

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT



FISCAL YEAR ENDED JUNE 30, 2018

About the Cover

Construction of Multnomah County's central courthouse is on schedule and budget as crews build the third story of the 17-floor building at the west end of the Hawthorne Bridge.

At the northwest corner of the building, the contractor poured concrete for "some really tall columns in the lobby," project manager J.D. Deschamps reported. These 45-foot tall columns will provide a dramatic first impression when entering the building. Wet concrete was poured into wood forms to give a wood grain pattern to the concrete. Post-tensioning cables are installed in the concrete floors of the building, which allow the floors to be thinner. Conduits for electrical systems are also installed in the concrete and documented with a scan, which "simplifies operations and maintenance for the longevity of the building," explained Owner's Representative Mike Day, of Day CPM.

Building systems for the courthouse are tested in mock-ups and retested as the building is constructed. A mockup building section was built offsite where an aircraft engine subjected it to wind loads of 120 miles per hour and rain loads of 4 inches an hour. While both loads are more than would ever be expected in Portland, the mock-up passed that test, along with an earthquake test. The wind and rain tests will continue on the actual building as the outside facade is constructed.

Day noted that the project is on schedule and on budget. "We recently pulled up our original 2014 project schedule and found we are basically meeting that schedule to the day, which is amazing if you think about all the hurdles we've overcome in the last three years, including getting funding."

An important goal of Multnomah County's leaders is to ensure that a diverse workforce and group of firms participate in and benefit from the \$324 million project. General contractor Hoffman Construction has a goal to award 20% of total construction dollars to certified firms owned by minorities, women, and disadvantaged small businesses. Projections forecast that 26% of total construction dollars will go to those firms.

The State of Oregon is contributing \$125 million toward the project. County Chair Deborah Kafoury has thanked the delegation of Multnomah County legislators for their support.

Commissioner Sharon Meieran drives past the courthouse construction site on her way to work each day. "To literally see the building going up before my eyes as I drive by each day is just a really exciting thing."

For more information, please go to <https://multco.us/central-courthouse-project>

Photo by: Motoya Nakamura

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2018



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MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018
Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	13
Elected Officials	14
Principal Officers	15
Organizational Charts	16

FINANCIAL SECTION

Report of Independent Auditors	19
Management's Discussion and Analysis	22

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	37
Statement of Activities	39

Fund Financial Statements:

Governmental Funds:	
Balance Sheet	40
Reconciliation of the Balance Sheet to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balance	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	43
Statements of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
General Fund	44
Federal/State Program Fund	45
Proprietary Funds:	
Statement of Net Position	46
Statement of Revenues, Expenses, and Changes in Fund Net Position	47
Statement of Cash Flows	48
Agency Funds:	
Statement of Fiduciary Net Position	49

Notes to Basic Financial Statements:

I Summary of significant accounting policies	50
II Stewardship, compliance, and accountability	64
III Detailed notes	66
IV Other information	88

Required Supplementary Information:

I Postemployment benefits other than pensions:	
Retirement Health Insurance Account –	
Schedule of Proportionate Share (Asset) Liability	114
Schedule of Contributions	114
Multnomah County Postretirement Medical and Life Insurance Plan –	
Schedule of Changes in Total OPEB Liability and Related Ratios and Notes to the Schedule	115
II Employee retirement systems, pension plan:	
Schedule of Proportionate Share of Net Pension (Asset) Liability	116
Schedule of Pension Contributions	116
III Notes to required supplementary information	117

Combining and Individual Fund Statements and Schedules - Governmental Funds:

Nonmajor Governmental Funds:

Combining Balance Sheet	119
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	120

Nonmajor Special Revenue Funds:

Combining Balance Sheet	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	124
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Road Fund	127
Bicycle Path Construction Fund	128
Recreation Fund	129
County School Fund	130
Animal Control Fund	131
Willamette River Bridges Fund	132
Library Fund	133
Special Excise Tax Fund	134
Land Corner Preservation Fund	135
Inmate Welfare Fund	136
Justice Services Special Operations Fund	137
Oregon Historical Society Levy Fund	138
Video Lottery Fund	139
Library District Fund	140

Debt Service Funds:

Combining Balance Sheet	141
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	142
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Capital Debt Retirement Fund	143
General Obligation Bond Sinking Fund	144
PERS Pension Bond Sinking Fund	145

Capital Projects Funds:

Combining Balance Sheet	146
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	148
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Downtown Courthouse Capital Fund	150
Asset Replacement Revolving Fund	151
Financed Projects Fund	152
Library Capital Construction Fund	153
Capital Improvement Fund	154
Information Technology Capital Fund	155
Asset Preservation Fund	156
Health Headquarters Capital Fund	157
Sellwood Bridge Replacement Fund	158
Hansen Building Replacement Fund	159
Enterprise Resource Planning Project Fund	160
Library District Capital Fund	161

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2018
Table of Contents

Combining and Individual Fund Statements and Schedules	
Proprietary Funds:	
Enterprise Funds:	
Schedules of Revenues, Expenditures and Changes in	
Fund Balances - Budget and Actual:	
Dunthorpe-Riverdale Service District No 1 Fund ...	162
Mid County Service District No 14 Fund	163
Behavioral Health Managed Care Fund	164
Internal Service Funds:	
Combining Statement of Net Position.....	165
Combining Statement of Revenues, Expenses, and	
Changes in Fund Net Position.....	167
Combining Statement of Cash Flows.....	169
Schedules of Revenues, Expenditures and Changes in	
Fund Balances - Budget and Actual:	
Risk Management Fund	173
Fleet Management Fund.....	174
Fleet Asset Management Fund.....	175
Information Technology Fund	176
Mail Distribution Fund	177
Facilities Management Fund.....	178
Combining and Individual Fund Statements and Schedules	
Fiduciary Funds:	
Agency Funds:	
Combining Statement of Fiduciary Net Position	179
Combining Statement of Changes in Assets and	
Liabilities	180
Other Financial Schedules:	
Property Tax Collections and Outstanding Balances	181
Capitalized Lease Obligations	182
Loans Payable Outstanding.....	183
Full Faith and Credit Bonds Outstanding.....	184
STATISTICAL INFORMATION SECTION	
Financial Trends:	
Net Position by Component	186
Changes in Net Position.....	188
Fund Balances, Governmental Funds	192
Changes in Fund Balances, Governmental Funds.....	194
Revenue Capacity:	
Program Revenues by Function/Program	196
Tax Revenues by Source, Governmental Funds	198
Assessed Valuation and Actual Values of Taxable	
Property... ..	199
Property Tax Levies and Collections	200
Property Tax Rates - Direct and Overlapping	
Governments.....	201
Principal Taxpayers	202
Debt Capacity:	
Ratio of Outstanding Debt by Type.....	203
Ratios of General Bonded Debt Outstanding	204
Pledged-Revenue Coverage.....	205
Legal Debt Margin Information	206
Computation of Direct and Overlapping Debt.....	208
Demographic and Economic Information:	
Demographic and Economic Statistics	209
Principal Employers	210
Full Time Equivalent County Employees by	
Function/Program and Bargaining Unit.....	211
Operating Information:	
Operating Indicators by Function/Program	213
Capital Asset and Infrastructure Statistics by	
Function/Program	217
AUDIT COMMENTS AND DISCLOSURES	
Report of Independent Auditors on Compliance and on Internal	
Control Over Financial Reporting Based on an Audit of	
Financial Statements Performed in Accordance with <i>Oregon</i>	
<i>Minimum Audit Standards</i>	219
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 <i>Government Auditing Standards</i>	221
Report of Independent Auditors on Compliance for Each Major	
Federal Program and Report on Internal Control Over	
Compliance Required by the Uniform Guidance	223
Schedule of Expenditures of Federal Awards.....	225
Notes to Schedule of Expenditures of Federal Awards	233
Schedule of Findings and Questioned Costs	235
Management's Response and Corrective Action Plan.....	238

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INTRODUCTORY SECTION

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December 27, 2018

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

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of Multnomah County, Oregon, (the County) for the fiscal year ended June 30, 2018, together with the unmodified opinion of our independent certified public accountants, Moss Adams LLP.

The CAFR is published to provide the Board of County Commissioners, County staff, our residents, and other interested readers with detailed financial information that presents the County's financial position and activities of County departments. The Department of County Management is responsible for the preparation of this report as required by Oregon Revised Statutes (ORS 297.425). Also included are Audit Comments and Disclosures required under the *Minimum Standards for Audits of Oregon Municipal Corporations* of the Oregon Administrative Rules (OAR).

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 223.

This report presents fairly the financial position of the various funds of the County at June 30, 2018, and the operations of the various funds in conformance of accounting principles generally accepted in the United States of America (US GAAP). It is prepared under the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada (GFOA) and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements.

The CAFR is presented in three main sections: introductory, financial, and statistical. The *Introductory Section* includes this transmittal letter, a list of principal officials, organizational charts, and a copy of last fiscal year's *Certificate of Achievement for Excellence in Financial Reporting* awarded by the GFOA.

The *Financial Section* is prepared in accordance with US GAAP. This section of the CAFR includes the *Management's Discussion and Analysis* (MD&A), which can be found immediately following the report of the independent auditor. US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The *Basic Financial Statements, Required Supplementary Information*, and combining and individual fund statements and schedules follow the MD&A. The basic financial statements include the government-wide financial statements that present an overview of the County's entire operations, while the fund level statements present the financial information of each of the County's major, and non-major, funds.

PROFILE OF MULTNOMAH COUNTY, OREGON

Lastly, the *Statistical Section* includes selected financial and demographic information, generally presented on a multi-year basis.

County Profile

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, 2017 of 807,555 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, but not limited to:

- Law Enforcement
- Elections
- Adult and Juvenile Corrections
- Animal Control
- Public Health
- Construction and Maintenance of Roads, Bridges, and Other Infrastructure
- Parole and Probation
- Health Services (Clinics and Dental Services)
- Mental Health and Addictions Services
- Homeless Services
- Internal Business Support

In November, 2012 the voters of Multnomah County approved the creation of the Multnomah County Library District. The Library District formed in fiscal year 2014 and is supported by a dedicated Property Tax levy. It is legally separate from Multnomah County, although the Board of County Commissioners also serves as the Library District Board. The Library District is 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.

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 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. *Summary of Significant Accounting Policies* of the *Notes to the Basic Financial Statements*.

PROFILE OF MULTNOMAH COUNTY, OREGON

Accounting System and Budget Control

This report consists of management's representations concerning the finances of the County. 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, management has 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.

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. Appropriation transfers must be approved by the Board of County Commissioners in public meetings prior to the related expenditures. During the fiscal year, one supplemental budget was 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 44-45 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 119.

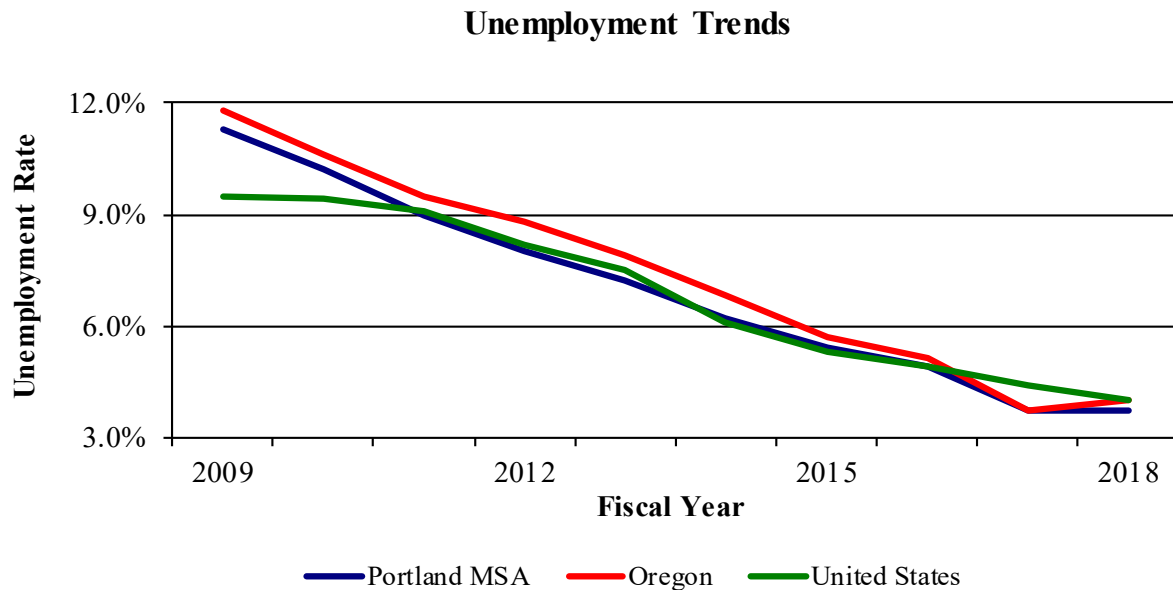
Economic Conditions and Financial Outlook

Local Economy: Multnomah County is in the "Greater Portland" metropolitan area which include cities on both sides of the Columbia River. This metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington and the Columbia River Basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The regional economy has rebounded impressively since the "great recession" and has experienced above average economic growth in recent years. The University of Oregon's *Oregon Economics Forum* has developed a measurement of economic activity that derives an index based on a number of economic indicators. Zero represents average growth on this scale. To highlight the strength of the economy, the index for the Greater Portland metropolitan area has ranged from 1 (above average) to 1.75 (well above average) in each of the past five years.

The region's unemployment rate has held steady at under 4 percent (3.7 percent as of June 30, 2018), which is slightly lower than the Oregon and US rates. At the height of the "great recession" unemployment in the Greater Portland metropolitan area and the State of Oregon was higher than in the nation as a whole. As the chart below indicates, unemployment rates have fallen each year since 2009, and the local rate is below the national average. Thus, although the region fared worse during the "great recession", than other parts of the country, it also recovered more robustly during the ensuing economic expansion.

FACTORS AFFECTING FINANCIAL CONDITION (Amounts in thousands)



It is also important to note that unemployment rates have not been this low in nearly 50 years. Historically, when unemployment rates have dipped to their current levels it has been a sign that economic expansion is about to come to an end.

The pace of economic growth has also had an effect on inflation. Through the first six months of 2018, inflation rose at an annualized rate of 4.8 percent. This is among the fastest rates of growth over the past few decades. Inflation is important because County labor contracts have wage escalators that are based on the Consumer Price Index (CPI-W). Current contracts cap the cost-of-living adjustment at 4 percent and the financial forecast assumes wage growth at that level over the next few years.

Financial Outlook: 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 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.

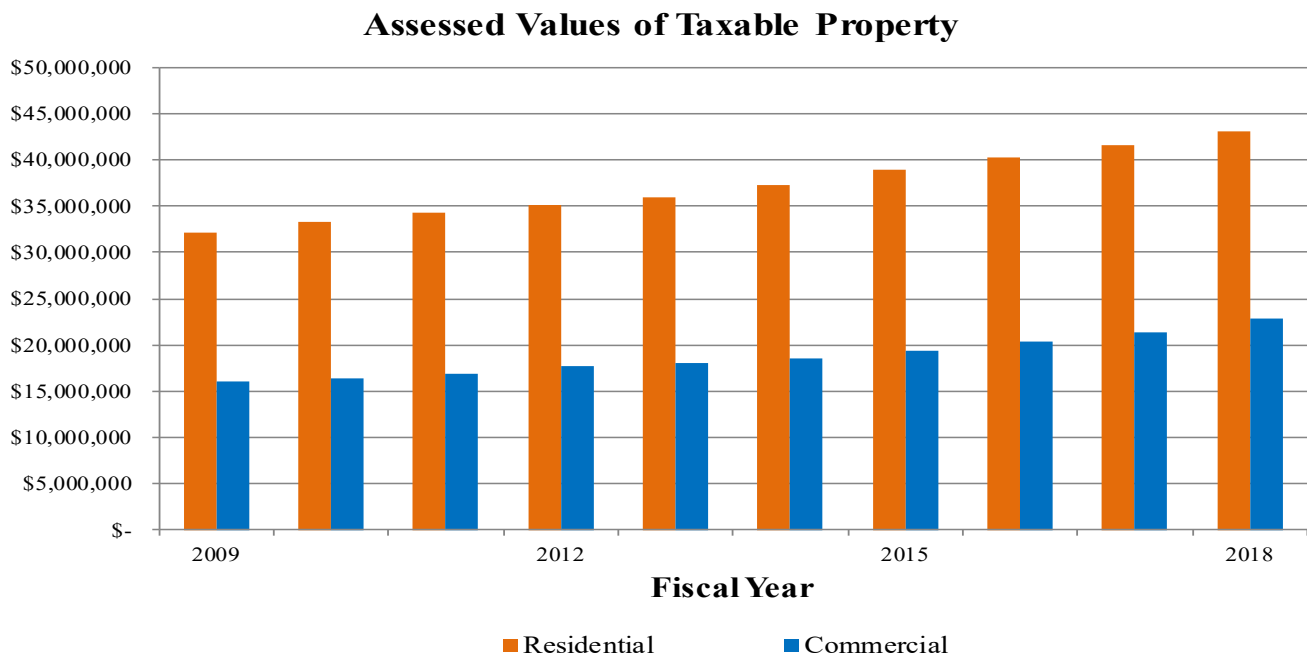
This gap is chiefly the result of property tax limitation measures passed by Oregon voters in 1990 and 1997. Property taxes generally cannot grow by more than 3 percent a year. Since property taxes make up a significant percentage of General Fund revenues, the property tax limits have the effect of constraining overall revenue growth. The volatility of the Business Income Tax (BIT) is also a constraint on revenues but the past few years have seen record levels of tax collections. On the expenditure side, the cost of providing benefits – healthcare and pension payments – to employees typically grows faster than revenues.

Having identified this “structural deficit,” the County set out to improve its fiscal resilience and has taken a conservative approach to financial planning. Significant budget gaps have been closed while the County has maintained a wide array of health, social, and public safety services. The current forecast assumes continued growth, albeit at slower rates, in employment and personal income over the next five years. Barring a recession or unexpected reductions in State or Federal funding, the General Fund is forecast to provide funding at current service levels in fiscal year 2019.

FACTORS AFFECTING FINANCIAL CONDITION (Amounts in thousands)

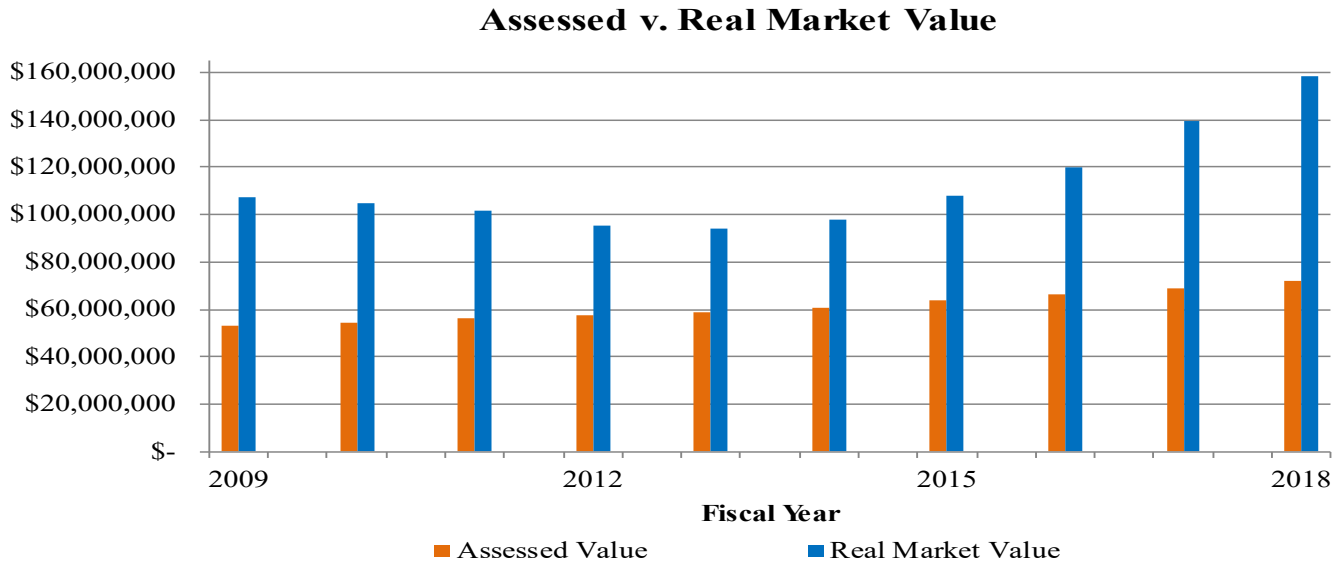
General Fund Revenues: As noted above, Property taxes are the largest single source of revenue in the County's General Fund. Property taxes account for approximately two-thirds of General Fund revenues and have seen a consistent increase over the past ten years despite fluctuations in real estate values. 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. For fiscal year 2019, property tax collections are expected to increase by about 3.2 percent. This growth is primarily driven by new construction and decreased Measure 5 compression.

The following charts highlight the County's residential and commercial assessed values (AV) over the past ten years. Residential property has experienced a 34.1 percent increase in AV over a ten-year period compared to a 43.2 percent increase for commercial AV over the same period.



The following chart highlights an interesting feature of Oregon's tax system. All new construction is placed on the tax rolls using what is known as a Changed Property Ratio (CPR). The CPR indexes all taxable property values to what they would have been in 1995, the effective year of Measure 50. As an example, a new house that sold in Multnomah County for \$500,000 would have an AV of about \$250,000 which could then only grow by 3 percent annually. A separate CPR is calculated for each class of properties. While the statutory limits on AV growth tend to restrict the growth in tax revenues it is also true that applying the CPR ensures that revenues are buffered somewhat during economic downturns.

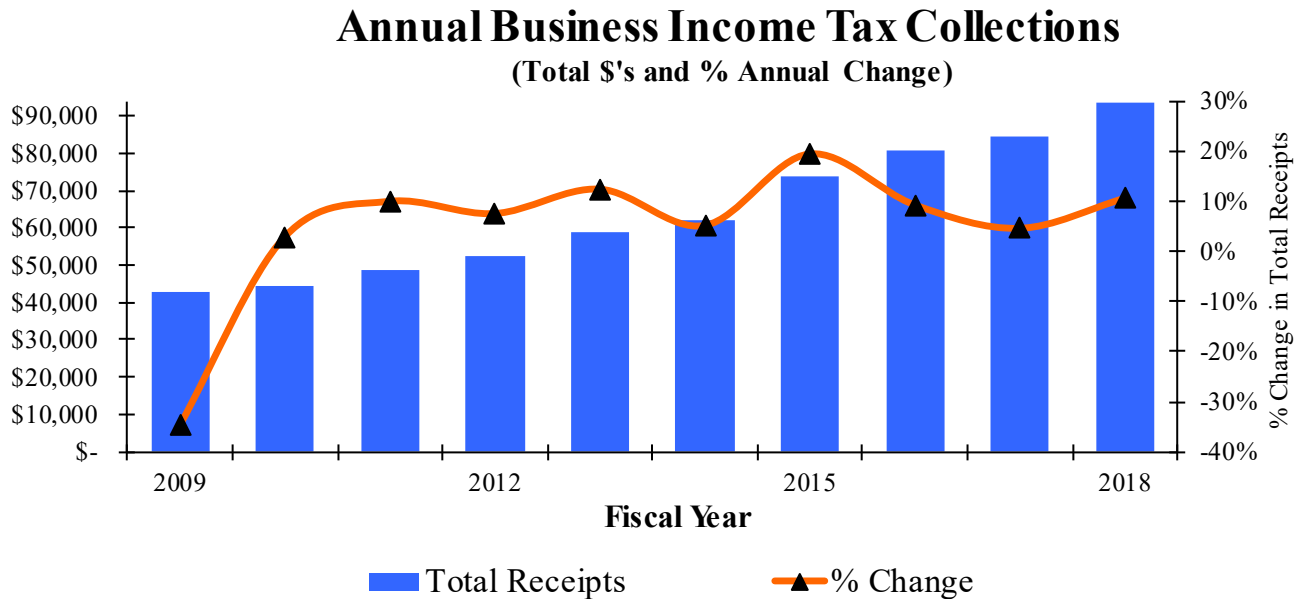
FACTORS AFFECTING FINANCIAL CONDITION (Amounts in thousands)



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. Unlike the State of Oregon’s corporate income tax, the BIT is assessed against all types of business entities. Approximately 100,000 businesses file tax returns each year. Tax collections generally parallel economic cycles. In fiscal year 2018, collections were \$93.4 million, a 10.6 percent increase over fiscal year 2017 and the highest level of BIT collections ever received. Since the end of the “great recession” BIT revenues have grown, on average, by nearly 10 percent annually.

The following chart highlights the volatility of BIT collections over the past ten years. Current forecasts assume that the BIT will return to its long-term trend with moderate growth of 5 percent annually. The County has taken proactive measures to establish a separate contingency amount in the General Fund to guard against downturns in the BIT. The “BIT Stabilization Reserve” is set at \$8.5 million in fiscal year 2019 which provides an additional 10 percent buffer.

FACTORS AFFECTING FINANCIAL CONDITION
(Amounts in thousands)

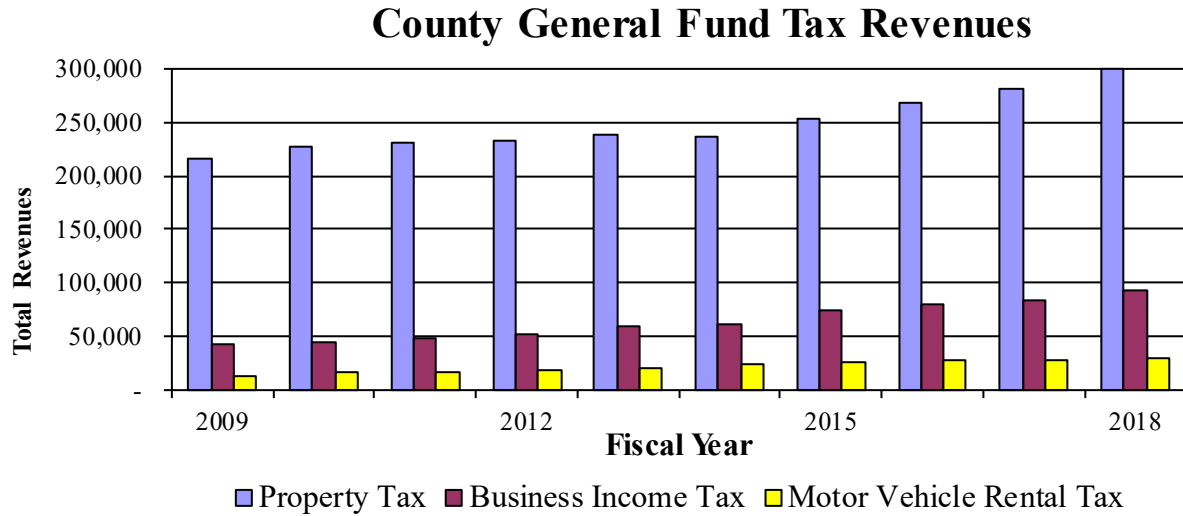


Motor vehicle rental taxes (MVRT) account for about 6.5 percent of General Fund tax revenues. In 2010, the tax rate on vehicle rental charges was increased from 12.5 percent to 17 percent, with the revenue from the 14.5 percent dedicated for use in the General Fund and the remaining 2.5 percent dedicated for use in a trust fund. MVRT collections are highly influenced by the economy.

The travel and tourism industry was particularly hard hit by the “great recession” and although the MVRT tax base declined by about 14 percent during that period of time, actual tax collections increased as a result of the rate increase. The MVRT tax base has rebounded since then and fiscal year 2018 General Fund revenues were \$29.9 million. Since bottoming out in fiscal year 2010, MVRT revenues have increased, on average, by more than 7 percent annually which is a reflection of the growing importance of travel and tourism to the region.

The following graph highlights the major tax sources that make up the County’s General Fund.

FACTORS AFFECTING FINANCIAL CONDITION
(Amounts in thousands)



The State of Oregon provides about 33 percent of the County's total funding. Most of this revenue is recorded in the Federal/State Fund. While technically not a General Fund revenue source, the General Fund is used to leverage state support and the County has used General Fund resources to backfill state funded programs. The State's General Fund is highly dependent upon economically sensitive income taxes. The State does not have a very diverse revenue base – Oregon is one of only 5 states that do not levy a sales tax – and approximately 85 percent of State General Fund revenue comes from Personal Income Tax. For the County's fiscal year 2018 and the State's 2017-19 biennium, funding was generally stable as the State's financial picture continued to improve with the economy.

FACTORS AFFECTING FINANCIAL CONDITION (Amounts in thousands)

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 its 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.

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 2019 adopted budget includes approximately \$38 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:

- \$14 million for replacement of the County’s downtown courthouse,
- \$5 million for acquisition, development, and construction of new emergency homeless shelters,
- \$1.5 million for Sheriff’s Office capital projects,
- \$8.5 million BIT stabilization reserve.

A complete list of the uses of one-time-only funds can be found on page 25 of the Budget Director’s Message in the County’s fiscal year 2019 adopted budget. The adopted budget document can be found online at: <https://multco.us/budget/fy-2019-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 achieve favorable bond ratings. Moody’s Investor Services currently rates the County as Aaa, and Standard & Poor’s recently upgraded the County to AAA, for general obligation debt and for full faith and credit debt indicating that the County’s financial capacity to repay its debt obligations is very strong.

FACTORS AFFECTING FINANCIAL CONDITION

(Amounts in thousands)

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: The County’s overall financial outlook has improved significantly since the end of the “great recession”. The regional economy continued to perform at a high level in fiscal year 2018 as evidenced by the fact that receipts from the Business Income Tax reached a record high. As a result of improved economic conditions, the County has been able to focus on longer-term initiatives.

The County has undertaken a number of major capital project initiatives over the past few years. Among those projects are the construction of a new Health Department headquarters. When completed, the building is expected to be approximately 157,000 gross square feet with nine floors of office, clinic, and laboratory space. The anticipated cost of the new building and relocation of current operations is expected to be approximately \$95 million, with \$36.4 million contributed in the form of a grant from Prosper Portland (previously known as the Portland Development Commission). General Fund cash transfers account for another \$13.4 million and the County borrowed funds in 2017 to cover the remaining project costs. Construction is nearly complete and the new building is anticipated to be ready for occupancy in spring 2019.

Construction is also underway on a new Multnomah County Central Courthouse. 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 collaborated with the State of Oregon, as well as other stakeholders, to plan a new facility of approximately 455,000 square feet, which will meet all modern standards for court operations and security. The project is anticipated to cost \$325 million. Under legislation passed in 2013, the State of Oregon will provide \$125 million toward construction of the project. The County has allocated approximately \$110 million of General Fund one-time-only resources and issued \$90 million in long-term debt in 2017. The 2015 legislature authorized surcharges on court and parking fines that will be used to support between \$25 and \$30 million of the long-term debt associated with the project.

The County is also currently engaged in an enterprise resource planning (ERP) system conversion. After a two-year evaluation process, the County selected an ERP suite anchored by Workday, for human resources and finance operations functions, and supplemented by Jaegger for contracting, Questica for budget development, and Tririga, for facilities management. All of these are cloud based, software as a service applications and the County is scheduled to go live with the new systems during fiscal year 2019. The ERP replacement project is funded by \$41.2 million of long-term debt issued in 2017.

These three projects will use a significant portion of the County’s debt capacity (as measured by its internal restrictions) for the next several years. In 2016, in recognition of this fact and in response to an internal audit report, the County initiated a Strategic Capital Planning process to identify and prioritize future infrastructure investments. The planning process is an acknowledgement that the County should engage in a centralized planning effort that includes not only facilities capital projects but transportation (roads and bridges) and information technology projects as well. A steering committee comprised of the Chief Operating Officer, Chief Financial Officer, Budget Director, and department heads responsible for infrastructure planning was established and a 20 year strategic framework has been adopted by the Board of County Commissioners.

FACTORS AFFECTING FINANCIAL CONDITION
(Amounts in thousands)

In 2016, Multnomah County and the City of Portland created the Joint Office for Homeless Services (JOHS), thereby consolidating homeless services under the County. By combining resources into a lead agency, the City and County aim to improve outcomes within the homelessness system of care through increased coordination, efficiency, and effectiveness. The fiscal year 2019 budget includes total JOHS funding of \$71 million including nearly \$30 million of discretionary County revenues.

While the County is experiencing strong economic growth it is not immune to broader pressures and issues that could impact its current financial status. The “structural deficit” in the General Fund has long-term implications. Property Tax revenues are constitutionally limited and there are upward pressures on personnel costs related to pensions and healthcare. However, the County weathered the “great recession” and came out of it in sound financial shape. Planning processes and policies that have been put in place over the past several years should serve the County well in preparing for any fiscal challenges that may arise in the future.


AWARDS AND ACKNOWLEDGEMENTS

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, 2017. The County has received this prestigious award for 33 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
Reporting**

Presented to
**Multnomah County
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

ELECTED OFFICIALS — MULTNOMAH COUNTY OREGON



Sharon Meieran
Commissioner District 1



Deborah Kafoury
Chair



Loretta Smith
Commissioner District 2



Jessica Vega Pederson
Commissioner District 3



Lori Stegmann
Commissioner District 4



Steve March
Auditor



Michael Reese
Sheriff

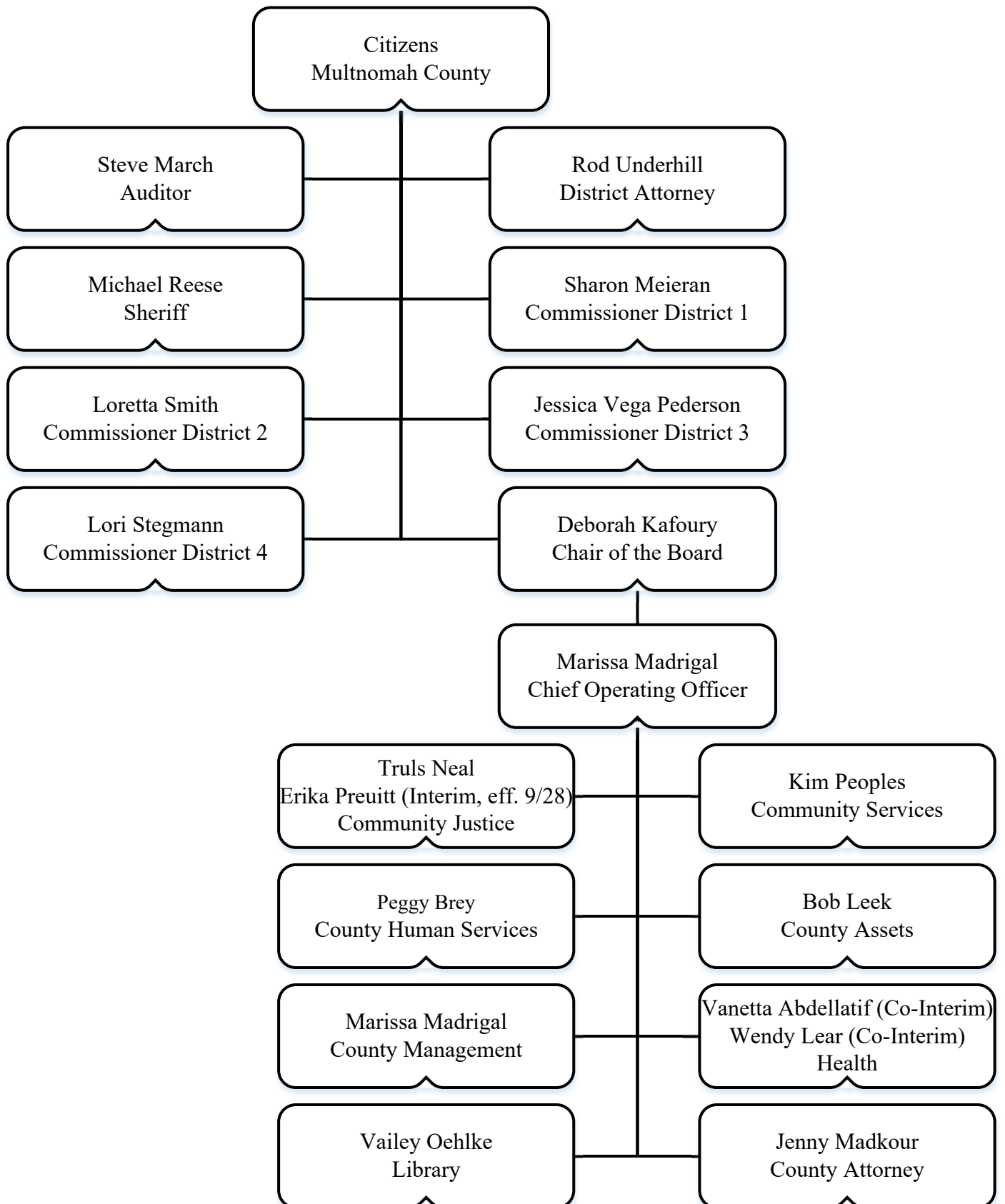


Rod Underhill
District Attorney

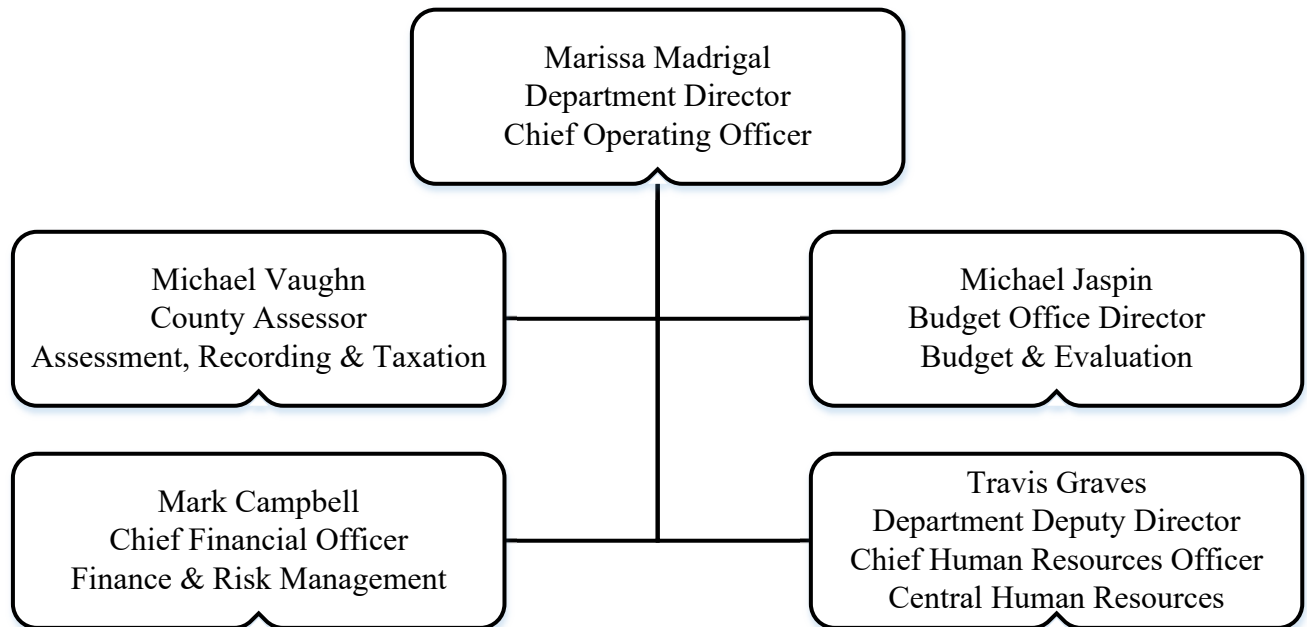
MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2018
Principal Officers

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* <i>*New term eff. 1/1/2019</i>
District No. 1	Sharon Meieran 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2020
District No. 2	Loretta Smith 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2018
District No. 3	Jessica Vega Pederson 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2020
District No. 4	Lori Stegmann 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2020
<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	12/31/2020
County Sheriff	Michael Reese 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2018* <i>*New term eff. 1/1/2019</i>
<u>Other Appointed Officials</u>		
Chief Financial Officer	Joseph Mark Campbell	Not elected
County Attorney	Jenny Madkour	Not elected

MULTNOMAH COUNTY, OREGON



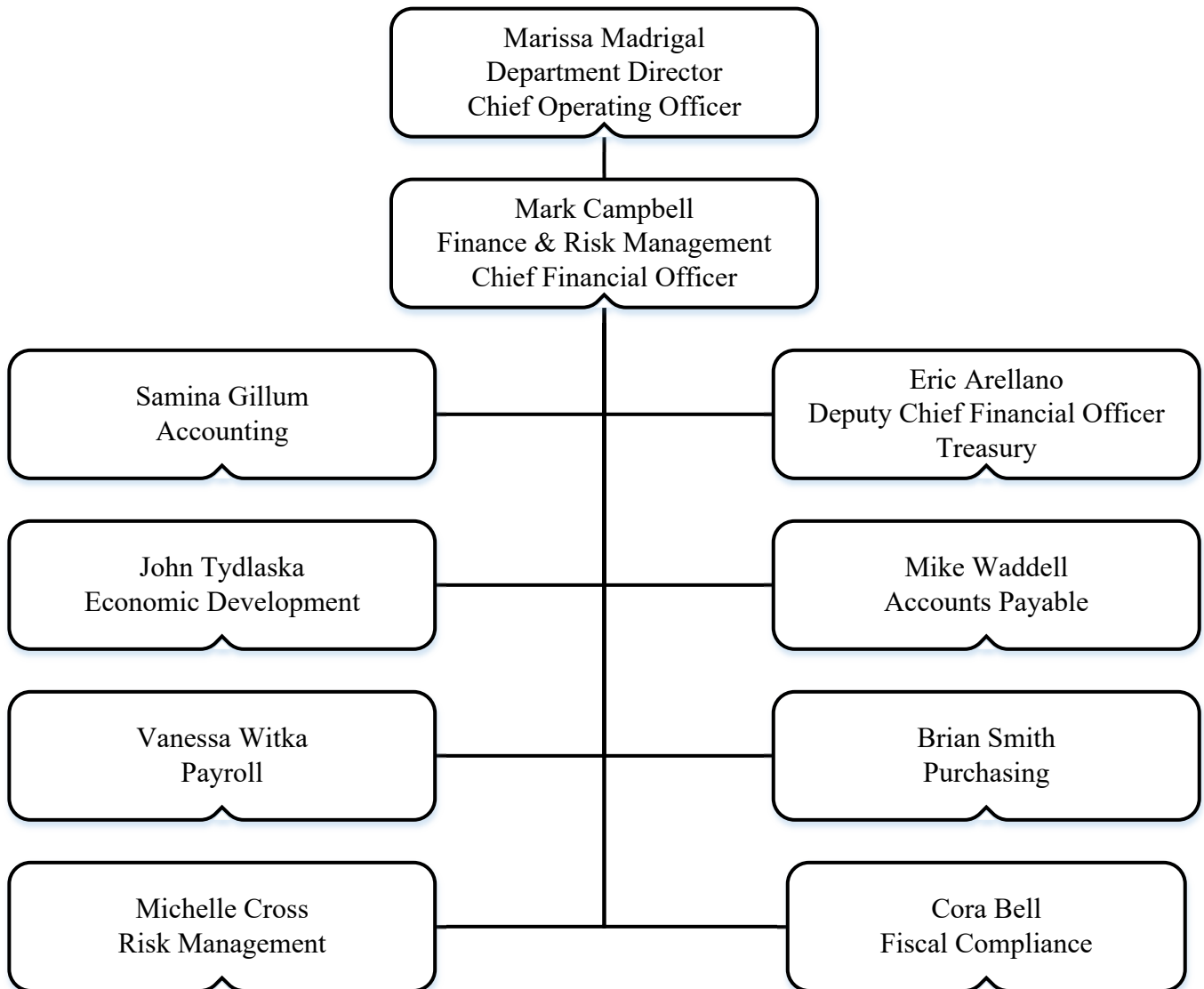
MULTNOMAH COUNTY, OREGON
Department of County Management



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 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"), Oregon, as of and for the year ended June 30, 2018, 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.

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, 2018, 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 management's discussion and analysis, the State of Oregon Public Employees Retirement System Retirement Health Insurance Account schedule of proportional share of net OPEB assets and schedule of contributions, the Multnomah County postretirement medical and Life Insurance Plan schedule of changes in OPEB liability and related ratios, 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 21 through 36 and 115 through 118, respectively, 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 this 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* 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.

This 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. This 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are 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 and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section and statistical information 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 them.

Report on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

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

In accordance with the Minimum Standards of Audits of Oregon Municipal Corporations, we have issued our report dated December 27, 2018 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.



For Moss Adams LLP
Eugene, Oregon
December 27, 2018

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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, 2018. The information presented here should be read in conjunction with the letter of transmittal, which can be found on pages 1-12 of this report.

Financial Highlights

- Multnomah County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2018, by \$835,154 (*the County's net position*). Of this total, the following amounts are restricted:
 - \$106,531 for capital projects and buildings
 - \$11,511 for improvements to roads, bridges and bike paths
 - \$17,221 for various community support programs
 - \$26,522 for library operations
 - \$23,928 for technology projects
 - \$186 for document storage and retrieval
 - \$150 for debt service
- The largest portion of the County's net position reflects an investment of \$824,049 or 98.7 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 \$174,944 (*the County's unrestricted net position*) due to the net effect of pension and other post-employment benefit (OPEB) 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.
- For fiscal year 2018, the County reported \$470,736 for its proportionate share of the Oregon Public Employee Retirement System's (OPERS) net pension liability, pension related deferred outflows of \$215,116, and pension related deferred inflows of \$9,851. A net pension liability of \$526,778 was reported in fiscal year 2017. Total pension expense for the fiscal year ending 2018 and 2017 was \$104,363 and \$92,172 respectively, which is a net change of 13.2 percent.
- Due to the implementation of GASB Statement 75, "*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*", in fiscal year 2018 the County reported a net OPEB asset of \$1,397 attributable to the OPERS Retirement Health Insurance Account (RHIA) and a \$125,473 net liability associated with the Multnomah County Postretirement Medical and Life Insurance plan. OPEB related deferred outflows of \$8,033 and OPEB related deferred inflows of \$661 were also reported.

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

- Total assets for governmental activities increased by \$132,853 or eight percent over the prior year. The increase in assets is primarily due to the increase in construction in process for several major capital projects including replacement of the Multnomah County Central Courthouse, construction of the Health Department headquarters, and Willamette River bridge projects. Non-depreciating assets (land, right-of-ways, construction in process) decreased by \$192,950 or 29 percent lower than 2017. Current year additions to construction in process for major projects are described in the Capital Assets section below.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$368,640. The net change in governmental fund balances during the year was an increase of \$93,038 or 33.8 percent over fiscal year 2017, which is primarily due to capital projects that are supported by proceeds from the Series 2017 full faith and credit bond issuance.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$70,569, or approximately 13.7 percent of total General Fund expenditures and 16.6 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).

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

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 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 37-39 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 31 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.

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

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 40-45 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 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 46-48 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 49 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 179-180 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 50 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 119 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 114-118.

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 \$835,154 at the close of the most recent fiscal year.

Multnomah County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Assets:						
Current and other assets	\$ 642,032	\$ 532,547	\$ 13,079	\$ 7,809	\$ 655,111	\$ 540,356
Capital assets	1,147,238	1,123,870	5,688	5,589	1,152,926	1,129,459
Total assets	<u>1,789,270</u>	<u>1,656,417</u>	<u>18,767</u>	<u>13,398</u>	<u>1,808,037</u>	<u>1,669,815</u>
Deferred outflows of resources	<u>219,520</u>	<u>297,236</u>	<u>3,629</u>	<u>4,182</u>	<u>223,149</u>	<u>301,418</u>
Liabilities:						
Current and other liabilities	210,176	185,430	2,574	1,488	212,750	186,918
Noncurrent liabilities	961,557	890,742	9,667	7,308	971,224	898,050
Total liabilities	<u>1,171,733</u>	<u>1,076,172</u>	<u>12,241</u>	<u>8,796</u>	<u>1,183,974</u>	<u>1,084,968</u>
Deferred inflows of resources	<u>11,887</u>	<u>13,000</u>	<u>171</u>	<u>168</u>	<u>12,058</u>	<u>13,168</u>
Net position:						
Net investment in capital assets	818,361	959,484	5,688	5,589	824,049	965,073
Restricted for:						
Capital projects	130,459	38,738	-	-	130,459	38,738
Roads, bridges and bike paths	11,511	15,492	-	-	11,511	15,492
Other programs	44,079	33,913	-	-	44,079	33,913
Unrestricted surplus (deficit)	(179,240)	(183,146)	4,296	3,027	(174,944)	(180,119)
Total net position	<u>\$ 825,170</u>	<u>\$ 864,481</u>	<u>\$ 9,984</u>	<u>\$ 8,616</u>	<u>\$ 835,154</u>	<u>\$ 873,097</u>

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 \$824,049 as compared to \$965,073 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 for capital projects, debt service, and various community support programs is \$186,049 as compared to \$88,143 a year ago. Restricted net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position is a net deficit of \$174,944.

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 2018 and 2017.

Multnomah County's Change in Net Position

	Governmental Activities		Business-Type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 225,101	\$ 221,588	\$ 38,340	\$ 35,953	\$ 263,441	\$ 257,541
Operating grants and contributions	466,906	445,317	-	-	466,906	445,317
Capital grants and contributions	23,937	43,958	-	267	23,937	44,225
	715,944	710,863	38,340	36,220	754,284	747,083
General revenues:						
Taxes:						
Property	383,074	360,286	-	-	383,074	360,286
Personal income	11	9	-	-	11	9
Business income	93,400	84,450	-	-	93,400	84,450
Other	76,825	76,163	-	-	76,825	76,163
Payments in lieu of taxes	786	568	-	-	786	568
State government shared revenues	13,192	10,475	-	-	13,192	10,475
Grants and contributions not restricted to specific programs	2,958	24	-	-	2,958	24
Interest and investment earnings	6,235	2,045	124	48	6,359	2,093
Miscellaneous	-	1,559	42	734	42	2,293
Gain (loss) on sale of capital assets	29,811	2,609	-	-	29,811	2,609
	606,292	538,188	166	782	606,458	538,970
Total revenues	1,322,236	1,249,051	38,506	37,002	1,360,742	1,286,053
Expenses:						
General government	420,189	306,755	-	-	420,189	306,755
Health services	242,155	222,213	-	-	242,155	222,213
Social services	217,044	219,884	-	-	217,044	219,884
Public safety and justice	221,307	215,267	-	-	221,307	215,267
Community services	94,327	91,297	-	-	94,327	91,297
Library services	64,736	56,932	-	-	64,736	56,932
Roads and bridges	111,526	64,730	-	-	111,526	64,730
Interest on long-term debt	10,494	8,572	-	-	10,494	8,572
Dunthorpe-Riverdale Service District No. 1	-	-	687	649	687	649
Mid County Service District No. 14	-	-	416	321	416	321
Behavioral Health Managed Care	-	-	34,207	34,260	34,207	34,260
Total expenses	1,381,778	1,185,650	35,310	35,230	1,417,088	1,220,880
Increase (decrease) in net position	(59,542)	63,401	3,196	1,772	(56,346)	65,173
Beginning Net Assets:	864,481	801,080	8,616	6,844	873,097	807,924
Restatement - net impact of adoption of GASB 75	20,231	-	(1,828)	-	18,403	-
Net position - beginning, as restated	884,712	801,080	6,788	6,844	891,500	807,924
Ending Net Assets	\$ 825,170	\$ 864,481	\$ 9,984	\$ 8,616	\$ 835,154	\$ 873,097

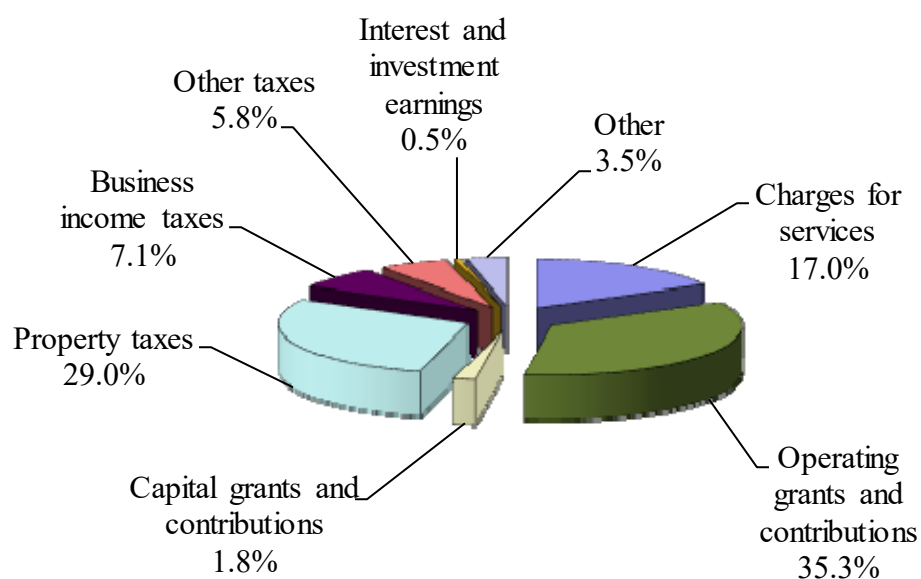
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

Governmental activities. Governmental activities decreased the County's net position by \$59,542; the following are noteworthy reasons for the change from prior year:

- Total program revenues were relatively flat, a 0.75 percent increase, on a year over year basis. A reclassification of revenues related to the Joint Office of Homeless Services (JOHS) is responsible for the large shift between program revenues and operating grants and contributions.
- Tax revenues grew by 6.2 percent in the aggregate from fiscal year 2017. Property tax revenues are up by \$22,788 as a result of increased assessed value growth of 4.77 percent and reduced Measure 50 compression. Business income taxes increased by \$8,950, or 10.6 percent. The overall increase in tax revenues is a reflection of the region's strong economy.
- Interest and investment earnings increased 203.8 percent, or \$4,266, from the prior fiscal year. The County's investment strategy provides for a "core" fund and a "liquidity" fund. Core fund investments can have longer maturity dates and have been bolstered by the increasing interest rate environment.
- Expenses across all functional areas increased by \$196,128 on a year over year basis. This represented a 16.5 percent increase in expenses. Much of this increase is attributable to JOHS spending and capital projects supported by bond proceeds.

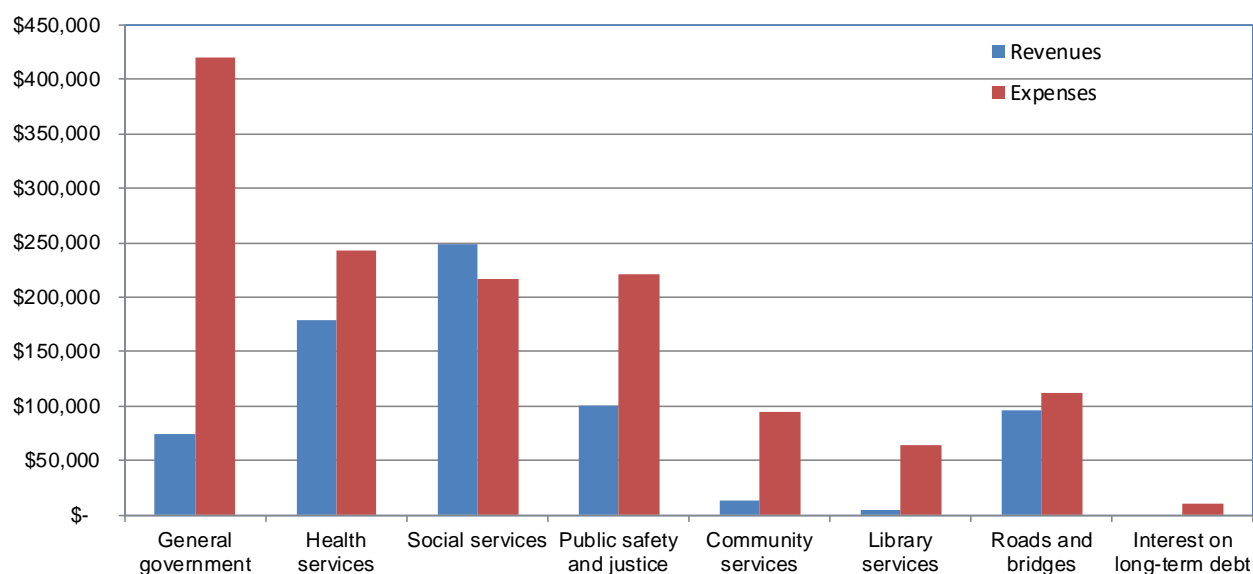
The following graphs show the County's Governmental Activities revenues by source and expenses by program area.

Revenues by Source – Governmental Activities



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

Expenses and Program Revenues – Governmental Activities



Business-type activities. Business-type activities increased the County's net position by \$3,196 although the net impact of adopting GASB Statement 75 reduced beginning net position by \$1,828. Not including the adjustment to beginning net position, most of the current year's increase in net position (\$3,100) is within the Behavioral Health Managed Care Fund.

The Health Department operates the Multnomah Mental Health (MMH) Risk-Accepting Entity as part of Health Share 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.

Program revenues increased by \$2,402 from fiscal year 2017, or 6.9 percent, due to an increase in the monthly premium and the number of eligible members. Expenses were basically flat.

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

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 \$368,640, an increase of \$93,038 over the prior year. Approximately 23.6 percent or \$87,124 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 \$186,049 or 50.5 percent of the total fund balance. The majority, 76.2 percent, of the restricted fund balance is dedicated to four capital projects: \$87,453 for the Downtown Courthouse, \$19,078 for the Health Department headquarters, \$11,258 for the Sellwood Bridge replacement, and \$23,928 for the Enterprise Resource Planning project. The Library District makes up another 12.8 percent or \$23,761, of which \$14,934 is in the special revenue Library District Fund and \$8,827 in the Library District Capital Fund.

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. *Fund balances, governmental funds* 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 \$70,569 in the General Fund or approximately 92.2 percent of the total fund balance of \$76,553. 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 14.8 percent of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$1,270 or 1.7 percent from the prior fiscal year, reflecting revenues that were 3.1 percent above budgeted amounts while expenditures were 5.3 percent lower than appropriations.

The Federal/State Program Special Revenue Fund has a total fund balance of \$6,902, of which \$57 is nonspendable due to balances reported for prepaid items and inventories. The restricted balance of \$6,847 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 \$2 is reported as unassigned because the total nonspendable and restricted amounts were greater than the total ending fund balance.

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

The ending fund balance in the Federal/State Program Fund increased by \$1,872 or 37.2 percent from the prior fiscal year. This was the result of an increase in 2015 carryover funds in the Department of County Human Services as the result of settlements associated with prior biennium's of the State Mental Health Block Grant for various mental health and developmental disabilities programs.

The County is in the process of replacing the outdated Multnomah County Central Courthouse. The Downtown Courthouse Capital Fund is a capital project fund that was established to capture costs associated with this project. The fund ended fiscal year 2018 with a total fund balance of \$87,453, an increase of \$62,597 over the prior year's ending fund balance of \$24,856. This increase represents unspent debt proceeds used to finance construction of the new courthouse.

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 Fund, \$846
- Mid County Service District Fund, \$429
- Behavioral Health Managed Care Fund, \$3,021

The total change in net position for all proprietary funds was an increase of \$3,196. 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. Final budgeted revenues increased by \$7,347 and final budgeted expenditures increased by \$7,495 from the adopted budget.

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

- Expenditures for Health Services increased by \$5,148 to cover expenses that were incurred as a result of increased revenues in Environmental Health (inspection and licensing fees) and the Integrated Clinic System (Medicaid).
- Contingency modifications account for increases in budgeted expenditures that were not anticipated at the time the budget was adopted and/or are not accompanied by increased revenues. The Contingency 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. Contingency was reduced by \$1,935 from the original to the final budget. Wage settlements that occurred after the budget was adopted account for \$1,088 of the total transfers. The balance, \$847, represented additions to programs that were identified in Board Budget Notes and emergency response associated with the Eagle Creek fire.

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

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

- Two departments had variances that were outside normal patterns of underspending. Both variances are related to the issues of affordable housing and homeless services. Nondepartmental Services houses the Joint Office on Homeless Services (JOHS). The fiscal year 2018 budget included a \$4,700 appropriation to develop affordable housing. The Department of County Management included a \$1,175 appropriation to purchase a homeless shelter. These appropriations were not expended during the fiscal year and the funds were carried over into fiscal year 2019.
- Business income tax (BIT) revenues were budgeted at \$84,500. Actual BIT collections were \$93,400 in fiscal year 2018. This variance was \$8,900, or 10.5 percent more than budgeted, and is a reflection of the strength of the regional economy.

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, 2018, amounts to \$1,152,927 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, construction in progress, 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 \$23,468 or approximately 2.1 percent.

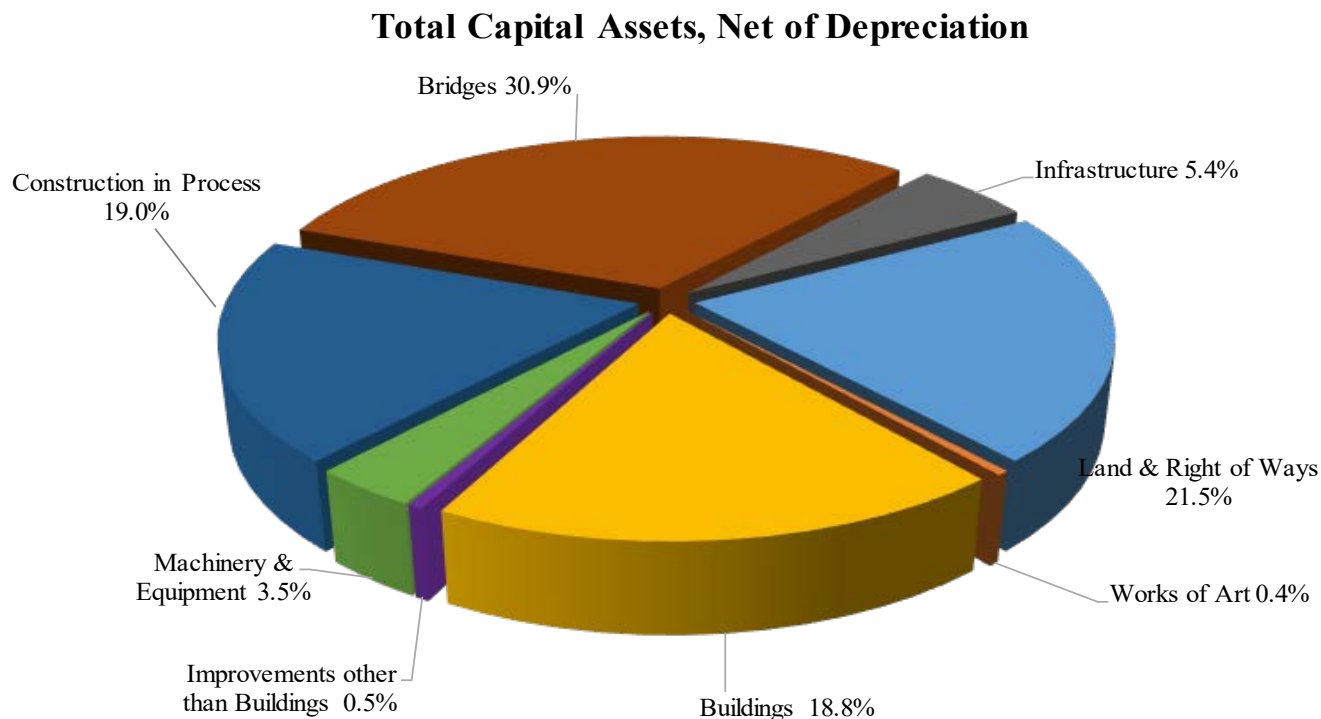
The increase in capital assets is primarily attributable to several projects under construction at the end of fiscal year 2018. The significant additions to construction in process during fiscal 2018 were: \$16,879 for the Sellwood Bridge, \$25,157 for other bridges, \$18,874 for the Courthouse, and \$11,798 for the Health Department headquarters facility. These projects account for \$72,708 of the total \$78,141 increase in construction in process.

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land and right-of-ways	\$ 247,828	\$ 226,901	\$ -	\$ -	\$ 247,828	\$ 226,901
Construction in process	218,869	433,074	449	121	219,318	433,195
Works of art	4,447	4,447	-	-	4,447	4,447
Buildings	216,580	266,458	-	-	216,580	266,458
Improvements other than buildings	555	595	5,239	5,468	5,794	6,063
Machinery and equipment	40,504	42,306	-	-	40,504	42,306
Bridges	356,590	85,690	-	-	356,590	85,690
Infrastructure	61,865	64,399	-	-	61,865	64,399
Total capital assets	\$ 1,147,238	\$ 1,123,870	\$ 5,688	\$ 5,589	\$ 1,152,926	\$ 1,129,459

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

The following chart highlights the County's capital assets as of June 30, 2018. Additional information on the County's capital assets can be found in Note III.F. *Capital assets* of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$403,261. Of this amount, \$398,059 represents full faith and credit bonds; \$3,466 comprises loan obligations; and the remainder of \$1,736 represents capitalized leases. Full faith and credit bonds are direct obligations pledging the full faith and credit of the County. Only Governmental Activities held long-term debt during fiscal year 2018.

Multnomah County's Outstanding Debt

	Governmental Activities	
	2018	2017
Full faith and credit bonds	\$ 398,059	\$ 252,520
Capital leases	1,736	2,015
Loans	3,466	3,289
Total Outstanding Debt	<u>\$ 403,261</u>	<u>\$ 257,824</u>

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

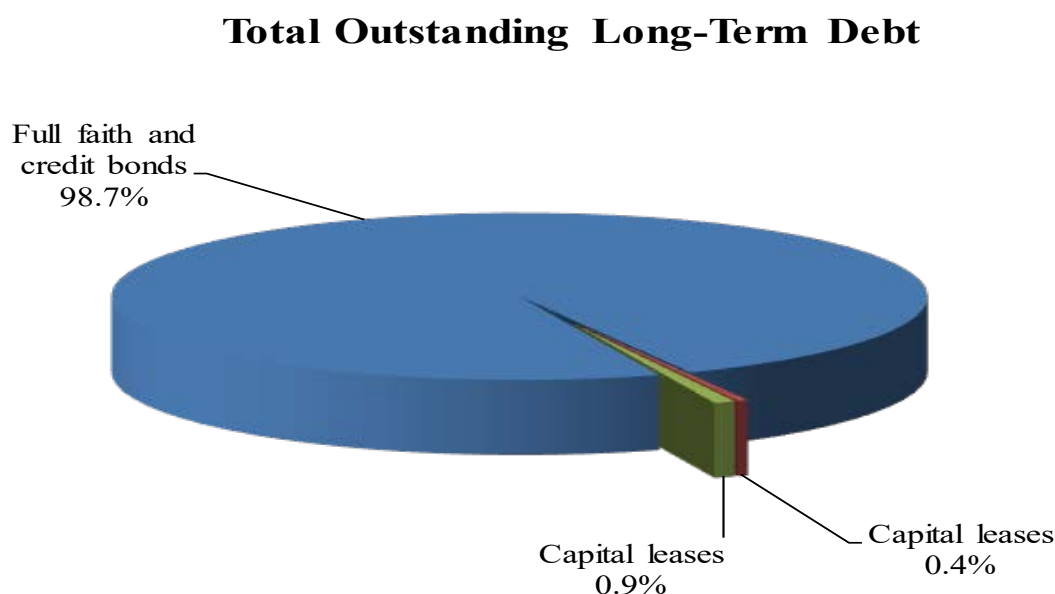
The County's total debt increased by \$145,436 or approximately 56.4 percent during the current fiscal year. This increase was primarily attributable to the December, 2017 issuance of a full faith and credit bond. The County issued \$164,110 (Series 2017) and the proceeds are being used for construction of the new Downtown Courthouse, construction of a Health Department Headquarters facility, implementation of an enterprise resource planning system, and improvements to the Department of Community Justice east campus facility. The net increase is attributable to reductions in principal and interest payments associated with prior bond issues.

The County maintains an AAA rating with a stable outlook from Moody's Investor Services for general obligation debt and received an upgrade to AAA for full faith and credit bonds in 2017. Similarly, Standard & Poor's rated the County's full faith and credit bonds as AAA.

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 \$3,171,037. The County is not currently using any of this limit and has no plans to seek voter approval for general obligation bonds.

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 \$1,585,518, which is in excess of the County's outstanding full faith and credit debt. In addition, the County maintains an internal policy that limits full faith and credit debt payments to no more than 5 percent of General Fund revenues. This limit is much more restrictive than provided in statute.

The following chart highlights the County's long-term liabilities as of June 30, 2018. Additional information on the County's long-term liabilities can be found in Note III.G. *Long-term debt* of this report.



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 held steady at 3.7 percent. Unemployment rates have not been this low in nearly 50 years. The economy is forecast to remain strong. Employment is expected to grow by 2.1 percent in both 2018 and 2019. Personal income growth is projected to increase 5.5 percent in 2018 and 5.7 percent in 2019.
- Property tax revenues are the single largest source of revenue in the General Fund and account for 60 percent of ongoing revenues. General Fund growth is particularly sensitive to taxable value growth and compression. Property tax revenues are limited by state statute. Assessed value can generally not grow by more than 3 percent, although new construction can increase value growth above this limit. Property tax revenue is forecast to grow by 4.4 percent in 2019.
- The forecast for fiscal year 2019 assumes that business income tax (BIT) revenues will experience slight growth. Revenues in fiscal year 2018 were more than \$93,000 which was the highest annual level of collections ever recorded. The BIT is highly sensitive to economic conditions and has historically been a volatile revenue source. The fiscal year 2019 budget includes a reserve equal to 10 percent of budgeted BIT revenues to guard against year over year volatility.
- Overall, General Fund revenues are expected to increase by 3.1 percent in fiscal year 2019. The current forecast assumes that revenues will grow between 2.6 percent and 3.5 percent over the next five years.
- 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, like most governmental organizations, related to personnel. Expenditures for employee salary and benefits are forecast to grow by an estimated 5.7 percent in fiscal year 2019. Wages are established in labor contracts and wage growth is based on the change in the consumer price index (CPI). The CPI is a reflection of the strength of the regional economy and it has been above long-term trends for the past three years. The local CPI is forecast to remain higher than the national CPI.
- The County has taken a conservative approach to its pension liability and has taken proactive steps to limit rate increases established by the Oregon Public Employees Retirement System (OPERS). Accumulated reserves have been used to fund two "side accounts" totaling \$50,000 with OPERS. The fiscal year 2019 budget includes an appropriation to fund another \$25,000 side account. When fully amortized, these side accounts will reduce the OPERS rate by 2.25 percent of payroll and will help the County mitigate future rate increases.

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

- In recent years, the County has begun to tackle some of its long-term capital needs. The new Sellwood Bridge was completed and capitalized during fiscal year 2018. The new Health Department Headquarters facility is nearing completion and is scheduled for occupancy in spring, 2019. Construction continues on the new Multnomah County Central Courthouse. Project completion is anticipated during fiscal year 2020 and is being supported through a partnership with the State of Oregon. When completed these projects will add significantly to the County's asset base and reduce the amount of deferred capital maintenance.
- The County has recently implemented a Strategic Capital Planning program. The program was established to identify and prioritize the County's capital investments in roads, bridges, facilities, and information technology. A Steering Committee comprised of the Chief Operating Officer, Chief Financial Officer, Budget Director, and the department heads responsible for County infrastructure reviews project proposals and sets policy to guide resource allocations. A 20 year capital plan will be presented to the Board of County Commissioners in early 2019.

All of these factors were considered in preparing the County's budget for fiscal year 2019.

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, 2018
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Library Foundation
ASSETS				
Current assets (unrestricted):				
Cash and investments	\$ 284,024	\$ 10,885	\$ 294,909	\$ 19,351
Receivables, net:				
Taxes	26,217	-	26,217	-
Accounts	49,304	2,089	51,393	-
Loans	4,238	-	4,238	-
Interest	1,460	-	1,460	-
Special assessments	-	71	71	-
Contracts	175	-	175	-
Contributions	-	-	-	101
Inventories	1,561	-	1,561	-
Prepaid items	4,781	12	4,793	24
Split interest and other agreements	-	-	-	588
Current assets (restricted):				
Cash and investments	76,709	-	76,709	88
Receivables, net:				
Taxes	4,405	-	4,405	-
Accounts	61,907	-	61,907	-
Loans	399	-	399	-
Inventories	576	-	576	-
Total current assets	515,756	13,057	528,813	20,152
Noncurrent assets (unrestricted):				
Net OPEB asset - RHIA	1,375	22	1,397	-
Capital assets:				
Capital assets, not being depreciated	471,144	449	471,593	-
Capital assets, net of accumulated depreciation	676,094	5,239	681,333	15
Noncurrent assets (restricted):				
Cash and investment	124,901	-	124,901	-
Total noncurrent assets	1,273,514	5,710	1,279,224	15
Total assets	1,789,270	18,767	1,808,037	20,167
DEFERRED OUTFLOWS OF RESOURCES				
Unrestricted:				
OPEB - County Plan	6,290	102	6,392	-
OPEB - RHIA	1,615	26	1,641	-
Pension plan	211,615	3,501	215,116	-
Total deferred outflows of resources	219,520	3,629	223,149	-
LIABILITIES				
Current liabilities (payable from unrestricted assets):				
Accounts payable	48,768	2,574	51,342	303
Accrued salaries and benefits	6,916	-	6,916	-
Accrued interest payable	1,537	-	1,537	-
Gift annuity payable	-	-	-	5
Unearned revenue	1,145	-	1,145	-

MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2018
(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	30,847	-	30,847	-
Bonds payable	42,361	-	42,361	-
Capital leases payable	200	-	200	-
Current liabilities (payable from restricted assets)				
Accounts payable	59,131	-	59,131	-
Accrued salaries and benefits	3,526	-	3,526	-
Loans payable	214	-	214	-
Unearned revenue	15,531	-	15,531	-
Total current liabilities	210,176	2,574	212,750	308
Noncurrent liabilities (payable from unrestricted assets):				
Compensated absences	228	-	228	-
Bonds payable	355,698	-	355,698	-
Capital leases payable	1,536	-	1,536	-
Claims and judgments payable	13,891	-	13,891	-
Other accrued liabilities	410	-	410	-
Net OPEB liability - County Plan	123,467	2,006	125,473	-
Net pension liability	463,075	7,661	470,736	-
Noncurrent liabilities (payable from restricted assets):				
Loans payable	3,252	-	3,252	-
Total noncurrent liabilities	961,557	9,667	971,224	-
Total liabilities	1,171,733	12,241	1,183,974	308
DEFERRED INFLOWS OF RESOURCES				
Unrestricted:				
OPEB - RHIA	650	11	661	-
Pension plan	9,691	160	9,851	-
Resources received before time requirements met	1,546	-	1,546	-
Total deferred inflows of resources	11,887	171	12,058	-
NET POSITION				
Net investment in capital assets	818,361	5,688	824,049	15
Restricted for:				
Nonexpendable - library operations	26,522	-	26,522	4,833
Expendable - library operations	-	-	-	4,772
Capital projects, buildings	106,531	-	106,531	-
Capital projects, technology	23,928	-	23,928	-
Community support programs	17,221	-	17,221	-
Document storage and retrieval	186	-	186	-
Road, bridge and bike path improvements	11,511	-	11,511	-
Debt service	150	-	150	-
Unrestricted	(179,240)	4,296	(174,944)	10,239
Total net position	\$ 825,170	\$ 9,984	\$ 835,154	\$ 19,859

MULTNOMAH COUNTY, OREGON
Statement of Activities
For the year ended June 30, 2018
(amounts expressed in thousands)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	The Library Foundation
Primary government:								
Governmental activities:								
General government	\$ 420,189	\$ 73,551	\$ 1,147	\$ -	\$ (345,491)	\$ -	\$ (345,491)	\$ -
Health services	242,155	95,628	83,074	-	(63,453)	-	(63,453)	-
Social services	217,044	619	248,336	-	31,911	-	31,911	-
Public safety and justice	221,307	28,786	71,841	-	(120,680)	-	(120,680)	-
Community services	94,327	11,283	2,069	6	(80,969)	-	(80,969)	-
Library	64,736	2,130	1,785	-	(60,821)	-	(60,821)	-
Roads and bridges	111,526	13,104	58,654	23,931	(15,837)	-	(15,837)	-
Interest on long-term debt	10,494	-	-	-	(10,494)	-	(10,494)	-
Total governmental activities	1,381,778	225,101	466,906	23,937	(665,834)	-	(665,834)	-
Business-type activities:								
Dunthorpe-Riverdale Service District No. 1	687	722	-	-	-	35	35	-
Mid County Service District No. 14	416	449	-	-	-	33	33	-
Behavioral health managed care	34,207	37,169	-	-	-	2,962	2,962	-
Total business-type activities	35,310	38,340	-	-	-	3,030	3,030	-
Total primary government	\$ 1,417,088	\$ 263,441	\$ 466,906	\$ 23,937	\$ (665,834)	\$ 3,030	\$ (662,804)	\$ -
Component unit:								
The Library Foundation	\$ 2,553	\$ -	\$ 1,764	\$ -	\$ -	\$ -	\$ -	\$ (789)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					383,074	-	383,074	-
Personal income taxes					11	-	11	-
Business income taxes					93,400	-	93,400	-
Selective excise and use taxes					76,825	-	76,825	-
Payments in lieu of taxes					786	-	786	-
State government shared unrestricted revenues					13,192	-	13,192	-
Grants and contributions not restricted to specific programs					2,958	-	2,958	482
Interest and investment earnings					6,235	124	6,359	1,240
Miscellaneous					-	42	42	-
Gain (loss) on disposal of capital assets					29,811	-	29,811	-
Total general revenues					606,292	166	606,458	1,722
Change in net position					(59,542)	3,196	(56,346)	933
Net position - beginning, previously reported					864,481	8,616	873,097	18,926
Restatement - net impact of adoption of GASB No. 75 (see Note IV.C.)					20,231	(1,828)	18,403	-
Net position - beginning, restated					884,712	6,788	891,500	18,926
Net position - ending					\$ 825,170	\$ 9,984	\$ 835,154	\$ 19,859

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, 2018

(amounts expressed in thousands)

	General Fund	Federal/State Program Special Revenue Fund	Downtown Courthouse Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Unrestricted:					
Cash and investments	\$ 71,778	\$ -	\$ -	\$ 116,449	\$ 188,227
Receivables:					
Taxes	23,472	-	-	2,745	26,217
Accounts, net	47,733	66	-	918	48,717
Loans	3,863	-	-	375	4,238
Interest	1,460	-	-	-	1,460
Contracts	175	-	-	-	175
Inventories	298	-	-	138	436
Prepays and deposits	297	57	-	805	1,159
Restricted:					
Cash and investments	214	3,598	100,032	97,766	201,610
Receivables:					
Taxes	-	-	-	4,405	4,405
Accounts, net	5,187	41,498	-	15,222	61,907
Loans	-	399	-	-	399
Inventories	-	576	-	-	576
Total assets	<u>\$ 154,477</u>	<u>\$ 46,194</u>	<u>\$ 100,032</u>	<u>\$ 238,823</u>	<u>\$ 539,526</u>
LIABILITIES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ 29,442	\$ 68	\$ -	\$ 8,635	\$ 38,145
Payroll payable	5,138	-	-	934	6,072
Unearned revenue	729	-	-	375	1,104
Liabilities payable from restricted assets:					
Accounts payable	12	20,497	12,579	26,043	59,131
Payroll payable	-	3,246	-	280	3,526
Internal loans payable	-	-	-	3,000	3,000
Unearned revenue	-	15,481	-	50	15,531
Total liabilities	<u>35,321</u>	<u>39,292</u>	<u>12,579</u>	<u>39,317</u>	<u>126,509</u>
DEFERRED INFLOWS OF RESOURCES					
Unrestricted:					
Resources not yet available:					
Clinic fees	34,327	-	-	-	34,327
Property taxes	6,730	-	-	114	6,844
Resources received before time requirements met	1,546	-	-	-	1,546
Restricted:					
Resources not yet available:					
Property taxes	-	-	-	1,660	1,660
Total deferred inflows of resources	<u>42,603</u>	<u>-</u>	<u>-</u>	<u>1,774</u>	<u>44,377</u>
FUND BALANCES					
Nonspendable	595	57	-	943	1,595
Restricted	5,389	6,847	87,453	86,360	186,049
Committed	-	-	-	93,872	93,872
Assigned	-	-	-	16,557	16,557
Unassigned	70,569	(2)	-	-	70,567
Total fund balances	<u>76,553</u>	<u>6,902</u>	<u>87,453</u>	<u>197,732</u>	<u>368,640</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 154,477</u>	<u>\$ 46,194</u>	<u>\$ 100,032</u>	<u>\$ 238,823</u>	<u>\$ 539,526</u>

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of June 30, 2018
(dollar amounts expressed in thousands)

Fund balances - governmental funds		\$ 368,640
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	1,489,527	
Less accumulated depreciation	<u>(360,443)</u>	1,129,084
Deferred outflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred outflows of resources - OPEB - County Plan	5,769	
Deferred outflows of resources - OPEB - RHIA	1,481	
Deferred outflows of resources - pension	194,375	201,625
Accrued interest payable		(1,537)
Long-term liabilities, not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Bonds payable	(398,059)	
Capital leases payable	(1,732)	
Loans payable	<u>(3,466)</u>	(403,257)
Accrued compensated absences are not due and payable in the current period and, therefore, are not reported in the funds		(28,406)
Long-term asset / (liabilities) related to future periods and, therefore, are not reported in the governmental funds:		
Net OPEB - County Plan	(113,246)	
Net OPEB - RHIA	1,261	
Net pension	<u>(425,349)</u>	(537,334)
Deferred inflows of resources are applicable to future periods and, therefore, are not reported in the governmental funds:		
Deferred inflows of resources - OPEB - County Plan	(596)	
Deferred inflows of resources - pension	(8,901)	(9,497)
Other long-term assets and deferred inflows of resources are not available to fund current period expenditures and, therefore, are not reported in the governmental funds:		
Clinic fees	34,327	
Property taxes	8,504	
Mark to market on investments	<u>(2,004)</u>	40,827
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>65,025</u>
Net position of governmental activities		<u><u>\$ 825,170</u></u>

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	General Fund	Federal/State Program Special Revenue Fund	Downtown Courthouse Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 422,733	\$ -	\$ -	\$ 130,766	\$ 553,499
Payments in lieu of taxes	601	-	-	-	601
Intergovernmental	16,261	370,358	17,925	64,221	468,765
Licenses and permits	14,118	1,256	-	16,520	31,894
Charges for services	52,247	52,128	5	8,282	112,662
Interest	1,551	1	1,025	3,411	5,988
Non-governmental grants	6,947	6,143	-	1,827	14,917
Service reimbursements	31,014	-	-	52,295	83,309
Miscellaneous	1,685	293	-	278	2,256
Total revenues	<u>547,157</u>	<u>430,179</u>	<u>18,955</u>	<u>277,600</u>	<u>1,273,891</u>
EXPENDITURES					
Current:					
General government	107,473	-	-	34,683	142,156
Health services	139,906	126,942	-	611	267,459
Social services	48,469	213,913	-	-	262,382
Public safety and justice	217,349	49,792	1,966	7,035	276,142
Community services	-	37,860	-	54,471	92,331
Library services	-	-	-	70,208	70,208
Roads and bridges	-	-	-	68,595	68,595
Capital outlay	2,321	199	62,810	77,635	142,965
Debt service:					
Principal	-	-	-	32,880	32,880
Interest	-	-	-	12,426	12,426
Total expenditures	<u>515,518</u>	<u>428,706</u>	<u>64,776</u>	<u>358,544</u>	<u>1,367,544</u>
Revenues over (under) expenditures	<u>31,639</u>	<u>1,473</u>	<u>(45,821)</u>	<u>(80,944)</u>	<u>(93,653)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,018	-	18,000	106,555	126,573
Transfers out	(37,388)	-	-	(88,720)	(126,108)
Proceeds from sale of capital assets	5,001	17	-	-	5,018
Issuance of new debt	-	382	83,185	80,925	164,492
Premium on bonds issued	-	-	7,233	9,483	16,716
Total other financing sources (uses)	<u>(30,369)</u>	<u>399</u>	<u>108,418</u>	<u>108,243</u>	<u>186,691</u>
Net change in fund balances	1,270	1,872	62,597	27,299	93,038
Fund balances - beginning	<u>75,283</u>	<u>5,030</u>	<u>24,856</u>	<u>170,433</u>	<u>275,602</u>
Fund balances - ending	<u>\$ 76,553</u>	<u>\$ 6,902</u>	<u>\$ 87,453</u>	<u>\$ 197,732</u>	<u>\$ 368,640</u>

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

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, 2018
(dollar amounts expressed in thousands)

Net change in fund balances - governmental funds		\$ 93,038
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	135,692	
Current year depreciation expense	<u>(26,297)</u>	109,395
Contributed and donated capital assets	23,931	
Proceeds on sale of capital assets	(12,590)	
Loss on disposal of capital assets	(129,717)	
Gain on disposal of capital assets	<u>29,811</u>	(88,565)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds:		
Decrease in deferred inflows of resources - clinic fees	(12,834)	
Increase in deferred inflows of resources - property taxes	6,422	
Decrease in long term-assets	<u>(910)</u>	(7,322)
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:		
Current year premium is amortized to interest expense in the Statement of Activities		2,611
Proceeds from debt restructuring		63
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		(148,110)
Some expenses reported in the Statement of Activities do not require use of current resources:		
Accrual of OPERS net pension liability not reported as an expenditure in governmental funds	(24,986)	
Decrease in long-term compensated absences	(658)	
Decrease in accrued interest expense	<u>(549)</u>	(26,193)
Current year expense for net other postemployment benefits		(2,095)
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>7,636</u>
Change in net position of governmental activities		<u><u>\$ (59,542)</u></u>

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

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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.
- **Downtown Courthouse Capital Fund** - accounts for the planning, land acquisitions, and construction of a new County courthouse. Construction will be funded by a combination of County General Fund and debt issuance proceeds. The *Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual* for the *Downtown Courthouse Capital Fund* can be found in the *Combining and Individual Statements and Schedules - Governmental Funds* section.

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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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes:				
Property	\$ 291,219	\$ 291,219	\$ 299,408	\$ 8,189
Business income	84,500	84,500	93,400	8,900
Personal income	-	-	11	11
Motor vehicle rental	31,043	31,043	29,868	(1,175)
Transient lodging	-	-	46	46
Payments in lieu of taxes	355	355	601	246
Intergovernmental	15,143	15,203	16,261	1,058
Licenses and permits	14,829	15,378	14,118	(1,260)
Charges for services	52,482	56,621	58,519	1,898
Interest	1,488	1,488	1,551	63
Other:				
Non-governmental grants	5,640	7,640	6,947	(693)
Service reimbursements	31,472	32,071	31,014	(1,057)
Miscellaneous	1,399	1,399	1,685	286
Total revenues	<u>529,570</u>	<u>536,917</u>	<u>553,429</u>	<u>16,512</u>
EXPENDITURES				
Current:				
Community justice	66,200	66,264	65,418	846
Community services	16,063	16,063	15,947	116
County assets	7,257	7,257	6,982	275
County management	40,203	40,203	35,926	4,277
District attorney	24,808	25,414	24,655	759
Health services	138,193	143,341	139,924	3,417
Human services	50,849	51,246	48,469	2,777
Nondepartmental	55,335	55,563	50,470	5,093
Sheriff	125,501	128,488	127,728	760
Contingency	12,723	10,788	-	10,788
Total expenditures	<u>537,132</u>	<u>544,627</u>	<u>515,519</u>	<u>29,108</u>
Revenues over (under) expenditures	<u>(7,562)</u>	<u>(7,710)</u>	<u>37,910</u>	<u>45,620</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,202	2,227	2,018	(209)
Transfers out	(37,388)	(37,388)	(37,388)	-
Proceeds from sale of capital assets	-	-	4,951	4,951
Total other financing sources (uses)	<u>(35,186)</u>	<u>(35,161)</u>	<u>(30,419)</u>	<u>4,742</u>
Net change in fund balances	<u>(42,748)</u>	<u>(42,871)</u>	<u>7,491</u>	<u>50,362</u>
Fund balances - beginning*	<u>84,613</u>	<u>84,735</u>	<u>99,525</u>	<u>14,790</u>
Fund balances - ending	<u>\$ 41,865</u>	<u>\$ 41,864</u>	<u>107,016</u>	<u>\$ 65,152</u>
Reconciliation to GAAP Basis:				
Loans receivable			3,863	
Certain clinic fee revenues are not considered available, and are reported as deferred inflows on the GAAP basis:				
Prior year deferred inflows that became available during current year			(27,905)	
Payments unavailable in prior year, recognized in current year			8,106	
Current year revenues unavailable			<u>(14,527)</u>	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$ 76,553</u>	

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

* This amount has been adjusted to reflect corrections made for the presentation of loans receivable.

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 254,852	\$ 268,896	\$ 254,085	\$ (14,811)
Licenses and permits	1,164	1,249	1,256	7
Charges for services	56,851	57,866	52,128	(5,738)
Interest	-	-	1	1
Non-governmental grants	4,208	4,984	6,143	1,159
Miscellaneous	193	193	293	100
Total revenues	<u>317,268</u>	<u>333,188</u>	<u>313,906</u>	<u>(19,282)</u>
EXPENDITURES				
Current:				
Community justice	30,147	31,597	29,085	2,512
Community services	3,160	3,209	1,014	2,195
District attorney	8,654	9,134	8,736	398
Health services	133,502	135,926	127,040	8,886
Human services	99,365	106,713	97,652	9,061
Nondepartmental	34,561	39,297	36,878	2,419
Sheriff	11,860	12,045	12,028	17
Total expenditures	<u>321,249</u>	<u>337,921</u>	<u>312,433</u>	<u>25,488</u>
Revenues over (under) expenditures	(3,981)	(4,733)	1,473	6,206
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	17	17
Issuance of debt	3,100	3,100	382	(2,718)
Total other financing sources (uses)	<u>3,100</u>	<u>3,100</u>	<u>399</u>	<u>(2,701)</u>
Net change in fund balances	(881)	(1,633)	1,872	3,505
Fund balances - beginning	881	1,633	5,030	3,397
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>6,902</u>	<u>\$ 6,902</u>
Reconciliation to GAAP Basis:				
Intergovernmental revenues for State payments to County service providers			116,273	
State payments to County service providers			<u>(116,273)</u>	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances			<u>\$ 6,902</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 six internal service funds. See the *Combining and Individual Statements and Schedules - Proprietary Funds* section for the internal service funds; this section also includes the *Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual* for the enterprise funds.

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 streetlights 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, 2018
(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	\$ 1,051	\$ 393	\$ 9,441	\$ 10,885	\$ 97,801
Receivables:					
Accounts, net	1	-	2,088	2,089	587
Special assessments	45	26	-	71	-
Inventories	-	-	-	-	1,125
Prepaid items	-	12	-	12	3,622
Total current assets	1,097	431	11,529	13,057	103,135
Noncurrent assets:					
Internal loans receivable	-	-	-	-	3,000
Net OPEB Asset RHIA	-	-	22	22	114
Capital assets:					
Construction in progress	429	20	-	449	973
Other capital assets (net of accumulated depreciation)	3,281	1,958	-	5,239	17,181
Total noncurrent assets	3,710	1,978	22	5,710	21,268
Total assets	4,807	2,409	11,551	18,767	124,403
DEFERRED OUTFLOWS OF RESOURCES					
OPEB - County Plan	-	-	102	102	521
OPEB - RHIA	-	-	26	26	134
Pension plan	-	-	3,501	3,501	17,240
Total deferred outflows of resources	-	-	3,629	3,629	17,895
LIABILITIES					
Current liabilities:					
Accounts payable	251	2	2,321	2,574	10,627
Payroll payable	-	-	-	-	844
Unearned revenue	-	-	-	-	41
Compensated absences	-	-	-	-	2,441
Total current liabilities	251	2	2,321	2,574	13,953
Noncurrent liabilities:					
Compensated absences	-	-	-	-	228
Claims and judgments payable	-	-	-	-	13,891
Other accrued payables	-	-	-	-	410
Net OPEB liability - County Plan	-	-	2,006	2,006	10,221
Net pension liability	-	-	7,661	7,661	37,726
Total noncurrent liabilities	-	-	9,667	9,667	62,476
Total liabilities	251	2	11,988	12,241	76,429
DEFERRED INFLOWS OF RESOURCES					
OPEB - RHIA	-	-	11	11	54
Pension plan	-	-	160	160	790
Total deferred inflows of resources	-	-	171	171	844
NET POSITION					
Net investment in capital assets	3,710	1,978	-	5,688	18,154
Unrestricted	846	429	3,021	4,296	46,871
Total net position	\$ 4,556	\$ 2,407	\$ 3,021	\$ 9,984	\$ 65,025

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018
(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	\$ 677	\$ 431	\$ -	\$ 1,108	\$ -
Prior assessments	33	18	-	51	-
Charges for services	12	-	37,169	37,181	206,132
Insurance premiums	-	-	-	-	9,768
Licenses and permits	5	-	-	5	-
Miscellaneous	-	-	37	37	1,077
Total operating revenues	<u>727</u>	<u>449</u>	<u>37,206</u>	<u>38,382</u>	<u>216,977</u>
OPERATING EXPENSES					
Cost of sales and services	564	250	31,300	32,114	201,157
Administration	17	44	2,907	2,968	6,465
Depreciation and amortization	106	122	-	228	4,221
Total operating expenses	<u>687</u>	<u>416</u>	<u>34,207</u>	<u>35,310</u>	<u>211,843</u>
Operating income (loss)	<u>40</u>	<u>33</u>	<u>2,999</u>	<u>3,072</u>	<u>5,134</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	17	6	101	124	1,160
Gain (loss) on disposal of capital assets	-	-	-	-	(1,100)
Total nonoperating revenues	<u>17</u>	<u>6</u>	<u>101</u>	<u>124</u>	<u>60</u>
Income (loss) before contributions and transfers	57	39	3,100	3,196	5,194
Transfers in	-	-	-	-	4,984
Transfers out	-	-	-	-	(5,449)
Capital contributions in	-	-	-	-	2,907
Change in net position	<u>57</u>	<u>39</u>	<u>3,100</u>	<u>3,196</u>	<u>7,636</u>
Total net position - beginning, previously reported	4,499	2,368	1,749	8,616	66,706
Restatement - net impact of adoption of GASB No. 75 (see Note IV.C.)	-	-	(1,828)	(1,828)	(9,317)
Total net position - beginning, restated	<u>4,499</u>	<u>2,368</u>	<u>(79)</u>	<u>6,788</u>	<u>57,389</u>
Total net position - ending	<u>\$ 4,556</u>	<u>\$ 2,407</u>	<u>\$ 3,021</u>	<u>\$ 9,984</u>	<u>\$ 65,025</u>

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, 2018
(dollar 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 Manage Care	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers and users	\$ 739	\$ 455	\$ 37,843	\$ 39,037	\$ 13,347
Receipts for interfund services provided	-	-	-	-	203,396
Payments to suppliers	(576)	(291)	(30,914)	(31,781)	(136,389)
Payments to employees	(9)	(29)	(2)	(40)	(46,290)
Receipts for interfund services used	-	(11)	(1,115)	(1,126)	(18,426)
Net cash provided by (used for) operating activities	154	124	5,812	6,090	15,638
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	4,986
Transfers out	-	-	-	-	(5,449)
Net cash provided by (used for) noncapital and related financing activities	-	-	-	-	(463)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(308)	(20)	-	(328)	(5,043)
Proceeds from sales of capital assets	-	-	-	-	88
Net cash provided by (used for) capital and related financing activities	(308)	(20)	-	(328)	(4,955)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest earnings	17	6	101	124	1,159
Net cash provided by (used for) investing activities	17	6	101	124	1,159
Net increase (decrease) in cash and cash equivalents	(137)	110	5,913	5,886	11,379
Cash and cash equivalents - beginning	1,188	\$ 283	3,528	4,999	86,422
Cash and cash equivalents - ending	\$ 1,051	\$ 393	\$ 9,441	\$ 10,885	\$ 97,801
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 40	\$ 33	\$ 2,999	\$ 3,072	\$ 4,912
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation and amortization of capital assets	106	122	-	228	4,221
Changes in assets and liabilities:					
Receivables, net	11	5	636	652	(232)
Inventories	-	-	-	-	(169)
Prepaid items	-	(12)	-	(12)	(574)
Accounts payable	(3)	(24)	1,114	1,087	2,651
Claims and judgments payable	-	-	-	-	2,802
Payroll payable	-	-	-	-	23
Unearned revenue	-	-	-	-	(3)
Compensated absences	-	-	-	-	49
Other accrued payables	-	-	-	-	(416)
Net OPEB liability - County Plan	-	-	2,006	2,006	10,221
Deferred outflows - OPEB - County Plan	-	-	(102)	(102)	(521)
Restatement for GASB No. 75 - OPEB - County Plan	-	-	(1,814)	(1,814)	(9,241)
Net OPEB liability - RHIA	-	-	(26)	(26)	(134)
Deferred outflows - OPEB - RHIA	-	-	11	11	54
Deferred inflows - OPEB - RHIA	-	-	(22)	(22)	114
Restatement for GASB No. 75 - OPEB - RHIA	-	-	(15)	(15)	(77)
Net pension liability	-	-	352	352	(5,117)
Deferred outflows - pension	-	-	681	681	7,273
Deferred inflows - pension	-	-	(8)	(8)	(198)
Total adjustments	114	\$ 91	2,813	3,018	10,726
Net cash provided by (used for) operating activities	\$ 154	\$ 124	\$ 5,812	\$ 6,090	\$ 15,638
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, 2018
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Restricted assets:	
Cash and investments	\$ 40,978
Taxes receivable	<u>71,350</u>
Total assets	<u>112,328</u>
 LIABILITIES	
Liabilities payable from restricted assets:	
Accounts payable	10,602
Due to other governmental units	68,341
Amounts held in trust	<u>33,385</u>
Total liabilities	<u>112,328</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, 2018
(dollar amounts expressed in thousands)

Note I. Summary of significant accounting policies

A. Reporting entity

Multnomah County, Oregon (County), established in 1854, is organized under the Oregon Revised Statutes (ORS), chapter 201.260 as a municipal corporation. The Board of County Commissioners, comprised of an elected chair and four commissioners, forms the legislative branch of the County government.

The accompanying financial statements present the County and its component units, entities for which the County is considered financially accountable. Criteria that indicates financial accountability includes, but is not limited to, the following:

- Appointment by the County of a voting majority of members of the governing body of an organization with the ability to impose its will on the daily operations of an organization, such as the power to remove appointed members at will; to modify or approve budgets, rates or fees; to make other substantive decisions; or
- Provision by the organization of specific financial benefits to the County; imposition by an organization of specific financial burdens on the County, such as assumption of deficits or provision of support; or
- Fiscal dependency of the organization and reliance on the County, such as: lack of authority to determine a budget, approve rates, or issued its own bonded debt without County approval.

Blended component units are legally separate entities, are in substance, part of the County's operations. Component units may also include organizations that 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 Board approves rates for user charges for both districts. Each district is reported as an enterprise fund. County management handles the management of the districts. 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

The County also maintains a Hospital Facilities Authority (Authority) that issues conduit debt for health care facilities. The Authority is considered 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 relationship.

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 the beneficiary of a split-interest agreement; details are provided in the TLF's *Notes to the Financial Statements*.

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: [The Library Foundation Financial Statements](#).

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 business-type segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Segment information for the major funds, Dunthorpe-Riverdale Service District No. 1, Mid County Service District No. 14, and the Behavioral Health Managed Care Fund, is provided in separate columns in the Statement of Net Position Proprietary Funds.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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.

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, 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.

Budget and actual statements are reported on the modified accrual basis, with minor differences in the classification of certain revenues which are identified in the Reconciliation to GAAP Basis on the statements and schedules for the individual funds.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 susceptible to accrual as revenue of the current period. All other revenue items are considered measurable and available only when cash is received by the County.

Specific fund changes

During the fiscal year ended June 30, 2018, two new capital projects funds were established:

The *Enterprise Resource Planning Project Fund* accounts for expenditures associated with the implementation of the new enterprise resource planning (ERP) system. Resources are derived from debt issuance and internal service reimbursements.

The *Library District Capital Fund* accounts for revenues transferred from the Multnomah County Library District General Fund. Revenues are transferred according to financial policies adopted by the Multnomah County Library District Board. Expenditures are dedicated to Library District capital projects, as defined by the Library District adopted financial policies.

During the fiscal year ended June 30, 2018, one new internal service fund was established:

The *Fleet Asset Replacement Fund* accounts for internal service reimbursements, revenues and expenses associated with the replacement of County owned vehicles and equipment.

During the fiscal year ended June 30, 2018, the *General Obligation Bond Sinking Fund*, a debt service fund, was closed. Final payment on the Series 2010 General Obligation Bonds was made during fiscal year ending June 30, 2017. Remaining balances were moved to the General Fund.

For the fiscal year ended June 30, 2018, the *Downtown Courthouse Capital Fund* will be reported as a major fund and two funds will no longer be reported as major funds: the *PERS Pension Bond Sinking Fund* and the *Sellwood Bridge Replacement Fund*.

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 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.

The *Downtown Courthouse Capital Fund* is a capital project fund that accounts for expenditures for the planning and construction of a new downtown County courthouse. Resources in the fund are derived from the State of Oregon, debt issuance, and other financing proceeds.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 are 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.

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. The County reports trust 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, cash equivalents, 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.

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 fair value of the County's position in the pool is the same as the value of the pool shares. The LGIP operates in accordance with appropriate state laws and regulations.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

The County reports cash with fiscal agent, 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 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 uncollectible accounts.

Property taxes are assessed and become property liens on July 1. Property taxes are assessed in October and tax payments are due November 15 of the same year. Under the partial payment schedule, the first one-third of taxes is due November 15, the second one-third on February 15, and the remaining one-third on May 15. A three percent discount is allowed if full payment is made by November 15 and a two percent discount is allowed if two-thirds payment is made by November 15. 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.

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. 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 under the consumption method rather than when purchased.

Vaccine inventories 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 for reimbursement of costs until the inventory is properly used. Once used, the funds used to purchase the inventory are eligible for reimbursement; 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.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition 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.

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 with a half-year convention in the years of acquisition and disposition over the following estimated useful lives:

Asset Class	Asset Class in Years	Threshold
Software	3 to 10	\$ 100,000
Vehicles and heavy equipment	3 to 10	5,000
Equipment	3 to 20	5,000
Street lighting	30	10,000
Buildings and improvements	40	100,000
Roads and bridges	40	100,000
Sewer systems	50	10,000

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 and other postemployment benefits; depending on the plan, deferred outflows of resources may include: changes in assumptions, contributions made subsequent to the measurement date, changes in proportionate share, net difference between projected and actual earnings on investments, 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 and other postemployment benefits; depending on the plan, deferred inflows of resources may include: net difference between projected and actual earnings on investments, changes in proportionate share, and net differences between employer contributions and proportionate 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 measurable but not available.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 reported in governmental funds only if they have matured, for example, because of employee resignations and retirements at June 30. When employees separate from service and receive payment for accumulated leave benefits, liabilities for compensated absences are liquidated. All compensated absences are paid by the individual funds as they become due.

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 would be 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.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 (OPEB)

The net OPEB asset / liability is recognized as a long-term asset / liability in the government-wide financial statements.

Multnomah County Postretirement Medical and Life Insurance Plan - For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources for OPEB, and OPEB expense, the County has relied on actuarial reports. County employees who are eligible to initiate a pension through OPERS at the time of separation from County employment may be eligible for a premium subsidy from the County. This liability is funded via internal service charges from the Risk Management internal service fund to all governmental funds that support personnel costs, via a rate charged to subject salary costs.

State of Oregon Public Employees Retirement System - Retirement Health Insurance Account (OPERS RHIA) - For purposes of measuring the net OPEB asset, deferred outflows and inflows of resources for OPERS RHIA, and OPEB expense, information about the fiduciary net position of the OPERS and additions to and deductions from OPERS fiduciary net position have been determined on the same basis as reported by OPERS. For this purpose, OPERS recognized benefit payments when due and payable in accordance with benefit terms. Investments are reported at fair value.

Pensions

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

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 of the statement.

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 County's Finance and Budget Policies state that the County will spend restricted resources first, followed by committed, then assigned, with unassigned resources spent last.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Fund balance is reported as ***Nonspendable*** when the resources cannot be spent because they either are in a nonspendable form, or are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid items, 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 for specific purposes, 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 30 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.

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 fiduciary funds' *Statement of Fiduciary Net Position*, net position is segregated into three categories: net investment in capital assets, restricted net position, and unrestricted net position.

Net investment in capital assets represents total capital assets net of accumulated depreciation and capital related debt and net of unspent bond proceeds. Deferred outflows of resources and deferred inflows of resources directly related debt should also be included in this section. Significant unspent deferred inflows of resources should not be included.

Restricted net position represents net position that is not subject solely to the County's own discretion. Restrictions may be placed on net position by an external third party that provided the resources, by laws or regulations of other governments, by enabling legislation, by endowment agreements, or by the nature of the asset. Unspent bond proceeds for capital projects are used in the calculation of restricted net position.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Unrestricted surplus (deficit) net position represent amounts not included in other categories.

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.

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 acquisition value upon receipt, as 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.

E. Adoption of new accounting pronouncements and standards

During the fiscal year ended June 30, 2018, the County implemented the following Governmental Accounting Standards Board (GASB) pronouncements:

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

GASB Statement No. 75 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. Detailed information on the impact of this pronouncement can be found in Note IV.C. *Postemployment benefits other than pensions*.

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. Detailed information on the impact of this pronouncement can be found in the Notes to the Financial Statements of The Library Foundation (TLF), a discreetly presented component unit of the County. See the County's Note I.A. *Reporting entity* as to how to obtain the financial statements for TLF.

GASB Statement No. 85, *Omnibus 2017*. This Statement addresses practice issues that have been identified during the implementation and application of certain GASB statements. The topics addressed include issues related to blending component units, goodwill, fair value measurement and application and postemployment benefits (pensions and other postemployment benefits [OPEB]).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This Statement provides guidance for transactions in which cash and other monetary assets acquired with only resources other than the proceeds of refunding debt are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. During the fiscal year ended June 30, 2018, the County did not extinguish debt with proceeds from refunding debt. In the future, transactions of this nature will be detailed in Note IV.G. *Long-term debt*.

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, 2018:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for an asset retirement obligation (ARO). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable and provides guidance as to the factors that determine when the liability has been incurred and how to determine the measurement of the liability. GASB Statement No. 83 will be effective for the County fiscal year ending June 30, 2019.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

GASB Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments, with separate criteria to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Statement also defines the reporting requirements for such activities. GASB Statement No. 84 will be effective for the County fiscal year ending June 30, 2020.

GASB Statement No. 87, *Leases*. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows or outflows of resources based on the payment provision of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an asset. Lessees will be required to recognize a lease liability and an intangible right to use an asset and lessors will be required to recognize a lease receivable and a deferred inflow of resources enhancing the relevance and consistency of information about a governments' leasing activities. GASB Statement No. 87 will be effective for the County fiscal year ending June 30, 2021.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in the notes to the financial statements related to debt, including separate information for direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for the debt, and terms specified in debt agreements related to other specific significant events. It also clarifies which liabilities should be included when disclosing information related to debt. GASB Statement No. 88 will be effective for the County fiscal year ending June 30, 2019.

GASB Statement No. 89, *Accounting for Interest Costs Incurred before the End of a Construction Period*. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. GASB Statement No. 89 will be effective for the County fiscal year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests*. This Statement is an amendment of GASB Statements No. 14 and No. 61 and it defines that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. For all other majority equity interest holdings in a legally separate organization, a government should report the legally separate organization as a component unit. GASB Statement No. 90 will be effective for the County fiscal year ending June 30, 2020.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 the end of the fiscal year.

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. The proposed budget is presented to the County Board of Commissioners (Board) for approval no later than May 15. 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 levels. 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. Current expenditures are reported by department in the *Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual* and include personnel services, contractual services, internal services, materials and supplies, and capital outlay.

B. Expenditures in excess of appropriations

Oregon state law requires a supplemental budget to increase appropriations when unexpected additional resources become available. A supplemental budget is also required to transfer appropriations from a fund's operating contingency during the fiscal year. The supplemental budget process requires a public hearing, advance notice by newspaper publication, and approval by the Board of County Commissioners (the Board). The Board approved one supplemental budget and several other budgetary appropriations throughout the year.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

C. Deficit net position:

Oregon state law requires fund disclosure of deficit fund balances/net position. At June 30, 2018, the Facilities Management Fund (an internal service fund) reported a deficit net position of \$4,388 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 Facilities Management Fund is managed on a modified accrual basis of accounting before considering the accrual entries for pension and other postemployment benefits (OPEB). Management, with Board approval, budgets for a targeted ending fund balance that is positive as reported in the *Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Facilities Management Fund*. Long-term activity is not budgeted on an annual basis.

The County had not reported a deficit fund balance in the Facilities Management fund prior to the implementation of GASB Statement No. 68 *Accounting and Financial Reporting for Pensions and* GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The deficit net position in the Facilities Management Fund is primarily attributed to the full accrual entries for net OPEB liability and the net pension liability (see Note IV.C. *Postemployment benefits other than pensions* and Note IV. C. *Employee retirement systems, pension plans and deferred compensation* for additional information)

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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."

Cash and investments for Multnomah County are reported in governmental and business-type activities. The balances at June 30, 2018 are:

	Primary Government	Fiduciary Activities	Total Government
Cash on hand	\$ 23	\$ -	\$ 23
Deposits with financial institutions	34,666	490	35,156
Investments	461,830	40,488	502,318
Total cash and investments	<u>\$ 496,519</u>	<u>\$ 40,978</u>	<u>\$ 537,497</u>

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

	Unrestricted	Restricted	Total
Governmental activities	\$ 284,024	\$ 201,610	\$ 485,634
Business-type activities	10,885	-	10,885
Fiduciary activities	-	40,978	40,978
Total cash and investments	<u>\$ 294,909</u>	<u>\$ 242,588</u>	<u>\$ 537,497</u>

Deposit risk

Policies

Oregon Revised Statutes (ORS), Chapter 295 governs that the Office of the State Treasurer (OST) 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 ORS 295.005.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Custodial risk

At June 30, 2018, the carrying amount of the County's deposits was \$32,093. Of this balance, \$2,962 was covered by depository insurance, Federal Deposit Insurance Corporation (FDIC) or National Credit Union Administration (NCUA), and \$29,108 was collateralized by the PFCP. The remaining carrying amount of \$23 represents petty cash accounts that were uninsured and uncollateralized. The County does not have a policy related to custodial risk over cash.

<u>Insured Deposits by Depository</u>	Cash Balance	Credit Risk
Certificates of deposit (various)	\$ 2,205	Depository insurance FDIC/NCUA
Bank of America	250	Depository insurance FDIC/NCUA
Washington Federal - money market (MM)	250	Depository insurance FDIC/NCUA
U.S. Bank	199	Depository insurance FDIC/NCUA
U.S. Bank - Cash with fiscal agent	51	Depository insurance FDIC/NCUA
PayPal	4	Depository insurance FDIC/NCUA
Total insured deposits	<u>2,959</u>	
<u>Uninsured Deposits by Depository</u>		
Umpqua Bank - MM	9,757	Collateralized by PFCP, held by FHLB, Seattle
Washington Federal - MM	8,325	Collateralized by PFCP, held by FHLB, Seattle
Umpqua Bank - Retainage	5,438	Collateralized by PFCP, held by FHLB, Seattle
Bank of America	3,650	Collateralized by PFCP, held by FHLB, Seattle
Willamette Community Bank - MM	1,580	Collateralized by PFCP, held by FHLB, Seattle
U.S. Bank - Cash with fiscal agent	99	Collateralized by PFCP, held by FHLB, Seattle
Subtotal collateralized by PFCP	<u>28,849</u>	
U.S. Bank	3,348	Securities held for retainage on capital project per ORS 279.420
Total uninsured deposits	<u>32,197</u>	
Total deposits with financial institutions	<u>35,156</u>	
Cash on hand	23	Uncollateralized
Total cash and cash equivalents	<u>\$ 35,179</u>	

Investment risk

Policies

ORS 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, investment restrictions, and the reporting requirements. A copy of the current policy is located at: <http://multco.us/finance/investments>.

The County is authorized to invest in the 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, OSTF Board. The OSTF is not managed as a stable net asset value fund; therefore, preservation of principal is not assured. The OSTF financial statements and its portfolio rules can be obtained at www.ost.state.or.us. The 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 limiting its exposure to losses due to asset concentration, the County's investment policy and ORS limit asset concentration as follows:

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard & 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 FDIC) may be owned without limit.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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)] may be owned. Also, lawfully issued debt obligations of the States of California, Idaho, Washington, and their political subdivisions may be owned 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 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 National Mortgage Association	\$ 74,485	14.1%	25%
Federal Farm Credit Bank	64,460	12.2%	25%
Federal Home Loan Bank	49,514	9.4%	25%
Federal Home Loan Mortgage Corporation	64,282	12.2%	25%

The County maintains cash with fiscal agent accounts to set aside for debt service requirements per the trustees and bond indentures. As of June 30, 2018, the County had the following investments and maturities with a portfolio weighted average maturity of 8.61 months, and a net portfolio yield of 0.82 percent (this table includes fiduciary activities):

Investment Type	Book Value	Fair Value	Risk Concentration	Weighted Average Maturity
U.S. Agencies	\$ 254,446	\$ 252,741	47.02%	6.93
U.S. Treasuries	148,655	148,619	27.65%	0.63
LGIP	54,086	54,086	10.06%	-
Corporate debt	45,031	44,767	8.33%	0.84
Cash and cash equivalents	29,475	29,475	5.48%	-
Deposit securities in lieu of retainage	3,349	3,349	0.62%	-
Certificates of deposit	2,205	2,205	0.41%	0.01
Municipal debt	2,105	2,105	0.39%	0.20
Cash with fiscal agent	150	150	0.03%	-
Total cash and investments	<u>\$ 539,502</u>	<u>\$ 537,497</u>	<u>100.00%</u>	<u>8.61</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 2 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, 2018, 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>
U.S. Agencies	\$ 252,741	Aaa/AA+	\$ 69,958	\$ 54,615	\$ 128,168
Corporate debt	14,826	Aaa/AAA	-	4,983	9,843
	14,957	Aa1/AA+	-	9,969	4,988
	14,984	P-1/A-1+	14,984	-	-
U.S. Treasuries	148,619	Aaa/AA+	115,776	32,843	-
LGIP	54,086	AA*	54,086	-	-
Municipal debt	2,105				2,105
Total	<u>\$ 502,318</u>		<u>\$ 254,804</u>	<u>\$ 102,410</u>	<u>\$ 145,104</u>
Percentage			50.73%	20.39%	28.89%

*This represents the composite weighted average rating of the investments held by the LGIP.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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 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 Interactive Data Pricing and Reference for daily security pricing on the following asset types: U.S. Treasuries, U.S. Federal agencies, U.S. Corporate debt, and Municipal debt.

Various inputs are used in determining the fair value of investments. These inputs are categorized into a fair value hierarchy. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three levels. The categorization is based on pricing transparency of the investments, and not an indication of the risks associated with investing in the security.

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.

Investment Type	Totals as of June 30, 2018	Fair Value Measurements Using			Not Measured at
		Quoted Price in Active Markets for Identical <u>Assets</u> Level 1	Significant Other Observable <u>Inputs</u> Level 2	Significant Unobservable <u>Inputs</u> Level 3	Fair Value
					Amortized Cost Measurement
U.S. Treasuries	\$ 148,619	\$ 148,619	\$ -	\$ -	\$ -
U.S. Agencies	252,741	252,741	-	-	-
LGIP	54,086	-	-	-	54,086
Money market accounts	19,913	-	-	-	19,913
Corporate debt	44,767	-	44,767	-	-
Certificate of deposit	2,205	-	-	-	2,205
Municipal debt	2,105	-	2,105	-	-
Total	<u>\$ 524,436</u>	<u>\$ 401,360</u>	<u>\$ 46,872</u>	<u>\$ -</u>	<u>\$ 76,204</u>

U.S. Treasuries and U.S. Agencies are valued using quoted prices for identical assets in the active market. Corporate and municipal securities are valued using observable market data for comparable instruments. Balances held in the LGIP, certificates of deposit, and money market accounts are valued at amortized cost, the amount required to replace the asset. Demand deposits and other cash and equivalent accounts are reported at bank balance as of June 30, 2018.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

B. Receivables

Receivables as of June 30, 2018, are as follows:

	Governmental Activities						
	General Fund	Federal/ State Program Fund	Non- Major Funds	Internal Service Funds	Total Governmental Activities	Business- type Activities	Total
Receivables:							
Taxes:							
Property	\$ 16,376	\$ -	\$ 3,935	\$ -	\$ 20,311	\$ 71	\$ 20,382
Other	7,096	-	3,215	-	10,311	-	10,311
Accounts	55,815	42,649	16,140	587	115,191	2,089	117,280
Loans	3,863	399	375	-	4,637	-	4,637
Interest	1,460	-	-	-	1,460	-	1,460
Contracts	175	-	-	-	175	-	175
Total receivables	84,785	43,048	23,665	587	152,085	2,160	154,245
Allowance for doubtful accounts	(2,895)	(1,085)	-	-	(3,980)	-	(3,980)
Receivables, net	<u>\$ 81,890</u>	<u>\$ 41,963</u>	<u>\$ 23,665</u>	<u>\$ 587</u>	<u>\$ 148,105</u>	<u>\$ 2,160</u>	<u>\$ 150,265</u>

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

C. Unearned revenue and deferred outflows and inflows of resources

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”. The various components of unearned revenue reported in the governmental funds at June 30, 2018 are as follows:

Unearned Revenue	Governmental Activities				Total
	General Fund	Federal/State Program Special Revenue Fund	Nonmajor Governmental Funds	Internal Service Funds	
Grant draws prior to meeting all eligibility requirements	\$ -	\$ 14,506	\$ -	\$ -	\$ 14,506
Loans receivable	200	399	375	-	974
Contracts receivable	175	-	-	-	175
Tax title land sales inventory	131	-	-	-	131
State vaccine inventory	-	576	-	-	576
Miscellaneous	223	-	50	41	314
Total unearned revenue	<u>\$ 729</u>	<u>\$ 15,481</u>	<u>\$ 425</u>	<u>\$ 41</u>	<u>\$ 16,676</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 are reported on the *Governmental Funds Balance Sheet*. Various components of deferred outflows and inflows in the government-wide statements are reported on the *Statement of Net Position*. For details regarding the County's deferred outflows of resources and deferred inflows of resources related to pensions see Note IV.C. *Postemployment benefits other than pensions* and Note IV.D. *Employee retirement systems, pension plans and deferred compensation plan*.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, 2018, are as follows:

Fiscal Year Ending June 30,	Amount
2019	\$ 6,503
2020	5,257
2021	4,358
2022	4,236
2023	3,694
2024 - 2028	18,235
2029	972
Total minimum payments	<u>\$ 43,255</u>

The County recorded \$6,169 in base rent expense for the year ended June 30, 2018. Total rent expense was \$7,390, which includes operating and maintenance costs.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

E. Interfund receivables, payables, and transfers

Interfund transfers

The primary purposes of significant transfers include the following:

- The Library District Fund reports a transfer of \$9,269 to the Library Fund to support library operations; however, this transfer is reported as intergovernmental revenue and current expenditures on the *Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual*.
- The General Fund transferred \$18,000 to the Downtown Courthouse Capital Construction Fund for funding the replacement of the functionally obsolete 100 year old existing courthouse.
- The General Fund transferred \$3,819 to the Capital Improvement Fund in order to consolidate and relocate the Department of Community Justice in a mid-county campus for improved services.
- The General Fund transferred \$7,000 to the Health Headquarters Capital Fund to be utilized for the replacement of the Health Department HQ building.
- The General Fund transferred \$8,069 to the Capital Debt Retirement Fund to be utilized for debt service payments on the Downtown Courthouse and Health Department HQ building replacements.
- The Fleet Management Internal Service Fund transferred \$4,768 to the newly established Fleet Asset Replacement Fund in order to segregate operational funds from designated asset replacement funds. The Fleet Management Fund also transferred \$250 to the Road Fund, to be utilized for the Road Capital Improvement Plan (RCIP) which was last updated in 2002.

In the governmental activities column of the *Statement of Activities*, transfers between governmental funds and between governmental and internal service funds have been eliminated; no interfund transfers were made for business-type activities during the year. Interfund transfers of governmental activities for the year ended June 30, 2018, consist of the following:

	General Fund	Downtown Courthouse Capital Fund	Other Nonmajor Funds	Internal Service Funds	Total Transfers Out
Governmental activities:					
General fund	\$ -	\$ 18,000	\$ 19,188	\$ 200	\$ 37,388
Other nonmajor funds	2,018	-	86,686	16	88,720
Internal service funds	-	-	681	4,768	5,449
Total transfers in:	<u>\$ 2,018</u>	<u>\$ 18,000</u>	<u>\$ 106,555</u>	<u>\$ 4,984</u>	<u>\$ 131,557</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Interfund loans

During 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
2019	\$ -	\$ 16
2020	-	16
2021	-	16
2022	-	16
2023	-	16
2024-2026	3,000	17
Total	<u>\$ 3,000</u>	<u>\$ 97</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

F. Capital assets

Capital asset activity of the primary government, for the year ended June 30, 2018, is as follows:

Primary government

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 29,080	\$ -	\$ -	\$ -	\$ 29,080
Right-of-ways	197,821	342	20,585		218,748
Construction in progress	433,074	137,274	(303,103)	(48,376) *	218,869
Works of art	4,447	-	-	-	4,447
Buildings not-in-service	45,564	-	-	(45,564)	-
Total capital assets, not being depreciated	<u>709,986</u>	<u>137,616</u>	<u>(282,518)</u>	<u>(93,940)</u>	<u>471,144</u>
Capital assets, being depreciated:					
Buildings	423,263	458	6,206	(7,016)	422,910
Improvements other than buildings	1,010	-	-	-	1,010
Machinery and equipment	129,093	13,451	3,982	(25,043)	121,483
Bridges	172,657	6,322	272,147	(1,451)	449,675
Infrastructure	376,489	6,819	183	(236)	383,255
Total capital assets being depreciated	<u>1,102,512</u>	<u>27,049</u>	<u>282,518</u>	<u>(33,746)</u>	<u>1,378,333</u>
Less accumulated depreciation for:					
Buildings	(202,369)	(10,933)	-	6,971	(206,330)
Improvements other than buildings	(415)	(40)	-	-	(455)
Machinery and equipment	(86,787)	(11,288)	-	17,096	(80,979)
Bridges	(86,967)	(6,314)	-	196	(93,085)
Infrastructure	(312,090)	(9,514)	-	214	(321,390)
Total accumulated depreciation	<u>(688,628)</u>	<u>(38,089)</u>	<u>-</u>	<u>24,478</u>	<u>(702,239)</u>
Total capital assets being depreciated, net	<u>413,884</u>	<u>(11,040)</u>	<u>282,518</u>	<u>(9,268)</u>	<u>676,094</u>
Governmental activities capital assets, net	<u>\$ 1,123,870</u>	<u>\$ 126,576</u>	<u>\$ -</u>	<u>\$ (103,208)</u>	<u>\$ 1,147,238</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 121	\$ 328	\$ -	\$ -	\$ 449
Total capital assets, not being depreciated	<u>121</u>	<u>328</u>	<u>-</u>	<u>-</u>	<u>449</u>
Capital assets, being depreciated:					
Improvements other than buildings	9,078	-	-	-	9,078
Total capital assets being depreciated	<u>9,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,078</u>
Less accumulated depreciation for:					
Improvements other than buildings	(3,610)	(229)	-	-	(3,839)
Total accumulated depreciation	<u>(3,610)</u>	<u>(229)</u>	<u>-</u>	<u>-</u>	<u>(3,839)</u>
Total capital assets being depreciated, net	<u>5,468</u>	<u>(229)</u>	<u>-</u>	<u>-</u>	<u>5,239</u>
Business-type activities capital assets, net	<u>\$ 5,589</u>	<u>\$ 99</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,688</u>

*Includes \$36,857 of Capital Assets donated to external entities

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Fully depreciated capital assets at June 30, 2018 totaled \$129,695, all of which were available to be used in governmental type activities. Capital assets are evaluated annually for impairment. Fully depreciated capital assets are comprised of:

	Acquisition Value
Bridges	\$ 58,343
Building	12,819
Machinery and equipment	58,533
Total	<u>\$ 129,695</u>

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

Governmental activities:	Expense
General government	\$ 11,985
Health services	453
Social services	88
Public safety and justice	1,017
Community services	2,355
Library	7,013
Roads and bridges	15,178
Total depreciation expense – governmental activities	<u>\$ 38,089</u>
Business-type activities:	
Sewer	\$ 107
Lighting	122
Total depreciation expense – business-type activities	<u>\$ 229</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

G. Long-term debt

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 \$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, 2018, \$74,793 of these bonds were outstanding.

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, 2018 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 construction 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, 2018, the outstanding balance on the Series 2012 bonds was \$106,135 and the balance on the unamortized premium was \$15,835.

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, 2018, the outstanding balance on the Series 2014 bonds was \$9,355 and the balance on the unamortized premium was \$854.

On December 14, 2017, the County issued \$164,110 in Full Faith and Credit Obligations, Series 2017, at a premium of \$16,715, with interest rates from 3 to 5 percent. Bonds were rated Aaa by Moody's and AAA by Standard & Poor's. The proceeds from the sale of the obligations were used to finance real or personal property related to the replacement of the Multnomah County Central Courthouse, replacement of the Health Department administrative offices and downtown clinics, replacement of the Enterprise Resource Planning system, and improvements to County-owned facilities that house parole and probation services. At June 30, 2018, the outstanding balance on the Series 2017 bonds was \$160,500 and the balance on the unamortized premium was \$15,587.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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	2.00-7.74%	\$ 365,783

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>
2019	\$ 39,750	\$ 14,137
2020	23,709	31,526
2021	20,858	32,257
2022	21,488	33,093
2023	22,164	33,959
2024-2028	93,034	186,404
2029-2033	81,015	94,854
2034-2038	27,720	9,838
2039-2043	18,450	5,791
2044-2047	17,595	1,794
Subtotal	365,783	<u>\$ 443,653</u>
Premiums on long-term debt	32,276	
Total	<u>\$ 398,059</u>	

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

<u>Full Faith and Credit Bonds</u>	<u>Long-term</u>	<u>Current</u>	<u>Total</u>
Maturities	\$ 326,033	\$ 39,750	\$ 365,783
Premiums on long-term debt	29,665	2,611	32,276
Total	<u>\$ 355,698</u>	<u>\$ 42,361</u>	<u>\$ 398,059</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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. Total assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings	\$ 3,114
Equipment	33
Less: Accumulated depreciation	(1,707)
Total	<u>\$ 1,440</u>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.50-10.31%	<u>\$ 1,736</u>

Future minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2019	\$ 200	\$ 101
2020	207	95
2021	213	88
2022	221	81
2023	228	73
2024-2028	321	269
2029-2032	346	68
Total	<u>\$ 1,736</u>	<u>\$ 775</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Loans payable

Levee Ready Columbia Project Financing

In April 2016 the County entered into an interim financing agreement with the State of Oregon, through the Oregon Infrastructure Finance Authority (IFA) for financing the Multnomah County Levee Accreditation Evaluation for "Levee Ready Columbia (LRC)," a regional project. The financing will provide funding for Phase II of the project, engineering analysis on the levees along the Columbia River, which are maintained by the Sauvie Island Drainage Improvement Company (SIDIC), Multnomah County Drainage District No. 1 (MCDD) and Sandy Drainage Improvement Company (SDIC), with the goal of FEMA recertification and accreditation.

The County was named the borrower for the IFA Phase II funding which will enable the County to access a package of loans and grants from the IFA. The IFA determines whether disbursements will be drawn from the loan or grant funding available.

The County's obligations to make payments under the IFA financing contracts will be offset by revenues to be received by the County from the LRC project partners for over 95 percent of the amount borrowed. This will also provide one-time-only financing assistance to the Cities of Fairview and Troutdale in connection with their obligations to the LRC project, and pay a portion of expenses incurred by the LRC project for public outreach and facilitation.

Repayments begin 90 days after the project completion date or the project completion deadline of December 31, 2018, whichever is earlier. The maturity date is the sixth anniversary of the repayment commencement date. The final amount of the IFA loan draws is uncertain and not yet in repayment status; therefore, are excluded from the annual maturity schedule on the following page.

As of June 30, 2018, proceeds and obligations from the IFA are:

<u>Oregon Infrastructure Finance Authority</u>	<u>Interest Rates</u>	<u>Maximum Available</u>	<u>Reimbursement Draws Received / Obligation</u>	<u>Amount Available to Draw</u>
MCDD loan draws (A)	0.00%	\$ 1,000	\$ 1,000	\$ -
MCDD loan draws (B)	1.84%	1,518	26	1,492
Total MCDD loan draws		2,518	1,026	1,492
SDIC loan draws (A)	0.00%	500	433	67
SDIC loan draws (B)	1.84%	450	-	450
Total SDIC loan draws		950	433	517
Total IFA contract No. X16001		3,468	1,459	2,009
SIDIC loan draws (C-1)	0.00%	\$ 191	\$ 40	\$ 151
SIDIC loan draws (C-2)	1.84%	142	-	142
Total SIDIC loan draws - IFA contract No. J16002 subtotals		\$ 333	\$ 40	\$ 293
Totals - all contracts		\$ 3,801	\$ 1,499	\$ 2,302

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Transportation Improvements Financing

In fiscal year 2009 the County entered into a loan agreement with the Oregon Department of Transportation's Financial Services (ODOT) for the purpose of making capital improvements to the County's transportation system. The loan was re-amortized in fiscal year 2017, reducing the principal balance owed by \$93. The total outstanding under this agreement was \$1,967 at June 30, 2018. The ODOT loan obligations outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.98%	<u>\$ 1,967</u>

Annual debt service requirements to maturity (excluding the IFA loans of \$1,499 not yet in repayment status) for long-term loans outstanding at year-end are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 214	\$ 78
2020	222	70
2021	231	61
2022	240	52
2023	250	42
2024-2026	810	65
Total	<u>\$ 1,967</u>	<u>\$ 368</u>

The obligation for the IFA reimbursement draws received of \$1,499 are reported as noncurrent in the *Statement of Net Position* along with the long-term portion of loans payable to ODOT of \$1,753, which totals to \$3,252 for noncurrent liabilities.

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.

The calculation for pollution remediation obligation usually is an estimate determined by management using the expected cash flow technique and applying probabilities to the pollution remediation activities. Estimates of pollution remediation obligations are subject to changes resulting from price increases and decreases, changes in technology as well as changes in applicable laws and regulations; any recoveries would reduce the liability.

The County continues to monitor a former landfill, where low amounts of methane gas have been detected in prior years. Liabilities for monitoring and cleanup of a former landfill site have been satisfied and it has been established that no clean up action is required at this time. The County does not have a pollution remediation liability for fiscal year 2018.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2018, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments & Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Full faith and credit bonds	\$ 234,348	\$ 164,110	\$ 32,675	\$ 365,783	\$ 39,750
Unamortized premiums-bonds	18,172	16,716	2,612	32,276	2,611
Total bonds	252,520	180,826	35,287	398,059	42,361
Capital leases	2,016	-	280	1,736	200
Loans payable	3,289	382	205	3,466	214
Long-term debt before other long-term liabilities	257,825	181,208	35,772	403,261	42,775
Compensated absences	30,368	34,124	33,416	31,076	30,847
Governmental activities - long-term liabilities	<u>\$ 288,193</u>	<u>\$ 215,332</u>	<u>\$ 69,188</u>	<u>\$ 434,337</u>	<u>\$ 73,622</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, 2018, \$5,590 of the Higher Education Variable Rate Demand Revenue Bonds remained 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 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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

<u>Obligor (Health Care Facility), Debt Issue, Terms</u>	<u>Issue Date</u>	<u>Original Amount</u>	<u>Balance at June 30, 2018</u>
Adventist Health System/West, Revenue Bonds, Series 2009A, due September 1, 2021 and September 1, 2040	9/15/2009	\$ 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	12/23/2010	14,460	12,180
Terwilliger Plaza, Revenue and Refunding Bonds, Series 2012, due serially through December 1, 2029	1/1/2012	18,245	14,220
Odd Fellows Home-Friendship Health Center, Variable Rate Demand Revenue Refunding Bonds, Series 2013, due serially through September 15, 2020	7/12/2013	7,280	6,345
Holladay Park Plaza, Revenue Bonds, Series 2013, due serially through December 1, 2043	10/31/2013	14,138	10,038
Parkview Christian Retirement Community Project, Variable Rate Revenue Refunding Bonds, Series 2013, due serially through November 1, 2034	12/12/2013	7,315	6,355
Pacific Mirabella (at South Waterfront Project), Variable Rate Demand Revenue Refunding Bonds, Series 2014A, due serially through October 1, 2049	9/30/2014	93,380	90,500
Terwilliger Plaza Inc., Revenue Refunding Bonds, Series 2016, due serially through December 1, 2036	6/15/2016	13,625	12,975
		<u>\$ 234,978</u>	<u>\$ 219,148</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, 2018, were as follows:

Fund balances	General Fund	Federal and State Program Fund	Downtown Courthouse Capital Fund	Other Govern- mental Funds	Total Govern- mental Funds
Nonspendable:					
Inventories	\$ 298	\$ -	\$ -	\$ 138	\$ 436
Prepaid items	297	57	-	805	1,159
Restricted:					
Capital projects, buildings	-	-	87,453	19,078	106,531
Capital projects, information technology	-	-	-	23,928	23,928
Community support programs	5,203	6,847	-	5,171	17,221
Debt service	-	-	-	150	150
Document storage and retrieval	186	-	-	-	186
Library operations	-	-	-	26,522	26,522
Road, bridge and bike path improvements	-	-	-	11,511	11,511
Committed:					
Capital projects, buildings	-	-	-	36,381	36,381
Capital projects, information technology	-	-	-	2,639	2,639
Community support programs	-	-	-	149	149
Debt service	-	-	-	52,284	52,284
Road, bridge and bike path improvements	-	-	-	2,419	2,419
Assigned:					
Capital equipment acquisition	-	-	-	111	111
Capital projects, buildings	-	-	-	3,000	3,000
Community support programs	-	-	-	478	478
Library operations	-	-	-	6,966	6,966
Road, bridge and bike path improvements	-	-	-	6,002	6,002
Unassigned	70,569	(2)	-	-	70,567
Total fund balances	<u>\$ 76,553</u>	<u>\$ 6,902</u>	<u>\$ 87,453</u>	<u>\$ 197,732</u>	<u>\$ 368,640</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Note IV. Other information

A. Risk management

The County is exposed to various risks of loss related to torts and property damage including; theft of, damage to, and destruction of assets, assertion of negligence, employee injury or illness, errors and omissions, and natural disasters. The County self-insures to \$1,000 and purchases excess insurance for large and catastrophic losses above the self-insurance for general liability, auto liability, medical malpractice, and workers' compensation liability. By self-insuring in areas that are fiscally cost effective, the County realizes savings by not paying overhead or profit margins that are built into insurance premium costs.

The County purchases a large deductible policy for property loss and specific policies for specialty coverage to cover losses where insurance is afforded. Motor vehicle property loss insurance coverage is only offered with a large deductible that historically, the majority of our loss costs did not reach. The decision to self-fund anticipated motor vehicle property losses occurred this fiscal year.

The County established risk management programs for liabilities and first party losses 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, loss prevention efforts, and administrative costs. These interfund premiums are used to offset the amount of claims expenditures reported in the risk management fund. As of June 30, 2018, 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 (IBNR). 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. Annually, the County submits workers' compensation fund liabilities to the State as per ORS 436-050-0185; surety bond exemption requirements for counties.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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

Changes in Claims Liabilities	Fiscal Year Ended June 30, 2018	Fiscal Year Ended June 30, 2017
Unpaid claims, beginning of fiscal year	\$ 11,089	\$ 10,295
Incurred claims (including IBNRs)	36,685	30,226
Actuarial adjustment	(2,691)	(2,788)
Claim payments	(31,192)	(26,644)
Unpaid claims, end of fiscal year	<u>\$ 13,891</u>	<u>\$ 11,089</u>

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 that were entered into prior to June 30, 2018.

Construction Commitments	Fiscal Year Ended June 30, 2018	Financing Sources
Buildings	\$ 267,928	State of Oregon reimbursements, long-term debt, intergovernmental agreements, internal service charges, grant funding, General Fund
Bridges	29,899	State motor vehicle fees, vehicle fuel taxes, grant funding, and internal loan proceeds
Technology	24,438	Internal service charges, General Fund, limited debt proceeds from long-term debt
Roads	21,233	State motor vehicle fees, vehicle fuel taxes, land development activity, grant funding, Oregon Department of Transportation loan agreement
Total	<u>\$ 343,498</u>	

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Labor agreements

There are eleven labor agreements between the County and its employees, three of which expired on June 30, 2018. A tentative agreement has been reached with the Oregon Nurses Association and the Board of County Commissioners has ratified the agreement for the Multnomah County Deputy Sheriff's Association. A successor agreement for the Juvenile Custody Services Specialists is still in table negotiations.

Contracts may be viewed online at: <https://multco.us/employee-labor-relations/labor-contracts>.

	<u>Effective Dates</u>
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, 2017 - June 30, 2020
Federation of Oregon Parole and Probation Officers (FOPPO)	July 1, 2017 - June 30, 2020
Multnomah County Prosecuting Attorneys Association	July 1, 2017 - June 30, 2021
International Union of Operating Engineers - Local 701, AFL-CIO	July 1, 2017 - June 30, 2022
Multnomah County Corrections Deputy Association (MCCDA)	July 1, 2017 - June 30, 2022
International Union of Painters and Allied Trades	
District Council 5, Local 1094, AFL-CIO	July 1, 2016 - June 30, 2021
Multnomah County Employees Union, Physicians Unit -	
Local 88-4, AFSCME AFL-CIO	July 1, 2016 - June 30, 2020
International Brotherhood of Electrical Workers (IBEW) - Local 48, AFL-CIO	July 1, 2016 - June 30, 2021
Multnomah County Employees Union, Juvenile Custody Services Specialists	
Unit (JCSS), Local 88, AFSCME AFL-CIO	July 1, 2015 - June 30, 2018

C. Postemployment benefits other than pensions

The other postemployment benefits (OPEB) for the County combines two separate plans. The County makes contributions to the State of Oregon's Public Employees Retirement System (OPERS) Retirement Health Insurance Account, and provides the Multnomah County Postretirement Medical and Life Insurance Plan (County Plan).

State of Oregon Public Employees Retirement System - Retirement Health Insurance Account

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-employer defined other postemployment benefit (OPEB) plan administered by OPERS. 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. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to OPERS, PO Box 23700, Tigard, OR 97281-3700, online: <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx> or by telephone (503) 598-7377.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Plan Benefits:

Funding policy. Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may only be amended by the Oregon Legislature. ORS requires that an amount equal to \$60 (dollars) or the total monthly cost of Medicare companion health insurance coverage, whichever is less, shall be paid from the RHIA established by the employers; and any monthly cost in excess of \$60 (dollars) shall be paid by the eligible retired member in the manner provided in ORS 238.410.

To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from OPERS, or was insured at the time the member died and the member retired before May 1, 1991.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.50 percent of annual covered payroll for Tier One and Two employees, and 0.43 percent for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate. The rate is based on the annual required contribution (ARC) of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years.

Contributions. The County's contractually required contribution rate for the year ended June 30, 2018 was 0.45 percent of the covered payroll, actuarially determined as an amount that is expected to finance the costs of the benefits earned by employees during the year. Employees are not required to contribute to the RHIA plan. Contributions by the County to the RHIA plan equaled the required contributions each year and were:

Fiscal Year Ended June 30,	RHIA Contributions
2016	\$ 1,606
2017	1,678
2018	1,641

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

RHIA OPEB Asset, Expense, Deferred Outflows (Inflows) of Resources

At June 30, 2018, the County reported an asset of \$1,397 for its proportionate share of the collective net RHIA OPEB asset. The collective net RHIA OPEB asset was measured as of June 30, 2017 and the total RHIA OPEB asset used to calculate the collective net RHIA OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the collective net RHIA OPEB asset was based on a projection of the County's long-term share of contributions to the RHIA OPEB plan relative to the projected contributions of all participating counties, actuarially determined. The County's proportion was 3.347 percent, which was an decrease of .069 percent from its proportion measured as of June 30, 2017.

For the year ended June 30, 2018, the County recognized RHIA OPEB expense of \$3,305. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows (Inflows) of Resources
Net difference between projected and actual earnings on investments	\$ -	\$ (647)	\$ (647)
Changes in proportionate share	-	(14)	(14)
Total (prior to post-measurement date contributions)	-	(661)	(661)
Contributions made subsequent to measurement date	1,641	-	1,641
Net deferred outflows / (inflows) of resources	<u>\$ 1,641</u>	<u>\$ (661)</u>	<u>\$ 980</u>

Deferred outflows of resources of \$1,641 were reported related to RHIA OPEB contributions subsequent to the measurement date and will be recognized as a reduction of the collective net RHIA OPEB asset in the year ended June 30, 2018. Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in RHIA OPEB expense in subsequent years as follows:

Fiscal Year Ending June 30,	Net Difference between Projected and Actual Earnings on Investments	Changes in Proportionate Share	Net Deferred Outflows / (Inflows) of Resources
2019	\$ (162)	\$ (5)	\$ (167)
2020	(162)	(5)	(167)
2021	(162)	(4)	(165)
2022	(161)	-	(162)
2023	-	-	-
Total	<u>\$ (647)</u>	<u>\$ (14)</u>	<u>\$ (661)</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Actuarial methods and assumptions used in developing total RHIA OPEB asset

The total RHIA OPEB asset based on the December 31, 2015 valuation was determined using the following actuarial methods and assumptions:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, Published September 2015
Actuarial assumptions:	
Inflation rate	2.5 percent
Long-term expected rate of return	7.5 percent
Discount rate	7.5 percent
Projected salary increases	3.5 percent
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25% / 0.15%) in accordance with Moro decision, blend based on service
Healthcare cost trend rate	Not applicable
Mortality	<i>Health retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active Members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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.

Discount Rate

The discount rate used to measure the total RHIA OPEB asset was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from County will be made at contractually required rates, actuarially determined. Based on this assumption, the RHIA OPEB plan's fiduciary net position was projected to be available to make all projected RHIA OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on RHIA OPEB plan investments was applied to all periods of projected benefit payments to determine the total RHIA OPEB asset.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Sensitivity analysis of the County's proportionate share of the net RHIA OPEB asset to changes in the discount rate

The following presents the County's proportionate share of the net RHIA OPEB asset calculated using the discount rate of 7.5 percent, as well as what the County's proportionate share of the net RHIA OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
County's proportionate share of the net OPEB asset	\$ 195	\$ (1,397)	\$ (2,751)

Long-term expected rate of return

The long-term expected rate of return on RHIA OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of RHIA OPEB plan investment expense and inflation) are developed for each major asset class. Those ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the Asset Class table which can be found in Note IV.D. *Employee retirement systems, pension plans and deferred compensation plan*, Long-term expected rate of return section.

Multnomah County Postretirement Retiree Medical and Life Insurance Plan

Plan description. The County also administers a single-employer defined benefit healthcare and life insurance plan (the Plan) per the requirements of collective bargaining agreements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. 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. Retirees must have five years of continuous County service immediately preceding retirement at or after age 58, or ten years of continuous County service immediately preceding retirement prior to age 58. The Plan does not issue a publicly available financial report.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Plan Benefits:

Funding policy. A trust fund has not been established to hold resources for the payment of benefits for the net OPEB obligation. Contribution requirements are negotiated between the County and union representatives. The Plan offers retirees a health benefit equal to half of their monthly premium; 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 are two percent of annual covered payroll to fund the Plan.

At June 30, 2018, there were 702 retirees enrolled in the OPEB medical benefit and 844 enrolled in dental. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2018, the County contributed \$6,928 to the Plan, of which \$2,601 was explicitly contributed as part of the contractual obligation described above; the remaining \$4,327 represents the implicit subsidy derived from active employee contributions.

Actuarial methods and assumptions used in developing total OPEB liability

The total OPEB liability based on the January 1, 2017 valuation was determined using the following actuarial methods and assumptions:

Valuation date	January 1, 2017
Measurement date	January 1, 2018
Actuarial assumptions:	
Discount rate:	
As of January 1, 2017	3.78 percent
As of January 1, 2018	3.44 percent
	(Bond Buyer 20-Bond GO Index as of December 29, 2016 and December 28, 2017)
Healthcare cost trend rates 2017 to 2018:	
Kaiser Claim / premium	4.62 percent
Kaiser 50% subsidy	5.09 percent
Kaiser 100% subsidy	4.62 percent
PPO Claim / premium	12.67 percent
PPO 50% subsidy	13.50 percent
PPO 100% subsidy	13.50 percent
Medicare rate	6.25 percent
Payroll growth rate	3.50 percent per year
Salary merit increase rates	Rates used in 2014 OPERS experience study
Mortality	Rates used in 2014 OPERS experience study

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

The actuarial valuation 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 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.

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 healthcare cost trends. 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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members), which includes the types of benefits provided at the time of each valuation and the 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 AAL and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the January 1, 2017 actuarial valuation, the entry age normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits of each individual is allocated on a level basis over the earnings or service of the individual between date of hire and assumed retirement date.

Changes since the last valuation

The discount rate was changed to match the yield on a 20-year general obligation bond.

Per-person health care cost trends from 2017 to 2018 were updated due to a new law passed early in 2017, delaying the effective date of the Cadillac tax from 2018 to 2022. The projected value of the medical benefits provided to employees and retirees also reflects updated premium information.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Changes in total OPEB liability

The table below shows the changes in the total OPEB liability during the measurement period ending on January 1, 2018.

<u>Changes in Total OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at January 1, 2017	\$ 116,510
Changes for the year:	
Service cost at January 1, 2017	6,815
Interest	4,420
Changes of benefits	-
Differences between expected and actual experience	832
Changes of assumptions	2,889
Benefit payments:	
Explicit subsidy	(2,470)
Implicit subsidy	(3,523)
Net changes	8,963
Balance at January 1, 2018	\$ 125,473

During the measurement year, the total OPEB liability increased by \$8,963. The service cost and interest cost increased the total OPEB liability by \$11,235 while benefit payments reduced the total OPEB liability by \$5,993.

There were no changes in benefits during the measurement year. There were changes in assumptions during the measurement year, which included a reduction in the discount rate and a change in the assumed excise tax which increased the total OPEB liability by \$2,889. There was a liability loss during the year due to actual health trend rates, which increased the total OPEB liability by \$832.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Sensitivity analysis of the County's Plan for total OPEB liability to changes in the discount rate

Changes in the discount rate affect the measurement of the total OPEB liability. Lower discount rates produce a higher total OPEB liability and higher discount rates produce a lower total OPEB liability. The table below shows the sensitivity of the total OPEB liability to the discount rate.

	1% Decrease 2.44%	Current Discount Rate 3.44%	1% Increase 4.44%
Total OPEB liability	\$ 134,342	\$ 125,473	\$ 117,160

A one percent decrease in the discount rate increases the total OPEB liability by approximately 7.1 percent and a one percent increase in the discount rate decreases the total OPEB liability by approximately 6.6 percent.

Sensitivity analysis of the County's Plan for total OPEB liability to changes in the healthcare trends

Changes in the healthcare trends also affect the measurement of the total OPEB liability. Lower healthcare trends produce a lower total OPEB liability and higher healthcare trends produce a higher total OPEB liability. The table below shows the sensitivity of the total OPEB liability to the health care trends.

	1% Decrease	Healthcare Trend	1% Increase
Total OPEB liability	\$ 112,429	\$ 125,473	\$ 140,689

A one percent decrease in the healthcare trends decreases the total OPEB liability by approximately 1.4 percent and a one percent increase in the healthcare trends increases the total OPEB liability by approximately 12.1 percent.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

OPEB Deferred inflows and outflows of resources

The table below summarized the current balances of deferred outflows (there were no deferred inflows) of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter, if any.

<u>Schedule of Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Differences between expected and actual experience	\$ 713
Changes in assumptions	2,476
Subtotal	\$ 3,189
Contributions subsequent to the measurement date:	
Explicit subsidy	1,357
Implicit subsidy	1,752
Administrative expenses	94
Total contributions subsequent to measurement date	\$ 3,203
Total deferred outflows of resources	<u>6,392</u>

Amounts reported as deferred outflows due to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Future Recognition of OPEB Expense</u>
2019	\$ 532
2020	532
2021	532
2022	532
2023	532
Thereafter	529
	<u>\$ 3,189</u>

The impacts of experience gains or losses and assumption changes on the total OPEB liability are recognized in expense over the average expected remaining service life of all active and inactive members of the Plan. As of the measurement date, this recognition period was seven years.

During the year, actual experience differed from assumed experience (including a change in the assumed excise tax) increasing the total OPEB liability by \$832. \$118 is recognized in the current year and an identical amount will be recognized in each of the next six years, resulting in a deferred outflow of resources of \$713.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

In addition, the reduction in the discount rate increased the total OPEB liability by \$2,889. \$413 is recognized in the current year and an identical amount will be recognized in each of the next six years, resulting in a deferred outflow of resources of approximately \$2,476.

For the year ended June 30, 2018, the County recognized a total OPEB expense of \$2,322. The aggregate balance of the County's net OPEB liability, deferred outflows, deferred inflows, and expense related to other postemployment benefits for the County Plan and OPERS RHIA as of June 30, 2018 is as follows:

	County Plan	OPERS RHIA	Totals
Governmental activities:			
Restatement impact on Net Position - GASB No. 75	\$ 21,144	\$ (913)	\$ 20,231
Net OPEB asset / (liability)	(123,467)	1,375	(122,092)
Deferred outflows	6,290	1,615	7,905
Deferred inflows	-	(650)	(650)
Expense related to OPEB	5,536	(3,252)	2,284
Total governmental activities	<u>(90,497)</u>	<u>(1,825)</u>	<u>(92,322)</u>
Business-type activities:			
Restatement impact on Net Position - GASB No. 75	(1,814)	(14)	(1,828)
Net OPEB asset / (liability)	(2,006)	22	(1,984)
Deferred outflows	102	26	128
Deferred inflows	-	(11)	(11)
Expense related to OPEB	90	(52)	38
Total business-type activities	<u>(3,628)</u>	<u>(29)</u>	<u>(3,657)</u>
Totals:			
Restatement impact on Net Position - GASB No. 75	19,330	(927)	18,403
Net OPEB asset / (liability)	(125,473)	1,397	(124,076)
Deferred outflows	6,392	1,641	8,033
Deferred inflows	-	(661)	(661)
Expense related to OPEB	5,626	(3,304)	2,322
Totals	<u>\$ (94,125)</u>	<u>\$ (1,854)</u>	<u>\$ (95,979)</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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

State of Oregon Public Employees Retirement System

Plan description. 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 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/index.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, pursuant to legal (or statutory) requirements. 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 Benefits

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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.

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 adjustments (COLA). Under current law, the cap on COLA is 2 percent, blended based on service, and graded (1.25 percent/0.5 percent) in accordance with the Moro decision.

Contributions

OPERS funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary.

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 \$19,566 of the employees' contribution for the year ended June 30, 2018.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

The County's employer contribution rates for the year ended June 30, 2018 were 19.55 percent for Tier One/Tier Two members, 11.29 percent for OPSRP General Service members, and 16.06 percent for OPSRP Police and Fire members. The County's total contributions were \$47,320, excluding the IAP 6 percent "pick-up".

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.

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 adjustments (COLA). Under current law, the cap on COLA is 2 percent, blended based on service, and graded (1.25 percent/0.5 percent) in accordance with the Moro decision.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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

At June 30, 2018, the County reported a liability of \$470,736 for its proportionate share of the OPERS net pension liability. The net pension asset/liability was measured as of June 30, 2017, using the actuarial valuation of December 31, 2015. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the June 30, 2017 measurement date, the County's proportion was 3.492 percent.

For the year ended June 30, 2018, the County recognized a total pension expense of \$104,363. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 22,765	\$ -
Changes of assumptions	85,807	-
Net difference between projected and actual earnings on investments	4,850	-
Changes in proportionate share	1,613	4,498
Differences between employer contributions and proportionate share of contributions	24,837	5,353
Total (prior to post-measurement date (MD) contributions)	139,872	9,851
Contributions subsequent to the MD	75,244	-
Total	<u>\$ 215,116</u>	<u>\$ 9,851</u>

Deferred outflows of resources of \$75,244 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, 2019. 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 and a reduction of the net pension liability/collective net pension liability in subsequent years as follows:

Deferred Outflows		Deferred Inflows	
Fiscal Year		Fiscal Year	
Ending June 30,	Amortization Amount	Ending June 30,	Amortization Amount
2019	\$ 28,928	2019	\$ (3,699)
2020	67,113	2020	(3,476)
2021	47,104	2021	(2,026)
2022	(5,577)	2022	(571)
2023	2,304	2023	(79)
Total	<u>\$ 139,872</u>	Total	<u>\$ (9,851)</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Actuarial methods and assumptions used in developing total pension liability

The total pension liability based on the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2015
Measurement date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial assumptions:	
Inflation rate	2.50 percent (reduced from 2.75 percent)
Long-Term Expected Rate of Return	7.50 percent (reduced from 7.75 percent)
Discount rate	7.50 percent (reduced from 7.75 percent)
Projected salary increases	3.50 percent (reduced from 3.75 percent)
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage of (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

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 2014 Experience Study, which reviewed experience for the four-year period ended on December 31, 2014.

Discount rate

The discount rate used to measure the total pension liability of the Plan was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the 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 Plan investments 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, 2018
(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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
County's proportionate share of the net pension liability (asset)	\$ 802,220	\$ 470,736	\$ 193,554

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 following table 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. Each asset class assumption was based on a consistent set of underlying assumptions, and includes an 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. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below:

Asset Class	Target Allocation	Annual Return (Geometric)
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.38%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.31%	6.69%
Micro Cap US Equities	1.31%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Market Equities	4.13%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equity	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds – Diversified	2.50%	4.09%
Hedge Fund – Event-driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Assumed Inflation - Mean		2.50%

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, 2018 was \$962 for the amount associated with the final year-end payroll and is included in the net pension 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 when 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.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

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, 2018, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$425,613. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

E. Tax abatements

Multnomah County tax abatements

As of June 30, 2018, the County provides tax abatements through one program, a Strategic Key Investment Program.

Strategic Key Investment Program (ORS 307.123)

The Strategic Key Investment Program (SIP) provides property tax abatements to encourage additional investment and employment within the State by capital-intensive firms, particularly those in the semiconductor industry. While the program was established by Oregon State Statute (ORS 307.123), its implementation occurs at the County level.

A partial property tax abatement is allowed for up to 15 years on eligible projects if the real market value of the new investment is equal to or exceeds \$100 million (\$25 million in rural areas). The assessed value of the property below this threshold in the first year is subject to taxes; the remainder, in excess of the threshold, is abated. The abatement threshold then increases three percent a year during the abatement period. The new investment must benefit a traded-sector industry, which is one that sells goods or services in markets with national or international competition, including but not limited to manufacturing.

Once an SIP contract is in place, the applicant will report annually on how it is meeting each of the terms and conditions of the contract. Consistent with State law, a Community Service Fee (CSF) equal to the lesser of \$2 million or 25 percent of the abated taxes will be paid to the County by the firm receiving an SIP tax abatement or its successors each year an abatement is in effect.

The County's SIP policy contains a repayment clause which states that in the event of noncompliance, repayment of abated taxes (i.e. penalties) must be equal to or greater than the savings the company would realize by not meeting the requirement. In the event of noncompliance, specific terms for repayment would be negotiated for each standard and condition and included in the SIP contract. In any case, total repayment for noncompliance would not exceed 75 percent of the total abatement for the year the penalty is cited.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Tax abatements granted by other governments

Seven tax abatement programs administered by outside municipalities impact the County's property tax revenues.

Low Income Rental Housing Program (ORS 307.540 to 307.548)

The State of Oregon's Low Income Rental Housing program (LIRH) provides property tax abatements to encourage nonprofit organizations to help fill the need for low-income housing. The LIRH program allows a city or county to abate property taxes for low-income rental housing owned or being purchased by a nonprofit corporation. The property must be in use as housing or must be held for that purpose. Qualifying nonprofit corporations must be exempt from federal income tax [Section 501(c)(3) or (4) of the Internal Revenue Code] and upon liquidation distribute remaining assets to other tax-exempt charitable organizations or the State of Oregon. The nonprofit corporation must certify that the income level of each renter is at or below sixty percent of area median income, which is determined by the State Housing Council based on information from the U.S. Department of Housing and Urban Development. In addition, the nonprofit corporation must describe how the abatement will benefit project residents. This program will sunset as of June 30, 2027 (ORS 307.541).

Enterprise Zone Programs (ORS 285C.050-.255)

The State of Oregon's Enterprise Zone Programs (EZ) allow for property tax abatements on qualified real and personal property owned or leased and newly placed into service by a qualified business in an enterprise zone. Property taxes on qualified property are abated for three years; however, the abatement period may be increased to a total of four or five consecutive years.

In order to qualify for the abatement, the business must meet all of the conditions outlined in ORS 285C.135 and 285C.200, such as engaging in eligible business operations and increasing zone employment by the greater of one additional job or 10 percent. In order to be eligible, property of the business must satisfy applicable timing, lease, location and minimal cost requirements, described in ORS 285C.180. Property is disqualified if it is used for an ineligible activity, such as retail operations, or if the business substantially curtails operations or closes during the abatement period. If property becomes disqualified, prior abated taxes are billed for payment.

New Housing Homebuyer Opportunity Limited Tax Exemption (ORS 307.651 to ORS307.687)

The City of Portland, Oregon's Homebuyer Opportunity Limited Tax Exemption (HOLTE) program abates the real property taxes billed on the residential improvement value for a 10-year period, while the land remains taxable. At the end of the 10-year abatement period, the taxes due will reflect the full assessed value of the property. Homes approved for the HOLTE program must sell for less than the annually established price cap to homebuyers who will live in the homes and meet program income requirements. There is a 100-unit cap on the number of new applications approved each year, although the cap does not apply to applications for properties including long-term affordability covenants.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Core Area Multi-Unit & Transit Oriented Development-GR/PDX (ORS 307.600 to 307.637)

This State of Oregon's Core Area Multi-Unit program (CAMU) provides property tax abatements to stimulate the construction of rental housing in the core areas of Oregon's urban centers to improve the balance between the residential and commercial nature of those areas. The CAMU program also encourages city programs emphasizing the development of vacant or underused sites in the core areas with rental rates accessible to a broad range of the general public. The CAMU program provides property tax abatements for multiple family rental housing (excluding land) in core, light rail station, and transit oriented areas for up to ten successive years. The abatement does not include the land or any improvements not part of the multiple unit housing, but may include parking constructed as part of the multiple unit housing construction, addition or conversion. In the case of a structure to which improvements are added or the structure is converted, only the addition or conversion value is abated. Construction is to be completed by January 1, 2022, but an extension is possible. This program will sunset as of January 1, 2022 (ORS 307.612).

Residential Rehabilitation Property (ORS 308.450 to 308.481)

The Residential Rehabilitation Housing Program (RRH) encourages the rehabilitation of existing units in substandard condition and the conversion of transient accommodations to permanent residential units. The RRH program also supports the conversion of nonresidential structures to permanent residential units in order to make these units sound additions to the housing stock of the state.

A city or county may abate property taxes on any value that is attributed to the rehabilitation of housing or conversion of buildings for housing (single or multifamily) for 10 years. If the housing is at least 25 years old at the time of application, it may qualify if it has undergone rehabilitation during or after September 13, 1975, and before January 1, 2017. The rehabilitation must have cost at least five percent of the assessed value of the property before rehabilitation. Regardless of the age of the housing, it may qualify if it has undergone rehabilitations (after October 3, 1989 and before January 1, 2017) that cost at least 50 percent of the assessed value of the property before rehabilitation.

In addition, the property must satisfy these four conditions:

- Before rehabilitation, fail to comply with one or more standards of applicable building or housing codes
- Be residential units of which at least 50 percent are for non-transient occupants
- If owner-occupied, be in a distressed area as designated by the city or county
- Be approved for abatement by the city or county.

A property's value is frozen at its value before rehabilitation for 10 years. However, if the owners of the property enter into in a low-income rental assistance contract with a government agency during this time, and if the contract expires after the ten-year period, the property value remains frozen through the term of the contract. Generally, only city or county taxes on qualified property are abated. However, if districts representing at least 51 percent of the taxes on the property pass resolutions supporting the abatement, then the abatement applies to the taxes of all districts.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Historic Property (ORS 358.505)

The Historic Property Program allows qualified historic property to be specially assessed at a frozen value for 10 years. The specially assessed value is the assessed value at the time of application for abatement. The assessed value cannot exceed the assessed value at the time of application; increased value from improvements or inflation is exempt for 10 years. Applications for special assessment must be approved by the State Historical Preservation Officer. Applicants must pay a fee and file a plan for proposed rehabilitation and maintenance. Property may not be classified and specially assessed if the application is filed after June 30, 2020.

Property is dropped from this special assessment at the end of the 10-year period, but can qualify for a second 10-year period if reapplication is approved and the local government (city, or county if not located in a city) does not prohibit it (by resolution). Approval of reapplication requires plans for significant investment in seismic upgrades, energy conservation, or disability access. Following the second 10-year period, the property can no longer qualify.

If, during the course of a special assessment term, the historic property is disqualified, either at the owner's request or from failure to meet the requirements, the tax savings from having a frozen value must be repaid. The additional tax and interest is equal to the sum of the tax benefit received for each year of special assessment as historic property. In addition, a penalty of 15 percent of the back taxes and interest owed is levied upon the disqualified property owner. However, if the property is destroyed or substantially altered by acts of nature or other events for which the owner is not responsible, or transferred to a tax-exempt owner, or transferred to a new owner who expressly assents to and continues to implement the preservation plan in effect, no additional tax or penalty is charged.

Senate Bill 192, passed in 2009, made several changes to the historic property tax special assessment program including:

- Special assessment period reduced from 15 years to 10
- As part of a submitted preservation plan, applicants must commit to expending ten percent of the property's real market value (at time of first year's special assessment) within the first five years of special assessment
- Property owners must now submit progress reports concerning the original preservation plan to the State Historic Preservation Officer in the third, sixth, and ninth years of special assessment
- The application fee was reduced from one-third of one percent of real market value to one-tenth of one percent of the assessed value of the property at time of application
- Qualifying properties no longer have to be open to public sight-seeing at least one day per year
- Restricted tax benefits for converting historic property to condominium use

Riparian Habitat Land (ORS 308A.350 to 308A.383)

The State of Oregon Riparian Habitat Land program specifies that property taxation for property designated as riparian land by the State Department of Fish and Wildlife is abated. Designated riparian land must be privately-owned streambeds, and the land under adjacent vegetation influenced by the proximity to water, but which does not extend more than 100 feet from the stream bank.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

The following types of designated riparian land qualify for the abatement:

- Lands located outside urban growth boundaries (UGB) and zoned as forest or agricultural (including range land) in compliance with statewide planning goals.
- Lands that were outside a UGB and zoned as forest or agricultural (including range land) as of July 1, 1997, but are no longer outside a UGB or so zoned, qualify. The landowner must apply for riparian designation within five years of the change.
- Lands within city and urban growth boundaries may qualify if the city and county authorize the abatement (ORS 308A.360).

The Department of Fish and Wildlife can designate land as riparian habitat land if the owner has developed and implemented a plan for continued protection of the land using approved rehabilitation techniques. The department cannot approve more than 200 miles (increased from 100 miles in 1997) of private stream bank in any one county per year.

The abatement continues until withdrawn by the owner or use is incompatible with riparian use. Upon withdrawal or disqualification, an additional tax equal to the sum of the tax benefit for each year abated (up to five years) is due.

The abatement value is based on farm use assessed value as the alternative to riparian abatement. When land is specially assessed as farm, forest, or open space before riparian designation, any additional tax for a change in designation to riparian is abated.

For the fiscal year ended June 30, 2018, Multnomah County abated property taxes totaling \$7,849 under these programs:

<u>Tax Abatement Programs</u>	<u>Taxes Abated Fiscal Year Ended June 30, 2018</u>
Multnomah County tax abatements:	
Strategic Key Investment Program	\$ 179
Tax abatements granted by other governments:	
Low Income Rental Housing Program	2,179
Enterprise Loan Programs	2,592
New Housing Homebuyer Opportunity Limited Tax Exemptions	489
Core Area Multi-Unit and Transit Oriented Development	488
Historic Property (2 Term, 10 Year, and 15 Year)	1,921
Riparian Habitat Land	1
Total property taxes abated	<u>\$ 7,849</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

F. Subsequent events

Sale of Multnomah County Courthouse

On April 19, 2018, the Board of County Commissioners adopted Resolution 2018-005, declaring surplus and approving the sale of the Multnomah County Courthouse, located at 1021 SW 4th Avenue. On September 20, 2018, the County entered into an Agreement of Purchase and Sale for the courthouse. Closing shall take place thirty (30) days after the expiration of the Due Diligence Period. As of June 30, 2018, the County recorded the book value of Multnomah County Courthouse at \$114,743.

State of Oregon Public Employees Retirement System

Changes made subsequent to the measurement date. Effective January 1, 2018 the assumed investment rate of return and interest crediting to both regular and variable account balances was reduced to 7.2 percent.

REQUIRED SUPPLEMENTARY INFORMATION

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MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

I. Postemployment benefits other than pensions:

State of Oregon Public Employees Retirement System - Retirement Health Insurance Account:

Schedule of Proportionate Share of Net OPEB - RHIA (Asset) Liability
Other Post Employment Benefits
Last Two Fiscal Years*

Year Ended June 30,	(a) County's Proportion of the Net OPEB Liability (Asset)	(b) County's Proportionate Share of the Net OPEB Liability (Asset)	(c) County's Covered Payroll**	(b/c) County's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2018	3.34736%	\$ (1,397)	\$ 352,909	-0.40%	80.53%
2017	3.41600%	928	335,282	0.28%	91.88%

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.*

***As of the measurement date, which is one year in arrears.*

Schedule of OPEB - RHIA Contributions
Other Post Employment Benefits
Last Two Fiscal Years*

Year Ended June 30,	(a) Statutorily Required Contributions	(b) Contributions in Relation to the Statutorily Required Contribution	(a-b) Contribution Deficiency (Excess)	(c) County's Covered Payroll	(b/c) Contributions as a Percent of Covered Payroll
2018	\$ 1,641	\$ 1,641	\$ -	\$ 362,524	0.45%
2017	1,678	1,678	-	352,909	0.48%

**This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.*

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Multnomah County Postretirement Medical and Life Insurance Plan:

**Schedule of Changes
in Total OPEB Liability and Related Ratios**

<u>Total OPEB Liability</u>	<u>2018</u>
Service Cost	\$ 6,815
Interest	4,419
Changes of benefit terms	-
Differences between expected and actual experience	831
Changes of assumptions	2,889
Benefit payments	(5,993)
Net Change in total OPEB liability	\$ 8,961
 Total OPEB liability - beginning	 116,510
Total OPEB liability - ending	<u>\$ 125,473</u>
 Covered-employee payroll	 \$ 356,084
Total OPEB liability as a percentage of covered employee payroll	35.24%

Notes to the Schedule:

Changes in assumptions. There were a number of changes in the demographic and economic actuarial assumptions. Some of these assumption changes have significantly affected the liability of the plan but in an offsetting manner. Key items to note regarding actuarial assumptions include:

Overall healthcare cost increases were higher than assumed in the prior valuation, resulting in an actuarial loss.

Assumed healthcare reform excise tax increased from the prior projection to reflect recent plan experience and up-to-date legislation. The increase in assumed excise tax has the effect of increasing the liability.

Where applicable, demographic assumptions are based on the actuarial valuation assumptions of OPERS and OPSRP retirement plans. The latest OPERS and OPSRP valuation report available is as of December 31, 2016. Many assumptions changed from the previous valuation including the rates of retirement, termination, disability, salary scale, and mortality.

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

II . Employee retirement systems, pension plan:

State of Oregon Public Employees Retirement System:

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

Year Ended June 30,	(a) County's Proportion of the Net Pension Liability (Asset)	(b) County's Proportionate Share of the Net Pension Liability (Asset)	(c) County's Covered Payroll**	(b/c) County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of it's Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2018	3.49%	\$ 470,736	\$ 312,572	150.60%	86.09%
2017	3.51%	526,781	304,993	172.72%	80.53%
2016	3.59%	206,128	303,774	67.86%	91.88%
2015	3.42%	(77,474)	284,960	(27.19)%	103.59%
2014	3.42%	174,421	268,327	65.00%	91.97%

**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.*

***As of the measurement date, which is one year in arrears.*

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

Year Ended June 30,	(a) Statutorily Required Contributions	(b) Contributions in Relation to the Statutorily Required	(a-b) Contribution Deficiency (Excess)	(c) County's Covered Payroll	(b/c) Contributions as a Percent of Covered Payroll
2018	\$ 75,244	\$ 75,244	\$ -	\$ 355,893	21.14%
2017	62,962	62,962	-	312,572	20.14%
2016	36,661	36,661	-	304,993	12.02%
2015	29,772	29,772	-	303,774	9.80%
2014	28,158	28,158	-	284,960	9.88%

**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, 2018
(dollar amounts expressed in thousands)

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

State of Oregon Public Employees Retirement System:

Changes in assumptions

A summary of key changes implemented since the December 31, 2014 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 Oregon Public Employees Retirement System for the System, which was published on September 23, 2015, and can be found at:

<http://www.oregon.gov/PERS/Documents/Financials/Actuarial/2015/Experience-Study.pdf>

Changes in Actuarial Methods and Allocation Procedures

Allocation of liability for service segments - For purposes of allocating Tier One/Tier Two member's actuarial accrued liability among multiple employers, the valuation uses a weighted average of the Money Match methodology and the Full Formula methodology used by Oregon Public Employees Retirement System (OPERS) when the member retires. The weights are determined based on the prevalence of each formula among the current Tier One/Tier Two population. For the December 31, 2012 and December 31, 2013 valuations, the Money Match was weighted 30 percent for General Service members and five percent for Police & Fire members. For the December 31, 2014 and December 31, 2015 valuations, this weighting has been adjusted to 25 percent for General Service members and zero percent for Police and Fire members, based on a projection of the proportion of liability attributable to Money Match benefits at those valuation dates.

Changes in economic assumptions

Inflation - The inflation rate was lowered to 2.5 percent based on a combination of historical and market data and expert forecasts.

Payroll growth - The payroll growth, which is the sum of inflation and real wage growth, was reduced from 3.75 percent to 3.5 percent.

Investment Return and Interest Crediting - The assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.5 percent. Previously, the assumed investment return and interest crediting to both regular and variable account balances was 7.75 percent.

Tier One/Tier Two Administrative Expenses - Recently implemented GASB statements No. 67 and 68 necessitated an explicit Tier One/Tier Two administrative expense assumption. The administrative expense for December 31, 2015 is \$33 million per year.

Healthcare Cost Inflation - The healthcare cost inflation for the maximum RHIPA subsidy was updated based on analysis performed by Milliman'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.

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Changes in Demographic Assumptions

Healthy 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 static tables to the RP2000 generational 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.

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 45 to 38 percent. The RHIPA participation rate was changed from uniform rate of 13 percent to a service-based table of rates.

Changes subsequent to the measurement date:

Investment Return and Interest Crediting - Effective January 1, 2018 the assumed investment return and interest crediting to both regular and variable account balances was reduced to 7.2 percent.

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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 Bond Sinking Fund

Capital Projects Funds

- Downtown Courthouse Capital Fund (Major)*
- Asset Replacement Revolving Fund
- Financed Projects Fund
- Library Capital Construction Fund
- Capital Improvement Fund
- Information Technology Capital Fund
- Asset Preservation Fund
- Health Headquarters Capital Fund
- Sellwood Bridge Replacement Fund
- Hansen Building Replacement Fund
- Enterprise Resource Planning Project Fund
- Library District Capital Fund

* Major funds are reported in Fund Financial Statements

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2018
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ 16,722	\$ 52,284	\$ 47,443	\$ 116,449
Receivables:				
Taxes	2,745	-	-	2,745
Accounts, net	790	-	128	918
Loans	-	-	375	375
Inventories	110	-	28	138
Prepays and deposits	687	-	118	805
Restricted:				
Cash and investments	24,039	150	73,577	97,766
Receivables:				
Taxes	4,405	-	-	4,405
Accounts, net	9,387	-	5,835	15,222
Total assets	<u>\$ 58,885</u>	<u>\$ 52,434</u>	<u>\$ 127,504</u>	<u>\$ 238,823</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ 6,116	\$ -	\$ 2,519	\$ 8,635
Payroll payable	909	-	25	934
Unearned revenue	-	-	375	375
Liabilities payable from restricted assets:				
Accounts payable	12,483	-	13,560	26,043
Payroll payable	280	-	-	280
Internal loans payable	3,000	-	-	3,000
Unearned revenue	50	-	-	50
Total liabilities	<u>22,838</u>	<u>-</u>	<u>16,479</u>	<u>39,317</u>
DEFERRED INFLOWS OF RESOURCES				
Unrestricted:				
Resources not yet available:				
Property taxes	114	-	-	114
Restricted:				
Resources not yet available:				
Property taxes	1,660	-	-	1,660
Total deferred inflows of resources	<u>1,774</u>	<u>-</u>	<u>-</u>	<u>1,774</u>
FUND BALANCES				
Nonspendable	797	-	146	943
Restricted	20,358	150	65,852	86,360
Committed	149	52,284	41,439	93,872
Assigned	12,969	-	3,588	16,557
Total fund balances	<u>34,273</u>	<u>52,434</u>	<u>111,025</u>	<u>197,732</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 58,885</u>	<u>\$ 52,434</u>	<u>\$ 127,504</u>	<u>\$ 238,823</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
REVENUES				
Taxes	\$ 130,766	\$ -	\$ -	\$ 130,766
Intergovernmental	60,263	300	3,658	64,221
Licenses and permits	4,614	-	11,906	16,520
Charges for services	6,333	1,194	755	8,282
Interest	856	1,205	1,350	3,411
Non-governmental grants	1,827	-	-	1,827
Service reimbursements	293	41,560	10,442	52,295
Miscellaneous	136	-	142	278
Total revenues	<u>205,088</u>	<u>44,259</u>	<u>28,253</u>	<u>277,600</u>
EXPENDITURES				
Current:				
General government	-	25,002	17,479	42,481
Health services	-	-	611	611
Public safety and justice	7,035	-	-	7,035
Community services	47,913	-	6,558	54,471
Library services	69,039	-	1,169	70,208
Roads and bridges	51,978	-	16,617	68,595
Capital outlay	23,757	-	46,080	69,837
Debt service:				
Principal	-	32,880	-	32,880
Interest	-	12,425	1	12,426
Total expenditures	<u>199,722</u>	<u>70,307</u>	<u>88,515</u>	<u>358,544</u>
Revenues over (under) expenditures	<u>5,366</u>	<u>(26,048)</u>	<u>(60,262)</u>	<u>(80,944)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	77,631	8,069	20,855	106,555
Transfers out	(88,587)	(133)	-	(88,720)
Issuance of new debt	-	-	80,925	80,925
Premium on bonds issued	-	-	9,483	9,483
Total other financing sources (uses)	<u>(10,956)</u>	<u>7,936</u>	<u>111,263</u>	<u>108,243</u>
Net change in fund balances	(5,590)	(18,112)	51,001	27,299
Fund balances - beginning	<u>39,863</u>	<u>70,546</u>	<u>60,024</u>	<u>170,433</u>
Fund balances - ending	<u>\$ 34,273</u>	<u>\$ 52,434</u>	<u>\$ 111,025</u>	<u>\$ 197,732</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, 2018
(amounts expressed in thousands)

	<u>Road</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>
ASSETS				
Unrestricted:				
Cash and investments	\$ 4,607	\$ -	\$ -	\$ -
Receivables:				
Taxes	-	-	-	-
Accounts, net	261	-	-	-
Inventories	110	-	-	-
Prepays and deposits	61	-	-	-
Restricted:				
Cash and investments	4,498	253	31	-
Receivables:				
Taxes	1,169	-	-	-
Accounts, net	6,002	-	-	-
Total assets	<u>\$ 16,708</u>	<u>\$ 253</u>	<u>\$ 31</u>	<u>\$ -</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Payroll payable	-	-	-	-
Liabilities payable from restricted assets:				
Accounts payable	11,483	-	31	-
Payroll payable	136	-	-	-
Internal loans payable	-	-	-	-
Unearned revenue	50	-	-	-
Total liabilities	<u>11,669</u>	<u>-</u>	<u>31</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unrestricted:				
Resources not yet available:				
Property taxes	-	-	-	-
Restricted:				
Resources not yet available:				
Property taxes	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable	171	-	-	-
Restricted	-	253	-	-
Committed	-	-	-	-
Assigned	4,868	-	-	-
Total fund balances	<u>5,039</u>	<u>253</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 16,708</u>	<u>\$ 253</u>	<u>\$ 31</u>	<u>\$ -</u>

Animal Control	Willamette River Bridges	Library	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations
\$ -	\$ 657	\$ 3,160	\$ 2,177	\$ -	\$ 195	\$ 144
-	-	705	2,040	-	-	-
20	-	8	-	-	-	390
-	-	-	-	-	-	-
-	27	599	-	-	-	-
633	1,822	-	-	2,860	-	278
-	-	-	-	5	-	1
12	2,046	-	-	3	-	63
<u>\$ 665</u>	<u>\$ 4,552</u>	<u>\$ 4,472</u>	<u>\$ 4,217</u>	<u>\$ 2,868</u>	<u>\$ 195</u>	<u>\$ 876</u>

\$ -	\$ -	\$ 1,808	\$ 4,180	\$ -	\$ 80	\$ 48
-	-	878	-	-	3	28
5	773	-	-	28	-	88
2	95	-	-	19	-	26
-	3,000	-	-	-	-	-
-	-	-	-	-	-	-
<u>7</u>	<u>3,868</u>	<u>2,686</u>	<u>4,180</u>	<u>47</u>	<u>83</u>	<u>190</u>

-	-	114	-	-	-	-
-	-	-	-	-	-	-
-	-	114	-	-	-	-

-	27	599	-	-	-	-
638	-	-	-	2,821	-	228
-	-	-	37	-	112	-
20	657	1,073	-	-	-	458
<u>658</u>	<u>684</u>	<u>1,672</u>	<u>37</u>	<u>2,821</u>	<u>112</u>	<u>686</u>
<u>\$ 665</u>	<u>\$ 4,552</u>	<u>\$ 4,472</u>	<u>\$ 4,217</u>	<u>\$ 2,868</u>	<u>\$ 195</u>	<u>\$ 876</u>

(Continued)

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2018
(amounts expressed in thousands)

	Oregon Historical Society Levy	Video Lottery	Library District	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ -	\$ -	\$ 5,782	\$ 16,722
Receivables:				
Taxes	-	-	-	2,745
Accounts, net	-	-	111	790
Inventories	-	-	-	110
Prepays and deposits	-	-	-	687
Restricted:				
Cash and investments	-	235	13,429	24,039
Receivables:				
Taxes	129	-	3,101	4,405
Accounts, net	-	1,261	-	9,387
Total assets	<u>\$ 129</u>	<u>\$ 1,496</u>	<u>\$ 22,423</u>	<u>\$ 58,885</u>
LIABILITIES				
Liabilities payable from unrestricted assets:				
Accounts payable	\$ -	\$ -	\$ -	\$ 6,116
Payroll payable	-	-	-	909
Liabilities payable from restricted assets:				
Accounts payable	-	75	-	12,483
Payroll payable	-	2	-	280
Internal loans payable	-	-	-	3,000
Unearned revenue	-	-	-	50
Total liabilities	<u>-</u>	<u>77</u>	<u>-</u>	<u>22,838</u>
DEFERRED INFLOWS OF RESOURCES				
Unrestricted:				
Resources not yet available:				
Property taxes	-	-	-	114
Restricted:				
Resources not yet available:				
Property taxes	64	-	1,596	1,660
Total deferred inflows of resources	<u>64</u>	<u>-</u>	<u>1,596</u>	<u>1,774</u>
FUND BALANCES				
Nonspendable	-	-	-	797
Restricted	65	1,419	14,934	20,358
Committed	-	-	-	149
Assigned	-	-	5,893	12,969
Total fund balances	<u>65</u>	<u>1,419</u>	<u>20,827</u>	<u>34,273</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 129</u>	<u>\$ 1,496</u>	<u>\$ 22,423</u>	<u>\$ 58,885</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, 2018
(amounts expressed in thousands)

	<u>Road</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>
REVENUES				
Taxes	\$ 7,099	\$ -	\$ 32	\$ 43
Intergovernmental	41,864	91	-	12
Licenses and permits	95	-	-	-
Charges for services	9	-	-	-
Interest	207	2	-	-
Non-governmental grants	-	-	-	-
Service reimbursements	-	-	-	-
Miscellaneous	80	-	-	-
Total revenues	<u>49,354</u>	<u>93</u>	<u>32</u>	<u>55</u>
EXPENDITURES				
Current:				
Public safety and justice	-	-	-	-
Community services	-	-	32	55
Library services	-	-	-	-
Roads and bridges	43,844	-	-	-
Capital outlay	6,920	-	-	-
Total expenditures	<u>50,764</u>	<u>-</u>	<u>32</u>	<u>55</u>
Revenues over (under) expenditures	<u>(1,410)</u>	<u>93</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	250	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>250</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,160)	93	-	-
Fund balances - beginning	<u>6,199</u>	<u>160</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 5,039</u></u>	<u><u>\$ 253</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
\$ -	\$ -	\$ 607	\$ 39,910	\$ -	\$ -	\$ -
-	13,041	-	-	-	-	15
1,885	3	-	-	-	-	2,527
38	65	-	-	1,252	1,091	2,957
5	-	13	18	39	-	9
193	-	-	-	-	-	-
-	-	35	-	-	-	258
-	28	-	-	-	-	19
2,121	13,137	655	39,928	1,291	1,091	5,785
-	-	-	-	-	1,046	5,989
133	-	-	39,929	-	-	-
-	-	69,038	-	-	-	-
-	6,745	-	-	1,389	-	-
-	8,934	7,809	-	52	-	42
133	15,679	76,847	39,929	1,441	1,046	6,031
1,988	(2,542)	(76,192)	(1)	(150)	45	(246)
-	-	77,381	-	-	-	-
(1,885)	(52)	-	-	-	-	-
(1,885)	(52)	77,381	-	-	-	-
103	(2,594)	1,189	(1)	(150)	45	(246)
555	3,278	483	38	2,971	67	932
\$ 658	\$ 684	\$ 1,672	\$ 37	\$ 2,821	\$ 112	\$ 686
(Continued)						

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Oregon Historical Society Levy	Video Lottery	Library District	Total
REVENUES				
Taxes	\$ 3,108	\$ -	\$ 79,967	\$ 130,766
Intergovernmental	-	5,089	151	60,263
Licenses and permits	-	-	104	4,614
Charges for services	-	-	921	6,333
Interest	2	8	553	856
Non-governmental grants	-	-	1,634	1,827
Service reimbursements	-	-	-	293
Miscellaneous	-	-	9	136
Total revenues	<u>3,110</u>	<u>5,097</u>	<u>83,339</u>	<u>205,088</u>
EXPENDITURES				
Current:				
Public safety and justice	-	-	-	7,035
Community services	3,058	4,706	-	47,913
Library services	-	-	1	69,039
Roads and bridges	-	-	-	51,978
Capital outlay	-	-	-	23,757
Total expenditures	<u>3,058</u>	<u>4,706</u>	<u>1</u>	<u>199,722</u>
Revenues over (under) expenditures	<u>52</u>	<u>391</u>	<u>83,338</u>	<u>5,366</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	77,631
Transfers out	-	-	(86,650)	(88,587)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(86,650)</u>	<u>(10,956)</u>
Net change in fund balances	52	391	(3,312)	(5,590)
Fund balances - beginning	<u>13</u>	<u>1,028</u>	<u>24,139</u>	<u>39,863</u>
Fund balances - ending	<u>\$ 65</u>	<u>\$ 1,419</u>	<u>\$ 20,827</u>	<u>\$ 34,273</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 7,050	\$ 7,050	\$ 7,099	\$ 49
Intergovernmental	46,802	46,802	41,863	(4,939)
Licenses and permits	70	70	95	25
Charges for services	128	128	9	(119)
Interest	110	110	207	97
Service reimbursements	232	232	-	(232)
Miscellaneous	22	22	80	58
Total revenues	54,414	54,414	49,353	(5,061)
EXPENDITURES				
Current:				
Community services	58,458	58,458	50,763	7,695
Total expenditures	58,458	58,458	50,763	7,695
Revenues over (under) expenditures	(4,044)	(4,044)	(1,410)	2,634
OTHER FINANCING SOURCES (USES)				
Transfers in	250	298	250	(48)
Total other financing sources (uses)	250	298	250	(48)
Net change in fund balances	(3,794)	(3,746)	(1,160)	2,586
Fund balances - beginning	3,794	3,746	6,199	2,453
Fund balances - ending	\$ -	\$ -	\$ 5,039	\$ 5,039

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 88	\$ 88	\$ 91	\$ 3
Interest	2	2	2	-
Total revenues	<u>90</u>	<u>90</u>	<u>93</u>	<u>3</u>
EXPENDITURES				
Current:				
Community services	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Total expenditures	<u>250</u>	<u>250</u>	<u>-</u>	<u>250</u>
Net change in fund balances	(160)	(160)	93	253
Fund balances - beginning	<u>160</u>	<u>160</u>	<u>160</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 253</u></u>	<u><u>\$ 253</u></u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 87	\$ 87	\$ 32	\$ (55)
Total revenues	87	87	32	(55)
EXPENDITURES				
Current:				
County management	87	87	32	55
Total expenditures	87	87	32	55
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
County School Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 60	\$ 60	\$ 43	\$ (17)
Intergovernmental	20	20	12	(8)
Total revenues	<u>80</u>	<u>80</u>	<u>55</u>	<u>(25)</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>80</u>	<u>80</u>	<u>55</u>	<u>25</u>
Total expenditures	<u>80</u>	<u>80</u>	<u>55</u>	<u>25</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Licenses and permits	\$ 2,110	\$ 2,110	\$ 1,885	\$ (225)
Charges for services	20	20	38	18
Interest	-	-	5	5
Non-governmental grants	123	123	193	70
Total revenues	2,253	2,253	2,121	(132)
EXPENDITURES				
Current:				
Community services	792	792	133	659
Contingency	86	86	-	86
Total expenditures	878	878	133	745
Revenues over (under) expenditures	1,375	1,375	1,988	613
OTHER FINANCING SOURCES (USES)				
Transfers out	(2,077)	(2,077)	(1,885)	192
Proceeds from sale of capital assets	150	150	-	(150)
Total other financing sources (uses)	(1,927)	(1,927)	(1,885)	42
Net change in fund balances	(552)	(552)	103	655
Fund balances - beginning	552	552	555	3
Fund balances - ending	\$ -	\$ -	\$ 658	\$ 658

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 13,041	\$ (959)
Licenses and permits	-	-	3	3
Charges for services	-	-	65	65
Service reimbursements	160	160	-	(160)
Miscellaneous	-	-	28	28
Total revenues	<u>14,160</u>	<u>14,160</u>	<u>13,137</u>	<u>(1,023)</u>
EXPENDITURES				
Current:				
Community services	18,154	18,154	15,679	2,475
Contingency	<u>1,000</u>	<u>1,000</u>	-	<u>1,000</u>
Total expenditures	<u>19,154</u>	<u>19,154</u>	<u>15,679</u>	<u>3,475</u>
Revenues over (under) expenditures	<u>(4,994)</u>	<u>(4,994)</u>	<u>(2,542)</u>	<u>2,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(52)</u>	<u>(52)</u>	<u>(52)</u>	-
Total other financing sources (uses)	<u>(52)</u>	<u>(52)</u>	<u>(52)</u>	-
Net change in fund balances	(5,046)	(5,046)	(2,594)	2,452
Fund balances - beginning	<u>6,590</u>	<u>6,590</u>	<u>6,278</u>	<u>(312)</u>
Fund balances - ending	<u>\$ 1,544</u>	<u>\$ 1,544</u>	<u>3,684</u>	<u>\$ 2,140</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>\$ 684</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ -	\$ -	\$ 607	\$ 607
Intergovernmental	80,064	80,141	77,381	(2,760)
Interest	-	-	13	13
Service reimbursements	35	35	35	-
Total revenues	<u>80,099</u>	<u>80,176</u>	<u>78,036</u>	<u>(2,140)</u>
EXPENDITURES				
Current:				
Library	<u>80,099</u>	<u>80,176</u>	<u>76,847</u>	<u>3,329</u>
Total expenditures	<u>80,099</u>	<u>80,176</u>	<u>76,847</u>	<u>3,329</u>
Net change in fund balances	-	-	1,189	1,189
Fund balances - beginning	-	-	483	483
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,672</u>	<u>\$ 1,672</u>
Reconciliation to GAAP Basis:				
Reimbursements from the Library District are reported as Transfers In on the GAAP Basis, rather than as Library District Expenditures				
Intergovernmental Revenues			(77,381)	
Transfers In			<u>77,381</u>	
Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds			<u>\$ 1,672</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 49,346	\$ 49,346	\$ 39,910	\$ (9,436)
Interest	8	8	18	10
Total revenues	<u>49,354</u>	<u>49,354</u>	<u>39,928</u>	<u>(9,426)</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>49,392</u>	<u>49,392</u>	<u>39,929</u>	<u>9,463</u>
Total expenditures	<u>49,392</u>	<u>49,392</u>	<u>39,929</u>	<u>9,463</u>
Net change in fund balances	(38)	(38)	(1)	37
Fund balances - beginning	<u>38</u>	<u>38</u>	<u>38</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37</u>	<u>\$ 37</u>

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 1,115	\$ 1,115	\$ 1,252	\$ 137
Interest	22	22	39	17
Service reimbursements	180	180	-	(180)
Total revenues	<u>1,317</u>	<u>1,317</u>	<u>1,291</u>	<u>(26)</u>
EXPENDITURES				
Current:				
Community services	<u>1,715</u>	<u>1,715</u>	<u>1,441</u>	<u>274</u>
Total expenditures	<u>1,715</u>	<u>1,715</u>	<u>1,441</u>	<u>274</u>
Net change in fund balances	(398)	(398)	(150)	248
Fund balances - beginning	<u>2,850</u>	<u>2,850</u>	<u>2,971</u>	<u>121</u>
Fund balances - ending	<u>\$ 2,452</u>	<u>\$ 2,452</u>	<u>\$ 2,821</u>	<u>\$ 369</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 980	\$ 980	\$ 1,091	\$ 111
Total revenues	980	980	1,091	111
EXPENDITURES				
Current:				
Sheriff	980	1,046	1,046	-
Total expenditures	980	1,046	1,046	-
Net change in fund balances	-	(66)	45	111
Fund balances - beginning	-	66	67	1
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112</u>	<u>\$ 112</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 35	\$ 35	\$ 15	\$ (20)
Licenses and permits	3,132	3,056	2,527	(529)
Charges for services	3,451	3,451	2,957	(494)
Interest	-	-	9	9
Service reimbursements	275	275	258	(17)
Miscellaneous	10	10	19	9
Total revenues	6,903	6,827	5,785	(1,042)
EXPENDITURES				
Current:				
Community justice	2,447	2,371	2,010	361
District attorney	11	11	-	11
Sheriff	5,115	5,115	4,021	1,094
Total expenditures	7,573	7,497	6,031	1,466
Net change in fund balances	(670)	(670)	(246)	424
Fund balances - beginning	670	670	932	262
Fund balances - ending	\$ -	\$ -	\$ 686	\$ 686

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 3,054	\$ 3,054	\$ 3,108	\$ 54
Interest	3	3	2	(1)
Total revenues	<u>3,057</u>	<u>3,057</u>	<u>3,110</u>	<u>53</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>3,073</u>	<u>3,073</u>	<u>3,058</u>	<u>15</u>
Total expenditures	<u>3,073</u>	<u>3,073</u>	<u>3,058</u>	<u>15</u>
Net change in fund balances	(16)	(16)	52	68
Fund balances - beginning	<u>16</u>	<u>16</u>	<u>13</u>	<u>(3)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Video Lottery Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 4,654	\$ 4,654	\$ 5,089	\$ 435
Interest	-	-	8	8
Total revenues	<u>4,654</u>	<u>4,654</u>	<u>5,097</u>	<u>443</u>
EXPENDITURES				
Current:				
Community justice	2,289	2,289	1,966	323
Community services	647	647	643	4
County management	184	184	166	18
Nondepartmental	1,931	1,931	1,931	-
Contingency	<u>465</u>	<u>465</u>	<u>-</u>	<u>465</u>
Total expenditures	<u>5,516</u>	<u>5,516</u>	<u>4,706</u>	<u>810</u>
Net change in fund balances	(862)	(862)	391	1,253
Fund balances - beginning	<u>862</u>	<u>862</u>	<u>1,028</u>	<u>166</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,419</u>	<u>\$ 1,419</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Library District Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Taxes	\$ 79,177	\$ 79,177	\$ 79,967	\$ 790
Intergovernmental	105	105	151	46
Licenses and permits	88	88	104	16
Charges for services	973	973	921	(52)
Interest	50	50	553	503
Non-governmental grants	1,700	1,777	1,634	(143)
Miscellaneous	-	-	9	9
Total revenues	82,093	82,170	83,339	1,169
EXPENDITURES				
Current:				
Library	80,064	80,141	77,394	2,747
Contingency	500	500	-	500
Total expenditures	80,564	80,641	77,394	3,247
Revenues over (under) expenditures	1,529	1,529	5,945	4,416
OTHER FINANCING SOURCES (USES)				
Transfers out	(9,269)	(9,269)	(9,257)	12
Total other financing sources (uses)	(9,269)	(9,269)	(9,257)	12
Net change in fund balances	(7,740)	(7,740)	(3,312)	4,428
Fund balances - beginning	15,658	15,658	24,139	8,481
Fund balances - ending	<u>\$ 7,918</u>	<u>\$ 7,918</u>	20,827	<u>\$ 12,909</u>
Reconciliation to GAAP Basis:				
Reimbursements from the Library District are reported as Transfers Out on the GAAP Basis, rather than as Intergovernmental Revenues				
Library District Expenditures			(77,381)	
Transfers Out			<u>77,381</u>	
Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds			<u>\$ 20,827</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:

- **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. This fund was closed during fiscal year 2018.
- **PERS 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.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2018
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond Sinking	PERS Bond Sinking	Total
ASSETS				
Unrestricted:				
Cash and investments	\$ 5,421	\$ -	\$ 46,863	\$ 52,284
Restricted:				
Cash and investments	150	-	-	150
Total assets	<u>\$ 5,571</u>	<u>\$ -</u>	<u>\$ 46,863</u>	<u>\$ 52,434</u>
FUND BALANCES				
Restricted	\$ 150	\$ -	\$ -	\$ 150
Committed	<u>5,421</u>	<u>-</u>	<u>46,863</u>	<u>52,284</u>
Total fund balances	<u>5,571</u>	<u>-</u>	<u>46,863</u>	<u>52,434</u>
Total liabilities and fund balances	<u>\$ 5,571</u>	<u>\$ -</u>	<u>\$ 46,863</u>	<u>\$ 52,434</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond Sinking	PERS Bond Sinking	Total
REVENUES				
Intergovernmental	\$ 300	\$ -	\$ -	\$ 300
Charges for services	1,194	-	-	1,194
Interest	-	-	1,205	1,205
Service reimbursements	18,041	-	23,519	41,560
Total revenues	<u>19,535</u>	<u>-</u>	<u>24,724</u>	<u>44,259</u>
EXPENDITURES				
Current:				
General government	1	-	25,001	25,002
Debt service:				
Principal	13,410	-	19,470	32,880
Interest	9,329	-	3,096	12,425
Total expenditures	<u>22,740</u>	<u>-</u>	<u>47,567</u>	<u>70,307</u>
Revenues over (under) expenditures	<u>(3,205)</u>	<u>-</u>	<u>(22,843)</u>	<u>(26,048)</u>
OTHER FINANCING SOURCES				
Transfers in	8,069	-	-	8,069
Transfers out	-	(133)	-	(133)
Total other financing sources	<u>8,069</u>	<u>(133)</u>	<u>-</u>	<u>7,936</u>
Net change in fund balances	<u>4,864</u>	<u>(133)</u>	<u>(22,843)</u>	<u>(18,112)</u>
Fund balances - beginning	<u>707</u>	<u>133</u>	<u>69,706</u>	<u>70,546</u>
Fund balances - ending	<u>\$ 5,571</u>	<u>\$ -</u>	<u>\$ 46,863</u>	<u>\$ 52,434</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 299	\$ 299	\$ 300	\$ 1
Charges for services	1,500	1,500	1,194	(306)
Interest	10	10	-	(10)
Service reimbursements	21,341	21,341	18,041	(3,300)
Total revenues	<u>23,150</u>	<u>23,150</u>	<u>19,535</u>	<u>(3,615)</u>
EXPENDITURES				
Current:				
Nondepartmental	<u>32,310</u>	<u>32,310</u>	<u>22,740</u>	<u>9,570</u>
Total expenditures	<u>32,310</u>	<u>32,310</u>	<u>22,740</u>	<u>9,570</u>
Revenues over (under) expenditures	<u>(9,160)</u>	<u>(9,160)</u>	<u>(3,205)</u>	<u>5,955</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>8,069</u>	<u>8,069</u>	<u>8,069</u>	<u>-</u>
Total other financing sources (uses)	<u>8,069</u>	<u>8,069</u>	<u>8,069</u>	<u>-</u>
Net change in fund balances	<u>(1,091)</u>	<u>(1,091)</u>	<u>4,864</u>	<u>5,955</u>
Fund balances - beginning	<u>1,104</u>	<u>1,104</u>	<u>707</u>	<u>(397)</u>
Fund balances - ending	<u>\$ 13</u>	<u>\$ 13</u>	<u>\$ 5,571</u>	<u>\$ 5,558</u>

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (125)	\$ (150)	\$ (133)	\$ 17
Total other financing sources (uses)	(125)	(150)	(133)	17
Net change in fund balances	(125)	(150)	(133)	17
Fund balances - beginning	125	150	133	(17)
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
PERS Bond Sinking Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ 590	\$ 590	\$ 1,205	\$ 615
Service reimbursements	22,441	22,441	23,519	1,078
Total revenues	23,031	23,031	24,724	1,693
EXPENDITURES				
Current:				
Nondepartmental	25,010	25,010	25,001	9
Debt service:				
Principal	19,470	19,470	19,470	-
Interest expense	3,096	3,096	3,096	-
Total expenditures	47,576	47,576	47,567	9
Net change in fund balances	(24,545)	(24,545)	(22,843)	1,702
Fund balances - beginning	69,400	69,400	69,706	306
Fund balances - ending	\$ 44,855	\$ 44,855	\$ 46,863	\$ 2,008

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

- **Downtown Courthouse Capital Fund** - accounts for the planning, land acquisition, and construction of a new County courthouse. Construction will be funded by a combination of County General Fund and debt issuance proceeds. (See Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds reported in Fund Financial Statements)

Nonmajor Funds

- **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.
- **Information Technology Capital Fund** - accounts for the expenditures for information technology capital projects. Resources are derived from transfers from the Information Technology Internal Service and General Funds.
- **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 Headquarters Capital 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, Prosper Portland, and issuance of debt.
- **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.
- **Hansen Building Replacement Fund** - accounts for planning, relocation, and construction of a new County Sheriff's Office operation facility. Resources are derived from debt issuance or other financing proceeds.
- **Enterprise Resource Planning Project Fund** - accounts for expenditures associated with the implementation of the new enterprise resource planning (ERP) system. Resources are derived from debt issuance and internal service reimbursements.
- **Library District Capital Fund** - accounts for revenues transferred from the Multnomah County Library District General Fund. Revenues are transferred according to financial policies adopted by the Multnomah County Library District Board. Expenditures are dedicated to Library District capital projects, as defined by the Library District adopted financial policies. Normal Library Operations will continue out of the Library Fund.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2018
(amounts expressed in thousands)

	Asset Replacement Revolving	Financed Projects	Library Capital Construction	Capital Improvement	Information Technology Capital
ASSETS					
Unrestricted:					
Cash and investments	\$ 111	\$ 3,673	\$ -	\$ 17,340	\$ 2,699
Receivables:					
Accounts, net	-	-	-	128	-
Loans	375	-	-	-	-
Inventories	-	-	-	28	-
Prepays and deposits	-	-	-	-	69
Restricted:					
Cash and investments	-	-	2,847	-	-
Receivables:					
Accounts, net	-	-	-	-	-
Total assets	<u>\$ 486</u>	<u>\$ 3,673</u>	<u>\$ 2,847</u>	<u>\$ 17,496</u>	<u>\$ 2,768</u>
LIABILITIES					
Liabilities payable from unrestricted assets:					
Accounts payable	\$ -	\$ 1,269	\$ -	\$ 675	\$ 60
Payroll payable	-	-	-	25	-
Unearned revenue	375	-	-	-	-
Liabilities payable from restricted assets:					
Accounts payable	-	-	86	-	-
Total liabilities	<u>375</u>	<u>1,269</u>	<u>86</u>	<u>700</u>	<u>60</u>
FUND BALANCES					
Nonspendable	-	-	-	28	69
Restricted	-	-	2,761	-	-
Committed	-	2,404	-	16,768	2,639
Assigned	111	-	-	-	-
Total fund balances	<u>111</u>	<u>2,404</u>	<u>2,761</u>	<u>16,796</u>	<u>2,708</u>
Total liabilities and fund balances	<u>\$ 486</u>	<u>\$ 3,673</u>	<u>\$ 2,847</u>	<u>\$ 17,496</u>	<u>\$ 2,768</u>

Asset Preservation	Health Headquarters Capital	Sellwood Bridge Replacement	Hansen Building Replacement	Enterprise Resource Planning Project	Library District Capital	Total
\$ 10,155	\$ 6,400	\$ 2,896	\$ 4,169	\$ -	\$ -	\$ 47,443
-	-	-	-	-	-	128
-	-	-	-	-	-	375
-	-	-	-	-	-	28
-	33	-	-	16	-	118
-	29,865	7,083	-	24,691	9,091	73,577
-	-	5,835	-	-	-	5,835
<u>\$ 10,155</u>	<u>\$ 36,298</u>	<u>\$ 15,814</u>	<u>\$ 4,169</u>	<u>\$ 24,707</u>	<u>\$ 9,091</u>	<u>\$ 127,504</u>
\$ 515	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,519
-	-	-	-	-	-	25
-	-	-	-	-	-	375
-	10,787	1,660	-	763	264	13,560
<u>515</u>	<u>10,787</u>	<u>1,660</u>	<u>-</u>	<u>763</u>	<u>264</u>	<u>16,479</u>
-	33	-	-	16	-	146
-	19,078	11,258	-	23,928	8,827	65,852
9,640	6,400	2,419	1,169	-	-	41,439
-	-	477	3,000	-	-	3,588
<u>9,640</u>	<u>25,511</u>	<u>14,154</u>	<u>4,169</u>	<u>23,944</u>	<u>8,827</u>	<u>111,025</u>
<u>\$ 10,155</u>	<u>\$ 36,298</u>	<u>\$ 15,814</u>	<u>\$ 4,169</u>	<u>\$ 24,707</u>	<u>\$ 9,091</u>	<u>\$ 127,504</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Asset Replacement Revolving	Financed Projects	Library Capital Construction	Capital Improvement	Information Technology Capital
REVENUES					
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-
Charges for services	-	-	-	145	-
Interest	1	49	34	169	33
Service reimbursements	-	-	1,356	4,902	-
Miscellaneous	-	-	-	7	-
Total revenues	<u>1</u>	<u>49</u>	<u>1,390</u>	<u>5,223</u>	<u>33</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Health services	-	-	-	-	-
Community services	-	371	-	2,442	656
Library services	-	-	715	-	-
Roads and bridges	-	-	-	-	-
Capital outlay	-	1,301	381	1,556	419
Interest expense	-	-	-	1	-
Total expenditures	<u>-</u>	<u>1,672</u>	<u>1,096</u>	<u>3,999</u>	<u>1,075</u>
Revenues over (under) expenditures	<u>1</u>	<u>(1,623)</u>	<u>294</u>	<u>1,224</u>	<u>(1,042)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	35	-	-	4,019	300
Issuance of new debt	-	-	-	4,965	-
Premium on bonds issued	-	-	-	565	-
Total other financing sources (uses)	<u>35</u>	<u>-</u>	<u>-</u>	<u>9,549</u>	<u>300</u>
Net change in fund balances	36	(1,623)	294	10,773	(742)
Fund balances - beginning	<u>75</u>	<u>4,027</u>	<u>2,467</u>	<u>6,023</u>	<u>3,450</u>
Fund balances - ending	<u>\$ 111</u>	<u>\$ 2,404</u>	<u>\$ 2,761</u>	<u>\$ 16,796</u>	<u>\$ 2,708</u>

Asset Preservation	Health Headquarters Capital	Sellwood Bridge Replacement	Hansen Building Replacement	Enterprise Resource Planning Project	Library District Capital	Total
\$ -	\$ -	\$ 3,658	\$ -	\$ -	\$ -	\$ 3,658
-	-	11,906	-	-	-	11,906
-	-	607	-	3	-	755
130	435	196	54	237	12	1,350
4,184	-	-	-	-	-	10,442
98	35	2	-	-	-	142
4,412	470	16,369	54	240	12	28,253
-	-	-	-	9,681	-	9,681
-	611	-	-	-	-	611
3,089	-	-	-	-	-	6,558
-	-	-	-	-	454	1,169
-	-	16,617	-	-	-	16,617
1,422	41,001	-	-	7,798	-	53,878
-	-	-	-	-	-	1
4,511	41,612	16,617	-	17,479	454	88,515
(99)	(41,142)	(248)	54	(17,239)	(442)	(60,262)
232	7,000	-	-	-	9,269	20,855
-	39,225	-	-	36,735	-	80,925
-	4,470	-	-	4,448	-	9,483
232	50,695	-	-	41,183	9,269	111,263
133	9,553	(248)	54	23,944	8,827	51,001
9,507	15,958	14,402	4,115	-	-	60,024
\$ 9,640	\$ 25,511	\$ 14,154	\$ 4,169	\$ 23,944	\$ 8,827	\$ 111,025

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Downtown Courthouse Capital Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 97,244	\$ 97,244	\$ 17,925	\$ (79,319)
Charges for services	-	-	5	5
Interest	-	-	1,025	1,025
Total revenues	97,244	97,244	18,955	(78,289)
EXPENDITURES				
Current:				
County assets	241,662	241,662	64,770	176,892
County management	90	90	6	84
Total expenditures	241,752	241,752	64,776	176,976
Revenues over (under) expenditures	(144,508)	(144,508)	(45,821)	98,687
OTHER FINANCING USES				
Transfers in	18,000	18,000	18,000	-
Issuance of debt	94,194	94,194	90,418	(3,776)
Total other financing uses	112,194	112,194	108,418	(3,776)
Net change in fund balances	(32,314)	(32,314)	62,597	94,911
Fund balances - beginning	32,314	32,314	24,856	(7,458)
Fund balances - ending	\$ -	\$ -	\$ 87,453	\$ 87,453

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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 1	\$ 1
Total revenues	-	-	1	1
EXPENDITURES				
Current:				
County assets	450	450	-	450
Total expenditures	450	450	-	450
Revenues over (under) expenditures	(450)	(450)	1	451
OTHER FINANCING SOURCES (USES)				
Transfers in	35	35	35	-
Total other financing sources (uses)	35	35	35	-
Net change in fund balances	(415)	(415)	36	451
Fund balances - beginning	415	415	75	(340)
Fund balances - ending	\$ -	\$ -	\$ 111	\$ 111

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Financed Projects Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 49	\$ 49
Total revenues	-	-	49	49
EXPENDITURES				
Current:				
County management	3,139	3,139	1,672	1,467
Total expenditures	3,139	3,139	1,672	1,467
Net change in fund balances	(3,139)	(3,139)	(1,623)	1,516
Fund balances - beginning	3,139	3,139	4,027	888
Fund balances - ending	\$ -	\$ -	\$ 2,404	\$ 2,404

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, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 34	\$ 34
Service reimbursements	<u>1,356</u>	<u>1,356</u>	<u>1,356</u>	<u>-</u>
Total revenues	<u>1,356</u>	<u>1,356</u>	<u>1,390</u>	<u>34</u>
EXPENDITURES				
Current:				
County assets	<u>3,729</u>	<u>3,729</u>	<u>1,096</u>	<u>2,633</u>
Total expenditures	<u>3,729</u>	<u>3,729</u>	<u>1,096</u>	<u>2,633</u>
Net change in fund balances	(2,373)	(2,373)	294	2,667
Fund balances - beginning	<u>2,373</u>	<u>2,373</u>	<u>2,467</u>	<u>94</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,761</u>	<u>\$ 2,761</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 1,734	\$ 1,734	\$ 145	\$ (1,589)
Interest	35	35	169	134
Service reimbursements	4,931	4,931	4,902	(29)
Miscellaneous	519	519	7	(512)
Total revenues	7,219	7,219	5,223	(1,996)
EXPENDITURES				
Current:				
County assets	23,170	23,170	3,999	19,171
Total expenditures	23,170	23,170	3,999	19,171
Revenues over (under) expenditures	(15,951)	(15,951)	1,224	17,175
OTHER FINANCING SOURCES (USES)				
Transfers in	4,019	4,019	4,019	-
Issuance of debt	5,250	5,250	5,530	280
Total other financing sources (uses)	9,269	9,269	9,549	280
Net change in fund balances	(6,682)	(6,682)	10,773	17,455
Fund balances - beginning	6,682	6,682	6,023	(659)
Fund balances - ending	\$ -	\$ -	\$ 16,796	\$ 16,796

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Capital Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 33	\$ 33
Total revenues	-	-	33	33
EXPENDITURES				
Current:				
County assets	4,147	4,147	1,075	3,072
Total expenditures	4,147	4,147	1,075	3,072
Revenues over (under) expenditures	(4,147)	(4,147)	(1,042)	3,105
OTHER FINANCING SOURCES (USES)				
Transfers in	300	300	300	-
Total other financing sources (uses)	300	300	300	-
Net change in fund balances	(3,847)	(3,847)	(742)	3,105
Fund balances - beginning	3,847	3,847	3,450	(397)
Fund balances - ending	\$ -	\$ -	\$ 2,708	\$ 2,708

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ 20	\$ 20	\$ 130	\$ 110
Service reimbursements	4,183	4,183	4,184	1
Miscellaneous	519	519	98	(421)
Total revenues	4,722	4,722	4,412	(310)
EXPENDITURES				
Current:				
County assets	15,851	15,851	4,511	11,340
Total expenditures	15,851	15,851	4,511	11,340
Revenues over (under) expenditures	(11,129)	(11,129)	(99)	11,030
OTHER FINANCING SOURCES (USES)				
Transfers in	232	232	232	-
Total other financing sources (uses)	232	232	232	-
Net change in fund balances	(10,897)	(10,897)	133	11,030
Fund balances - beginning	10,897	10,897	9,507	(1,390)
Fund balances - ending	\$ -	\$ -	\$ 9,640	\$ 9,640

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Health Headquarters Capital Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ 9,500	\$ 9,500	\$ -	\$ (9,500)
Interest	-	-	435	435
Miscellaneous	-	-	35	35
Total revenues	<u>9,500</u>	<u>9,500</u>	<u>470</u>	<u>(9,030)</u>
EXPENDITURES				
Current:				
County assets	78,649	78,649	41,604	37,045
County management	29	29	8	21
Total expenditures	<u>78,678</u>	<u>78,678</u>	<u>41,612</u>	<u>37,066</u>
Revenues over (under) expenditures	<u>(69,178)</u>	<u>(69,178)</u>	<u>(41,142)</u>	<u>28,036</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,000	7,000	7,000	-
Issuance of debt	44,802	44,802	43,695	(1,107)
Total other financing sources (uses)	<u>51,802</u>	<u>51,802</u>	<u>50,695</u>	<u>(1,107)</u>
Net change in fund balances	<u>(17,376)</u>	<u>(17,376)</u>	<u>9,553</u>	<u>26,929</u>
Fund balances - beginning	<u>17,376</u>	<u>17,376</u>	<u>15,958</u>	<u>(1,418)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,511</u>	<u>\$ 25,511</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sellwood Bridge Replacement
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 3,658	\$ 3,658
Licenses and permits	12,000	12,000	11,906	(94)
Charges for services	-	-	607	607
Interest	-	-	196	196
Miscellaneous	-	-	2	2
Total revenues	12,000	12,000	16,369	4,369
EXPENDITURES				
Current:				
Community services	28,341	28,341	16,617	11,724
Total expenditures	28,341	28,341	16,617	11,724
Net change in fund balances	(16,341)	(16,341)	(248)	16,093
Fund balances - beginning	16,341	16,341	14,402	(1,939)
Fund balances - ending	\$ -	\$ -	\$ 14,154	\$ 14,154

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Hansen Building Replacement Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 54	\$ 54
Total revenues	-	-	54	54
EXPENDITURES				
Current:				
County assets	3,364	3,364	-	3,364
Total expenditures	3,364	3,364	-	3,364
Net change in fund balances	(3,364)	(3,364)	54	3,418
Fund balances - beginning	3,364	3,364	4,115	751
Fund balances - ending	\$ -	\$ -	\$ 4,169	\$ 4,169

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Enterprise Resource Planning Project
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ -	\$ -	\$ 3	\$ 3
Interest	-	-	237	237
Total revenues	-	-	240	240
EXPENDITURES				
Current:				
County assets	41,300	41,300	17,479	23,821
Total expenditures	41,300	41,300	17,479	23,821
Revenues over (under) expenditures	(41,300)	(41,300)	(17,239)	24,061
OTHER FINANCING SOURCES (USES)				
Issuance of new debt	41,300	41,300	36,735	(4,565)
Premium on bonds issued	-	-	4,448	4,448
Total other financing sources (uses)	41,300	41,300	41,183	(117)
Net change in fund balances	-	-	23,944	23,944
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 23,944	\$ 23,944

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library District Capital
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Interest	\$ -	\$ -	\$ 12	\$ 12
Total revenues	-	-	12	12
EXPENDITURES				
Current:				
Library	9,269	9,269	442	8,827
Total expenditures	9,269	9,269	442	8,827
Revenues over (under) expenditures	(9,269)	(9,269)	(430)	8,839
OTHER FINANCING SOURCES (USES)				
Transfers in	9,269	9,269	9,257	(12)
Total other financing sources (uses)	9,269	9,269	9,257	(12)
Net change in fund balances	-	-	8,827	8,827
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 8,827	\$ 8,827

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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
- Fleet Asset Replacement 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 streetlights 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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Current assessments	\$ 708	\$ 708	\$ 711	\$ 3
Prior assessments	11	11	33	22
Charges for services	-	-	12	12
Licenses and permits	3	3	5	2
Interest	13	13	17	4
Total revenues	<u>735</u>	<u>735</u>	<u>778</u>	<u>43</u>
EXPENDITURES				
Current:				
Community services	892	892	887	5
Contingency	<u>50</u>	<u>50</u>	<u>-</u>	<u>50</u>
Total expenditures	<u>942</u>	<u>942</u>	<u>887</u>	<u>55</u>
Net change in fund balances	(207)	(207)	(109)	98
Fund balances - beginning	<u>1,066</u>	<u>1,066</u>	<u>940</u>	<u>(126)</u>
Fund balances - ending	<u><u>\$ 859</u></u>	<u><u>\$ 859</u></u>	<u>831</u>	<u><u>\$ (28)</u></u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			3,710	
Allowance for uncollectible accounts, assessments			(3)	
Assessment revenues that were not available to fund current expenditures and therefore were not reported in the budgetary basis schedule			<u>18</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u><u>\$ 4,556</u></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, 2018
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Variance</u>
REVENUES				
Current assessments	\$ 445	\$ 445	\$ 448	\$ 3
Prior assessments	5	5	18	13
Interest	2	2	6	4
Total revenues	<u>452</u>	<u>452</u>	<u>472</u>	<u>20</u>
EXPENDITURES				
Current:				
Community services	<u>385</u>	<u>385</u>	<u>313</u>	<u>72</u>
Total expenditures	<u>385</u>	<u>385</u>	<u>313</u>	<u>72</u>
Net change in fund balances	67	67	159	92
Fund balances - beginning	<u>285</u>	<u>285</u>	<u>260</u>	<u>(25)</u>
Fund balances - ending	<u>\$ 352</u>	<u>\$ 352</u>	<u>419</u>	<u>\$ 67</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			1,979	
Allowance for uncollectible accounts, assessments			(2)	
Assessment revenues that were not available to fund current expenditures and therefore were not reported in the budgetary basis schedule			<u>11</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 2,407</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Intergovernmental:				
Charges for services	\$ 35,322	\$ 35,322	\$ 37,169	\$ 1,847
Interest	-	-	101	101
Miscellaneous	-	-	37	37
Total revenues	<u>35,322</u>	<u>35,322</u>	<u>37,307</u>	<u>1,985</u>
EXPENDITURES				
Current:				
Health services	35,322	35,322	33,142	2,180
Human services	-	-	972	(972)
County assets	-	-	(972)	972
Total expenditures	<u>35,322</u>	<u>35,322</u>	<u>33,142</u>	<u>2,180</u>
Net change in fund balances	-	-	4,165	4,165
Fund balances - beginning	-	-	5,043	5,043
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>9,208</u>	<u>\$ 9,208</u>
Reconciliation to GAAP Basis:				
OPEB - County Plan				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(1,814)	
Deferred outflows - OPEB - County Plan			53	
Net OPEB liability - County Plan			(143)	
OPEB - RHIA				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(15)	
Deferred outflows - OPEB - RHIA			26	
Net OPEB asset - RHIA			37	
Deferred inflows - OPEB - RHIA			(11)	
Pension				
Deferred outflows - pension			3,501	
Net OPEB liability - pension			(7,661)	
Deferred inflows - pension			(160)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 3,021</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.
- **Fleet Asset Replacement Fund** -accounts for the County's replacement of motor vehicle fleet assets.
- **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, 2018
(amounts expressed in thousands)

	Government Activities - Internal Service Funds			
	Risk Management	Fleet Management	Fleet Asset Replacement	Information Technology
ASSETS				
Current assets:				
Cash and investments	\$ 75,202	\$ 788	\$ 4,578	\$ 8,808
Accounts receivable, net	2	1	28	112
Inventories	-	629	-	2
Prepaid items	412	-	-	3,160
Total current assets	75,616	1,418	4,606	12,082
Noncurrent assets:				
Internal loans receivable	3,000	-	-	-
Net OPEB Asset RHIA	18	3	-	63
Capital assets:				
Construction in progress	180	-	-	734
Other capital assets (net of accumulated depreciation)	4	3,945	1,709	11,399
Total noncurrent assets	3,202	3,948	1,709	12,196
Total assets	78,818	5,366	6,315	24,278
DEFERRED OUTFLOWS OF RESOURCES				
OPEB - County Plan	83	12	-	286
OPEB - RHIA	21	3	-	74
Pension plan	2,732	408	-	9,468
Total deferred outflows of resources	2,836	423	-	9,828
LIABILITIES				
Current liabilities:				
Accounts payable	3,919	372	-	2,048
Payroll payable	121	20	-	467
Unearned revenue	27	-	-	14
Compensated absences	362	70	-	1,413
Total current liabilities	4,429	462	-	3,942
Noncurrent liabilities:				
Compensated absences	-	4	-	224
Claims and judgments payable	13,891	-	-	-
Other accrued payables	-	-	-	-
Net OPEB liability - County Plan	1,621	237	-	5,620
Net pension liability	5,978	894	-	20,719
Total noncurrent liabilities	21,490	1,135	-	26,563
Total liabilities	25,919	1,597	-	30,505
DEFERRED INFLOWS OF RESOURCES				
OPEB - RHIA	9	1	-	30
Pension plan	125	19	-	434
Total deferred inflows of resources	134	20	-	464
NET POSITION				
Net investment in capital assets	184	3,945	1,709	12,133
Unrestricted	55,417	227	4,606	(8,996)
Total net position	\$ 55,601	\$ 4,172	\$ 6,315	\$ 3,137

Government Activities - Internal Service Funds		
Mail Distribution	Facilities Management	Total Internal Service Funds
\$ 858	\$ 7,567	\$ 97,801
-	444	587
71	423	1,125
2	48	3,622
931	8,482	103,135
-	-	3,000
2	28	114
-	59	973
15	109	17,181
17	196	21,268
948	8,678	124,403
11	129	521
3	33	134
374	4,258	17,240
388	4,420	17,895
39	4,249	10,627
16	220	844
-	-	41
42	554	2,441
97	5,023	13,953
-	-	228
-	-	13,891
-	410	410
216	2,527	10,221
817	9,318	37,726
1,033	12,255	62,476
1,130	17,278	76,429
1	13	54
17	195	790
18	208	844
15	168	18,154
173	(4,556)	46,871
\$ 188	\$ (4,388)	\$ 65,025

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Government Activities - Internal Service Funds			
	Risk Management	Fleet Management	Fleet Asset Replacement	Information Technology
OPERATING REVENUES				
Charges for services	\$ 104,243	\$ 4,878	\$ 1,677	\$ 53,920
Insurance premiums	9,768	-	-	-
Miscellaneous	977	42	-	5
Total revenues	<u>114,988</u>	<u>4,920</u>	<u>1,677</u>	<u>53,925</u>
OPERATING EXPENSES				
Cost of sales and services	113,729	4,352	-	44,654
Administration	1,268	291	-	3,012
Depreciation and amortization	7	1,629	167	2,372
Total operating expenses	<u>115,004</u>	<u>6,272</u>	<u>167</u>	<u>50,038</u>
Operating income (loss)	<u>(16)</u>	<u>(1,352)</u>	<u>1,510</u>	<u>3,887</u>
NONOPERATING REVENUES (EXPENSES)				
Interest revenue	936	37	37	86
Gain (loss) on disposal of capital assets	-	67	-	(1,167)
Total nonoperating revenues	<u>936</u>	<u>104</u>	<u>37</u>	<u>(1,081)</u>
Income (loss) before contributions and transfers	920	(1,248)	1,547	2,806
Transfers in	16	-	4,768	-
Transfers out	-	(5,018)	-	-
Capital contributions in	1	-	-	2,906
Change in net position	<u>937</u>	<u>(6,266)</u>	<u>6,315</u>	<u>5,712</u>
Total net position - beginning, previously reported	56,141	10,654	-	2,548
Restatement - net impact of adoption of GASB No. 75 (see Note IV.C.)	<u>(1,477)</u>	<u>(216)</u>	<u>-</u>	<u>(5,123)</u>
Total net position - beginning, restated	<u>54,664</u>	<u>10,438</u>	<u>-</u>	<u>(2,575)</u>
Total net position - ending	<u>\$ 55,601</u>	<u>\$ 4,172</u>	<u>\$ 6,315</u>	<u>\$ 3,137</u>

Government Activities - Internal Service Funds		
Mail Distribution	Facilities Management	Total Internal Service Funds
\$ 2,546	\$ 38,868	\$ 206,132
-	-	9,768
-	53	1,077
<u>2,546</u>	<u>38,921</u>	<u>216,977</u>
2,602	35,820	201,157
178	1,716	6,465
19	27	4,221
<u>2,799</u>	<u>37,563</u>	<u>211,843</u>
<u>(253)</u>	<u>1,358</u>	<u>5,134</u>
11	53	1,160
-	-	(1,100)
<u>11</u>	<u>53</u>	<u>60</u>
(242)	1,411	5,194
-	200	4,984
-	(431)	(5,449)
-	-	2,907
<u>(242)</u>	<u>1,180</u>	<u>7,636</u>
627	(3,264)	66,706
<u>(197)</u>	<u>(2,304)</u>	<u>(9,317)</u>
430	(5,568)	57,389
<u>\$ 188</u>	<u>\$ (4,388)</u>	<u>\$ 65,025</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

	Risk Management	Fleet Management	Fleet Asset Replacement	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 10,874	\$ 127	\$ (28)	\$ 256
Receipts for interfund services provided	104,114	4,874	1,678	53,606
Payments to suppliers	(99,472)	(2,663)	-	(15,346)
Payments to employees	(8,727)	(1,188)	-	(24,748)
Receipts for interfund services used	(1,113)	(1,011)	-	(7,136)
Net cash provided by (used for) operating activities	<u>5,676</u>	<u>139</u>	<u>1,650</u>	<u>6,632</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	18	-	4,768	-
Transfers out	-	(5,018)	-	-
Net cash provided by (used for) noncapital and related financing activities	<u>18</u>	<u>(5,018)</u>	<u>4,768</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(180)	(257)	(1,876)	(2,572)
Proceeds from sales of capital assets	-	88	-	-
Net cash provided by (used for) capital and related financing activities	<u>(180)</u>	<u>(169)</u>	<u>(1,876)</u>	<u>(2,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest earnings	<u>936</u>	<u>37</u>	<u>36</u>	<u>86</u>
Net cash provided by (used for) investing activities	<u>936</u>	<u>37</u>	<u>36</u>	<u>86</u>
Net increase (decrease) in cash and cash equivalents	6,450	(5,011)	4,578	4,146
Cash and cash equivalents - beginning	<u>68,752</u>	<u>5,799</u>	<u>-</u>	<u>4,662</u>
Cash and cash equivalents - ending	<u>\$ 75,202</u>	<u>\$ 788</u>	<u>\$ 4,578</u>	<u>\$ 8,808</u>

Mail Distribution	Facilities Management	Total
\$ 11	\$ 2,107	\$ 13,347
2,545	36,579	203,396
(819)	(18,089)	(136,389)
(1,070)	(10,557)	(46,290)
(853)	(8,313)	(18,426)
(186)	1,727	15,638
-	200	4,986
-	(431)	(5,449)
-	(231)	(463)
-	(158)	(5,042)
-	-	88
-	(158)	(4,954)
11	53	1,159
11	53	1,159
(175)	1,391	11,379
1,033	6,176	86,422
\$ 858	\$ 7,567	97,801

(continued)

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Fleet Asset Replacement</u>	<u>Information Technology</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:				
Operating income (loss)	\$ (16)	\$ (1,352)	\$ 1,510	\$ 3,887
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:				
Depreciation and amortization of capital assets	7	1,629	167	2,372
Changes in assets and liabilities:				
Receivables	1	81	(27)	(61)
Inventories	-	(194)	-	-
Prepaid items	586	-	-	(1,198)
Accounts payable	2,029	(76)	-	(79)
Payroll payable	(8)	2	-	29
Unearned revenue	(1)	-	-	(2)
Compensated absences	(84)	2	-	154
Claims and judgments payable	2,802	-	-	-
Other accrued payables	-	-	-	-
Net OPEB liability - County Plan	1,621	237	-	5,620
Deferred outflows - OPEB - County Plan	(83)	(12)	-	(286)
Deferred inflows - OPEB - County Plan	-	-	-	-
Net impact of adoption of GASB No. 75 - OPEB - County Plan	(1,465)	(214)	-	(5,082)
Net OPEB liability - RHIA	(21)	(3)	-	(74)
Deferred outflows - OPEB - RHIA	9	1	-	30
Deferred inflows - OPEB - RHIA	(18)	(3)	-	(63)
Net impact of adoption of GASB No. 75 - OPEB - RHIA	(12)	(2)	-	(42)
Net pension liability	(770)	(128)	-	(2,031)
Deferred outflows - pension	1,129	176	-	3,549
Deferred inflows - pension	(30)	(5)	-	(91)
Total adjustments	5,692	1,491	140	2,745
Net cash provided by (used for) operating activities	<u>\$ 5,676</u>	<u>\$ 139</u>	<u>\$ 1,650</u>	<u>\$ 6,632</u>
Noncash financing activities:				
None	\$ -	\$ -	\$ -	\$ -

<u>Mail Distribution</u>	<u>Facilities Management</u>	<u>Total</u>
\$ (253)	\$ 1,358	\$ 5,134
19	27	4,221
10	(235)	(231)
(30)	55	(169)
(1)	39	(574)
7	775	2,649
-	2	2,802
(2)	-	23
(2)	(21)	(3)
-	-	49
-	(416)	(416)
216	2,527	10,221
(11)	(129)	(521)
-	-	-
(195)	(2,285)	(9,241)
(3)	(33)	(134)
1	13	54
(2)	(28)	114
(2)	(19)	(77)
(67)	(2,121)	(5,117)
132	2,287	7,273
(3)	(69)	(198)
67	369	10,504
<u>\$ (186)</u>	<u>\$ 1,727</u>	<u>\$ 15,638</u>

\$ - \$ - \$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 107,668	\$ 109,665	\$ 104,243	\$ (5,422)
Insurance premiums	9,286	9,286	9,768	482
Interest	325	325	936	611
Miscellaneous	545	545	977	432
Total revenues	<u>117,824</u>	<u>119,821</u>	<u>115,924</u>	<u>(3,897)</u>
EXPENDITURES				
Current:				
County management	112,017	114,014	106,957	7,057
Nondepartmental	5,498	5,498	5,141	357
Contingency	15,000	13,500	-	13,500
Total expenditures	<u>132,515</u>	<u>133,012</u>	<u>112,098</u>	<u>20,914</u>
Revenues over (under) expenditures	<u>(14,691)</u>	<u>(13,191)</u>	<u>3,826</u>	<u>17,017</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16	16	16	-
Internal loan proceeds	-	-	3,000	3,000
Internal loan remittances	-	(1,500)	(3,000)	(1,500)
Total other financing sources (uses)	<u>16</u>	<u>(1,484)</u>	<u>16</u>	<u>1,500</u>
Net change in fund balances	(14,675)	(14,675)	3,842	18,517
Fund balances - beginning	<u>55,000</u>	<u>55,000</u>	<u>67,707</u>	<u>12,707</u>
Fund balances - ending	<u>\$ 40,325</u>	<u>\$ 40,325</u>	<u>71,549</u>	<u>\$ 31,224</u>
Reconciliation to GAAP Basis:				
Internal loans receivable			3,000	
Capital assets, net of accumulated depreciation and amortization			184	
Compensated absences			(362)	
Claims and judgments payable			(13,891)	
OPEB - County Plan				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(1,465)	
Deferred outflows - OPEB - County Plan			43	
Net OPEB liability - County Plan			(116)	
OPEB - RHIA				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(12)	
Deferred outflows - OPEB - RHIA			21	
Net OPEB asset - RHIA			30	
Deferred inflows - OPEB - RHIA			(9)	
Pension				
Deferred outflows - pension			2,732	
Net OPEB liability - pension			(5,978)	
Deferred inflows - pension			(125)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 55,601</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, 2018
(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	\$ 4,964	\$ 4,964	\$ 4,878	\$ (86)
Interest	-	-	37	37
Miscellaneous	120	120	42	(78)
Total revenues	<u>5,084</u>	<u>5,084</u>	<u>4,957</u>	<u>(127)</u>
EXPENDITURES				
Current:				
County assets	<u>5,622</u>	<u>5,622</u>	<u>4,849</u>	<u>773</u>
Total expenditures	<u>5,622</u>	<u>5,622</u>	<u>4,849</u>	<u>773</u>
Revenues over (under) expenditures	<u>(538)</u>	<u>(538)</u>	<u>108</u>	<u>646</u>
NONOPERATING REVENUES				
Gain (loss) on disposal of capital assets	-	-	88	88
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>88</u>	<u>88</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,018)</u>	<u>(5,018)</u>	<u>(5,018)</u>	-
Total other financing sources (uses)	<u>(5,018)</u>	<u>(5,018)</u>	<u>(5,018)</u>	-
Net change in fund balances	<u>(5,556)</u>	<u>(5,556)</u>	<u>(4,822)</u>	<u>734</u>
Fund balances - beginning	<u>5,556</u>	<u>5,556</u>	<u>5,849</u>	<u>293</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,027</u>	<u>\$ 1,027</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			3,945	
Compensated absences			(74)	
OPEB - County Plan				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(214)	
Deferred outflows - OPEB - County Plan			6	
Net OPEB liability - County Plan			(17)	
OPEB - RHIA				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(2)	
Deferred outflows - OPEB - RHIA			3	
Net OPEB asset - RHIA			4	
Deferred inflows - OPEB - RHIA			(1)	
Pension				
Deferred outflows - pension			408	
Net OPEB liability - pension			(894)	
Deferred inflows - pension			(19)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 4,172</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fleet Asset Replacement
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 2,011	\$ 2,011	\$ 1,653	\$ (358)
Interest	21	21	36	15
Total revenues	2,032	2,032	1,689	(343)
EXPENDITURES				
Current:				
County assets	6,800	6,800	1,852	4,948
Total expenditures	6,800	6,800	1,852	4,948
Revenues over (under) expenditures	(4,768)	(4,768)	(163)	4,605
NONOPERATING REVENUES				
Interest revenue	-	-	1	1
Total nonoperating revenues	-	-	1	1
OTHER FINANCING SOURCES (USES)				
Transfers in	4,768	4,768	4,768	-
Total other financing sources (uses)	4,768	4,768	4,768	-
Net change in fund balances	-	-	4,606	4,606
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	4,606	\$ 4,606
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			1,709	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			\$ 6,315	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 53,881	\$ 53,881	\$ 53,920	\$ 39
Interest	-	-	86	86
Miscellaneous	-	-	5	5
Total revenues	53,881	53,881	54,011	130
EXPENDITURES				
Current:				
County assets	54,920	56,420	48,550	7,870
Contingency	885	885	-	885
Total expenditures	55,805	57,305	48,550	8,755
Revenues over (under) expenditures	(1,924)	(3,424)	5,461	8,885
OTHER FINANCING SOURCES (USES)				
Internal loan proceeds	-	1,500	1,500	-
Internal loan remittances	-	-	(1,500)	(1,500)
Total other financing sources (uses)	-	1,500	-	(1,500)
Net change in fund balances	(1,924)	(1,924)	5,461	7,385
Fund balances - beginning	1,924	1,924	4,094	2,170
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	9,555	<u>\$ 9,555</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			12,133	
Compensated absences			(1,638)	
OPEB - County Plan				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(5,082)	
Deferred outflows - OPEB - County Plan			149	
Net OPEB liability - County Plan			(401)	
OPEB - RHIA				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(42)	
Deferred outflows - OPEB - RHIA			74	
Net OPEB asset - RHIA			104	
Deferred inflows - OPEB - RHIA			(30)	
Pension				
Deferred outflows - pension			9,468	
Net OPEB liability - pension			(20,719)	
Deferred inflows - pension			(434)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 3,137</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 2,703	\$ 2,703	\$ 2,546	\$ (157)
Interest	-	-	11	11
Total revenues	<u>2,703</u>	<u>2,703</u>	<u>2,557</u>	<u>(146)</u>
EXPENDITURES				
Current:				
County assets	3,525	3,525	2,717	808
Total expenditures	<u>3,525</u>	<u>3,525</u>	<u>2,717</u>	<u>808</u>
Net change in fund balances	(822)	(822)	(160)	662
Fund balances - beginning	<u>822</u>	<u>822</u>	<u>1,035</u>	<u>213</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>875</u>	<u>\$ 875</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			15	
Compensated absences			(42)	
OPEB - County Plan				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(195)	
Deferred outflows - OPEB - County Plan			6	
Net OPEB liability - County Plan			(15)	
OPEB - RHIA				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(2)	
Deferred outflows - OPEB - RHIA			3	
Net OPEB asset - RHIA			4	
Deferred inflows - OPEB - RHIA			(1)	
Pension				
Deferred outflows - pension			374	
Net OPEB liability - pension			(817)	
Deferred inflows - pension			(17)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ 188</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, 2018
(amounts expressed in thousands)

	Budgeted Amounts		Actual	
	Original	Final	Amounts	Variance
REVENUES				
Charges for services	\$ 40,113	\$ 40,113	\$ 38,868	\$ (1,245)
Interest	-	-	53	53
Miscellaneous	5,040	5,040	53	(4,987)
Total revenues	<u>45,153</u>	<u>45,153</u>	<u>38,974</u>	<u>(6,179)</u>
EXPENDITURES				
Current:				
County assets	44,922	44,922	37,986	6,936
Total expenditures	<u>44,922</u>	<u>44,922</u>	<u>37,986</u>	<u>6,936</u>
Revenues over (under) expenditures	<u>231</u>	<u>231</u>	<u>988</u>	<u>757</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	200	200	200	-
Transfers out	(431)	(431)	(431)	-
Total other financing sources (uses)	<u>(231)</u>	<u>(231)</u>	<u>(231)</u>	<u>-</u>
Net change in fund balances	-	-	757	757
Fund balances - beginning	-	-	3,257	3,257
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,014</u>	<u>\$ 4,014</u>
Reconciliation to GAAP Basis:				
Capital assets, net of accumulated depreciation and amortization			168	
Compensated absences			(554)	
Other accrued payables			(410)	
OPEB - County Plan				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(2,285)	
Deferred outflows - OPEB - County Plan			67	
Net OPEB liability - County Plan			(181)	
OPEB - RHIA				
Beginning Net Position Change - Net impact of adoption of GASB No. 75			(19)	
Deferred outflows - OPEB - RHIA			33	
Net OPEB asset - RHIA			47	
Deferred inflows - OPEB - RHIA			(13)	
Pension				
Deferred outflows - pension			4,258	
Net OPEB liability - pension			(9,318)	
Deferred inflows - pension			(195)	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position			<u>\$ (4,388)</u>	

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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, 2018
(amounts expressed in thousands)

	Property Tax	Department and Offices Agency	Public Guardian	Visitors Facilities Trust	Total
ASSETS					
Restricted assets:					
Cash and investments	\$ 6,506	\$ 14,749	\$ 637	\$ 19,086	\$ 40,978
Taxes receivable	68,341	134	-	2,875	71,350
Total assets	<u>74,847</u>	<u>14,883</u>	<u>637</u>	<u>21,961</u>	<u>112,328</u>
LIABILITIES					
Liabilities payable from restricted assets:					
Accounts payable	6,506	3,844	43	209	10,602
Due to other governmental units	68,341	-	-	-	68,341
Amounts held in trust	-	11,039	594	21,752	33,385
Total liabilities	<u>74,847</u>	<u>14,883</u>	<u>637</u>	<u>21,961</u>	<u>112,328</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, 2018
(dollar amounts expressed in thousands)

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
PROPERTY TAX:				
Restricted assets:				
Cash and investments	\$ 7,068	\$ 1,348,440	\$ 1,349,002	\$ 6,506
Taxes receivable	76,339	10,529,289	10,537,287	68,341
Total assets	<u>\$ 83,407</u>	<u>\$ 11,877,729</u>	<u>\$ 11,886,289</u>	<u>\$ 74,847</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 7,068	\$ 1,350,401	\$ 1,350,963	\$ 6,506
Due to other governmental units	76,339	1,408,166	1,416,164	68,341
Amounts held in trust	-	1,363,449	1,363,449	-
Total liabilities	<u>\$ 83,407</u>	<u>\$ 4,122,016</u>	<u>\$ 4,130,576</u>	<u>\$ 74,847</u>
DEPARTMENT AND OFFICES AGENCY:				
Restricted assets:				
Cash and investments	\$ 8,637	\$ 1,847,291	\$ 1,841,179	\$ 14,749
Taxes receivable	142	1,752,964	1,752,972	134
Accounts receivable	-	358	358	-
Total assets	<u>\$ 8,779</u>	<u>\$ 3,600,613</u>	<u>\$ 3,594,509</u>	<u>\$ 14,883</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 4,250	\$ 83,389	\$ 83,795	\$ 3,844
Amounts held in trust	4,529	1,831,448	1,824,938	11,039
Total liabilities	<u>\$ 8,779</u>	<u>\$ 1,914,837</u>	<u>\$ 1,908,733</u>	<u>\$ 14,883</u>
PUBLIC GUARDIAN:				
Restricted assets:				
Cash and investments	\$ 781	\$ 3,360	\$ 3,504	\$ 637
Accounts receivable	-	1,604	1,604	-
Total assets	<u>\$ 781</u>	<u>\$ 4,964</u>	<u>\$ 5,108</u>	<u>\$ 637</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 77	\$ 3,187	\$ 3,221	\$ 43
Amounts held in trust	704	1,538	1,648	594
Total liabilities	<u>\$ 781</u>	<u>\$ 4,725</u>	<u>\$ 4,869</u>	<u>\$ 637</u>
VISITORS FACILITIES TRUST:				
Restricted assets:				
Cash and investments	\$ 16,955	\$ 29,155	\$ 27,024	\$ 19,086
Taxes receivable	3,681	20,806	21,612	2,875
Total assets	<u>\$ 20,636</u>	<u>\$ 49,961</u>	<u>\$ 48,636</u>	<u>\$ 21,961</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 205	\$ 22,830	\$ 22,826	\$ 209
Amounts held in trust	20,431	21,274	19,953	21,752
Total liabilities	<u>\$ 20,636</u>	<u>\$ 44,104</u>	<u>\$ 42,779</u>	<u>\$ 21,961</u>
TOTAL - ALL AGENCY FUNDS:				
Restricted assets:				
Cash and investments	\$ 33,441	\$ 3,228,246	\$ 3,220,709	\$ 40,978
Taxes receivable	80,162	12,303,059	12,311,871	71,350
Accounts receivable	-	1,962	1,962	-
Total assets	<u>\$ 113,603</u>	<u>\$ 15,533,267</u>	<u>\$ 15,534,542</u>	<u>\$ 112,328</u>
Liabilities payable from restricted assets:				
Accounts payable	\$ 11,600	\$ 1,459,807	\$ 1,460,805	\$ 10,602
Due to other governmental units	76,339	1,408,166	1,416,164	68,341
Amounts held in trust	25,664	3,217,709	3,209,988	33,385
Total liabilities	<u>\$ 113,603</u>	<u>\$ 6,085,682</u>	<u>\$ 6,086,957</u>	<u>\$ 112,328</u>

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OTHER FINANCIAL SCHEDULES

- Property Tax Collections and Outstanding Balances
- 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, 2018
(dollar amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2017	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, 2018
2017-18	\$ -	\$ 1,779,503	\$ (13,804)	\$ 502	\$ (46,781)	\$ (1,692,425)	\$ 26,995
2016-17	30,858	-	(7,594)	670	4	(12,206)	11,732
2015-16	18,941	-	(6,100)	720	6	(4,819)	8,748
2014-15	14,088	-	(1,269)	925	3	(4,179)	9,568
2013-14	10,499	-	(784)	591	-	(2,337)	7,969
2012-13 and prior	25,321	-	(1,227)	275	-	(655)	23,714
Total	\$ 99,707	\$ 1,779,503	\$ (30,778)	\$ 3,683	\$ (46,768)	\$ (1,716,621)	\$ 88,726

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2018

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General Fund	\$ 4,597	\$ 11,780	\$ 16,377	\$ 7,096	\$ 23,473
Special revenue funds:					
Road Fund	-	-	-	1,169	1,169
Library Fund	-	705	705	-	705
OHS Levy Fund	48	80	128	-	128
Land Corner Preservation Fund	-	-	-	5	5
Special Excise Tax Fund	-	-	-	2,040	2,040
Library District	1,245	1,856	3,101	-	3,101
Total special revenue funds	1,293	2,641	3,934	3,214	7,148
Agency funds	21,087	47,254	68,341	3,008	71,349
Sub-total taxes receivable	26,977	61,675	88,652	13,318	101,970
Special assessments collected through taxes	18	56	74	-	74
Total receivables	\$ 26,995	\$ 61,731	\$ 88,726	\$ 13,318	\$ 102,044

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

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Obligations
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	Sellwood Lofts Dated 1/1/2002 10.31%		West Gresham Plaza Dated 6/15/2016 1.75%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 31	\$ 87	\$ 169	\$ 14	\$ 200	\$ 101
2020	34	84	172	11	206	95
2021	38	80	175	8	213	88
2022	42	76	179	5	221	81
2023	47	71	182	1	229	72
2024	52	66	-	-	52	66
2025	57	61	-	-	57	61
2026	64	55	-	-	64	55
2027	70	48	-	-	70	48
2028	78	40	-	-	78	40
2029	87	31	-	-	87	31
2030	96	22	-	-	96	22
2031	106	12	-	-	106	12
2032	57	2	-	-	57	2
Total	<u>\$ 859</u>	<u>\$ 735</u>	<u>877</u>	<u>\$ 39</u>	<u>\$ 1,736</u>	<u>\$ 774</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Payable Outstanding
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	OTIB* Dated 9/4/2008 3.98%	
	Principal	Interest
2019	\$ 214	\$ 78
2020	222	70
2021	231	61
2022	240	52
2023	250	42
2024	260	32
2025	270	22
2026	280	11
Total	<u>\$ 1,967</u>	<u>\$ 368</u>

*Amendment to loan agreement with Oregon Transportation Infrastructure Bank (OTIB) made September 1, 2016

Additional obligation: the County received \$1,499 in loans through the Oregon Infrastructure Finance Authority for the Levee Ready Columbia Project in FY18. These loans are in repayment status as of June 30, 2018. See Note III.G. *Long-term debt - Loans payable* for more detail.

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
For the Year Ended June 30, 2018
(dollar amounts expressed in thousands)

Fiscal Year of Maturity	Series 1999		Series 2010B		Series 2012	
	Date of Issue: 12/1/1999		Date of Issue 12/14/2010		Date of Issue 12/13/2012	
	6.49 to 7.74%		4.00 to 5.05%		3.00 to 5.00%	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 22,200	\$ 1,649	\$ -	\$ 713	\$ 5,015	\$ 4,456
2020	5,319	19,876	-	713	5,265	4,206
2021	5,208	21,407	1,350	713	5,530	3,942
2022	5,098	23,012	1,380	659	5,805	3,666
2023	4,989	24,687	1,410	600	6,095	3,376
2024	4,881	26,444	1,440	537	6,400	3,071
2025	4,772	28,285	1,475	471	6,720	2,751
2026	4,670	30,215	1,510	401	7,055	2,415
2027	4,566	32,234	1,545	325	7,410	2,062
2028	4,463	34,347	1,585	247	7,705	1,766
2029	4,362	36,563	1,630	167	8,015	1,458
2030	4,265	38,888	1,675	84	8,335	1,137
2031	-	-	-	-	8,665	804
2032	-	-	-	-	8,925	544
2033	-	-	-	-	9,195	274
2034	-	-	-	-	-	-
2035	-	-	-	-	-	-
2036	-	-	-	-	-	-
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
2042	-	-	-	-	-	-
2043	-	-	-	-	-	-
2044	-	-	-	-	-	-
2045	-	-	-	-	-	-
2046	-	-	-	-	-	-
2047	-	-	-	-	-	-
Total	<u>\$ 74,793</u>	<u>\$ 317,607</u>	<u>\$ 15,000</u>	<u>\$ 5,630</u>	<u>\$ 106,135</u>	<u>\$ 35,928</u>

Series 2014		Series 2017			
Date of Issue 6/18/2014		Date of Issue 11/30/17			
3.00 to 5.00%		3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 4,575	\$ 308	\$ 7,960	\$ 7,010	\$ 39,750	\$ 14,136
4,780	119	8,345	6,612	23,709	31,526
-	-	8,770	6,195	20,858	32,257
-	-	9,205	5,756	21,488	33,093
-	-	9,670	5,296	22,164	33,959
-	-	10,145	4,813	22,866	34,865
-	-	3,875	4,305	16,842	35,812
-	-	4,065	4,112	17,300	37,143
-	-	4,270	3,908	17,791	38,529
-	-	4,480	3,695	18,233	40,055
-	-	4,710	3,471	18,717	41,659
-	-	4,940	3,235	19,215	43,344
-	-	5,185	2,988	13,850	3,792
-	-	5,450	2,729	14,375	3,273
-	-	5,665	2,511	14,860	2,785
-	-	5,835	2,341	5,835	2,341
-	-	6,015	2,166	6,015	2,166
-	-	6,190	1,986	6,190	1,986
-	-	6,375	1,800	6,375	1,800
-	-	3,305	1,545	3,305	1,545
-	-	3,405	1,442	3,405	1,442
-	-	3,545	1,306	3,545	1,306
-	-	3,685	1,164	3,685	1,164
-	-	3,830	1,016	3,830	1,016
-	-	3,985	863	3,985	863
-	-	4,145	704	4,145	704
-	-	4,310	538	4,310	538
-	-	4,480	366	4,480	366
-	-	4,660	189	4,660	189
<u>\$ 9,355</u>	<u>\$ 427</u>	<u>\$ 160,500</u>	<u>\$ 84,062</u>	<u>\$ 365,783</u>	<u>\$ 443,654</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)

	2018	2017	2016	2015
Governmental Activities:				
Net investment in capital assets	\$ 818,361	\$ 959,484	\$ 850,159	\$ 768,977
Restricted	186,049	88,143	81,351	100,186
Unrestricted	(179,240)	(183,146)	(130,430)	1,360
Total governmental activities net position	<u>\$ 825,170</u>	<u>\$ 864,481</u>	<u>\$ 801,080</u>	<u>\$ 870,523</u>
Business-Type Activities:				
Net investment in capital assets	\$ 5,688	\$ 5,589	\$ 5,315	\$ 3,775
Unrestricted	4,296	3,027	1,529	19,550
Total business-type activities net position	<u>\$ 9,984</u>	<u>\$ 8,616</u>	<u>\$ 6,844</u>	<u>\$ 23,325</u>
Primary Government:				
Net investment in capital assets	\$ 824,049	\$ 965,073	\$ 855,474	\$ 772,752
Restricted	186,049	88,143	81,351	100,186
Unrestricted	(174,944)	(180,119)	(128,901)	20,910
Total primary government net position	<u>\$ 835,154</u>	<u>\$ 873,097</u>	<u>\$ 807,924</u>	<u>\$ 893,848</u>

Source: Current and prior years' financial statements

Restated 2014	2013	Restated 2012	2011	2010	Restated 2009
\$ 705,519	\$ 670,483	\$ 686,874	\$ 637,922	\$ 620,544	\$ 470,426
99,882	106,237	29,565	49,806	103,600	98,542
(132,245)	24,375	74,009	81,502	(8,728)	(10,907)
<u>\$ 673,156</u>	<u>\$ 801,095</u>	<u>\$ 790,448</u>	<u>\$ 769,230</u>	<u>\$ 715,416</u>	<u>\$ 558,061</u>
\$ 3,631	\$ 3,672	\$ 3,752	\$ 3,612	\$ 3,696	\$ 3,442
17,247	18,241	13,402	17,442	13,600	9,631
<u>\$ 20,878</u>	<u>\$ 21,913</u>	<u>\$ 17,154</u>	<u>\$ 21,054</u>	<u>\$ 17,296</u>	<u>\$ 13,073</u>
\$ 709,150	\$ 674,155	\$ 690,626	\$ 641,534	\$ 624,240	\$ 473,868
99,882	106,237	29,565	49,806	103,600	98,542
(114,998)	42,616	87,411	98,944	4,872	(1,276)
<u>\$ 694,034</u>	<u>\$ 823,008</u>	<u>\$ 807,602</u>	<u>\$ 790,284</u>	<u>\$ 732,712</u>	<u>\$ 571,134</u>

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 73,551	\$ 74,584	\$ 62,857	\$ 83,516
Health services	95,628	102,403	100,720	89,951
Social services	619	262	624	3,604
Public safety and justice	28,786	20,014	30,080	19,472
Community services	11,283	9,590	7,406	5,120
Library	2,130	1,842	2,189	3,126
Roads and bridges	13,104	12,893	13,314	13,401
Operating grants and contributions	466,906	445,317	383,728	350,767
Capital grants and contributions	23,937	43,958	10,364	20,455
Total governmental activities program revenues	<u>715,944</u>	<u>710,863</u>	<u>611,282</u>	<u>589,412</u>
Business-type activities:				
Charges for services:				
Dunthorpe-Riverdale Service Dist. No. 1	722	730	896	893
Mid County Service Dist. No. 14	449	456	453	454
Behavioral Health	37,169	34,767	61,700	71,149
Capital grants and contributions	-	267	-	-
Total business-type activities program revenues	<u>38,340</u>	<u>36,220</u>	<u>63,049</u>	<u>72,496</u>
Total primary government program revenues	<u>754,284</u>	<u>747,083</u>	<u>674,331</u>	<u>661,908</u>
Expenses				
Governmental activities:				
General government	420,189	306,755	271,016	101,137
Health services	242,155	222,213	242,366	147,909
Social services	217,044	219,884	227,737	244,858
Public safety and justice	221,307	215,267	255,904	200,669
Community services	94,327	91,297	54,495	53,731
Library	64,736	56,932	63,640	60,150
Roads and bridges	111,526	64,730	64,539	50,327
Interest on long-term debt	10,494	8,572	18,362	19,785
Total governmental activities expenses	<u>1,381,778</u>	<u>1,185,650</u>	<u>1,198,059</u>	<u>878,566</u>
Business-type activities:				
Dunthorpe-Riverdale Service Dist. No. 1	687	649	607	622
Mid County Service Dist. No. 14	416	321	329	404
Behavioral Health	34,207	34,260	79,420	69,242
Total business-type activities expenses	<u>35,310</u>	<u>35,230</u>	<u>80,356</u>	<u>70,268</u>
Total primary government expenses	<u>1,417,088</u>	<u>1,220,880</u>	<u>1,278,415</u>	<u>948,834</u>

2014	2013	2012	2011	2010	2009
\$ 71,664	\$ 26,466	\$ 27,239	\$ 27,789	\$ 22,843	\$ 21,936
72,286	68,943	72,910	77,276	70,455	60,340
2,038	1,064	1,568	1,321	1,902	1,125
15,473	17,167	16,809	16,056	17,490	17,597
3,779	3,514	2,914	2,325	-	10
1,652	1,639	1,747	1,759	1,757	1,754
13,011	12,853	11,866	9,131	1,107	1,227
340,367	318,956	308,392	316,218	299,735	291,018
60,776	68	839	16,415	2,885	3,831
<u>581,046</u>	<u>450,670</u>	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>
877	852	837	816	809	713
452	377	380	363	341	264
53,112	42,857	44,712	46,110	42,931	39,027
-	10	6	36	133	80
<u>54,441</u>	<u>44,096</u>	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>
<u>635,487</u>	<u>494,766</u>	<u>490,219</u>	<u>515,615</u>	<u>462,388</u>	<u>438,922</u>
97,325	72,049	65,813	58,642	59,572	64,660
152,854	148,528	150,421	151,327	137,615	133,751
245,233	233,990	224,975	222,515	224,928	210,590
228,463	221,744	217,842	216,403	210,079	217,215
39,182	36,895	34,511	26,683	22,796	24,320
64,708	58,488	61,641	60,343	56,548	55,181
66,622	55,383	54,287	51,772	49,571	53,462
20,822	18,932	10,695	11,774	12,800	14,041
<u>915,209</u>	<u>846,009</u>	<u>820,185</u>	<u>799,459</u>	<u>773,909</u>	<u>773,220</u>
573	554	507	486	516	458
420	389	411	427	403	420
<u>53,156</u>	<u>38,586</u>	<u>49,014</u>	<u>43,640</u>	<u>39,207</u>	<u>32,720</u>
<u>54,149</u>	<u>39,529</u>	<u>49,932</u>	<u>44,553</u>	<u>40,126</u>	<u>33,598</u>
<u>969,358</u>	<u>885,538</u>	<u>870,117</u>	<u>844,012</u>	<u>814,035</u>	<u>806,818</u>

(Continued)

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

(continued)

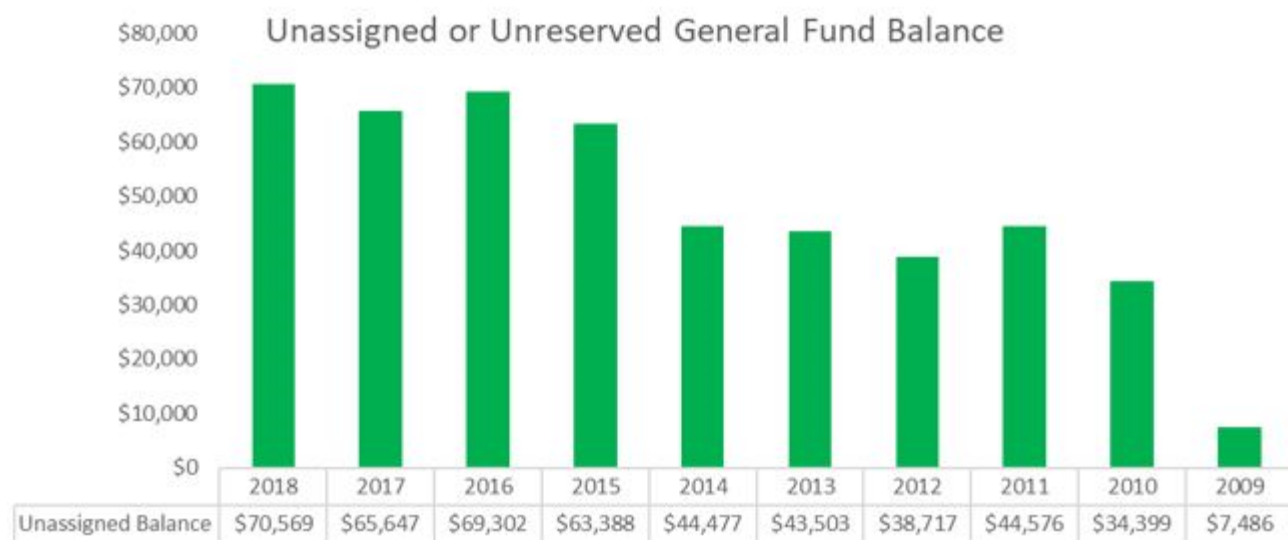
	2018	2017	2016	2015
Net Revenue (Expense)				
Governmental activities	\$ (665,834)	\$ (474,787)	\$ (586,777)	\$ (289,154)
Business-type activities	3,030	990	(17,307)	2,228
Total primary government net expense	<u>(662,804)</u>	<u>(473,797)</u>	<u>(604,084)</u>	<u>(286,926)</u>
 General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	383,074	360,178	342,128	323,898
Debt service	-	108	6,075	6,116
Personal income taxes	11	9	15	32
Business income taxes	93,400	84,450	80,710	73,825
Selective excise and use taxes	76,825	76,163	74,594	67,192
Payments in lieu of taxes	786	568	486	659
State government shared revenues	13,192	10,475	9,998	9,534
Grants and contributions not restricted to specific programs	2,958	24	13	-
Interest and investment earnings	6,235	2,045	3,016	2,363
Miscellaneous	-	1,559	2,304	2,713
Gain (loss) on sale of capital assets	29,811	2,609	(2,005)	189
Total governmental activities	<u>606,292</u>	<u>538,188</u>	<u>517,334</u>	<u>486,521</u>
Business-type activities:				
Interest and investment earnings	124	48	100	119
Miscellaneous	42	734	726	100
Total business-type activities	<u>166</u>	<u>782</u>	<u>826</u>	<u>219</u>
Total primary government	<u>606,458</u>	<u>538,970</u>	<u>518,160</u>	<u>486,740</u>
 Change in Net Position				
Governmental activities	(59,542)	63,401	(69,443)	197,367
Cumulative effect of correction of error	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-
Total governmental activities	<u>(59,542)</u>	<u>63,401</u>	<u>(69,443)</u>	<u>197,367</u>
Business-type activities	3,196	1,772	(16,481)	2,447
Total primary government change in net position	<u>\$ (56,346)</u>	<u>\$ 65,173</u>	<u>\$ (85,924)</u>	<u>\$ 199,814</u>

Source: Current and prior years' financial statements

2014	2013	2012	2011	2010	2009
\$ (334,163)	\$ (395,339)	\$ (375,901)	\$ (331,169)	\$ (355,735)	\$ (374,382)
292	4,567	(3,997)	2,772	4,088	6,486
<u>(333,871)</u>	<u>(390,772)</u>	<u>(379,898)</u>	<u>(328,397)</u>	<u>(351,647)</u>	<u>(367,896)</u>
303,871	271,664	272,299	268,605	266,294	258,200
6,999	8,067	8,842	8,246	9,001	8,227
16	77	235	683	-	(5,341)
61,800	58,750	52,250	48,570	44,150	42,900
58,456	52,934	48,777	46,167	42,692	39,161
821	1,019	697	1,500	1,305	1,516
9,198	9,090	10,108	7,423	7,768	8,562
24	15	10	1	27	14
2,119	1,638	2,604	2,946	2,589	5,767
2,302	2,613	1,194	667	1,665	1,797
279	119	607	175	228	628
<u>445,885</u>	<u>405,986</u>	<u>397,623</u>	<u>384,983</u>	<u>375,719</u>	<u>361,431</u>
102	95	97	115	128	235
10	97	-	871	7	-
<u>112</u>	<u>192</u>	<u>97</u>	<u>986</u>	<u>135</u>	<u>235</u>
<u>445,997</u>	<u>406,178</u>	<u>397,720</u>	<u>385,969</u>	<u>375,854</u>	<u>361,666</u>
111,722	10,647	21,722	53,814	19,984	(12,951)
-	-	-	-	-	137,371
-	-	(504)	-	-	-
<u>111,722</u>	<u>10,647</u>	<u>21,218</u>	<u>53,814</u>	<u>19,984</u>	<u>124,420</u>
404	4,759	(3,900)	3,758	4,223	6,721
<u>\$ 112,126</u>	<u>\$ 15,406</u>	<u>\$ 17,318</u>	<u>\$ 57,572</u>	<u>\$ 24,207</u>	<u>\$ 131,141</u>

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

	2018	2017	2016	2015
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	595	682	619	781
Restricted	5,389	5,152	3,427	176
Committed	-	3,802	-	-
Unassigned	70,569	65,647	69,302	63,388
Total General Fund	76,553	75,283	73,348	64,345
All other governmental funds				
Reserved	-	-	-	-
Unreserved, reported in:				
Special revenue funds	-	-	-	-
Nonspendable	1,000	855	1,378	1,358
Restricted	180,660	82,991	84,111	106,261
Committed	93,872	101,025	117,925	104,004
Assigned	16,557	15,475	18,335	15,594
Unassigned	(2)	(27)	(425)	-
Total all other governmental funds	292,087	200,319	221,324	227,217
Total governmental funds	\$ 368,640	\$ 275,602	\$ 294,672	\$ 291,562



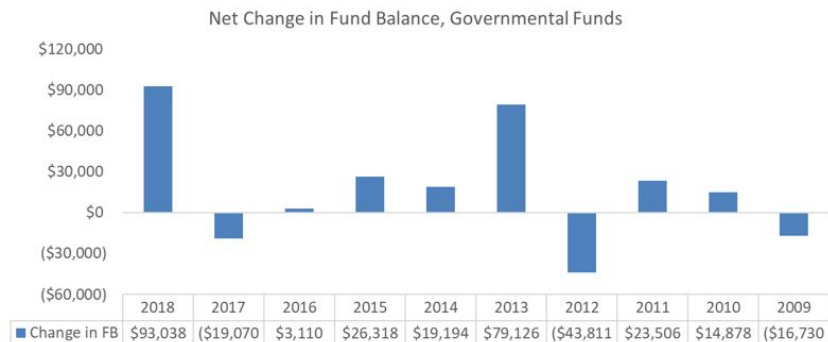
(1) This schedule was modified with the implementation of GASB Statement No. 54, effective fiscal year 2011, which affected the categories used to report fund balances.

Source: Current and prior years' financial statements

2014	2013	2012	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 25,016	\$ 23,891
-	-	-	-	34,399	7,486
622	576	364	654	-	-
254	429	534	487	-	-
-	-	42	487	-	-
44,477	43,503	38,717	44,576	-	-
45,353	44,508	39,657	46,204	59,415	31,377
-	-	-	-	97,220	91,256
-	-	-	-	30,594	49,718
1,115	1,269	1,418	1,237	-	-
104,838	105,341	28,506	48,942	-	-
99,651	86,123	86,457	94,237	-	-
14,494	9,255	11,282	20,914	-	-
(207)	(446)	(396)	(312)	-	-
219,891	201,542	127,267	165,018	127,814	140,974
\$ 265,244	\$ 246,050	\$ 166,924	\$ 211,222	\$ 187,229	\$ 172,351

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

	2018	2017	2016	2015
Revenues				
Taxes	\$ 553,499	\$ 519,718	\$ 503,745	\$ 470,486
Payments in lieu of taxes	601	568	517	659
Intergovernmental	468,765	456,252	376,935	369,654
Licenses and permits	31,894	31,999	30,059	29,113
Charges for services	112,662	125,090	129,206	86,212
Interest	5,988	3,172	1,898	2,024
Miscellaneous	100,482	101,207	99,840	98,031
Total revenues	1,273,891	1,238,006	1,142,200	1,056,179
Expenditures				
Current:				
General government	142,156	128,043	77,333	79,363
Health services	267,459	273,545	257,759	171,896
Social services	262,382	246,614	237,085	259,391
Public safety and justice	276,142	261,961	261,326	240,126
Community services	92,331	90,065	52,927	42,226
Library	70,208	67,682	65,206	62,673
Roads and bridges	68,595	59,320	55,292	53,269
Capital Outlay	142,965	94,026	86,450	74,973
Debt service:				
Principal	32,880	35,368	22,437	22,731
Interest	12,426	11,130	20,785	22,407
Total expenditures	1,367,544	1,267,754	1,136,600	1,029,055
Revenues over (under) expenditures	(93,653)	(29,748)	5,600	27,124
Other Financing Sources (Uses)				
Issuance of new debt	181,208	1,432	1,000	-
Proceeds from issuance of refunding bonds	-	-	-	-
Premium on long-term debt	-	-	-	-
Issuance of capital lease	-	-	-	-
Proceeds from sale of capital assets	5,018	3,837	9	276
Payment to escrow agent - refunded debt	-	-	-	-
Transfers in	126,573	107,492	106,193	103,198
Transfers out	(126,108)	(102,084)	(109,692)	(104,280)
Total other financing sources (uses)	186,691	10,677	(2,490)	(806)
Net change in fund balances	\$ 93,038	\$ (19,071)	\$ 3,110	\$ 26,318
Debt service as a percentage of noncapital expenditures	3.7%	4.0%	4.1%	4.7%



Source: Current and prior years' financial statements

2014	2013	2012	2011	2010	2009
\$ 429,539	\$ 391,722	\$ 379,334	\$ 373,435	\$ 364,080	\$ 348,780
858	1,019	697	1,500	1,305	1,516
401,312	318,878	312,588	317,944	300,963	292,689
27,244	27,685	27,727	23,535	14,722	14,806
85,153	87,307	80,001	68,875	85,603	74,827
1,796	1,315	1,180	1,486	1,796	4,391
86,706	64,816	56,823	64,335	54,118	43,916
1,032,608	892,742	858,350	851,110	822,587	780,925
73,641	69,384	61,380	62,951	58,971	59,960
159,095	155,451	156,344	158,283	145,555	138,941
247,007	236,253	226,460	223,815	227,257	211,832
231,694	225,707	221,094	220,279	215,442	219,797
38,833	34,517	34,137	26,283	22,458	24,080
58,193	52,438	55,088	54,223	52,118	50,872
55,419	44,704	43,623	40,790	37,540	38,148
100,355	79,769	80,888	32,804	21,481	20,783
48,931	60,212	28,526	23,947	30,762	23,424
23,253	19,702	10,583	11,759	12,997	13,989
1,036,421	978,137	918,123	855,134	824,581	801,826
(3,813)	(85,395)	(59,773)	(4,024)	(1,994)	(20,901)
22,530	153,262	15,101	16,282	11,309	623
-	-	-	-	45,175	-
2,562	21,113	-	-	5,443	-
-	-	-	815	-	-
15	20	1,713	24	10	-
-	-	-	-	(49,710)	-
75,187	21,870	37,351	33,521	47,360	61,978
(77,287)	(31,744)	(38,203)	(23,112)	(42,715)	(58,430)
23,007	164,521	15,962	27,530	16,872	4,171
\$ 19,194	\$ 79,126	\$ (43,811)	\$ 23,506	\$ 14,878	\$ (16,730)
7.7%	8.9%	4.7%	4.3%	5.4%	4.8%

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Function/Program				
Governmental activities:				
General government	\$ 74,698	\$ 79,161	\$ 78,014	\$ 87,840
Health services	178,702	210,508	181,336	126,335
Social services	248,955	201,187	184,797	205,639
Public safety and justice	100,627	78,917	88,203	63,252
Community services	13,358	42,309	9,393	6,684
Library	3,915	5,273	5,474	7,035
Roads and bridges	95,689	93,508	64,065	92,627
Total governmental activities	<u>715,944</u>	<u>710,863</u>	<u>611,282</u>	<u>589,412</u>
Business-type activities:				
Dunthorpe-Riverdale Service District No. 1	722	730	896	893
Mid County Service District No. 14	449	723	453	454
Behavioral health managed care	37,169	34,767	61,700	71,149
Total business-type activities	<u>38,340</u>	<u>36,220</u>	<u>63,049</u>	<u>72,496</u>
Total primary government	<u>\$ 754,284</u>	<u>\$ 747,083</u>	<u>\$ 674,331</u>	<u>\$ 661,908</u>

Source: Current and prior years' financial statements

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 76,839	\$ 31,273	\$ 32,200	\$ 34,230	\$ 27,142	\$ 26,142
116,869	100,994	107,371	113,591	104,070	91,457
185,991	194,176	172,360	180,874	180,656	171,782
61,636	57,886	57,705	60,451	60,818	61,855
5,389	5,104	5,898	7,184	3,636	3,943
4,233	5,724	5,318	4,948	5,178	5,306
130,089	55,513	63,432	67,012	36,674	38,353
<u>581,046</u>	<u>450,670</u>	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>
877	852	837	822	877	713
452	387	386	393	406	344
53,112	42,857	44,712	46,110	42,931	39,027
<u>54,441</u>	<u>44,096</u>	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>
<u>\$ 635,487</u>	<u>\$ 494,766</u>	<u>\$ 490,219</u>	<u>\$ 515,615</u>	<u>\$ 462,388</u>	<u>\$ 438,922</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
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	34,341	33,039	7,215	15	711	504,269
2017	359,043	84,450	35,237	33,839	7,086	9	622	520,286
2018	383,075	93,400	34,806	35,018	6,970	11	786	554,066

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>
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	2,718,960	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
2017	41,591,891	21,404,366	3,437,762	2,397,666	68,831,685	5.38	139,355,901
2018	42,999,453	22,889,841	3,725,018	2,498,622	72,112,934	5.38	158,551,847

(1) See Property Tax Rates - Direct and Overlapping Governments, Total Direct Rates

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					
2009	\$	275,133	\$	(8,519)	\$	266,614	\$	257,497	93.59 %	\$	9,019	\$	266,516	96.87 %
2010		283,349		(8,894)		274,455		266,292	93.98		7,002		273,294	96.45
2011		285,605		(8,600)		277,005		269,609	94.40		6,074		275,683	96.53
2012		288,355		(8,686)		279,669		270,714	93.88		6,548		277,262	96.15
2013		287,384		(8,212)		279,172		271,302	94.40		5,808		277,110	96.42
2014		253,024		(7,092)		245,932		239,352	94.60		4,239		243,591	96.27
2015		269,118		(7,620)		261,498		255,164	94.81		3,439		258,603	96.09
2016		284,628		(8,129)		276,499		270,282	94.96		2,417		272,699	95.81
2017		292,298		(8,575)		283,723		278,093	95.14		-		278,093	95.14
2018		305,936		(13,615)		292,321		291,133	95.16		-		291,133	95.16

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						Total
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	
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
2017	4.20	1.18	-	5.38	6.52	0.63	8.53	0.01	0.08	2.12	23.27
2018	4.20	1.18	-	5.38	6.66	0.65	9.59	0.01	0.08	2.31	24.68

(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, 2017			
	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 13,426	\$ 604,909	1	0.84 %
Portland General Electric Co.	8,594	497,684	2	0.69
Comcast Corporation	8,939	491,285	3	0.68
Alaska Airlines Inc	6,777	415,492	4	0.58
Pacificorp (PP&L)	6,090	344,862	5	0.48
Weston Investment Co. LLC	6,693	279,033	6	0.39
Evraz Inc.	4,255	230,608	7	0.32
AT&T, Inc.	4,041	228,048	8	0.32
Southwest Airlines Co.	3,674	224,514	9	0.31
Century Link	3,815	216,452	10	0.30
Totals	<u>\$ 66,304</u>	<u>\$ 3,532,887</u>		<u>4.91 %</u>

Total Assessed Valuation \$ 72,112,934

Taxpayer	December 31, 2008			
	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 8,683	\$ 422,051	1	0.80 %
Portland General Electric	5,761	360,560	2	0.68
QWEST Corporation	4,461	277,369	3	0.53
Pacificorp (PP&L)	3,992	249,364	4	0.47
Weston Investment Co LLC	4,585	222,420	5	0.42
Verizon Communications	3,106	190,967	6	0.36
Boeing Co	2,970	181,111	7	0.34
Oregon Steel Mills	3,436	179,314	8	0.34
Northwest Natural Gas	2,681	165,077	9	0.31
LC Portland LLC	3,250	153,028	10	0.29
Totals	<u>\$ 42,925</u>	<u>\$ 2,401,261</u>		<u>4.54 %</u>

Total Assessed Valuation \$ 52,814,865

(1) Assessed valuation based on the valuation of property for tax collection years 2017-18 and 2008-09 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			
2009	\$ 56,570	\$ 10,757	\$ 223,829	\$ 3,240	\$ 623	\$ 295,019	1.05 %	\$ 406
2010	50,045	1,020	220,352	2,845	2,132	276,394	0.94	367
2011	42,794	1,719	218,330	2,430	3,414	268,687	0.86	355
2012	35,274	1,597	199,363	-	18,164	254,398	0.78	334
2013	27,718	1,468	337,075	-	3,133	369,394	1.11	458
2014	19,812	1,333	317,452	-	2,919	341,516	0.93	418
2015	12,961	1,191	299,648	-	2,723	316,523	0.81	384
2016	6,601	2,477	281,674	-	3,520	294,272	0.76	349
2017	-	2,016	252,520	-	3,289	257,825	0.66	321
2018	-	1,736	398,059	-	3,466	403,261	0.98	456

Note: 2017-2018 percentages calculated using 2016 personal income data, which is the most recent available.

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

(2) Amounts shown are net of 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)
2009	\$ 56,570	\$ (7,643)	\$ 48,927	0.17 %	0.09 %	\$ 68
2010	50,045	(7,611)	42,434	0.13	0.07	51
2011	42,794	(7,454)	35,340	0.10	0.06	42
2012	35,274	(7,753)	27,521	0.08	0.04	32
2013	27,718	(7,714)	20,004	0.06	0.03	23
2014	19,812	(6,578)	13,234	0.06	0.02	14
2015	12,961	(5,947)	7,014	0.02	0.01	7
2016	6,601	(5,905)	696	-	-	-
2017	- (4)	-	-	-	-	-
2018	- (4)	-	-	-	-	-

Note: 2017 - 2018 percentages calculated using 2016 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 shown are net of associated discounts or premiums.

(4) No general obligation bonds outstanding at June 30, 2018.

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					
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
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	-	-	-	-	-	-
2017	-	-	-	-	-	-
2018	-	-	-	-	-	-

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.

	2018	2017	2016	2015
Real market value	\$ 158,551,847	\$ 139,355,901	\$ 119,581,740	\$ 108,173,728
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	3,171,037	2,787,118	2,391,635	2,163,475
Less bonded debt at June 30	-	-	5,905	11,570
Legal debt margin	<u>\$ 3,171,037</u>	<u>\$ 2,787,118</u>	<u>\$ 2,385,730</u>	<u>\$ 2,151,905</u>
Total net debt applicable to the limit as a percentage of debt limit.	- %	- %	0.25 %	0.53 %

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	\$ 158,551,847	\$ 139,355,901	\$ 119,581,740	\$ 108,173,728
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,585,518	1,393,559	1,195,817	1,081,737
Less bonded debt at June 30	290,990	140,085	150,690	160,255
Legal debt margin	<u>\$ 1,294,528</u>	<u>\$ 1,253,474</u>	<u>\$ 1,045,127</u>	<u>\$ 921,482</u>
Total net debt applicable to the limit as a percentage of debt limit.	18.35 %	10.05 %	12.60 %	14.81 %

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	\$ 158,551,847	\$ 139,355,901	\$ 119,581,740	\$ 108,173,728
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	7,927,592	6,967,795	5,979,087	5,408,686
Less bonded debt at June 30	74,793	94,263	111,248	118,093
Legal debt margin	<u>\$ 7,852,799</u>	<u>\$ 6,873,532</u>	<u>\$ 5,867,839</u>	<u>\$ 5,290,593</u>
Total net debt applicable to the limit as a percentage of debt limit.	0.94 %	1.35 %	1.86 %	2.18 %

2014	2013	2012	2011	2010	2009
\$ 98,078,710	\$ 93,735,420	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,961,574	1,874,708	1,907,089	2,031,187	2,100,214	2,147,639
17,725	24,935	31,795	38,620	45,175	56,570
<u>\$ 1,943,849</u>	<u>\$ 1,849,773</u>	<u>\$ 1,875,294</u>	<u>\$ 1,992,567</u>	<u>\$ 2,055,039</u>	<u>\$ 2,091,069</u>

0.90 % 1.33 % 1.67 % 1.90 % 2.15 % 2.63 %

\$ 98,078,710	\$ 93,735,420	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
980,787	937,354	953,544	1,015,594	1,050,107	1,073,820
172,025	186,395	198,353	217,158	219,018	222,988
<u>\$ 808,762</u>	<u>\$ 750,959</u>	<u>\$ 755,191</u>	<u>\$ 798,436</u>	<u>\$ 831,089</u>	<u>\$ 850,832</u>

17.54 % 19.89 % 20.80 % 21.38 % 20.86 % 20.77 %

\$ 98,078,710	\$ 93,735,420	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
4,903,936	4,686,771	4,767,722	5,077,968	5,250,536	5,369,098
122,562	127,034	131,513	142,223	151,373	159,113
<u>\$ 4,781,374</u>	<u>\$ 4,559,737</u>	<u>\$ 4,636,209</u>	<u>\$ 4,935,745</u>	<u>\$ 5,099,163</u>	<u>\$ 5,209,985</u>

2.50 % 2.71 % 2.76 % 2.80 % 2.88 % 2.96 %

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
For the Year Ended June 30, 2018
(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	\$ 1,316	\$ 1,316	100.00 %	\$ 1,316
City of Fairview	452	452	100.00	452
City of Gresham	71,715	34,326	100.00	34,326
City of Lake Oswego	212,510	59,225	5.62	3,328
City of Milwaukie	16,620	13,250	0.85	113
City of Portland	651,148	176,992	99.71	176,479
City of Troutdale	11,175	11,175	100.00	11,175
Clackamas County ESD	22,100	22,100	0.06	13
Clackamas County RFPD #1	41,790	25,770	0.16	41
Clackamas County SD 7J (Lake Oswego)	242,550	242,550	0.32	776
Columbia County SD 1J (Scappoose)	26,345	26,345	19.42	5,116
Corbett Water District	904	904	100.00	904
Lusted Water District	690	690	100.00	690
Metro	223,905	205,735	52.54	108,093
Mt Hood Community College	56,482	21,960	83.82	18,407
Multnomah County Drainage Dist No 1	4,500	4,500	100.00	4,500
Multnomah County RFPD 10	3,019	3,019	100.00	3,019
Multnomah County SD 10J (Gresham-Barlow)	304,750	304,750	81.53	248,463
Multnomah County SD 1 (Portland)	982,120	982,120	99.47	976,915
Multnomah County SD 28J (Centennial)	20,535	20,535	92.85	19,067
Multnomah County SD 3 (Parkrose)	56,759	56,759	100.00	56,759
Multnomah County SD 39 (Corbett)	1,861	1,861	100.00	1,861
Multnomah County SD 40 (David Douglas)	81,262	81,262	100.00	81,262
Multnomah County SD 51J (Riverdale)	18,250	18,250	95.09	17,354
Multnomah County SD 7 (Reynolds)	208,086	206,086	100.00	206,086
Multnomah ESD	28,200	-	-	-
Northwest Regional ESD	3,928	35	-	-
Pleasant Home Water District	1,500	1,500	94.27	1,414
Port of Portland	60,339	-	-	-
Portland Community College	543,076	461,071	51.17	235,930
Rockwood Water PUD	4,920	-	-	-
Tualatin Valley Fire & Rescue District	42,705	30,635	1.60	490
Valley View Water District	1,435	1,435	100.00	1,435
Washington County SD 1J (Hillsboro 7 Bd)	2,863	2,863	-	-
Washington County SD 1J (Hillsboro)	479,215	479,215	-	-
Washington County SD 48J (Beaverton)	1,035,619	1,035,619	0.38	3,935
Subtotal, overlapping debt	\$ 5,464,644	\$ 4,534,305		\$ 2,219,719
Multnomah County direct debt	\$ 403,261	\$ 369,970	<u>100.00</u>	<u>403,261</u>
Total direct and overlapping debt				<u>\$ 2,622,980</u>

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2018.

(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>
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	38,906,295	49,230 (4)	5.4
2016	790,670	N/A	N/A	5.1
2017	803,000	N/A	N/A	3.8
2018	813,300	N/A	N/A	3.6

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) Most recent information available is 2016

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

Fiscal Year 2017-18			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
Intel Corporation	20,000	1	1.65 %
Providence Health System	18,286	2	1.51
Oregon Health and Science University	16,658	3	1.38
Kaiser Permanente	12,400	4	1.02
Nike, Inc.	12,000	5	0.99
Legacy Health	11,250	6	0.93
City of Portland	9,710	7	0.80
Fred Meyer	7,741	8	0.64
Portland Public Schools	7,600	9	0.63
Beaverton School District	5,457	10	0.45
Total	121,102		10.00 %
Total PMSA* employment	1,210,200	(1)	

Fiscal Year 2008-09			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
State of Oregon	21,100	1	1.78 %
U.S. Government	18,400	2	1.56
Intel Corporation	15,141	3	1.28
Providence Health System	13,825	4	1.17
Oregon Health and Science University	12,700	5	1.07
Fred Meyer Stores	9,630	6	0.81
Kaiser Foundation Health Plan	8,759	7	0.74
Legacy Health System	8,251	8	0.70
Nike Inc.	7,000	9	0.59
City of Portland	6,900	10	0.58
Total	121,706		10.28 %
Total PMSA* employment	1,183,130		

* Portland Metropolitan Statistical Area
(1) As of August 2018

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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)

	2018	2017	2016	2015
Function/Program				
Governmental activities:				
General government	767	669	679	654
Health services	1,439	1,373	1,411	1,039
Social services	639	643	682	846
Public safety and justice	1,536	1,472	1,531	1,532
Community services	183	88	78	73
Library	545	515	504	514
Roads and bridges	102	110	128	130
Total governmental activities	5,211	4,870	5,013	4,788
Business-type activities:				
Behavioral health	1	3	3	3
Total business-type activities	1	3	3	3
Total primary government budgeted FTE	5,212	4,873	5,016	4,791
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	796	816	778	740
Bargaining units:				
Multnomah County Employees Union - Local 88 and Physicians Unit - Local 88-4, AFSCME AFL-CIO	3,121	3,081	3,217	3,013
International Brotherhood of Electrical Workers (IBEW) - Local 48, AFL-CIO	23	24	19	19
International Union of Operating Engineers - Local 701, AFL-CIO	16	15	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)	411	420	433	429
Multnomah County Deputy Sheriff's Association (MCDSA)	126	113	110	89
Oregon Nurses Association (ONA)	208	186	229	196
Multnomah County Employees Union - Juvenile Custody Services Specialists Unit (JCSS) - Local 86, AFSCME AFL-CIO	58	59	62	70
Multnomah County Prosecuting Attorneys Association	74	75	77	78
Federation of Oregon Parole and Probation Officers (FOPPO)	122	128	129	128
Total bargaining units	4,160	4,102	4,291	4,036
Temporary County employees	256	489	1,119	1,215
Total actual County employees	5,212	5,407	6,188	5,991

Source: Multnomah County payroll records

2014	2013	2012	2011	2010	2009
653	618	614	637	614	623
973	969	955	967	916	914
760	672	660	650	662	677
1,443	1,424	1,445	1,476	1,504	1,531
69	69	62	63	61	61
502	434	461	480	477	468
136	140	144	146	138	143
4,536	4,326	4,341	4,419	4,372	4,417
5	5	8	6	6	7
5	5	8	6	6	7
4,541	4,331	4,349	4,425	4,378	4,424
694	678	675	764	716	716
2,893	2,729	2,750	2,771	2,740	2,724
19	17	19	19	18	19
14	13	12	13	13	13
1	1	-	1	1	2
413	415	421	411	420	429
92	90	88	87	92	88
188	192	189	199	216	220
58	51	54	52	52	56
74	69	73	68	78	81
114	111	115	121	123	131
3,866	3,688	3,721	3,742	3,753	3,763
1,213	132	129	128	100	72
5,773	4,498	4,525	4,634	4,569	4,551

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

FUNCTION/PROGRAM	2018	2017	2016
Governmental Activities:			
General Government			
Number of property tax accounts - residential	233,744	231,873	243,358
Number of property tax accounts - personal	35,535	61,078	65,070
Number of property tax accounts - commercial	17,590	17,852	33,574
Number of marriage licenses issued	6,906	7,676	7,899
Health Services			
Total clinic visits	314,865	328,255	312,735
County residents who rate their health good or better	86 %	86 %	85 %
Environmental health inspections	14,733	14,574	13,425
Women, infants, and children (WIC) served in the WIC program	22,613	24,458	25,706
Flu vaccinations at health clinics	15,875	16,028	18,052
Social Services			
Households that have received assistance with energy bills	17,287	17,555	21,169
Clients with developmental disabilities served	6,033	5,706	5,566
Senior and physically disabled clients served	N/A	N/A	N/A
Alcohol and drug treatment clients	3,925	3,519	2,450
Early childhood mental health clients	3,642	3,644	5,564
Families served in early childhood programs	998	935	1,291
Students enrolled in extended day school activities	22,383	24,552	31,589
Public Safety and Justice			
Sheriff			
Responses to calls for services (a)	63,310	56,661	59,063
Number of arrests (parts 1, 2 and 3 crimes)	3,374	3,234	3,136
Corrections			
Number of inmates booked	31,795	30,896	34,421
Average daily jail population	1,087	1,077	1,193
Average length of jail stay in days	13	13	13
Number of transports to courthouse	15,793	19,335	19,035
Juvenile			
Youth admitted to detention center	539	1,304	1,504
Monthly average length of stay in days in youth detention center	24.1	11.6	11.6
Community service hours completed	6,395	2,890	3,780
Monthly average number of youth on supervision/probation (b)	75	315	343

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

(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

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

2015	2014	2013	2012	2011	2010	2009
243,036	242,721	242,566	242,228	242,210	241,771	240,212
64,215	62,437	62,085	61,876	62,125	63,075	63,086
33,682	33,785	33,895	34,042	34,063	34,161	34,226
7,766	7,045	6,608	6,306	6,201	6,276	6,257
309,484	307,137	314,940	339,794	362,546	384,762	358,692
83 %	84 %	85 %	85 %	85 %	90 %	89 %
12,850	14,263	12,793	13,109	13,371	12,572	11,873
28,400	29,072	30,424	31,277	32,107	31,542	31,179
25,127	26,154	24,755	22,687	20,982	15,597	13,140
17,340	16,286	17,249	17,160	17,383	19,292	22,129
5,383	4,921	4,704	4,485	4,336	4,465	4,270
60,753	62,877	61,602	N/A	39,136	37,470	N/A
2,266	3,638	4,576	4,255	N/A	6,824	4,617
5,485	5,410	5,874	5,327	4,025	4,511	4,869
1,218	801	504	472	505	615	693
24,270	21,108	19,529	19,958	19,127	17,669	14,773
54,350	48,975	49,105	46,749	40,655	40,835	36,848
N/A	2,712	2,652	2,812	2,776	2,850	3,037
35,952	39,731	39,162	37,166	36,557	38,634	32,992
1,145	1,220	1,264	1,240	1,187	1,274	1,378
12	12	12	13	13	13	17
19,200	19,196	17,846	18,280	17,536	16,748	10,898
1,508	1,453	1,554	1,566	1,638	1,758	2,112
13	10	10	10	9	8	8
4,446	3,107	3,766	2,180	3,277	4,353	6,521
350	324	337	339	378	478	567

(continued)

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

(continued)			
FUNCTION/PROGRAM	2018	2017	2016
Public Safety and Justice (continued)			
Adult			
Community service hours completed	30,915	38,273	59,580
Adults participating in educational classes	-	203	225
Clients receiving GED's	-	29	27
Average no. adults on probation & post-prison supervision/month	8,125	8,463	8,666
District Attorney			
Cases of adult criminal activity prosecuted	12,562	12,780	15,111
Juvenile delinquency cases prosecuted	855	838	808
Hours of Community Court community service completed	2,916	2,925	3,589
Community Services			
Number of registered voters	513,498	505,145	466,964
Number of votes cast in last general election (a)	157,932	404,059	302,584
Percent of registered voters who voted in last general election	31 %	80 %	69 %
Animal control - total intake - dogs and cats	5,382	5,810	5,728
Library			
New library cards issued annually	52,685	56,019	59,026
Books circulated (total circulation) (b)	18,554,896	18,728,761	19,221,448
Borrowers who used their cards in last three years	465,828	444,459	436,476
Library satisfaction (c)	96.0 %	96.5 %	97.0 %
Web site visits/hits	3,868,361	4,267,424	4,810,497
Catalog visits	N/A	N/A	N/A
Website visits, including catalog	N/A	N/A	N/A
Business-type Activities:			
Dunthorpe-Riverdale Service District No. 1			
Sewage disposal - number of accounts	566	595	595
Mid County Service District No. 14			
Lighting - number of accounts	7,928	7,894	7,934

(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.

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

2015	2014	2013	2012	2011	2010	2009
73,787	N/A	89,204	98,240	101,392	141,732	123,442
450	689	689	801	710	705	639
14	125	93	85	78	79	60
8,823	9,351	8,300	8,284	8,278	7,896	8,793
16,273	25,880	26,932	26,137	24,241	25,932	27,149
666	491	528	550	476	651	869
7,471	11,930	10,380	14,295	13,869	17,552	17,004
441,157	434,898	437,729	451,659	408,126	407,541	426,567
302,584	367,992	370,142	284,104	284,104	367,540	367,540
69 %	85 %	83 %	70 %	70 %	86 %	86 %
6,433	6,894	6,740	7,563	8,606	8,320	8,096
66,884	60,715	57,592	69,198	73,566	71,809	74,677
20,268,163	19,486,176	21,984,923	24,794,942	23,939,091	22,715,292	21,513,255
444,231	432,685	441,505	444,618	436,949	425,749	421,199
96.8 %	97.0 %	96.9 %	98.4 %	91.5 %	90.1 %	90.4 %
N/A	N/A	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
5,476,348	6,230,998	6,629,449	6,888,701	7,158,805	N/A	N/A
563	563	595	593	592	591	590
7,952	7,942	7,944	7,986	7,993	7,985	7,987

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

FUNCTION/PROGRAM	2018	2017	2016	2015
Governmental Activities:				
General Government				
Buildings owned	80	79	76	77
Buildings leased	61	56	57	48
Automobiles	293	294	311	321
Vehicles (excluding automobiles)	321	303	303	267
Heavy equipment	93	80	80	90
Health Services				
Health and dental centers	8	8	8	7
School based health centers	12	12	13	13
Social Services				
Aging and disability offices	8	5	5	5
Public Safety and Justice				
Sheriff				
Vehicular patrol units	78	71	78	68
Number of employees (sworn and civilian)	774	764	781	781
River patrol offices	3	2	2	2
Corrections				
Jails:				
Facilities	2	2	2	2
Population	1,086	1,251	1,310	1,310
Community Justice				
Adult probation and parole offices	6	4	5	5
Adult housing program offices	-	-	-	-
Juvenile counseling offices	2	1	1	1
Library				
Regional branches	5	5	5	3
Neighborhood branches	13	13	13	13
Leased branches	6	6	6	6
Roads & Bridges				
Miles of streets maintained by County				
Paved	274	268	268	268
Unpaved	24	29	29	29
Bridges				
Major	6	6	6	6
Minor	19	20	20	21
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	4,738	4,742	4,742	4,535

Source: Multnomah County Departments

2014	2013	2012	2011	2010	2009
79	80	79	78	74	79
48	48	55	54	51	52
294	297	308	310	316	325
276	281	294	253	263	298
96	103	105	100	93	122
8	8	7	7	7	7
12	12	14	14	14	13
5	5	5	5	5	7
58	55	63	65	66	50
759	762	766	763	785	786
3	3	3	3	3	3
2	2	2	2	2	3
1,310	1,310	1,310	1,310	1,367	1,539
7	7	7	7	6	6
1	4	4	4	4	4
3	4	4	4	4	4
2	2	2	2	2	2
11	11	11	11	11	11
6	6	6	6	6	4
270	270	270	270	270	271
24	24	24	24	24	24
6	6	6	6	6	6
19	19	19	19	19	19
1	1	1	1	1	1
15	15	15	15	15	15
4,535	4,526	4,507	4,507	4,499	4,525

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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 Audit 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, 2018 and have issued our report thereon dated December 27, 2018. 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 financial statements are free of 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) 162-010-000 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?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	General Requirements	None Noted
162-010-0030	Contracts	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Assets, Budget and Actual (Each Fund)	None Noted
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Independent Auditor's Review of Fiscal Affairs	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
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	None Noted
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
162-010-0320	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 tests disclosed no instances of noncompliance or other matters that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

- The County had a deficit fund balance in one fund, which is described in Note II.C. of the County's financial statements.

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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-002 that we consider to be a significant deficiency.

We noted certain additional matters that we reported to the County in a separately issued letter to management.

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 do not provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is intended solely for the information of Multnomah County's management, and the State of Oregon and is not intended to be and should not be used by anyone other than those specified parties. 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.



For Moss Adams LLP
Eugene, Oregon
December 27, 2018

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

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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 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, 2018, and the related notes to the financial statements, which collectively comprise Multnomah County, Oregon's basic financial statements, and have issued our report thereon dated December 27, 2018. 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 and therefore material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as finding 2018-002 that we consider to be a significant deficiency.

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*.

Multnomah County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The county's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 result 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 27, 2018

Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control over Compliance

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, 2018. 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, 2018.

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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 that we consider to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 27, 2018

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF AGRICULTURE						
10.553	School Breakfast Program	Oregon State, Dept. of Education	2613007		52,263	-
10.555	National School Lunch Program	Oregon State, Dept. of Education	2613007		100,276	-
		<i>Total Child Nutrition Cluster</i>			<u>152,539</u>	-
10.557	* Special Supplemental Nutrition Program for Women, Infants, and Children	Oregon State, Health Division	154125		2,958,927	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Oregon State, Dept. of Human Services	149822/152778		85,937	-
		<i>Total SNAP Cluster</i>			<u>85,937</u>	-
10.665	Schools and Roads - Grants to States	U.S. Forest Service			185,634	42,836
		<i>Total Forest Service Schools and Roads Cluster</i>			<u>185,634</u>	<u>42,836</u>
TOTAL DEPARTMENT OF AGRICULTURE					<u>3,383,037</u>	<u>42,836</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
14.218	Community Development Block Grants/ Entitlement Grants	U.S. Dept. of Housing & Urban Dev.	B-17-UC-41-0003		238,213	187,429
		<i>Total Community Development Block Grants/Entitlement Grants Cluster</i>			<u>238,213</u>	<u>187,429</u>
14.231	Emergency Solutions Grant Program	Oregon State, Dept. of Housing & Community Svc.	E16-DC-41-0001		113,784	113,784
14.231	Emergency Solutions Grant Program	City of Portland, OR	E-17-MC-41-0003		688,482	653,760
		<i>Total Emergency Solutions Grant Program</i>			<u>802,266</u>	<u>767,544</u>
14.241	Housing Opportunities for Persons with AIDS	City of Portland, OR	ORH14F001		1,227,334	1,190,013
14.241	Housing Opportunities for Persons with AIDS	U.S. Dept. of Housing & Urban Dev.	ORH150001/ORH15000 2		216,491	203,654
		<i>Total Housing Opportunities for Persons with AIDS</i>			<u>1,443,825</u>	<u>1,393,667</u>
14.267	* Continuum of Care Program	U.S. Dept. of Housing & Urban Dev.	OR0226LE011600/OR0 026L0E011710/OR0022 L0E011609/OR0028L0E 011609/OR0028L0E011 710/OR0032L0E11508/ OR0032K0E011609/OR 0046L0E011508/OR004 6L0E011609		1,775,554	1,215,783

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (continued)						
14.881	Moving to Work Demonstration Program	Home Forward	C1880		21,999	-
TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					4,281,857	3,564,423
DEPARTMENT OF THE INTERIOR						
15.227	Distribution of Receipts to State and Local Governments	U.S. Dept. of the Interior			213,360	-
TOTAL DEPARTMENT OF THE INTERIOR					213,360	-
DEPARTMENT OF JUSTICE						
16.123	Community-Based Violence Prevention Program Education, Training, and Enhanced Services to End Violence	U.S. Dept. of Justice	2016-MU-MU-K002		276,849	115,000
16.529	Against and Abuse of Women with Disabilities	U.S. Dept. of Justice	2015-FW-AX-K011		116,311	32,793
16.543	Missing Children's Assistance	U.S. Dept. of Justice	2012-CV-BX-K055		10,995	
16.566	National Institute of Justice W.E.B DuBois Fellowship Program	U.S. Dept. of Justice	2017-MU-MU-0055 VOCAOT16MCDAVAP 99/ VOCA/CFA17MCDAV AP46/VOCASST18MC DAVAP38		11,772	-
16.575	Crime Victim Assistance	Oregon State, Dept. of Justice	2014-DC-BX-0023/2016- DC-BX-0062 2017-WE-AX- 0011/2014-WE-AX- 0043		607,426	-
16.585	Drug Court Discretionary Grant Program	U.S. Dept. of Justice	2014-DC-BX-0023/2016- DC-BX-0062 2017-WE-AX- 0011/2014-WE-AX- 0043		100,693	100,693
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	U.S. Dept. of Justice	2014-DC-BX-0023/2016- DC-BX-0062 2017-WE-AX- 0011/2014-WE-AX- 0043		158,782	103,531
16.736	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	U.S. Dept. of Justice	2014-WH-AX-0056 SC19-034/2014-DJ-BX- 1050		87,968	83,177
16.738	* Edward Byrne Memorial Justice Assistance Grant Program	Oregon State, Dept. of Justice	2014-WH-AX-0056 SC19-034/2014-DJ-BX- 1050		800,000	528,285
16.738	* Edward Byrne Memorial Justice Assistance Grant Program	Oregon State, District Attorney Association	2016-DJ-BX-0459		9,748	-
16.738	* Edward Byrne Memorial Justice Assistance Grant Program	City of Portland, OR, Bureau of Police	2009-0552		22,496	-
16.738	* Edward Byrne Memorial Justice Assistance Grant Program	Oregon State, Criminal Justice Commission	PDES-17-01		48,184	3,700
<i>Total Edward Byrne Memorial Justice Assistance Grants</i>					880,428	531,985

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF JUSTICE (continued)						
16.751	Edward Byrne Memorial Competitive Grant Program	City of Portland, OR, Bureau of Police	COP#30005612		98,160	
16.754	Harold Rogers Prescription Drug Monitoring Program	U.S. Dept. of Justice	2016PMBXK003		228,351	15,749
			2015-SM-BX-0001/2015- RW-BX-0001/2017-CZ-			
16.812	Second Chance Act Reentry Initiative	U.S. Dept. of Justice	BX-0002		375,412	210,223
16.823	Emergency Planning for Juvenile Justice Facilities	Office of Justice Programs	2017-EJ-FX-0001		21,672	-
16.833	National Sexual Assault Kit Initiative	City of Portland, OR, Bureau of Police	30005057/30005612		177,125	-
16.922	Equitable Sharing Program	U.S. Dept. of Justice, U.S. Marshal Office			10,163	-
16.922	Equitable Sharing Program	U.S. Postal Inspection Service			177,444	-
		U.S. Dept of Justice, Drug Enforcement Administration			18,252	-
		<i>Total Equitable Sharing Program</i>			<u>205,859</u>	<u>-</u>
		TOTAL DEPARTMENT OF JUSTICE			<u>3,357,803</u>	<u>1,193,151</u>
DEPARTMENT OF TRANSPORTATION						
20.205	Highway Planning and Construction	Oregon State, Dept. of Transportation	22858-03		9,211,231	-
		<i>Total Highway Planning and Construction Cluster</i>			<u>9,211,231</u>	<u>-</u>
20.600	State and Community Highway Safety	Oregon State, Dept. of Transportation	18X9204020017		9,259	-
20.616	National Priority Safety Programs	Oregon State, Dept. of Transportation			40,461	-
		<i>Total Highway Safety Cluster</i>			<u>49,720</u>	<u>-</u>
		TOTAL DEPARTMENT OF TRANSPORTATION			<u>9,260,951</u>	<u>-</u>
DEPARTMENT OF THE TREASURY						
21.000	Treasury Forfeiture Fund Program	U.S. Dept. of Justice			1,310	-
		TOTAL DEPARTMENT OF THE TREASURY			<u>1,310</u>	<u>-</u>
GENERAL SERVICES ADMINISTRATION						
39.003	Donation of Federal Surplus Personal Property	Oregon Department of Administrative Services			607	-
		TOTAL GENERAL SERVICES ADMINISTRATION			<u>607</u>	<u>-</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
45.312	National Leadership Grants	Portland State University	012320-00001		1,487	-
45.313	Laura Bush 21st Century Librarian Program	Mozilla Foundation	RE-00-15-010515		4,000	-
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES					5,487	-
ENVIRONMENTAL PROTECTION AGENCY						
66.432	State Public Water System Supervision	Oregon State, Health Division	1936002309		4,471	-
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Oregon State, Health Division	1936002309		18,245	-
<i>Total Drinking Water State Revolving Fund Cluster</i>					<i>18,245</i>	<i>-</i>
TOTAL ENVIRONMENTAL PROTECTION AGENCY					22,716	-
DEPARTMENT OF ENERGY						
81.042	Weatherization Assistance for Low-Income Persons	Oregon State, Housing & Community Svc	DE-EE0006179		420,682	-
TOTAL DEPARTMENT OF ENERGY					420,682	-
DEPARTMENT OF EDUCATION						
84.287	Twenty-First Century Community Learning Centers	Gresham-Barlow Schools, Dist. 10J	1213049		152,178	152,178
TOTAL DEPARTMENT OF EDUCATION					152,178	152,178
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
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	154436		6,779	-
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Oregon State, Senior & Disabled Services	154436 2018-19		22,534	15,680
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	Oregon State, Dept. of Consumer Affairs	40G00139 2018		12,305	-
93.052	National Family Caregiver Support, Title III, Part E	Oregon State, Senior & Disabled Services	154436 2018-19		295,040	77,381
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Oregon State, Senior & Disabled Services	143130 2015/154436 2018-19		836,978	169,205
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Oregon State, Senior & Disabled Services	154436 2018-19		1,054,615	1,045,758
93.053	Nutrition Services Incentive Program	Oregon State, Senior & Disabled Services	154436 2018-19		418,363	418,363
<i>Total Aging Cluster</i>					<i>2,309,956</i>	<i>1,633,326</i>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
93.069	Public Health Emergency Preparedness	Oregon State, Health Division	1936002309		124,131	-
93.069	Public Health Emergency Preparedness	Washington State, Dept. of Health	CA17-1036		33,436	-
		<i>Total Public Health Emergency Preparedness</i>			<u>157,567</u>	-
93.070	Environmental Public Health and Emergency Response	Oregon State, Health Division	154125		10,285	
93.070	Environmental Public Health and Emergency Response	U.S. Dept. of Health & Human Svcs.	NUE1EH001327		34,494	
		<i>Total Environmental Public Health and Emergency Response</i>			<u>44,779</u>	-
93.071	Medicare Enrollment Assistance Program	Oregon State, Dept. of Consumer Affairs	147530		243,941	-
			U18FD004672/1U18FD			
93.103	Food and Drug Administration Research	U.S. Dept. of Health & Human Svcs.	006270		112,212	-
	Project Grants and Cooperative Agreements for Tuberculosis					
93.116	Control Programs	Oregon State, Health Division	154125		23,343	-
	Injury Prevention and Control Research and State and					
93.136	Community Based Programs	U.S. Dept. of Health & Human Svcs.	NH28CE002394		510,308	17,063
	Injury Prevention and Control Research and State and					
93.136	Community Based Programs	Oregon State, Health Division	154125		103,819	-
	<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>				<u>614,127</u>	<u>17,063</u>
93.145	AIDS Education and Training Centers	University of Washington	UWSC8707		87,232	-
	Projects for Assistance in Transition from Homelessness					
93.150	(PATH)	Oregon State, Dept. of Human Svcs.	141423		242,166	242,166
	Coordinated Services and Access to Research for Women,					
93.153	Infants, Children, and Youth	U.S. Dept. of Health & Human Svcs.	H12HA24796		380,390	
93.217	Family Planning Services	Oregon State, Health Division	154125		353,920	-
	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.	H80CS00149		10,749,563	150,746
		<i>Total Health Center Program Cluster</i>			<u>10,749,563</u>	<u>150,746</u>
93.235	Affordable Care Act (ACA) Abstinence Education Program	Oregon State, Div. of Children & Families	143851		15,695	-
93.243	Substance Abuse and Mental Health Services Projects of	U.S. Dept. of Health & Human Svcs.	03/SM061700/SP021987		807,459	389,593
	Substance Abuse and Mental Health Services Projects of					
93.243	Regional and National Significance	Oregon State, Dept. of Human Svcs.			6,689	
	<i>Total Substance Abuse and Mental Health Services Projects of Regional and National Significance</i>				<u>814,148</u>	<u>389,593</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>						
93.276	Drug-Free Communities Support Program Grants	U.S. Dept. of Health & Human Svcs.	SP020521		66,698	
93.279	Drug Abuse and Addiction Research Programs	U.S. Dept. of Health & Human Svcs.	R01DA039293		433,857	54,499
93.297	* Teenage Pregnancy Prevention Program	U.S. Dept. of Health & Human Svcs.	5 TP1AH000082-03-00		1,249,999	625,146
93.297	* Teenage Pregnancy Prevention Program	Texas A&M Health and Science Center	02-M1703114		86,587	-
		<i>Total Teenage Pregnancy Prevention Program</i>			<u>1,336,586</u>	<u>625,146</u>
93.317	Emerging Infections Program	Oregon State, Health Division	154125		159,474	-
93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	Oregon State, Health Division	154125		62,616	
93.324	State Health Insurance Assistance Program	Oregon State, Dept. of Consumer Affairs	A5G000217		12,495	
93.327	Demonstration Grants for Domestic Victims of Human Trafficking	U.S. Dept. of Health & Human Svcs.	90TV0004-01-00		138,970	72,190
93.424	Building Capacity of the Public Health System to Improve Population Health through National Nonprofit Organizations	Council of State and Territorial Epidemiologists	V06-02.2017		50,000	-
93.500	Pregnancy Assistance Fund Program	Oregon State, Health Division	154125		35,177	-
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	Oregon Child Development Coalition	OCDC 06-041		877	-
93.870	Maternal, Infant and Early Childhood Home visiting Grant	Oregon State, Health Division	150504		40,000	-
		<i>Total Maternal, Infant, and Early Childhood Home Visiting Cluster</i>			<u>40,877</u>	<u>-</u>
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	Oregon State, Health Division	154125		112,308	-
93.526	Affordable Care Act (ACA) Grants for Capital Development in Health Centers	U.S. Dept. of Health & Human Svcs.	C8DCS29230		642,454	-
93.539	Prevention and Public Health Fund Affordable Care Act - Immunization Program	Oregon State, Health Division	154125		6,215	-
93.556	Promoting Safe and Stable Families	United Way of the Columbia	675800-1617-01A		225,341	225,341
93.558	Temporary Assistance for Needy Families	Oregon State, Dept. of Human Svcs.	1601ORTANF		170,576	170,576
93.558	Temporary Assistance for Needy Families	Oregon State, Housing & Community Svcs.	1801ORTANF		93,415	-
		<i>Total TANF Cluster</i>			<u>263,991</u>	<u>170,576</u>
93.563	* Child Support Enforcement	Oregon State, Dept. of Justice	15435		2,576,421	-

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>						
93.568	Low-Income Home Energy Assistance	Oregon State, Housing & Community Svcs.	G-17B1ORLIEA/G-18B1ORLIEA		5,664,660	663,652
93.569	Community Services Block Grant	Oregon State, Housing & Community Svcs.	G-17B1ORCOSR/G-18B2ORCOSR		958,606	841,779
93.576	Refugee and Entrant Assistance-Discretionary Grants	U.S. Dept. of Health & Human Svcs.	90RX0271		93,617	
93.597	Grants to States for Access and Visitation Programs	Oregon State, Dept. of Justice	17278/19090		65,680	-
93.600	Head Start	Oregon Child Development Coalition	OCDC 06-041		14,987	-
93.658	Foster Care Title IV-E	Oregon State, Dept. of Human Svcs.	147297		163,177	13,065
93.658	Foster Care Title IV-E	Oregon State, Dept. of Justice	148551		308,596	-
		<i>Total Foster Care Title IV-E</i>			<u>471,773</u>	<u>13,065</u>
93.667	Social Services Block Grant	Oregon State, Dept. of Education	MUL0911		278,857	278,857
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.	NU58DP005955		900,545	249,516
93.758	Preventative Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	Oregon State, Health Division	154125		59,056	
93.788	Opioid STR	Oregon State, Health Division	154125		142,913	9,637
93.889	National Bioterrorism Hospital Preparedness Program	Oregon State, Health Division	154618		255,678	-
93.914	* HIV Emergency Relief Project Grants	AIDS United	2016153		10,853	-
93.914	* HIV Emergency Relief Project Grants	Boston University			29,106	-
93.914	* HIV Emergency Relief Project Grants	U.S. Dept. of Health & Human Svcs.	2H89HA00040-23-00		4,094,054	1,809,609
		<i>Total HIV Emergency Relief Project Grants</i>			<u>4,134,013</u>	<u>1,809,609</u>
93.918	Grants to Provide Outpatient Early Intervention Services with Ryan White HIV/AIDS Dental Reimbursement and Community	U.S. Dept. of Health & Human Svcs.	H76HA00197		677,048	-
93.924	Based Dental Partnership Grants	Oregon Health Sciences University, Sponsored Prof. Admin.	1004285_MCHD		13,121	-
93.926	Healthy Start Initiative	U.S. Dept. of Health & Human Svcs.	H49MC00141		640,333	-
93.928	Special Projects of National Significance	U.S. Dept. of Health & Human Svcs.	H97HA24958		44,280	18,398
93.940	HIV Prevention Activities- Health Dept. Based Human Immunodeficiency Virus (HIV)/Acquired	Oregon State, Health Division	1936002309		345,044	216,432
93.944	Immunodeficiency Virus Syndrome (AIDS) Surveillance	Oregon State, Health Division	154125		378,598	-
93.958	Block Grants for Community Mental Health Services	Oregon State, Dept. of Health & Human Svcs.	TI010043		365,558	365,558

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2018

CFDA	* Program Title	Grantor	Pass-Through Number	Entity	Federal Expenditures	Expenditures to Subrecipients
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>						
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Oregon State, Dept. of Human Svcs.	TI010043		3,338,125	3,338,125
93.959	Block Grants for Prevention and Treatment of Substance Abuse	Oregon State, Health Division	154940		324,251	189,443
	<i>Total Block Grants for Prevention and Treatment of Substance Abuse</i>				<u>3,662,376</u>	<u>3,527,568</u>
93.977	Preventive Health Services Sexually Transmitted Diseases Control Grants	U.S. Dept. of Health & Human Svcs.	5NH25PS0042256		338,345	-
93.994	Maternal and Child Health Services Block Grant to the States	Oregon State, Health Division	154125		298,825	223,312
	TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>42,453,090</u>	<u>11,891,090</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>						
94.011	Foster Grandparent Program	Corp. for National & Community Svc.	16SFPOR004		206,181	-
	<i>Total Foster Grandparent/Senior Companion Cluster</i>				<u>206,181</u>	<u>-</u>
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				<u>206,181</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.	G17OR0003A		121,696	-
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				<u>121,696</u>	<u>-</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>						
97.012	Boating Safety Financial Assistance	Oregon State, Marine Board	1936002309		395,241	-
97.042	Emergency Management Performance Grants	Oregon State, Office of Emergency Mgmt	14-526		287,314	-
97.046	Fire Management Assistance Grant	Oregon State, Dept of Forestry			125,291	-
97.067	Homeland Security Grant Program	Portland Bureau of Emergency Mgmt	30005184		100,103	-
97.067	Homeland Security Grant Program	Oregon State, Office of Emergency Mgmt	EMW-2016-SS0008		205,759	-
	<i>Total Homeland Security Grant Program</i>				<u>305,862</u>	<u>-</u>
	TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>1,113,708</u>	<u>-</u>
	TOTAL FEDERAL FUNDING				<u>64,994,663</u>	<u>16,843,678</u>

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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, 2018. 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, 2018 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 three non-cash awards.

An award from the Oregon 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: \$6,042. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$100,276.

During the year ended June 30, 2018, the County received surplus property valued at \$607.43 from the Oregon Department of Administrative Services (CFDA #39.003 – Donations of Federal Surplus Personal Property). Donated surplus property is valued at fair market value at the time of receipt or the assessed value provided by the federal agency. This amount is included in the total federal expenditures reported on the SEFA.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2018

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, 2018 is calculated on a proportionate basis; \$2,404,185. 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, 2018**

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>
10.557	Supplemental Nutrition Program for Women, Infants, and Children	<i>Unmodified</i>
93.914	HIV Emergency Relief Project Grants	<i>Unmodified</i>
93.297	Teenage Pregnancy Prevention Program	<i>Unmodified</i>
93.563	Child Support Enforcement	<i>Unmodified</i>
14.267	Continuum of Care Program	<i>Unmodified</i>
16.738	Edward Byrne Memorial Justice Assistance Grant Program	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$1,949,840

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

FINDING 2018-002 – Accounting for the Value of Donated Capital Assets – Significant Deficiency in Internal Control

Criteria: Capital assets received from other governmental entities should be reported at fair value.

Condition: The County has been receiving certain road and bridge improvements from the State of Oregon, Department of Transportation (ODOT) for several years now. ODOT has provided documentation on the cumulative costs incurred by the State for each capital asset, and the County has used that information as the best estimate of the fair value to record in the County's financial statements. County personnel responsible for evaluating the information provided by the State were making mistakes in interpreting which numbers represented the correct total costs incurred resulting in \$10.8 million of costs capitalized in excess of costs actually incurred by the State.

Context: Errors were made in 10 of 11 road and bridge projects transferred from ODOT to the County from 2016 through 2018.

Effect: The financial statements have reported \$10.8 million of costs in excess of amounts actually incurred by ODOT to construct them.

Cause: The County's finance staff review of capital asset accounting personnel during the financial close and review process was either not performed, or insufficient to catch the errors that had occurred.

Recommendation: We recommend the County improve the finance staff review of capital asset accounting entries during the financial close and review process.

Views of responsible officials: Management agrees with the finding and auditor recommendation.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001 – Allowable Costs – Significant Deficiency in Internal Control

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award year</i>	<i>Questioned Costs</i>
93.297	Teenage Pregnancy Prevention Program	Multiple	Multiple	None Reported

Criteria or specific requirement (including statutory, regulatory, or other citation): According to Uniform Guidance, 2 CFR 200.430(i) charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: Approved Time and Attendance reports did not agree to what was reflected within the system and thus time charged and paid was not based on actual hours.

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Context: During our testing of payroll for the Teenage Pregnancy Prevention Program, we noted two instances in which the Time and Attendance reports, which document employees' hours worked and supervisor approval of those hours, were not accurately entered into the system. This resulted in amounts paid to employees and amounts charged to grants not reflecting actual work hours performed.

Effect: Errors on time cards could go undetected and result in incorrect payroll related expenses being charged to the program.

Cause: The control currently in place is not consistently implemented to ensure that Time and Attendance reports are reviewed and entered into the system correctly.

Recommendation: We recommend that the County address the internal controls to review Time and Attendance reports to ensure that the correct amount of payroll is charged to the program.

Views of responsible officials: Management agrees with the finding and auditor recommendation.



As required by OMB Uniform Guidance, we have provided below our response and corrective action plan addressing the findings in the “Report on Federal Awards in Accordance with the OMB Uniform Guidance” for the year ended June 30, 2018

Management’s View and Corrective Action Plan

Finding #2018-01: Allowable Costs – Significant Deficiency in Internal Control

Management agrees with the finding and auditor’s recommendation. The county is currently implementing a new Enterprise Resource Planning (ERP) system, Workday, which will improve internal controls over time and attendance. The new system will require county staff to report actual time worked on grants within the software rather than relying on paper timesheets and timekeepers to enter time into the system. Supervisors will be required to review and approve time and attendance entered by staff. The anticipated completion date is January 1, 2019.

The Fiscal and Grant Compliance Manager, Cora Bell, will be responsible for ensuring that the correcting actions take place as described. If you have any questions of require additional information, please feel free to contact her at (503-988-7966) or at cora.bell@multco.us.

Finding #2018-02: Financial Statement Finding – Accounting for the Value of Donated Capital Assets – Significant Deficiency in Internal Control

Management agrees with the finding and auditor’s recommendation. The county is currently implementing a new Enterprise Resource Planning (ERP) system, Workday, which will improve internal controls over accounting and reporting of capital assets. The new system will require departmental staff, who are directly engaged with the projects, to account for contributed capital assets. Departmental staff (Business Asset Tracking Specialist – new position) will be responsible for entering journal entries to record the contributions and attach support documentation that includes formal approval by the departmental manager. Further, journal entries and support documentation will be reviewed for completeness by General Ledger staff who are responsible for the financial reporting.

The Dept. Community Services Finance Manager, Tom Hansell, and Accounting Manager, Samina Gillum, will be responsible for ensuring that the correcting actions take place as described. If you have any questions of require additional information, please feel free to contact them at: (503) 988-0223 tom.j.hansell@multco.us or (503-988-7956) samina.gillum@multco.us.