	717	3,782	90	4,722	22,000
Noncurrent liabilities:						
Compensated absences	34	-	98	-	-	132
Other accrued payables	-	-	-	-	1,190	1,190
Net pension liability	2,633	393	8,967	378	4,385	16,756
Total noncurrent liabilities	2,667	393	9,065	378	5,575	18,078
Total liabilities	15,356	1,110	12,847	468	10,297	40,078
DEFERRED INFLOWS OF RESOURCES						
Pension plan	1,533	330	5,767	217	2,938	10,785
Total deferred inflows of resources	1,533	330	5,767	217	2,938	10,785
NET POSITION						
Net investment in capital assets	20	6,017	10,115	53	27	16,232
Unrestricted	55,328	4,075	(1,565)	455	(4,335)	53,958
Total net position	\$ 55,348	\$ 10,092	\$ 8,550	\$ 508	\$ (4,308)	\$ 70,190

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail Distribution	Facilities Management	Total Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 93,788	\$ 5,853	\$ 41,051	\$ 2,494	\$ 35,386	\$ 178,572
Insurance premiums	9,080	-	-	-	-	9,080
Experience ratings	1,152	-	-	-	-	1,152
Miscellaneous	20	54	5	4	83	166
Total revenues	104,040	5,907	41,056	2,498	35,469	188,970
OPERATING EXPENSES						
Cost of sales and services	103,129	3,956	46,324	2,645	37,635	193,689
Administration	1,513	118	2,354	99	1,747	5,831
Depreciation and amortization	8	1,505	1,389	12	9	2,923
Total operating expenses	104,650	5,579	50,067	2,756	39,391	202,443
Operating income (loss)	(610)	328	(9,011)	(258)	(3,922)	(13,473)
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	372	24	55	4	6	461
Gain (loss) on disposal of capital assets	-	288	(25)	-	-	263
Total nonoperating revenues	372	312	30	4	6	724
Income (loss) before contributions and transfers	(238)	640	(8,981)	(254)	(3,916)	(12,749)
Transfers in	-	250	3,250	-	-	3,500
Change in net position	(238)	890	(5,731)	(254)	(3,916)	(9,249)
Total net position - beginning	55,586	9,202	14,281	762	(392)	79,439
Total net position - ending	\$ 55,348	\$ 10,092	\$ 8,550	\$ 508	\$ (4,308)	\$ 70,190

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail Distribution	Facilities Management	Total Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 10,353	\$ 244	\$ 276	\$ 87	\$ 2,790	\$ 13,750
Receipts connected with interfund activities	93,685	5,803	40,800	2,414	32,756	175,458
Payments to suppliers	(93,908)	(1,825)	(15,227)	(874)	(18,671)	(130,505)
Payments to employees	(8,395)	(1,057)	(22,623)	(1,003)	(9,453)	(42,531)
Payments connected with interfund activities	(918)	(833)	(4,398)	(650)	(8,426)	(15,225)
Net cash provided by (used in) operating activities	817	2,332	(1,172)	(26)	(1,004)	947
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in/out	(3,000)	250	-	-	-	(2,750)
Net cash provided by (used in) noncapital and related financing activities	(3,000)	250	-	-	-	(2,750)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(22)	(2,260)	(2,423)	(60)	(5)	(4,770)
Transfers in	-	-	3,250	-	-	3,250
Proceeds on sales of capital assets	-	328	-	-	-	328
Net cash used in capital and related financing activities	(22)	(1,932)	827	(60)	(5)	(1,192)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	372	24	55	4	6	461
Net cash provided by investing activities	372	24	55	4	6	461
Net increase (decrease) in cash and cash equivalents	(1,833)	674	(290)	(82)	(1,003)	(2,534)
Balances at beginning of the year	68,916	4,155	9,238	912	6,620	89,841
Balances at the end of the year	\$ 67,083	\$ 4,829	\$ 8,948	\$ 830	\$ 5,617	\$ 87,307
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ (610)	\$ 328	\$ (9,011)	\$ (258)	\$ (3,922)	\$ (13,473)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	8	1,505	1,389	12	9	2,923
Changes in assets and liabilities:						
Receivables	8	140	4	2	78	232
Inventories	-	10	(3)	25	(144)	(112)
Prepaid items	(219)	-	(985)	(1)	(3)	(1,208)
Deferred outflows - pension	(1,220)	(182)	(4,156)	(175)	(2,033)	(7,766)
Accounts payable	204	(26)	99	(92)	(314)	(129)
Claims and judgments payable	(617)	-	-	-	-	(617)
Payroll payable	5	2	7	(2)	10	22
Unearned revenue	(10)	-	16	-	-	6
Compensated absences	5	16	78	(3)	(5)	91
Other accrued payables	-	-	-	-	(310)	(310)
Pension liability	3,571	585	12,439	511	6,143	23,249
Deferred inflows - pension	(308)	(46)	(1,049)	(45)	(513)	(1,961)
Total adjustments	1,427	2,004	7,839	232	2,918	14,420
Net cash provided by (used in) operating activities	\$ 817	\$ 2,332	\$ (1,172)	\$ (26)	\$ (1,004)	\$ 947
Noncash financing activities:						
None	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 97,854	\$ 98,945	\$ 93,788	\$ (5,157)
Insurance premiums	8,505	8,505	9,080	575
Interest	250	250	372	122
Experience ratings	561	561	1,152	591
Miscellaneous	-	-	20	20
Total revenues	<u>107,170</u>	<u>108,261</u>	<u>104,412</u>	<u>(3,849)</u>
EXPENDITURES				
Current:				
County management	102,184	103,275	98,046	5,229
Nondepartmental	4,736	4,736	4,540	196
Contingency	12,500	9,500	-	9,500
Total expenditures	<u>119,420</u>	<u>117,511</u>	<u>102,586</u>	<u>14,925</u>
Revenues over (under) expenditures	<u>(12,250)</u>	<u>(9,250)</u>	<u>1,826</u>	<u>11,076</u>
OTHER FINANCING SOURCES (USES)				
Internal loan remittances	-	(3,000)	(3,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(3,000)</u>	<u>(3,000)</u>	<u>-</u>
Net change in fund balances	<u>(12,250)</u>	<u>(12,250)</u>	<u>(1,174)</u>	<u>11,076</u>
Fund balances - beginning	<u>56,406</u>	<u>56,406</u>	<u>56,103</u>	<u>(303)</u>
Fund balances - ending	<u>\$ 44,156</u>	<u>\$ 44,156</u>	<u>54,929</u>	<u>\$ 10,773</u>
Reconciliation to GAAP Basis:				
Internal loans receivable			3,000	
Capital assets, net of accumulated depreciation and amortization			20	
Deferred outflows - pension			1,599	
Compensated absences			(34)	
Pension liability			(2,633)	
Deferred inflows - pension			<u>(1,533)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 55,348</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fleet Management Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 5,882	\$ 5,882	\$ 5,853	\$ (29)
Interest	19	19	24	5
Miscellaneous	111	111	54	(57)
Total revenues	<u>6,012</u>	<u>6,012</u>	<u>5,931</u>	<u>(81)</u>
EXPENDITURES				
Current:				
County assets	9,673	9,673	5,978	3,695
Contingency	448	448	-	448
Total expenditures	<u>10,121</u>	<u>10,121</u>	<u>5,978</u>	<u>4,143</u>
Revenues over (under) expenditures	<u>(4,109)</u>	<u>(4,109)</u>	<u>(47)</u>	<u>4,062</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250	250	250	-
Proceeds on disposal of capital assets	130	130	328	198
Total other financing sources (uses)	<u>380</u>	<u>380</u>	<u>578</u>	<u>198</u>
Net change in fund balances	<u>(3,729)</u>	<u>(3,729)</u>	<u>531</u>	<u>4,260</u>
Fund balances - beginning	<u>3,729</u>	<u>3,729</u>	<u>4,025</u>	<u>296</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,556</u>	<u>\$ 4,556</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			6,017	
Deferred outflows - pension			242	
Pension liability			(393)	
Deferred inflows - pension			<u>(330)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 10,092</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>
REVENUES				
Charges for services	\$ 42,159	\$ 42,159	\$ 41,051	\$ (1,108)
Interest	-	-	55	55
Miscellaneous	-	-	5	5
Total revenues	<u>42,159</u>	<u>42,159</u>	<u>41,111</u>	<u>(1,048)</u>
EXPENDITURES				
Current:				
County assets	49,812	50,613	43,769	6,844
Contingency	<u>870</u>	<u>870</u>	<u>-</u>	<u>870</u>
Total expenditures	<u>50,682</u>	<u>51,483</u>	<u>43,769</u>	<u>7,714</u>
Revenues over (under) expenditures	<u>(8,523)</u>	<u>(9,324)</u>	<u>(2,658)</u>	<u>6,666</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>-</u>
Total other financing sources (uses)	<u>3,250</u>	<u>3,250</u>	<u>3,250</u>	<u>-</u>
Net change in fund balances	<u>(5,273)</u>	<u>(6,074)</u>	<u>592</u>	<u>6,666</u>
Fund balances - beginning	<u>5,273</u>	<u>6,074</u>	<u>7,175</u>	<u>1,101</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,767</u>	<u>\$ 7,767</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			10,115	
Deferred outflows - pension			5,500	
Compensated absences			(98)	
Pension liability			(8,967)	
Deferred inflows - pension			<u>(5,767)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 8,550</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail Distribution Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 2,502	\$ 2,502	\$ 2,494	\$ (8)
Interest	5	5	4	(1)
Miscellaneous	-	-	4	4
Total revenues	<u>2,507</u>	<u>2,507</u>	<u>2,502</u>	<u>(5)</u>
EXPENDITURES				
Current:				
County assets	2,995	2,995	2,512	483
Contingency	<u>283</u>	<u>283</u>	-	<u>283</u>
Total expenditures	<u>3,278</u>	<u>3,278</u>	<u>2,512</u>	<u>766</u>
Net change in fund balances	(771)	(771)	(10)	761
Fund balances - beginning	<u>771</u>	<u>771</u>	<u>834</u>	<u>63</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>824</u>	<u>\$ 824</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			53	
Deferred outflows - pension			226	
Pension liability			(378)	
Deferred inflows - pension			<u>(217)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 508</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2016
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 39,513	\$ 39,513	\$ 35,386	\$ (4,127)
Interest	25	25	6	(19)
Miscellaneous	6,177	6,177	83	(6,094)
Total revenues	45,715	45,715	35,475	(10,240)
EXPENDITURES				
Current:				
County assets	45,965	45,965	35,789	10,176
Contingency	525	525	-	525
Total expenditures	46,490	46,490	35,789	10,701
Net change in fund balances	(775)	(775)	(314)	461
Fund balances - beginning	775	775	613	(162)
Fund balances - ending	\$ -	\$ -	299	\$ 299
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			27	
Deferred outflows - pension			2,689	
Pension liability			(4,385)	
Deferred inflows - pension			(2,938)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			\$ (4,308)	

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COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES FIDUCIARY FUNDS

Agency Funds

These funds account for resources received and held by the County in a purely custodial capacity. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. The accrual basis of accounting is used to record transactions in the agency funds. The funds included are:

- **Property Tax Funds** - accounts for the collection of property taxes for all governmental entities located in Multnomah County and the disbursement of the collections to such entities.
- **Department and Offices Agency Funds** - accounts for the collection and disbursement of various monies held by Multnomah County in a fiduciary capacity
- **Public Guardian Fund** - accounts for receipts and disbursements for individuals who are not capable of handling their own financial affairs.
- **Visitors' Facilities Trust Fund** - accounts for collection and disbursement of motor vehicle rental tax and transient lodging tax used for visitor facilities.

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MULTNOMAH COUNTY, OREGON
COMBINING STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUNDS
June 30, 2016
(amounts expressed in thousands)

	Property Tax	Department and Offices Agency	Public Guardian	Visitors Facilities Trust	Total
ASSETS					
Restricted assets:					
Cash and investments	\$ 6,041	\$ 9,631	\$ 607	\$ 19,612	\$ 35,891
Receivables - taxes	71,921	198	-	4,088	76,207
Total assets	<u>77,962</u>	<u>9,829</u>	<u>607</u>	<u>23,700</u>	<u>112,098</u>
LIABILITIES					
Liabilities payable from restricted assets:					
Accounts payable	6,041	4,266	55	5,185	15,547
Due to other governmental units	71,921	-	-	-	71,921
Amounts held in trust	-	5,563	552	18,515	24,630
Total liabilities	<u>77,962</u>	<u>9,829</u>	<u>607</u>	<u>23,700</u>	<u>112,098</u>
NET POSITION					
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
PROPERTY TAX:				
Restricted assets:				
Cash and investments	\$ 6,698	\$ 1,132,643	\$ 1,133,300	\$ 6,041
Taxes receivable	67,791	1,176,163	1,172,033	71,921
Total assets	<u>\$ 74,489</u>	<u>\$ 2,308,806</u>	<u>\$ 2,305,333</u>	<u>\$ 77,962</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 6,698	\$ 1,128,999	\$ 1,129,656	\$ 6,041
Due to other governmental units	67,320	1,176,163	1,171,562	71,921
Amounts held in trust	471	1,135,174	1,135,645	-
Total liabilities	<u>\$ 74,489</u>	<u>\$ 3,440,336</u>	<u>\$ 3,436,863</u>	<u>\$ 77,962</u>
DEPARTMENT AND OFFICES AGENCY:				
Restricted assets:				
Cash and investments	\$ 7,617	\$ 1,591,257	\$ 1,589,243	\$ 9,631
Taxes receivable	106	1,505,103	1,505,011	198
Total assets	<u>\$ 7,723</u>	<u>\$ 3,096,360</u>	<u>\$ 3,094,254</u>	<u>\$ 9,829</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 3,440	\$ 87,032	\$ 86,206	\$ 4,266
Amounts held in trust	4,283	1,578,266	1,576,986	5,563
Total liabilities	<u>\$ 7,723</u>	<u>\$ 1,665,298</u>	<u>\$ 1,663,192</u>	<u>\$ 9,829</u>
PUBLIC GUARDIAN:				
Restricted assets:				
Cash and investments	\$ 748	\$ 3,213	\$ 3,354	\$ 607
Accounts receivable	-	1,428	1,428	-
Total assets	<u>\$ 748</u>	<u>\$ 4,641</u>	<u>\$ 4,782</u>	<u>\$ 607</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 41	\$ 2,903	\$ 2,889	\$ 55
Amounts held in trust	707	1,376	1,531	552
Total liabilities	<u>\$ 748</u>	<u>\$ 4,279</u>	<u>\$ 4,420</u>	<u>\$ 607</u>
VISITORS FACILITIES TRUST:				
Restricted assets:				
Cash and investments	\$ 13,333	\$ 32,586	\$ 26,307	\$ 19,612
Taxes receivable	3,823	24,876	24,611	4,088
Total assets	<u>\$ 17,156</u>	<u>\$ 57,462</u>	<u>\$ 50,918</u>	<u>\$ 23,700</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 4,861	\$ 15,981	\$ 15,656	\$ 5,186
Amounts held in trust	12,295	20,555	14,336	18,514
Total liabilities	<u>\$ 17,156</u>	<u>\$ 36,536</u>	<u>\$ 29,992</u>	<u>\$ 23,700</u>
TOTAL - ALL AGENCY FUNDS:				
Restricted assets:				
Cash and investments	\$ 28,396	\$ 2,759,699	\$ 2,752,204	\$ 35,891
Taxes receivable	71,720	2,706,142	2,701,655	76,207
Accounts receivable	-	1,428	1,428	-
Total assets	<u>\$ 100,116</u>	<u>\$ 5,467,269</u>	<u>\$ 5,455,287</u>	<u>\$ 112,098</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 15,040	\$ 1,234,915	\$ 1,234,407	\$ 15,548
Due to other governmental units	67,320	1,176,163	1,171,562	71,921
Amounts held in trust	17,756	2,735,371	2,728,498	24,629
Total liabilities	<u>\$ 100,116</u>	<u>\$ 5,146,449</u>	<u>\$ 5,134,467</u>	<u>\$ 112,098</u>

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OTHER FINANCIAL SCHEDULES

- Property Tax Collections and Outstanding Balances
- General Obligation Bonds and Bond Interest Coupon Transactions
- General Obligation Bonds Outstanding
- Capitalized Lease Obligations
- Loans Outstanding
- Full Faith and Credit Bonds Outstanding

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MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2,015	Current Levy	Add (Deduct) Corrections and Adjustments	Add Interest on Delinquent Taxes	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Taxes	Taxes Receivable June 30, 2,016
2015-16	\$ -	\$ 1,520,142	\$ (4,093)	\$ 524	\$ (39,325)	\$ (1,444,047)	\$ 33,201
2014-15	34,112	-	(1,321)	978	33	(14,990)	18,812
2013-14	19,617	-	(64)	974	1	(6,128)	14,400
2012-13	13,155	-	(42)	1,169	1	(5,178)	9,105
2011-12	10,153	-	(22)	739	-	(2,788)	8,082
2010-11							
and prior	10,914	-	(46)	243	-	(631)	10,480
Total	\$ 87,951	\$ 1,520,142	\$ (5,588)	\$ 4,627	\$ (39,290)	\$ (1,473,762)	\$ 94,080

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2016

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General Fund	\$ 6,028	\$ 11,370	\$ 17,398	\$ 6,131	\$ 23,529
Special revenue funds:					
Library Fund	-	814	814	-	814
OHS Levy Fund	52	72	124	-	124
Land Corner Preservation Fund	-	-	-	8	8
Special Excise Tax Fund	-	-	-	3,713	3,713
Library District	1,631	1,615	3,246	-	3,246
Total special revenue funds	1,683	2,501	4,184	3,721	7,905
General Obligation Bond Sinking Fund	136	355	491	-	491
Agency funds	25,325	46,595	71,920	4,300	76,220
Sub-total taxes receivable	33,172	60,821	93,993	14,152	108,145
Special assessments collected through taxes	29	58	87	-	87
Total receivables	<u>\$ 33,201</u>	<u>\$ 60,879</u>	<u>\$ 94,080</u>	<u>\$ 14,152</u>	<u>\$ 108,232</u>

*Note: Other taxes include business income, transient lodging, motor vehicle, County gasoline, personal income, and other tax-related transactions.

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

	Outstanding June 30, 2015		2015-16 Transactions			Outstanding June 30, 2016	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated March 31, 2010	\$ -	\$ 11,570	\$ -	\$ -	\$ 5,665	\$ -	\$ 5,905
Total	\$ -	\$ 11,570	\$ -	\$ -	\$ 5,665	\$ -	\$ 5,905

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 31, 2010	\$ 350
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MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	Series 2010 Dated 3/31/10 3.00 to 5.00%	
	Principal	Interest
2017	\$ 5,905	\$ 118
Total	<u>\$ 5,905</u>	<u>\$ 118</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Obligations
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	Sellwood Lofts Dated 01/01/02 10.31%		Sheriff Warehouse Dated 07/01/10 4.00%		Women's Shelter Dated 06/20/16 1.50%		West Gresham Plaza Dated 06/15/16 1.75%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 25	\$ 93	\$ 131	\$ 3	\$ 117	\$ 3	\$ 170	\$ 19	\$ 443	\$ 118
2018	28	90	-	-	109	1	166	17	303	108
2019	31	87	-	-	-	-	168	14	199	101
2020	34	84	-	-	-	-	171	11	205	95
2021	38	80	-	-	-	-	174	8	212	88
2022	42	76	-	-	-	-	177	5	219	81
2023	47	71	-	-	-	-	181	2	228	73
2024	52	66	-	-	-	-	-	-	52	66
2025	57	61	-	-	-	-	-	-	57	61
2026	64	55	-	-	-	-	-	-	64	55
2027	70	47	-	-	-	-	-	-	70	47
2028	78	40	-	-	-	-	-	-	78	40
2029	86	31	-	-	-	-	-	-	86	31
2030	97	22	-	-	-	-	-	-	97	22
2031	107	12	-	-	-	-	-	-	107	12
2032	57	2	-	-	-	-	-	-	57	2
Total	<u>\$ 913</u>	<u>\$ 917</u>	<u>\$ 131</u>	<u>\$ 3</u>	<u>\$ 226</u>	<u>\$ 4</u>	<u>\$ 1,207</u>	<u>\$ 76</u>	<u>\$ 2,477</u>	<u>\$ 1,000</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	OTIB Dated 09/04/08 3.98%		Tax-Exempt Non-Revolving LOC Dated 06/20/16 0.6636%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 212	\$ 100	\$ 1,000	\$ 79	\$ 1,212	\$ 179
2018	220	92	-	-	220	92
2019	229	83	-	-	229	83
2020	238	74	-	-	238	74
2021	247	65	-	-	247	65
2022	257	55	-	-	257	55
2023	267	44	-	-	267	44
2024	278	34	-	-	278	34
2025	289	23	-	-	289	23
2026	283	11	-	-	283	11
Total	\$ 2,520	\$ 581	\$ 1,000	\$ 79	\$ 3,520	\$ 660

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2010A Dated 03/31/10 2.00 to 3.00%		Series 2010B Dated 12/14/10 4.00 to 4.70%	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 16,985	\$ 4,358	\$ 1,485	\$ 45	\$ -	\$ 713
2018	19,470	3,096	-	-	-	713
2019	22,200	1,649	-	-	-	713
2020	5,319	19,876	-	-	-	713
2021	5,208	21,407	-	-	1,350	713
2022	5,098	23,012	-	-	1,380	659
2023	4,989	24,686	-	-	1,410	600
2024	4,881	26,444	-	-	1,440	537
2025	4,775	28,285	-	-	1,475	470
2026	4,670	30,215	-	-	1,510	401
2027	4,566	32,234	-	-	1,545	325
2028	4,463	34,347	-	-	1,585	247
2029	4,362	36,563	-	-	1,630	167
2030	4,262	38,887	-	-	1,675	84
2031	-	-	-	-	-	-
2032	-	-	-	-	-	-
2033	-	-	-	-	-	-
Total	<u>\$ 111,248</u>	<u>\$ 325,059</u>	<u>\$ 1,485</u>	<u>\$ 45</u>	<u>\$ 15,000</u>	<u>\$ 7,055</u>

Series 2012 Dated 12/13/12 3.00 to 5.00%		Series 2014 Dated 06/18/14 3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 4,550	\$ 4,923	\$ 4,570	\$ 731	\$ 27,590	\$ 10,770
4,775	4,695	4,820	497	29,065	9,001
5,015	4,456	4,575	308	31,790	7,126
5,265	4,206	4,780	120	15,364	24,915
5,530	3,942	-	-	12,088	26,062
5,805	3,666	-	-	12,283	27,337
6,095	3,376	-	-	12,494	28,662
6,400	3,071	-	-	12,721	30,052
6,720	2,751	-	-	12,970	31,506
7,055	2,415	-	-	13,235	33,031
7,410	2,062	-	-	13,521	34,621
7,705	1,766	-	-	13,753	36,360
8,015	1,458	-	-	14,007	38,188
8,335	1,137	-	-	14,272	40,108
8,665	803	-	-	8,665	803
8,925	543	-	-	8,925	543
9,195	276	-	-	9,195	276
<u>\$ 115,460</u>	<u>\$ 45,546</u>	<u>\$ 18,745</u>	<u>\$ 1,656</u>	<u>\$ 261,938</u>	<u>\$ 379,361</u>

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STATISTICAL INFORMATION SECTION (UNAUDITED)

This part of Multnomah County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. This section contains the following tables and information:

- **Financial Trends** - These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.
- **Revenue Capacity** - These schedules contain information to help the reader assess the County's most significant local revenue sources: personal income tax, property tax, and business income tax.
- **Debt Capacity** - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.
- **Economic and Demographic Information** - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.
- **Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

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MULTNOMAH COUNTY, OREGON
Net Position by Component
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

	2016	2015	Restated 2014	2013
Governmental Activities:				
Net investment in capital assets	\$ 850,159	\$ 768,977	\$ 705,519	\$ 670,483
Restricted	81,351	100,186	99,882	106,237
Unrestricted	(130,430)	1,360	(132,245)	24,375
Total governmental activities net position	<u>\$ 801,080</u>	<u>\$ 870,523</u>	<u>\$ 673,156</u>	<u>\$ 801,095</u>
Business-Type Activities:				
Net investment in capital assets	\$ 5,315	\$ 3,775	\$ 3,631	\$ 3,672
Unrestricted	1,529	19,550	17,247	18,241
Total business-type activities net position	<u>\$ 6,844</u>	<u>\$ 23,325</u>	<u>\$ 20,878</u>	<u>\$ 21,913</u>
Primary Government:				
Net investment in capital assets	\$ 855,474	\$ 772,752	\$ 709,150	\$ 674,155
Restricted	81,351	100,186	99,882	106,237
Unrestricted	(128,901)	20,910	(114,998)	42,616
Total primary government net position	<u>\$ 807,924</u>	<u>\$ 893,848</u>	<u>\$ 694,034</u>	<u>\$ 823,008</u>

Source: Current and prior years' financial statements

Restated 2012	2011	2010	Restated 2009	2008	2007
\$ 686,874	\$ 637,922	\$ 620,544	\$ 470,426	\$ 465,079	\$ 456,502
29,565	49,806	103,600	98,542	77,979	76,266
74,009	81,502	(8,728)	(10,907)	27,954	17,731
<u>\$ 790,448</u>	<u>\$ 769,230</u>	<u>\$ 715,416</u>	<u>\$ 558,061</u>	<u>\$ 571,012</u>	<u>\$ 550,499</u>
\$ 3,752	\$ 3,612	\$ 3,696	\$ 3,442	\$ 3,424	\$ 3,020
13,402	17,442	13,600	9,631	2,928	4,612
<u>\$ 17,154</u>	<u>\$ 21,054</u>	<u>\$ 17,296</u>	<u>\$ 13,073</u>	<u>\$ 6,352</u>	<u>\$ 7,632</u>
\$ 690,626	\$ 641,534	\$ 624,240	\$ 473,868	\$ 468,503	\$ 459,522
29,565	49,806	103,600	98,542	77,979	76,266
87,411	98,944	4,872	(1,276)	30,882	22,343
<u>\$ 807,602</u>	<u>\$ 790,284</u>	<u>\$ 732,712</u>	<u>\$ 571,134</u>	<u>\$ 577,364</u>	<u>\$ 558,131</u>

MULTNOMAH COUNTY, OREGON
Changes in Net Position
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 62,857	\$ 83,516	\$ 71,664	\$ 26,466
Health services	100,720	89,951	72,286	68,943
Social services	624	3,604	2,038	1,064
Public safety and justice	30,080	19,472	15,473	17,167
Community services	7,406	5,120	3,779	3,514
Library	2,189	3,126	1,652	1,639
Roads and bridges	13,314	13,401	13,011	12,853
Operating grants and contributions	383,728	350,767	340,367	318,956
Capital grants and contributions	10,364	20,455	60,776	68
Total governmental activities program revenues	<u>611,282</u>	<u>589,412</u>	<u>581,046</u>	<u>450,670</u>
Business-type activities:				
Charges for services:				
Dunthorpe-Riverdale Service Dist. No. 1	896	893	877	852
Mid County Service Dist. No. 14	453	454	452	377
Behavioral Health	61,700	71,149	53,112	42,857
Capital grants and contributions	-	-	-	10
Total business-type activities program revenues	<u>63,049</u>	<u>72,496</u>	<u>54,441</u>	<u>44,096</u>
Total primary government program revenues	<u>674,331</u>	<u>661,908</u>	<u>635,487</u>	<u>494,766</u>
Expenses				
Governmental activities:				
General government	271,016	101,137	97,325	72,049
Health services	242,366	147,909	152,854	148,528
Social services	227,737	244,858	245,233	233,990
Public safety and justice	255,904	200,669	228,463	221,744
Community services	54,495	53,731	39,182	36,895
Library	63,640	60,150	64,708	58,488
Roads and bridges	64,539	50,327	66,622	55,383
Interest on long-term debt	18,362	19,785	20,822	18,932
Total governmental activities expenses	<u>1,198,059</u>	<u>878,566</u>	<u>915,209</u>	<u>846,009</u>
Business-type activities:				
Dunthorpe-Riverdale Service Dist. No. 1	607	622	573	554
Mid County Service Dist. No. 14	329	404	420	389
Behavioral Health	79,420	69,242	53,156	38,586
Total business-type activities expenses	<u>80,356</u>	<u>70,268</u>	<u>54,149</u>	<u>39,529</u>
Total primary government expenses	<u>1,278,415</u>	<u>948,834</u>	<u>969,358</u>	<u>885,538</u>

(continued)

2012	2011	2010	2009	2008	2007
\$ 27,239	\$ 27,789	\$ 22,843	\$ 21,936	\$ 21,721	\$ 23,703
72,910	77,276	70,455	60,340	52,241	45,765
1,568	1,321	1,902	1,125	1,615	1,309
16,809	16,056	17,490	17,597	17,765	17,904
2,914	2,325	-	10	10	31
1,747	1,759	1,757	1,754	1,855	1,745
11,866	9,131	1,107	1,227	2,141	1,962
308,392	316,218	299,735	291,018	265,271	257,810
839	16,415	2,885	3,831	10,505	5,594
444,284	468,290	418,174	398,838	373,124	355,823
837	816	809	713	627	574
380	363	341	264	268	306
44,712	46,110	42,931	39,027	36,072	34,879
6	36	133	80	10	76
45,935	47,325	44,214	40,084	36,977	35,835
490,219	515,615	462,388	438,922	410,101	391,658
65,813	58,642	59,572	64,660	75,547	87,472
150,421	151,327	137,615	133,751	125,355	118,380
224,975	222,515	224,928	210,590	196,537	185,672
217,842	216,403	210,079	217,215	208,253	199,850
34,511	26,683	22,796	24,320	26,069	24,136
61,641	60,343	56,548	55,181	52,087	47,872
54,287	51,772	49,571	53,462	56,716	53,701
10,695	11,774	12,800	14,041	16,443	16,954
820,185	799,459	773,909	773,220	757,007	734,037
507	486	516	458	476	405
411	427	403	420	377	354
49,014	43,640	39,207	32,720	37,803	34,221
49,932	44,553	40,126	33,598	38,656	34,980
870,117	844,012	814,035	806,818	795,663	769,017

MULTNOMAH COUNTY, OREGON
Changes in Net Position
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

(continued)

	2016	2015	2014	2013
Net Revenue (Expense)				
Governmental activities	\$ (586,777)	\$ (289,154)	\$ (334,163)	\$ (395,339)
Business-type activities	(17,307)	2,228	292	4,567
Total primary government net expense	(604,084)	(286,926)	(333,871)	(390,772)

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Property and other local taxes levied for:

General purposes	342,128	323,898	303,871	271,664
Debt service	6,075	6,116	6,999	8,067
Personal income taxes	15	32	16	77
Business income taxes	80,710	73,825	61,800	58,750
Selective excise and use taxes	74,594	67,192	58,456	52,934
Payments in lieu of taxes	486	659	821	1,019
State government shared revenues	9,998	9,534	9,198	9,090
Grants and contributions not restricted to specific programs	13	-	24	15
Interest and investment earnings	3,016	2,363	2,119	1,638
Miscellaneous	2,304	2,713	2,302	2,613
Gain (loss) on sale of capital assets	(2,005)	189	279	119
Total governmental activities	517,334	486,521	445,885	405,986

Business-type activities:

Interest and investment earnings	100	119	102	95
Miscellaneous	726	100	10	97
Total business-type activities	826	219	112	192
Total primary government	518,160	486,740	445,997	406,178

Change in Net Position

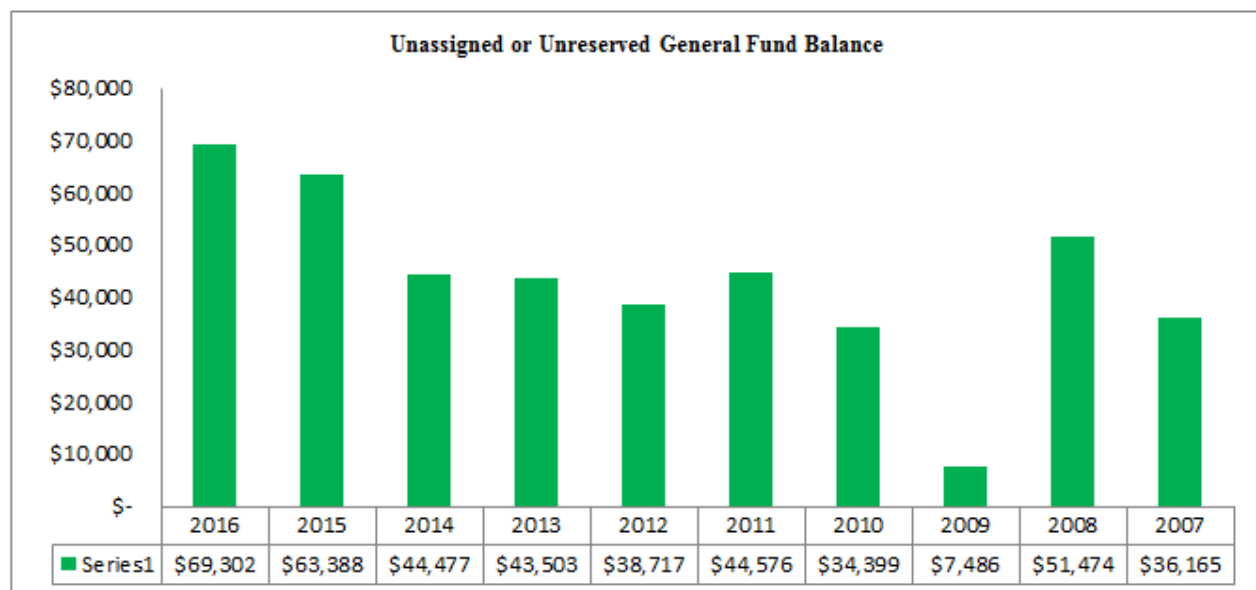
Governmental activities	(69,443)	197,367	111,722	10,647
Cumulative effect of correction of error	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-
Total governmental activities	(69,443)	197,367	111,722	10,647
Business-type activities	(16,481)	2,447	404	4,759
Total primary government change in net position	\$ (85,924)	\$ 199,814	\$ 112,126	\$ 15,406

Source: Current and prior years' financial statements

2012	2011	2010	2009	2008	2007
\$ (375,901)	\$ (331,169)	\$ (355,735)	\$ (374,382)	\$ (383,883)	\$ (378,214)
(3,997)	2,772	4,088	6,486	(1,679)	855
<u>(379,898)</u>	<u>(328,397)</u>	<u>(351,647)</u>	<u>(367,896)</u>	<u>(385,562)</u>	<u>(377,359)</u>
272,299	268,605	266,294	258,200	249,446	231,073
8,842	8,246	9,001	8,227	9,077	9,249
235	683	-	(5,341)	2,748	21,237
52,250	48,570	44,150	42,900	65,650	57,399
48,777	46,167	42,692	39,161	42,812	39,582
697	1,500	1,305	1,516	1,537	1,738
10,108	7,423	7,768	8,562	9,613	9,517
10	1	27	14	10	6
2,604	2,946	2,589	5,767	11,887	13,454
1,194	667	1,665	1,797	1,410	6,771
607	175	228	628	10,206	228
<u>397,623</u>	<u>384,983</u>	<u>375,719</u>	<u>361,431</u>	<u>404,396</u>	<u>390,254</u>
97	115	128	235	398	495
-	871	7	-	1	467
97	986	135	235	399	962
<u>397,720</u>	<u>385,969</u>	<u>375,854</u>	<u>361,666</u>	<u>404,795</u>	<u>391,216</u>
21,722	53,814	19,984	(12,951)	20,513	12,040
-	-	-	137,371	-	-
(504)	-	-	-	-	-
21,218	53,814	19,984	124,420	20,513	12,040
(3,900)	3,758	4,223	6,721	(1,280)	1,817
<u>\$ 17,318</u>	<u>\$ 57,572</u>	<u>\$ 24,207</u>	<u>\$ 131,141</u>	<u>\$ 19,233</u>	<u>\$ 13,857</u>

MULTNOMAH COUNTY, OREGON
Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013
General Fund (2)				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	619	781	622	576
Restricted	3,427	176	254	429
Committed	-	-	-	-
Unassigned	69,302	63,388	44,477	43,503
Total General Fund	73,348	64,345	45,353	44,508
All other governmental funds				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	1,378	1,358	1,115	1,269
Restricted	84,111	106,261	104,838	105,341
Committed	117,925	104,004	99,651	86,123
Assigned	18,335	15,594	14,494	9,255
Unassigned	(425)	-	(207)	(446)
Total all other governmental funds	221,324	227,217	219,891	201,542
Total governmental funds	\$ 294,672	\$ 291,562	\$ 265,244	\$ 246,050



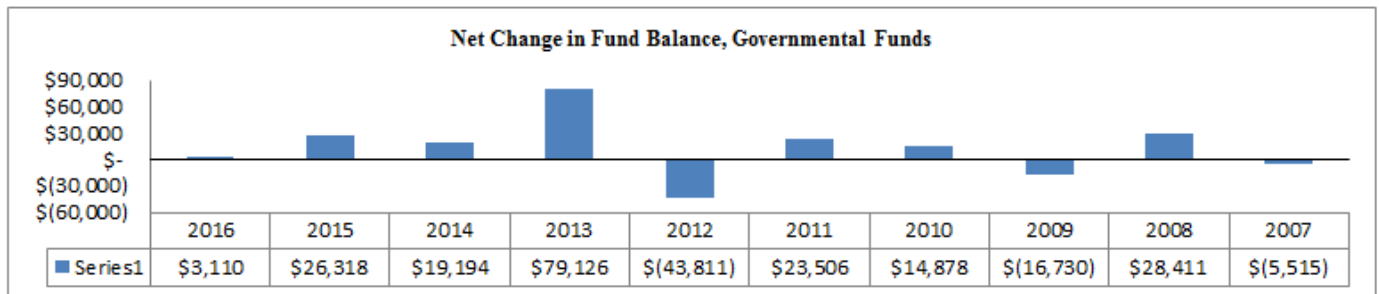
- (1) This schedule was modified with the implementation of GASB Statement No. 54, effective fiscal year 2011, which affected the categories used to report fund balances.
- (2) Reclassifications were made to amounts reported as Reserved and Unreserved in the General Fund for fiscal years 2000 - 2007 reported above in order to be consistent with the current reporting of amounts reserved for interfund receivables.

Source: Current and prior years' financial statements

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 25,016	\$ 23,891	\$ 20,139	\$ 24,053
-	-	34,399	7,486	51,474	36,165
364	654	-	-	-	-
534	487	-	-	-	-
42	487	-	-	-	-
38,717	44,576	-	-	-	-
<u>39,657</u>	<u>46,204</u>	<u>59,415</u>	<u>31,377</u>	<u>71,613</u>	<u>60,218</u>
-	-	97,220	91,256	70,605	51,317
-	-	30,594	49,718	46,863	49,135
1,418	1,237	-	-	-	-
28,506	48,942	-	-	-	-
86,457	94,237	-	-	-	-
11,282	20,914	-	-	-	-
(396)	(312)	-	-	-	-
<u>127,267</u>	<u>165,018</u>	<u>127,814</u>	<u>140,974</u>	<u>117,468</u>	<u>100,452</u>
<u>\$ 166,924</u>	<u>\$ 211,222</u>	<u>\$ 187,229</u>	<u>\$ 172,351</u>	<u>\$ 189,081</u>	<u>\$ 160,670</u>

MULTNOMAH COUNTY, OREGON
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013
Revenues				
Taxes	\$ 503,745	\$ 470,486	\$ 429,539	\$ 391,722
Payments in lieu of taxes	517	659	858	1,019
Intergovernmental	376,935	369,654	401,312	318,878
Licenses and permits	30,059	29,113	27,244	27,685
Charges for services	129,206	86,212	85,153	87,307
Interest	1,898	2,024	1,796	1,315
Miscellaneous	99,840	98,031	86,706	64,816
Total revenues	1,142,200	1,056,179	1,032,608	892,742
Expenditures				
Current:				
General government	77,333	79,363	73,641	69,384
Health services	257,759	171,896	159,095	155,451
Social services	237,085	259,391	247,007	236,253
Public safety and justice	261,326	240,126	231,694	225,707
Community services	52,927	42,226	38,833	34,517
Library	65,206	62,673	58,193	52,438
Roads and bridges	55,292	53,269	55,419	44,704
Capital Outlay	86,450	74,973	100,355	79,769
Debt service:				
Principal	22,437	22,731	48,931	60,212
Interest	20,785	22,407	23,253	19,702
Total expenditures	1,136,600	1,029,055	1,036,421	978,137
Revenues over (under) expenditures	5,600	27,124	(3,813)	(85,395)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	1,000	-	22,530	153,262
Proceeds from issuance of refunding bonds	-	-	-	-
Premium on short-term debt	-	-	-	-
Premium on long-term debt	-	-	2,562	21,113
Issuance of capital lease	-	-	-	-
Proceeds from sale of capital assets	9	276	15	20
Payment to escrow agent - refunded debt	-	-	-	-
Transfers in	106,193	103,198	75,187	21,870
Transfers out	(109,692)	(104,280)	(77,287)	(31,744)
Total other financing sources (uses)	(2,490)	(806)	23,007	164,521
Net change in fund balances	\$ 3,110	\$ 26,318	\$ 19,194	\$ 79,126
Debt service as a percentage of noncapital expenditures	4.1 %	4.7 %	7.7 %	8.9 %



Source: Current and prior years' financial statements

2012		2011		2010		2009		2008		2007	
\$	379,334	\$	373,435	\$	364,080	\$	348,780	\$	373,507	\$	354,944
	697		1,500		1,305		1,516		1,537		1,738
	312,588		317,944		300,963		292,689		277,099		260,549
	27,727		23,535		14,722		14,806		15,441		15,934
	80,001		68,875		85,603		74,827		67,750		62,791
	1,180		1,486		1,796		4,391		9,557		10,837
	56,823		64,335		54,118		43,916		50,342		46,880
	858,350		851,110		822,587		780,925		795,233		753,673
	61,380		62,951		58,971		59,960		69,224		73,559
	156,344		158,283		145,555		138,941		128,914		122,029
	226,460		223,815		227,257		211,832		197,210		187,256
	221,094		220,279		215,442		219,797		209,119		202,477
	34,137		26,283		22,458		24,080		25,904		24,040
	55,088		54,223		52,118		50,872		48,051		44,411
	43,623		40,790		37,540		38,148		40,723		39,875
	80,888		32,804		21,481		20,783		27,367		31,589
	28,526		23,947		30,762		23,424		21,522		19,861
	10,583		11,759		12,997		13,989		16,394		16,958
	918,123		855,134		824,581		801,826		784,428		762,055
	(59,773)		(4,024)		(1,994)		(20,901)		10,805		(8,382)
	15,101		16,282		11,309		623		-		-
	-		-		45,175		-		-		-
	-		-		-		-		-		157
	-		-		5,443		-		-		-
	-		815		-		-		-		33
	1,713		24		10		-		14,219		35
	-		-		(49,710)		-		-		-
	37,351		33,521		47,360		61,978		29,266		26,996
	(38,203)		(23,112)		(42,715)		(58,430)		(25,879)		(24,354)
	15,962		27,530		16,872		4,171		17,606		2,867
\$	(43,811)	\$	23,506	\$	14,878	\$	(16,730)	\$	28,411	\$	(5,515)
4.7 %		4.3 %		5.4 %		4.8 %		5.0 %		5.0 %	

MULTNOMAH COUNTY, OREGON
Program Revenues by Function/Program
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013
Function/Program				
Governmental activities:				
General government	\$ 78,014	\$ 87,840	\$ 76,839	\$ 31,273
Health services	181,336	126,335	116,869	100,994
Social services	184,797	205,639	185,991	194,176
Public safety and justice	88,203	63,252	61,636	57,886
Community services	9,393	6,684	5,389	5,104
Library	5,474	7,035	4,233	5,724
Roads and bridges	64,065	92,627	130,089	55,513
Total governmental activities	611,282	589,412	581,046	450,670
Business-type activities:				
Dunthorpe-Riverdale Service District No. 1	896	893	877	852
Mid County Service District No. 14	453	454	452	387
Behavioral health managed care	61,700	71,149	53,112	42,857
Total business-type activities	63,049	72,496	54,441	44,096
Total primary government	\$ 674,331	\$ 661,908	\$ 635,487	\$ 494,766

Source: Current and prior years' financial statements

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 32,200	\$ 34,230	\$ 27,142	\$ 26,142	\$ 35,044	\$ 28,530
107,371	113,591	104,070	91,457	81,507	74,024
172,360	180,874	180,656	171,782	152,905	142,100
57,705	60,451	60,818	61,855	57,364	58,188
5,898	7,184	3,636	3,943	3,196	3,278
5,318	4,948	5,178	5,306	5,359	5,302
63,432	67,012	36,674	38,353	37,749	44,401
<u>444,284</u>	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>
837	822	877	713	627	574
386	393	406	344	278	382
<u>44,712</u>	<u>46,110</u>	<u>42,931</u>	<u>39,027</u>	<u>36,072</u>	<u>34,879</u>
<u>45,935</u>	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>
<u>\$ 490,219</u>	<u>\$ 515,615</u>	<u>\$ 462,388</u>	<u>\$ 438,922</u>	<u>\$ 410,101</u>	<u>\$ 391,658</u>

MULTNOMAH COUNTY, OREGON
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
2007	\$ 240,710	\$ 57,399	\$ 16,726	\$ 15,644	\$ 7,110	\$ 16,038	\$ 3,055	\$ 356,682
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044
2009	263,630	42,900	16,115	16,101	6,878	2,122	2,550	350,296
2010	275,462	44,150	15,441	20,105	7,063	905	2,259	365,385
2011	277,258	48,570	18,208	20,842	7,052	657	2,348	374,935
2012	277,827	52,250	20,052	21,852	6,811	205	1,034	380,031
2013	279,697	58,750	21,464	24,764	6,707	76	1,283	392,741
2014	309,024	61,800	24,268	27,435	6,753	34	1,083	430,397
2015	329,437	73,825	29,692	30,450	6,822	63	886	471,175
2016	348,238	80,710	49,935	37,897	7,215	15	711	524,721

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Assessed Valuation and Actual Values of Taxable Property
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Public Utility Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (1)</u>	<u>Estimated Real Market Value</u>
2007	\$ 28,695,852	\$ 14,825,459	\$ 2,376,350	\$ 2,328,560	\$ 48,226,221	\$ 5.12	\$ 87,070,081
2008	30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763
2009	32,075,253	15,987,533	2,390,005	2,362,074	52,814,865	5.21	107,381,958
2010	33,268,838	16,437,414	2,545,964	2,297,087	54,549,303	5.20	105,010,710
2011	34,269,351	16,954,346	2,569,318	2,194,393	55,987,408	5.10	101,559,353
2012	35,156,964	17,653,597	2,641,653	2,089,271	57,541,485	5.01	95,354,432
2013	35,929,873	18,050,498	2,599,627	2,097,912	58,677,910	4.89	93,735,420
2014	37,261,960	18,518,408	2,718,961	2,123,276	60,622,604	5.27	98,078,710
2015	38,871,143	19,435,231	3,004,706	2,208,621	63,519,701	5.34	108,173,728
2016	40,298,453	20,452,051	3,095,038	2,296,521	66,142,063	5.43	119,581,740

(1) See Property Tax Rates - Total Direct on page 160

MULTNOMAH COUNTY, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2007	\$ 246,944	\$ (7,319)	\$ 239,625	\$ 233,608	94.60 %	\$ 5,986	\$ 239,594	97.02 %
2008	265,938	(8,394)	257,544	250,542	94.21	6,942	257,484	96.82
2009	275,133	(8,519)	266,614	257,497	93.59	9,013	266,510	96.87
2010	283,349	(8,894)	274,455	266,292	93.98	6,995	273,287	96.45
2011	285,605	(8,600)	277,005	269,609	94.40	6,050	275,659	96.52
2012	288,355	(8,686)	279,669	270,714	93.88	6,504	277,218	96.14
2013	287,384	(8,212)	279,172	271,302	94.40	5,403	276,705	96.28
2014	253,024	(7,092)	245,932	239,352	94.60	3,536	242,888	95.99
2015	269,118	(7,620)	261,498	255,164	94.81	2,602	257,766	95.78
2016	284,628	(8,129)	276,499	270,282	94.96	-	270,282	94.96

Source: Current and prior years' financial statements, Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Property Tax Rates - Direct and Overlapping Governments (1)
Last Ten Fiscal Years
(Per \$1,000 of Assessed Valuation)
(unaudited)

Year	Multnomah County Direct Rates					Overlapping Rates						
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total	
2007	\$ 4.28	\$ 0.64	\$ 0.20	\$ 5.12	\$ 6.61	\$ 0.55	\$ 6.56	\$ 0.01	\$ 0.08	\$ 1.55	\$ 20.48	
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72	
2009	4.27	0.78	0.16	5.21	6.35	0.70	7.18	0.01	0.08	1.81	21.34	
2010	4.27	0.76	0.17	5.20	6.62	0.75	7.25	0.01	0.07	2.00	21.90	
2011	4.24	0.71	0.15	5.10	6.56	0.73	7.23	0.01	0.07	2.02	21.72	
2012	4.21	0.64	0.16	5.01	6.39	0.62	7.45	0.01	0.08	1.97	21.53	
2013	4.16	0.59	0.14	4.89	6.39	0.64	7.41	0.01	0.08	1.97	21.39	
2014	4.03	1.12	0.12	5.27	6.30	0.67	8.24	0.01	0.08	2.05	22.62	
2015	4.10	1.14	0.10	5.34	6.41	0.67	8.29	0.01	0.08	2.02	22.82	
2016	4.17	1.17	0.09	5.43	6.46	0.61	8.41	0.01	0.08	1.99	22.99	

(1) These are average rates and are stated in dollars and cents.

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
Current Calendar Year and Nine Years Ago
(dollar amounts expressed in thousands)
(unaudited)

Taxpayer	December 31, 2015			
	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 12,277	\$ 571,027	1	0.90 %
Comcast Corporation	9,568	469,303	2	0.74
Portland General Electric Co	6,983	423,066	3	0.67
Pacificorp (PP&L)	5,619	335,313	4	0.53
Alaska Airlines Inc	4,588	277,695	5	0.44
Weston Investment Co LLC	5,953	267,709	6	0.42
Evraz Inc NA	3,874	218,465	7	0.34
Centurylink	3,302	197,090	8	0.31
AT&T, Inc	3,212	191,761	9	0.30
Capref Lloyd Center LLC	3,088	173,304	10	0.27
	<u>\$ 58,464</u>	<u>\$ 3,124,733</u>		<u>4.92 %</u>
Total Assessed Valuation		<u>\$ 63,519,701</u>		

Taxpayer	December 31, 2006			
	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Portland General Electric	\$ 5,575	\$ 347,235	1	0.68 %
Port of Portland	6,249	308,375	2	0.60
QWEST Corporation	4,793	298,636	3	0.58
Pacificorp (PP&L)	3,837	240,248	4	0.47
Boeing Co	2,837	174,307	5	0.34
Oregon Steel Mills	3,207	163,511	6	0.32
Northwest Natural Gas	2,496	153,345	7	0.30
LC Portland LLC	2,901	143,836	8	0.28
United Airlines	2,239	132,003	9	0.26
One Eleven Tower LLC	2,261	112,303	10	0.22
	<u>\$ 36,395</u>	<u>\$ 2,073,799</u>		<u>4.03 %</u>
Total Assessed Valuation		<u>\$ 51,433,028</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2015-16 and 2006-07 respectively.

MULTNOMAH COUNTY, OREGON
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds (2)	Capitalized Lease Obligations	Full Faith and Credit Bonds (2)	Revenue Bonds	Loans Payable			
2007	\$ 69,380	\$ 16,620	\$ 246,413	\$ 5,880	\$ 362	\$ 338,655	1.20 %	\$ 477
2008	63,125	13,604	234,688	5,320	242	316,979	1.07	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.04	406
2010	45,175	1,020	219,018	2,845	2,132	270,190	0.92	367
2011	38,620	1,719	217,158	2,430	3,414	263,341	0.85	355
2012	31,795	1,597	198,353	-	18,164	249,909	0.76	334
2013	24,935	1,468	313,429	-	3,133	342,965	1.10	458
2014	17,725	1,333	294,587	-	2,919	316,564	0.97	418
2015	11,570	1,191	278,348	-	2,723	293,832	0.88	384
2016	5,905	2,477	261,938	-	3,520	273,840	0.74	349

Note: 2015 - 2016 percentages calculated using 2014 personal income data, which is the most recent available.

(1) See population and personal income data on Demographic and Economic Statistics schedule

(2) Amounts do not include associated discounts or premiums

MULTNOMAH COUNTY, OREGON
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)
(unaudited)

Fiscal Year	General Obligation Bonds (3)	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2007	\$ 69,380	\$ (8,433)	\$ 60,947	0.22 %	0.13 %	\$ 86
2008	63,125	(8,569)	54,556	0.18	0.11	76
2009	56,570	(7,643)	48,927	0.17	0.09	68
2010	45,175	(7,611)	37,564	0.13	0.07	51
2011	38,620	(7,454)	31,166	0.10	0.06	42
2012	31,795	(7,753)	24,042	0.08	0.04	32
2013	24,935	(7,714)	17,221	0.06	0.03	23
2014	17,725	(6,578)	11,147	0.06	0.02	14
2015	11,570	(5,947)	5,623	0.02	0.01	7
2016	5,905	(5,905)	-	-	-	-

Note: 2015 and 2016 percentages calculated using 2014 personal income data, which is the most recent available.

(1) See taxable assessed value schedule on Assessed Valuation and Actual Values of Taxable Property schedule

(2) See population and personal income data on Demographic and Economic Statistics schedule

(3) Amounts do not include associated discounts or premiums

Source: Current and prior year financial statements, Multnomah County Division of Assessment and Taxation, Center for Population Research and Census at Portland State University, and US Department of Commerce-Bureau of Economic Analysis

MULTNOMAH COUNTY, OREGON
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

Fiscal Year	Revenue Bonds						Coverage
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2007	\$ 335	\$ 12	\$ 323	\$ 540	\$ 292	0.39 %	
2008	80	-	80	560	268	0.10	
2009	33	8	25	2,080	208	0.01	
2010	35	-	35	395	152	0.06	
2011	36	5	31	415	133	0.06	
2012	39	1	38	2,430	78	0.02	
2013	-	-	-	-	-	-	
2014	-	-	-	-	-	-	
2015	-	-	-	-	-	-	
2016	-	-	-	-	-	-	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation or amortization expenses.

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

ORS 287A.100 provides a debt limit on general obligation bonds of 2 percent of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.054.

	2016	2015	2014	2013
Real market value	\$ 119,581,740	\$ 108,173,728	\$ 98,078,710	\$ 93,735,420
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	2,391,635	2,163,475	1,961,574	1,874,708
Less bonded debt at June 30	5,905	11,570	17,725	24,935
Legal debt margin	<u>\$ 2,385,730</u>	<u>\$ 2,151,905</u>	<u>\$ 1,943,849</u>	<u>\$ 1,849,773</u>
Total net debt applicable to the limit as a percentage of debt limit.	0.25 %	0.53 %	0.90 %	1.33 %

ORS 287A.105 provides a debt limit on full faith and credit bonds of 1 percent of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.053.

Real market value	\$ 119,581,740	\$ 108,173,728	\$ 98,078,710	\$ 93,735,420
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,195,817	1,081,737	980,787	937,354
Less bonded debt at June 30	150,690	160,255	172,025	186,395
Legal debt margin	<u>\$ 1,045,127</u>	<u>\$ 921,482</u>	<u>\$ 808,762</u>	<u>\$ 750,959</u>
Total net debt applicable to the limit as a percentage of debt limit.	12.60 %	14.81 %	17.54 %	19.89 %

ORS 238.694 provides a debt limit on revenue bonds to finance pension liabilities of 5 percent of the real market value of all taxable property within the County's boundaries.

Real market value	\$ 119,581,740	\$ 108,173,728	\$ 98,078,710	\$ 93,735,420
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	5,979,087	5,408,686	4,903,936	4,686,771
Less bonded debt at June 30	111,248	118,093	122,562	127,034
Legal debt margin	<u>\$ 5,867,839</u>	<u>\$ 5,290,593</u>	<u>\$ 4,781,374</u>	<u>\$ 4,559,737</u>
Total net debt applicable to the limit as a percentage of debt limit.	1.86 %	2.18 %	2.50 %	2.71 %

Source: Current and prior years' financial statements, Multnomah County Division of Assessment and Taxation

2012	2011	2010	2009	2008	2007
\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,907,089	2,031,187	2,100,214	2,147,639	2,006,055	1,741,402
31,795	38,620	45,175	56,570	63,125	69,380
\$ 1,875,294	\$ 1,992,567	\$ 2,055,039	\$ 2,091,069	\$ 1,942,930	\$ 1,672,022

1.67 % 1.90 % 2.15 % 2.63 % 3.15 % 3.98 %

\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
953,544	1,015,594	1,050,107	1,073,820	1,003,028	870,701
198,353	217,158	219,018	222,988	234,688	246,413
\$ 755,191	\$ 798,436	\$ 831,089	\$ 850,832	\$ 768,340	\$ 624,288

20.80 % 21.38 % 20.86 % 20.77 % 23.40 % 28.30 %

\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
4,767,722	5,077,968	5,250,536	5,369,098	5,015,138	4,353,504
131,513	142,223	151,373	159,113	165,583	170,908
\$ 4,636,209	\$ 4,935,745	\$ 5,099,163	\$ 5,209,985	\$ 4,849,555	\$ 4,182,596

2.76 % 2.80 % 2.88 % 2.96 % 3.30 % 3.93 %

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)
(unaudited)

Overlapping District (1)	Gross (2) Property-tax Backed Debt	Net (3) Property-tax Backed Debt	Percent (4) Overlapping	Total Overlapping Debt
Burlington Water District	\$ 1,425	\$ 1,425	100.00 %	\$ 1,425
City of Fairview	526	526	100.00	526
City of Gresham	79,707	34,908	100.00	34,908
City of Lake Oswego	181,370	13,550	5.64	764
City of Milwaukie	8,653	4,938	0.81	40
City of Portland	663,338	194,581	99.67	193,946
City of Troutdale	9,378	9,378	100.00	9,378
Clackamas County ESD	22,961	22,961	0.06	14
Clackamas County RFPD #1	34,345	16,700	0.22	37
Clackamas County SD 7J (Lake Oswego)	96,023	96,023	0.33	318
Columbia County SD 1J (Scappoose)	29,095	29,095	20.34	5,919
Corbett Water District	1,107	1,107	100.00	1,107
Lusted Water District	765	765	100.00	765
Metro	228,690	199,855	50.94	101,797
Mt Hood Community College	62,843	23,735	83.00	19,700
Multnomah County Drainage Dist No 1	1,345	65	100.00	65
Multnomah County RFPD 10	3,561	3,561	100.00	3,561
Multnomah County SD 10J (Gresham-Barlow)	75,331	75,331	80.67	60,768
Multnomah County SD 1 (Portland)	710,094	710,094	99.40	705,868
Multnomah County SD 28J (Centennial)	24,642	24,642	93.24	22,977
Multnomah County SD 3 (Parkrose)	58,703	58,703	100.00	58,703
Multnomah County SD 39 (Corbett)	1,987	1,987	100.00	1,987
Multnomah County SD 40 (David Douglas)	90,977	90,977	100.00	90,977
Multnomah County SD 51J (Riverdale)	18,374	18,374	94.80	17,419
Multnomah County SD 7 (Reynolds)	217,867	217,867	100.00	217,867
Multnomah ESD	29,870	-	-	-
Northwest Regional ESD	4,340	-	-	-
Pleasant Home Water District	1,650	1,650	93.94	1,550
Port of Portland	63,761	-	-	-
Portland Community College	426,855	335,095	49.31	165,239
Rockwood Water PUD	5,425	-	-	-
Tualatin Valley Fire & Rescue District	53,000	52,000	1.72	896
Valley View Water District	1,622	1,622	100.00	1,622
Washington County SD 1J (Hillsboro 7 Bd)	4,583	4,583	-	-
Washington County SD 1J (Hillsboro)	269,460	269,460	-	13
Washington County SD 48J (Beaverton)	808,154	808,154	0.40	3,193
Subtotal, overlapping debt	\$ 4,291,827	\$ 3,323,712		\$ 1,723,349
Multnomah County direct debt	\$ 294,272	\$ 160,510	100.00	160,510
Total direct and overlapping debt				<u>\$ 1,883,859</u>

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2016.

(2) Gross Property-tax Backed Debt includes all General Obligation (GO) bonds and Full Faith & Credit bonds, including premiums, capital lease obligations, and loans payable.

(3) Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited Tax GO and less Self-supporting Full Faith & Credit debt.

(4) Percent overlapping equals the RMV of the overlapping area of the overlapping district divided by the RMV of the County.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)
(unaudited)

<u>June 30,</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Income (2)</u>	<u>PMSA* Unemployment Rate (3)</u>
2007	710,025	\$ 28,234,192	\$ 40,462	4.9 %
2008	717,880	29,687,197	41,638	5.6
2009	724,680	28,192,097	38,740	11.3
2010	736,785	29,424,258	39,899	10.0
2011	741,925	31,161,157	41,658	8.9
2012	748,445	32,715,802	43,089	7.9
2013	756,530	33,376,029	43,564	7.3
2014	765,775	36,588,018	47,106	6.1
2015	777,490	N/A	N/A	5.4
2016	777,490 (4)	N/A	N/A (5)	5.4

N/A: Data was not available for this calendar year.

* Portland Metropolitan Statistical Area

(1) Population Research Center, PSU

(2) US BEA, Dept of Commerce, Bureau of Economic Analysis

(3) OLMIS, Oregon Labor Market Information System

(4) Population data as of July 1, 2016 not available at this time

(5) Most recent information available is 2014

MULTNOMAH COUNTY, OREGON
Principal Employers
Current Year and Nine Years Ago
(unaudited)

2015-16			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
Intel Corporation	19,500	1	1.70 %
Providence Health System	17,378	2	1.52
Oregon Health and Science University	15,424	3	1.35
Fred Meyer Stores	11,200	4	0.98
Kaiser Permanente Northwest	10,269	5	0.90
Legacy Health System	9,300	6	0.81
Nike, Inc.	8,500	7	0.74
Portland Public Schools	7,678	8	0.67
Multnomah County	6,189	9	0.54
City of Portland	5,667	10	0.49
	<u>111,105</u>		<u>9.70 %</u>

Total PMSA* employment 1,145,200 (1)

2006-07			
Taxpayer	Employees	Rank	Percentage of Total PMSA* Employment
State of Oregon	21,000	1	1.84 %
U.S. Government	18,000	2	1.58
Intel Corporation	16,740	3	1.47
Precision Castparts	15,384	4	1.35
Providence Health System	14,639	5	1.28
Oregon Health and Science University	11,500	6	1.01
Fred Meyer Stores	8,500	7	0.75
Kaiser Foundation Health Plan	8,221	8	0.72
Legacy Health System	8,196	9	0.72
City of Portland	8,104	10	0.71
	<u>130,284</u>		<u>11.43 %</u>

Total PMSA* employment 1,140,650

* Portland Metropolitan Statistical Area

(1) As of June 30, 2016

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MULTNOMAH COUNTY, OREGON
Full Time Equivalent (FTE) County Employees
by Function/Program and Bargaining Unit
(dollar amounts expressed in thousands)
(unaudited)

	2016	2015	2014	2013
Function/Program				
Governmental activities:				
General government	679	654	653	618
Health services	1,411	1,039	973	969
Social services	682	846	760	672
Public safety and justice	1,531	1,532	1,443	1,424
Community services	78	73	69	69
Library	504	514	502	434
Roads and bridges	128	130	136	140
Total governmental activities	5,013	4,788	4,535	4,324
Business-type activities:				
Behavioral health	3	3	5	5
Total business-type activities	3	3	5	5
Total primary government budgeted FTE	5,016	4,791	4,540	4,329
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	778	740	694	678
Bargaining units:				
Multnomah County Employees Union - Local 88 and Physicians Unit - Local 88-4, AFSCME AFL-CIO	3,217	3,013	2,893	2,729
International Brotherhood of Electrical Workers (IBEW) - Local 48, AFL-CIO	19	19	19	17
International Union of Operating Engineers - Local 701, AFL-CIO	14	13	14	13
International Union of Painters and Allied Trades - District Council 5, Local 1094, AFL-CIO	1	1	1	1
Multnomah County Corrections Deputy Association (MCCDA)	433	429	413	415
Multnomah County Deputy Sheriff's Association (MCDSA)	110	89	92	90
Oregon Nurses Association (ONA)	229	196	188	192
Multnomah County Employees Union - Juvenile Custody Services Specialists Unit (JCSS) - Local 88, AFSCME AFL-CIO	62	70	58	51
Multnomah County Prosecuting Attorneys Association	77	78	74	69
Federation of Oregon Parole and Probation Officers (FOPPO)	129	128	114	111
Total bargaining units	4,291	4,036	3,866	3,688
Temporary County employees	1,119	1,215	1,213	132
Total actual County employees	6,188	5,991	5,773	4,498

Source: Multnomah County payroll records

2012	2011	2010	2009	2008	2007
614	637	614	623	615	604
955	967	916	914	875	865
660	650	662	677	621	583
1,445	1,476	1,504	1,531	1,562	1,539
62	63	61	61	70	75
461	480	477	468	441	423
144	146	138	143	149	150
4,339	4,418	4,371	4,416	4,331	4,237
8	6	6	7	8	7
8	6	6	7	8	7
4,347	4,424	4,377	4,423	4,339	4,244
675	764	716	716	704	659
2,750	2,771	2,740	2,724	2,664	2,602
19	19	18	19	18	19
12	13	13	13	10	11
-	1	1	2	2	2
421	411	420	429	437	432
88	87	92	88	88	91
189	199	216	220	221	228
54	52	52	56	59	60
73	68	78	81	88	83
115	121	123	131	134	133
3,721	3,742	3,753	3,763	3,721	3,661
129	128	100	72	103	114
4,525	4,634	4,569	4,551	4,528	4,434

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

FUNCTION/PROGRAM	2016	2015	2014
Governmental Activities:			
General Government			
Number of property tax accounts - residential	243,358	243,036	242,721
Number of property tax accounts - personal	65,070	64,215	62,437
Number of property tax accounts - commercial	33,574	33,682	33,785
Number of marriage licenses issued	7,899	7,766	7,045
Health Services			
Total clinic visits	312,735	309,484	307,137
County residents who rate their health good or better	85%	83%	84%
Environmental health inspections	13,425	12,850	14,263
Women, infants, and children (WIC) served in the WIC program	25,706	28,400	29,072
Flu vaccinations at health clinics	18,052	25,127	26,154
Social Services			
Households that have received assistance with energy bills	21,169	17,340	16,286
Clients with developmental disabilities served	5,566	5,383	4,921
Senior and physically disabled clients served	N/A	60,753	62,877
Alcohol and drug treatment clients	2,450	2,266	3,638
Early childhood mental health clients	5,564	5,485	5,410
Families served in early childhood programs	1,291	1,218	801
Students enrolled in extended day school activities	31,589	24,270	21,108
Public Safety and Justice			
<u>Sheriff</u>			
Responses to calls for services (a)	59,063	54,350	48,975
Number of arrests (parts 1, 2 and 3 crimes)	3,136	N/A	2,712
<u>Corrections</u>			
Number of inmates booked	34,421	35,952	39,731
Average daily jail population	1,193	1,145	1,220
Average length of jail stay in days	13	12	12
Number of transports to courthouse	19,035	19,200	19,196
<u>Juvenile</u>			
Youth admitted to detention center	1,504	1,508	1,453
Average length of stay in days in youth detention center	11.6	13.4	10.3
Community service hours completed	3,780	4,446	3,107
Average number of youth on supervision/probation (b)	343	350	324

(continued)

N/A: Data was not available for this fiscal year.

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, current and prior year financial statements

(a) Beginning in 2012, substantial increase due to equipment upgrades allowing for greater number of serving civil documents

(b) Beginning in 2013, switched from probation to supervision per month

2013	2012	2011	2010	2009	2008	2007
242,566	242,228	242,210	241,771	240,212	234,567	225,597
62,085	61,876	62,125	63,075	63,086	63,279	64,126
33,895	34,042	34,063	34,161	34,226	34,210	34,152
6,608	6,306	6,201	6,276	6,257	6,383	6,542
314,940	339,794	362,546	384,762	358,692	330,105	312,661
85%	85%	85%	90%	89%	89%	87%
12,793	13,109	13,371	12,572	11,873	11,672	10,130
30,424	31,277	32,107	31,542	31,179	30,850	30,339
24,755	22,687	20,982	15,597	13,140	9,600	6,148
17,249	17,160	17,383	19,292	22,129	14,606	13,676
4,704	4,485	4,336	4,465	4,270	3,950	3,780
61,602	N/A	39,136	37,470	N/A	N/A	N/A
4,576	4,255	N/A	6,824	4,617	10,503	10,829
5,874	5,327	4,025	4,511	4,869	4,726	7,700
504	472	505	615	693	718	768
19,529	19,958	19,127	17,669	14,773	15,041	17,052
49,105	46,749	40,655	40,835	36,848	N/A	41,601
2,652	2,812	2,776	2,850	3,037	2,938	2,708
39,162	37,166	36,557	38,634	32,992	35,533	37,113
1,264	1,240	1,187	1,274	1,378	1,559	1,641
12	13	13	13	17	18	18
17,846	18,280	17,536	16,748	10,898	11,737	11,632
1,554	1,566	1,638	1,758	2,112	2,021	1,992
10.2	9.8	8.7	7.8	7.9	8.3	11.7
3,766	2,180	3,277	4,353	6,521	6,623	10,894
337	339	378	478	567	533	523

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

FUNCTION/PROGRAM	2016	2015	2014
Public Safety and Justice (continued)			
<u>Adult</u>			
Community service hours completed	59,580	73,787	N/A
Adults participating in educational classes	225	450	689
Clients receiving GED's	27	14	125
Average no. adults on probation & post-prison supervision/month	8,666	8,823	9,351
<u>District Attorney</u>			
Cases of adult criminal activity prosecuted	15,111	16,273	25,880
Juvenile delinquency cases prosecuted	808	666	491
Hours of Community Court community service completed	3,589	7,471	11,930
Community Services			
Number of registered voters	466,964	441,157	434,898
Number of votes cast in last general election (a)	302,584	302,584	367,992
Percent of registered voters who voted in last general election	69 %	69 %	85%
Animal control - total intake - dogs and cats	5,728	6,433	6,894
<u>Library</u>			
New library cards issued annually	59,026	66,884	60,715
Books circulated (total circulation) (b)	19,221,448	20,268,163	19,486,176
Borrowers who used their cards in last three years	436,476	444,231	432,685
Library satisfaction (c)	97.0 %	96.8 %	97.0 %
Web site visits/hits	4,810,497	N/A	N/A
Catalog visits	N/A	N/A	N/A
Website visits, including catalog	N/A	5,476,348	6,230,998
Business-type Activities:			
Dunthorpe-Riverdale Service District No. 1			
Sewage disposal - number of accounts	595	563	563
Mid County Service District No. 14			
Lighting - number of accounts	7,934	7,952	7,942

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, current and prior year financial statements

(a) Community Service general elections are held in November on even years.

(b) Total circulation as of 2012.

(c) Library satisfaction is from a patron survey beginning in 2012. Satisfaction rating is percent of respondents that found library materials of interest starting in fiscal year 2004.

2013	2012	2011	2010	2009	2008	2007
89,204	98,240	101,392	141,732	123,442	82,429	80,131
689	801	710	705	639	588	481
93	85	78	79	60	38	62
8,300	8,284	8,278	7,896	8,793	9,261	9,619
26,932	26,137	24,241	25,932	27,149	27,377	21,415
528	550	476	651	869	1,064	817
10,380	14,295	13,869	17,552	17,004	16,742	15,477
437,729	451,659	408,126	407,541	426,567	380,298	380,298
370,142	284,104	284,104	367,540	367,540	262,628	262,628
83 %	70 %	70 %	86 %	86 %	69 %	69%
6,740	7,563	8,606	8,320	8,096	8,886	9,879
57,592	69,198	73,566	71,809	74,677	71,843	67,379
21,984,923	24,794,942	23,939,091	22,715,292	21,513,255	20,394,496	19,900,816
441,505	444,618	436,949	425,749	421,199	440,311	431,429
96.9 %	98.4 %	91.5 %	90.1 %	90.4 %	91.3 %	92.4%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	6,710,594	5,709,967	5,366,879	5,313,210
6,629,449	6,888,701	7,158,805	N/A	N/A	N/A	N/A
595	593	592	591	590	583	582
7,944	7,986	7,993	7,985	7,987	7,885	7,800

MULTNOMAH COUNTY, OREGON
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

FUNCTION/PROGRAM	2016	2015	2014	2013
Governmental Activities:				
General Government				
Buildings owned	101	77	79	80
Buildings leased	66	48	48	48
Automobiles	311	321	294	297
Vehicles (excluding automobiles)	303	267	276	281
Heavy equipment	80	90	96	103
Health Services				
Health & dental centers	8	7	8	8
School based health centers	13	13	12	12
Social Services				
Aging & disability offices	5	5	5	5
Public Safety and Justice				
<u>Sheriff</u>				
Vehicular patrol units	78	68	58	55
Number of employees (sworn and civilian)	781	781	759	762
River patrol offices	2	2	3	3
<u>Corrections</u>				
Jails:				
Facilities	2	2	2	2
Population	1,310	1,310	1,310	1,310
<u>Community Justice</u>				
Adult probation & parole offices	5	5	7	7
Adult housing program offices	-	-	1	4
Juvenile counseling offices	1	1	3	4
Library				
Regional	5	3	2	2
Neighborhood	13	13	11	11
Leased	6	6	6	6
Roads & Bridges				
<u>Miles of streets maintained by County</u>				
Paved	268	268	270	270
Unpaved	29	29	24	24
<u>Bridges</u>				
Major	6	6	6	6
Minor	20	21	19	19
Business-type Activities:				
Dunthorpe-Riverdale Service District No. 1				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15
Mid County Service District No. 14				
Street lighting - lights and poles	4,742	4,535	4,535	4,526

2012	2011	2010	2009	2008	2007
79	78	74	79	79	83
55	54	51	52	53	59
308	310	316	325	328	301
294	253	263	298	300	292
105	100	93	122	141	132
7	7	7	7	7	7
14	14	14	13	13	13
5	5	5	7	7	7
63	65	66	50	45	47
766	763	785	786	786	798
3	3	3	3	3	3
2	2	2	3	3	3
1,310	1,310	1,367	1,539	1,633	1,690
7	7	6	6	6	6
4	4	4	4	4	4
4	4	4	4	4	4
2	2	2	2	2	2
11	11	11	11	11	11
6	6	6	4	4	4
270	270	270	271	271	273
24	24	24	24	24	24
6	6	6	6	6	6
19	19	19	19	18	18
1	1	1	1	1	1
15	15	15	15	15	15
4,507	4,507	4,499	4,525	4,484	4,439

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AUDIT COMMENTS AND DISCLOSURES

- Report of Independent Auditors on compliance and on internal control over financial reporting based on an audit of the Basic Financial Statements performed in accordance with *Oregon Minimum Auditing Standards*

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**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON MINIMUM AUDITING STANDARDS**

Board of Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County ("the County") as of and for the year ended June 30, 2016 and have issued our report thereon dated December 21, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0050 to	Financial Statements, Schedules, and Information	None Noted
162-010-0190	Included in Financial Statements	
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	Yes
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	None Noted
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

- The County experienced a budgetary over-expenditure in the Capital Debt Retirement Fund which is disclosed in the notes to the financial statements.



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS (continued)**

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "James C. Lanzarotta".

James C. Lanzarotta, Partner
On behalf of Moss Adams LLP
Certified Public Accountants
Eugene, Oregon
December 21, 2016

FEDERAL GRANT PROGRAMS

- Report of independent auditors on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
- Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with *2 CFR Part 200 Subpart F*
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of County Commissioners
Multnomah County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended *June 30, 2016*, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2016. Our report includes a reference to other auditors who audited the financial statements of The Library Foundation, as described in our report on the County's financial statements. The financial statements of the Library Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with The Library Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 21, 2016

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of County Commissioners
 Multnomah County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Multnomah County, Oregon's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.



**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (continued)**

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 21, 2016

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MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF AGRICULTURE					
10.553	School Breakfast Program	Oregon State, Dept. of Education	2613007	50,604	-
10.555	National School Lunch Program	Oregon State, Dept. of Education	2613007	94,406	-
		<i>Total Child Nutrition Cluster</i>		<i>145,010</i>	<i>-</i>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Oregon State, Health Division	142024	3,061,374	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Oregon State, Dept. of Human Services	146696	53,246	-
10.665	Schools and Roads - Grants to States	U.S. Forest Service		203,797	47,072
TOTAL DEPARTMENT OF AGRICULTURE				3,463,427	47,072
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
14.218	Community Development Block Grants/ Entitlement Grants	City of Portland, OR	B-12-UC-41-003	231,700	231,700
14.218	Community Development Block Grants/ Entitlement Grants	U.S. Dept. of Housing & Urban Dev.		252,259	194,947
		<i>Total Community Development Block Grants/Entitlement Grants</i>		<i>483,959</i>	<i>426,647</i>
14.231	Emergency Solutions Grant Program	Oregon State, Dept. of Housing & Community Svc.	E-13-DC-41-0001	113,771	110,777
14.239	Home Investment Partnerships Program	Home Forward	ra13dd	2,815	-
14.267	Continuum of Care Program	U.S. Dept. of Housing & Urban Dev.		2,168,462	2,042,419
14.881	Moving to Work Demonstration Program	Home Forward	7multn02	57,954	-
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				2,826,961	2,579,843
DEPARTMENT OF THE INTERIOR					
15.227	Distribution of Receipts to State and Local Governments	U.S. Dept. of the Interior		191,443	-
TOTAL DEPARTMENT OF THE INTERIOR				191,443	-
DEPARTMENT OF JUSTICE					
16.021	Justice Systems Response to Families Promoting Evidence Integration in Sex Offender Management	U.S. Dept. of Justice		233,137	-
16.203	Discretionary Grant Program Education, Training, and Enhanced Services to End Violence	U.S. Dept. of Justice		45,115	-
16.529	Against and Abuse of Women with Disabilities	U.S. Dept. of Justice		64,130	25,418

* Indicates a Major Program

A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	* / A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF JUSTICE (continued)					
16.543	Missing Children's Assistance	U.S. Dept. of Justice		622,210	209,497
16.544	Youth Gang Prevention	U.S. Dept. of Justice		113,862	-
16.575	Crime Victim Assistance	Oregon State, Dept. of Justice	MCDAVAP48	459,806	-
16.585	Drug Court Discretionary Grant Program	U.S. Dept. of Justice		101,759	74,339
	Grants to Encourage Arrest Policies and Enforcement of				
16.590	Protection Orders Program	U.S. Dept. of Justice		169,318	90,806
16.606	State Criminal Alien Assistance Program	U.S. Dept. of Justice		181,918	-
	Transitional Housing Assistance for Victims of Domestic				
16.736	Violence, Dating Violence, Stalking, or Sexual Assault	U.S. Dept. of Justice		94,208	78,471
16.738	Edward Byrne Memorial Justice Assistance Grant Program	City of Portland, OR, Bureau of Police	15-DJ-BX-0532	123,479	-
16.812	Second Chance Act Reentry Initiative	U.S. Dept. of Justice		128,440	25,237
16.817	Byrne Criminal Justice Innovation Program	U.S. Dept. of Justice		18,356	17,202
16.833	National Sexual Assault Kit Initiative	City of Portland, OR, Bureau of Police	30005057	55,627	-
16.922	Equitable Sharing Program	U.S. Dept. of Justice, U.S. Marshal Office		84,799	-
16.922	Equitable Sharing Program	U.S. Postal Inspection Service		5,997	-
		<i>Total Equitable Sharing Program</i>		<i>90,796</i>	<i>-</i>
		TOTAL DEPARTMENT OF JUSTICE		2,502,161	520,970
DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning and Construction	Oregon State, Dept. of Transportation	22858-03	1,523,489	-
20.600	State and Community Highway Safety	Oregon State, Dept. of Transportation	22858-03	9,167	-
		TOTAL DEPARTMENT OF TRANSPORTATION		1,532,656	-
DEPARTMENT OF THE TREASURY					
21.000	Treasury Forfeiture Fund Program	U.S. Dept. of Justice		8,395	-
		TOTAL DEPARTMENT OF THE TREASURY		8,395	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
45.310	Grants to States	Oregon State, Library Division	ANSWERLAND 16	30,309	30,309
45.312	National Leadership Grants	Portland State University	204CAS472	19,623	18,623
		TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		49,932	48,932

* Indicates a Major Program

A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	* / A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
ENVIRONMENTAL PROTECTION AGENCY					
66.432	State Public Water System Supervision	Oregon State, Health Div.	142024	8,177	-
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Oregon State, Health Div.	142024	5,453	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY				13,630	-
DEPARTMENT OF ENERGY					
81.042	Weatherization Assistance for Low-Income Persons	Oregon State, Housing & Community Svc	DE-EE0006179	369,320	-
TOTAL DEPARTMENT OF ENERGY				369,320	-
DEPARTMENT OF EDUCATION					
84.002	Adult Education - Basic Grants to States	Portland Community College	045-09 #7	23,080	-
84.184	Safe and Drug-Free Schools and Communities-National Programs	Reynolds Schools, Dist. No. 7	2015021	12,842	-
84.287	Twenty-First Century Community Learning Centers	Centennial Schools, Dist. 28J	201643	515	515
84.287	Twenty-First Century Community Learning Centers	Gresham-Barlow Schools, Dist. 10J	1213049	124,137	124,137
<i>Total Twenty-First Century Learning Centers</i>				<i>124,652</i>	<i>124,652</i>
TOTAL DEPARTMENT OF EDUCATION				160,574	124,652
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
93.008	Medical Reserve Corps Small Grant Program	National Assoc. of City and County Health Officials	MRC090141	3,593	-
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Oregon State, Senior & Disabled Services	143130	6,676	-
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Oregon State, Senior & Disabled Services	143130	38,902	31,667
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	Oregon State, Dept. of Consumer Affairs	138576	7,430	-
93.051	Alzheimer's Disease Demonstration Grants to States	Oregon State, Senior & Disabled Services	146747	106,331	-
93.052	National Family Caregiver Support, Title III, Part E	Oregon State, Senior & Disabled Services	143130	244,253	61,849
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Oregon State, Senior & Disabled Services	143130	747,114	176,834
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Oregon State, Senior & Disabled Services	143130	1,067,286	957,500

* Indicates a Major Program

A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	* / A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
93.053	Nutrition Services Incentive Program	Oregon State, Senior & Disabled Services	143130	425,641	425,641
		<i>Total Aging Cluster</i>		<u>2,240,041</u>	<u>1,559,975</u>
93.069	Public Health Emergency Preparedness	Oregon State, Health Div.	142024	236,859	-
93.069	Public Health Emergency Preparedness	Washington State, Dept. of Health	MC #2014103	35,759	-
		<i>Total Public Health Emergency Preparedness</i>		<u>272,618</u>	<u>-</u>
93.071	Medicare Enrollment Assistance Program	Oregon State, Dept. of Consumer Affairs	147530	204,736	-
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Oregon State, Health Div.	148024	77,609	-
93.086	Grants	Northwest Family Svcs.	2014113	79,086	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Oregon State, Health Div.	142024	87,206	-
93.103	Food and Drug Administration Research	U.S. Dept. of Health & Human Svcs.		40,871	-
93.103	Food and Drug Administration Research	Assoc. of Food & Drug Officials	G-SP-1410-02100	218	-
		<i>Total Food and Drug Administration Research</i>		<u>41,089</u>	<u>-</u>
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Oregon State, Health Div.	142024	45,431	-
93.136	Injury Prevention and Control Research and State and Community Based Programs	U.S. Dept. of Health & Human Svcs.		207,989	-
93.136	Injury Prevention and Control Research and State and Community Based Programs	Oregon State, Health Div.	142024	65,286	-
	<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>			<u>273,275</u>	<u>-</u>
93.145	AIDS Education and Training Centers	University of Washington	762369	73,938	-
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Oregon State, Dept. of Human Svcs.	141423	219,713	219,713
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	U.S. Dept. of Health & Human Svcs.		373,180	51,542
93.161	Health Program for Toxic Substances and Disease Registry	Oregon State, Health Div.	142024	4,688	-
93.197	Childhood Lead Poisoning Prevention Program CLPPP	Oregon State, Health Div.	148024	30,000	-
93.217	Family Planning Services	Oregon State, Health Div.	142024	340,111	-

* Indicates a Major Program

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MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	* / A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	U.S. Dept. of Health & Human Svcs.		9,543,514	135,927
93.224					
93.235	Affordable Care Act (ACA) Abstinence Education Program	Oregon State, Div. of Children & Families	143851	20,701	
	Substance Abuse and Mental Health Services Projects of				
93.243	Regional and National Significance	U.S. Dept. of Health & Human Svcs.		750,045	233,759
	Substance Abuse and Mental Health Services Projects of				
93.243	Regional and National Significance	Oregon State, Dept. of Human Svcs.	141423	52,066	-
	Substance Abuse and Mental Health Services Projects of				
93.243	Regional and National Significance	Lifeworks NW	2014114	1,516	-
	<i>Total S.A.M.H.S. Projects of Regional and National Significance</i>			<u>803,627</u>	<u>233,759</u>
	Drug-Free Communities Support Program				
93.276	Grants	U.S. Dept. of Health & Human Svcs.		117,425	-
93.279	Drug Abuse and Addiction Research Programs	U.S. Dept. of Health & Human Svcs.		298,536	4,000
	The Affordable Care Act: Centers for Disease Control and				
93.283	Prevention Investigations and Technical Assistance	Oregon State, Health Div.	142024	182,325	-
93.297	Teenage Pregnancy Prevention Program	U.S. Dept. of Health & Human Svcs.		1,006,149	548,920
93.297	Teenage Pregnancy Prevention Program	Texas A&M Health and Science Center	1TP2AH000024	7,035	-
	<i>Total Teenage Pregnancy Prevention Program</i>			<u>1,013,184</u>	<u>548,920</u>
	Demonstration Grants for Domestic Victims of Human				
93.327	Trafficking	U.S. Dept. of Health & Human Svcs.		122,365	95,041
93.336	Behavioral Risk Factor Surveillance System	Oregon State, Health Div.	148024	16,075	-
93.359	Nurse Education, Practice Quality and Retention Grants	U.S. Dept. of Health & Human Svcs.		510,314	-
	Affordable Care Act (ACA) Maternal, Infant, and Early				
93.505	Childhood Home Visiting Program	Oregon State, Health Div.	201371-2	104,317	81,248
93.507	PPHF National Public Health Improvement Initiative	Oregon State, Health Div.	135574	123	-
93.517	Affordable Care Act Aging and Disability Resource Center	Oregon State, Senior & Disabled Services	144217	148,749	-
	The Affordable Care Act (ACA): Capacity Building Assistance	National Assoc. of City and County Health			
93.524	to Strengthen Public Health Infrastructure and Performance	Officials	1213101	27,702	-
	Affordable Care Act (ACA) Grants for Capital Development in				
93.526	Health Centers	U.S. Dept. of Health & Human Svcs.		270,669	-
93.556	Promoting Safe and Stable Families	United Way of the Columbia	141064	202,278	202,038

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MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	* / A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
93.558	Temporary Assistance for Needy Families	Oregon State, Housing & Community Svcs.	G-15B1ORLIEA	171,039	171,039
93.563	* Child Support Enforcement	Oregon State, Dept. of Justice	15435	2,148,586	-
93.568	* Low-Income Home Energy Assistance	Oregon State, Housing & Community Svcs.	G-15B1ORLIEA	5,990,220	440,759
93.569	Community Services Block Grant	Oregon State, Housing & Community Svcs.	MGA# 3055	793,832	658,506
93.576	Refugee and Entrant Assistance-Discretionary Grants	U.S. Dept. of Health & Human Svcs.		113,847	13,574
93.597	Grants to States for Access and Visitation Programs	Oregon State, Dept. of Justice	201500	79,873	-
93.601	Child Support Enforcement Demonstrations and Special Projects	Oregon State, Dept. of Justice	121030	166	-
93.610	Health Care Innovation Awards (HCIA)	Providence Hospital, Portland OR	1213093-4	13,290	-
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	Oregon State, Health Div.	142024	242,872	10,833
93.658	Foster Care Title IV-E	Oregon State, Dept. of Human Svcs.	143574/ 147297	376,000	277,112
93.658	Foster Care Title IV-E	Oregon State, Dept. of Justice	148551	273,421	-
		<i>Total Foster Care Title IV-E</i>		<u>649,421</u>	<u>277,112</u>
93.667	Social Services Block Grant	Oregon State, Dept. of Education	MUL0911	521,134	485,905
93.738	PPHF: Racial and Ethnic Approaches to Community Health Program financed solely by Public Prevention and Health Funds	U.S. Dept. of Health & Human Svcs.		1,087,473	408,280
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Oregon State, Dept. of Human Svcs.	SHIBA1314	12,000	-
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Oregon State, Dept. of Consumer Svcs.	SHIBA1516	5,337	-
		<i>Total Centers for CMS Research, Demonstrations, and Evaluations Program</i>		<u>17,337</u>	<u>-</u>
93.837	Cardiovascular Diseases Research	Kaiser Research Foundation Institute	R18HL095481-05	2,118	-
93.889	National Bioterrorism Hospital Preparedness Program	Oregon State, Health Div.	1213162	153,868	-
93.914	HIV Emergency Relief Project Grants	U.S. Dept. of Health & Human Svcs.		3,919,194	2,239,348
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	U.S. Dept. of Health & Human Svcs.		758,050	-
93.924	Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants	Oregon Health Sciences University, Sponsored Prof. Admin.	H65HA00006	12,102	-
93.926	Healthy Start Initiative	U.S. Dept. of Health & Human Svcs.		852,937	-
93.928	Special Projects of National Significance	U.S. Dept. of Health & Human Svcs.		311,893	195,560
93.928	Special Projects of National Significance	AIDS United	2016153	1,934	-
		<i>Total Special Projects of National Significance Program</i>		<u>313,827</u>	<u>195,560</u>

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MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*/A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>					
93.940	HIV Prevention Activities- Health Dept. Based Human Immunodeficiency Virus (HIV)/Acquired	Oregon State, Health Div.	142024	533,228	223,373
93.944	Immunodeficiency Virus Syndrome (AIDS) Surveillance	Oregon State, Health Div.	142024	429,071	-
93.958	Block Grants for Community Mental Health Services	Oregon State, Dept. of Health & Human Svcs	141423	1,395,215	1,395,215
93.959	* Block Grants for Prevention and Treatment of Substance Abuse Preventive Health Services Sexually Transmitted Diseases	Oregon State, Dept. of Human Svcs.	141423	3,079,942	3,079,942
93.977	Control Grants	U.S. Dept. of Health & Human Svcs.		109,084	-
93.994	Maternal and Child Health Services Block Grant to the States	Oregon State, Health Div.	142024	296,984	-
93.994	Maternal and Child Health Services Block Grant to the States	Oregon Health Sciences University	4 B04MC06604	128,000	-
<i>Total Maternal and Child Health Services Block Grant to the States</i>				<u>424,984</u>	<u>-</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>41,964,520</u>	<u>12,825,125</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>					
94.011	Foster Grandparent Program	Corp. for National & Community Svc.		229,871	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				<u>229,871</u>	<u>-</u>
<u>EXECUTIVE OFFICE OF THE PRESIDENT</u>					
95.001	High Intensity Drug Trafficking Areas Program	Oregon High Intensity Drug Trafficking Areas Prog.	G15OR0002A	94,583	-
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				<u>94,583</u>	<u>-</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>					
97.012	Boating Safety Financial Assistance	Oregon State, Marine Board	201484	305,944	-
97.036	Disaster Grants - Public Assistance	Oregon State, Office of Emergency Mgmt	201489	181,670	-
97.039	Hazard Mitigation Grant	Oregon State, Office of Emergency Mgmt	DR-4258-OR	4,973	-
97.042	Emergency Management Performance Grants	Oregon State, Office of Emergency Mgmt	14-526	350,130	-
<u>DEPARTMENT OF HOMELAND SECURITY (continued)</u>					
97.067	Homeland Security Grant Program	Portland Bureau of Emergency Mgmt	UA14-0005	238,981	-
97.073	State Homeland Security Program (SHSP)	Oregon State, Office of Emergency Mgmt	14-241	77,799	-
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>1,159,497</u>	<u>-</u>
TOTAL FEDERAL FUNDING				<u>54,566,970</u>	<u>16,146,594</u>

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MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). The County's reporting entity is defined in Note 1 to the County's June 30, 2016 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. Expenditures reported on this schedule are recognized following the cost principles in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The County has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

The Highway Planning and Construction grant, CFDA 20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed pass through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration.

Note C – Relationship to Basic Financial Statements

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

Note D – Non-cash Awards

The accompanying Schedule of Expenditures of Federal Awards includes two non-cash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$3,867. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$94,406.

An additional award from the Department of Health and Human Services is in the form of immunization vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the non-cash portion of the Childhood Immunization Grant award was determined by the granting agency and was determined as non-federal funds. The amount expended and advanced at June 30, 2016 is calculated on a proportionate basis; \$3,222,932. This amount is disclosed only and is not included in the Schedule of Expenditures of Federal Awards.

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported
- Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued on Compliance for Major Federal Program</i>
93.563	Child Support Enforcement	<i>Unmodified</i>
93.568	Low Income Home Energy Assistance	<i>Unmodified</i>
93.959	Block Grants for Prevention and Treatment of Substance Abuse	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 1,637,009

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported