

OFFICIAL STATEMENT DATED JUNE 4, 2014

\$22,530,000

Multnomah County, Oregon
Full Faith and Credit Refunding Obligations, Series 2014

DATED: June 18, 2014 ("Date of Delivery")

DUE: August 1, as shown on the inside cover

PURPOSE— The \$22,530,000 Full Faith and Credit Refunding Obligations, Series 2014 (the "Obligations") are being issued by Multnomah County, Oregon (the "County"). The Obligations are being issued to refinance certain outstanding debt that financed capital projects, and to pay the costs of issuance of the Obligations. See "Purpose and Use of Proceeds" herein.

MOODY'S RATING—"Aa1". See "Rating" herein.

NOT BANK QUALIFIED— The County has NOT designated the Financing Agreement (as hereinafter defined) as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

BOOK-ENTRY ONLY SYSTEM— The Obligations will be issued, executed and delivered in fully registered form under a book-entry only system and registered in the name of Cede & Co., as owner and nominee for The Depository Trust Company ("DTC"). DTC will act as initial securities depository for the Obligations. Individual purchases of the Obligations will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their interest in the Obligations purchased.

PRINCIPAL AND INTEREST PAYMENTS— The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof (as hereinafter defined) in the Financing Payments to be made by the County pursuant to the Financing Agreement (as hereinafter defined). The interest component of the Financing Payments evidenced and represented by the Obligations is payable on August 1, 2014 and semiannually thereafter on August 1 and February 1 of each year to the maturity of the Obligations. The principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable by the County's paying agent, registrar and escrow agent, initially U.S. Bank National Association (the "Paying Agent"), to DTC which, in turn, will remit such principal and interest components to the DTC participants for subsequent disbursement to the beneficial owners of the Obligations at the address appearing upon the registration books on the 15th day (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE — SEE INSIDE COVER

PREPAYMENT— The Obligations are not subject to optional prepayment prior to maturity.

SECURITY— Pursuant to the terms of a financing agreement (the "Financing Agreement") the County's payment obligations (the "Financing Obligations") are to be secured by and payable from lawfully available funds of the County, including the proceeds of the Financing Agreement and any taxes levied by and for the County within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The obligation of the County to make payments is a full faith and credit obligation of the County, and is not subject to appropriation. The Beneficial Owners of the Obligations do not have a lien or security interest on the property financed with the proceeds of the Financing Agreement. The Obligations do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County.

TAX MATTERS— *In the opinion of Hawkins Delafield & Wood LLP, Special Counsel to the County ("Special Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) the portion of the payments made under the Financing Agreement designated and constituting interest received by the holders of the Obligations ("Interest") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Special Counsel, Interest is exempt from State of Oregon personal income tax under existing law. See "Tax Matters" herein.*

DELIVERY— The Obligations are offered for sale to the original purchaser subject to the final approving legal opinion of Special Counsel. It is expected that the Obligations will be available for delivery to the Paying Agent for Fast Automated Securities Transfer on behalf of DTC, on the Date of Delivery.

This cover page contains certain information for quick reference only. It is not a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

Multnomah County, Oregon

Full Faith and Credit Refunding Obligations, Series 2014

DATED: Date of Delivery

DUE: August 1, as shown below

MATURITY SCHEDULE –

Due August 1	Amounts	Interest Rates	Yields	CUSIP® 625506	Due August 1	Amounts	Interest Rates	Yields	CUSIP® 625506
2015	\$ 3,785,000	5.00%	0.17%	NK2	2018	\$ 4,575,000	3.00%	0.98%	NN6
2016	4,570,000	5.00	0.35	NL0	2019	4,780,000	5.00	1.25	NP1
2017	4,820,000	5.00	0.62	NM8					

Certain information contained herein has been obtained from the County and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by Standard and Poor's, a division of The McGraw-Hill Companies, Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the County nor the Purchaser take any responsibility for the accuracy of such CUSIP numbers.

Web addresses contained in this Official Statement are inactive textual references, not hyperlinks, and any websites, by such reference, are not incorporated herein.

No dealer, broker, salesman or other person has been authorized by the County or Piper Jaffray & Co. (the "Financial Advisor") to give information or to make any representations with respect to the Obligations, other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Obligations by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

Multnomah County, Oregon
501 SE Hawthorne Blvd., Suite 531
Portland, Oregon 97214-3501
(503) 988-3312

Board of Commissioners

Marissa Madrigal ⁽¹⁾	Chair
Deborah Kafoury	Chair-elect
Liesl Wendt ⁽²⁾	Commissioner, District 1
Jules Bailey	Commissioner-elect, District 1
Loretta Smith	Commissioner, District 2
Judy Shiprack	Commissioner, District 3
Diane McKeel	Commissioner, District 4

Administrative Staff

Mark Campbell	Chief Financial Officer
Joanne Fuller	Chief Operating Officer and Director of County Management
Karyne Kieta	Deputy Director of County Management and Budget Officer

Special Counsel

Hawkins Delafield & Wood LLP
Portland, Oregon
(503) 402-1324

Financial Advisor

Piper Jaffray & Co.
Portland, Oregon
(503) 275-8309

Paying Agent

U.S. Bank National Association
Portland, Oregon
(503) 464-3756

-
- (1) Marissa Madrigal has been serving as the interim Chair since the previously elected Chair resigned last year. Deborah Kafoury received more than 50 percent of the vote in the May 20, 2014 election to fill the rest of the four-year County Chair's term through 2014 and for the full four-year term starting in January 2015. She will be sworn in as the new Chair in early June once the election results are certified.
- (2) Commissioner Liesl Wendt has been serving as the interim District 1 Commissioner since Kafoury resigned the seat last fall to run for County Chair. State Representative Jules Bailey was elected at the May 20, 2014 election to serve the rest of the four-year term through 2016. He will take office in early June once the election results are certified.

[this page intentionally left blank]

Table of Contents

	<u>Page</u>
Description of the Obligations	1
Financing Amount, Date, Interest Rates and Maturities	1
Disbursement Features	1
Prepayment Provisions	2
Events of Default	2
Remedies	2
Authorization for Issuance	2
Purpose and Use of Proceeds	3
Purpose	3
Refunding Procedure	3
Sources and Uses of Funds	4
Security for the Obligations	4
General	4
Bonded Indebtedness	5
Debt Limitation	5
Outstanding Long-Term Debt	6
Projected Debt Service Requirements	6
Summary of Overlapping Debt	7
Debt Ratios	8
Debt Payment Record	8
Future Financings	8
Revenue Sources	8
County Funding	8
Property Taxes	9
Taxable Property Values	11
Fiscal Year 2014 Representative Levy Rate	12
Tax Collection Record	12
Major Taxpayers	13
Strategic Investments Program	13
Other Taxes	13
Local Government Fees	13
Vehicle Registration Fee	14
Grants and Contributions	14
State of Oregon Funding	14
Federal Funding	14
The County	14
General Description	14
Component Units	15
Key Administrative Officials	15
Staff	16
Financial Factors	16
Financial Reporting and Accounting Policies	16
Auditing	16
Governmental Activities - Statement of Net Assets	17
Governmental Activities - Statement of Revenues, Expenses and Changes in Net Assets	18
General Fund Balance Sheet	19
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance	20
Budgetary Process	20
General Fund Adopted Budget	21
Investments	22
Pension System	22
Other Postemployment Benefits	26
Risk Management	27
Demographic Information	27
The Initiative and Referendum Process	32
Referendum	33
Initiative Process	33
Home Rule Charter	34
Legal Matters and Litigation	34
Legal Matters	34
Litigation	34

Table of Contents, Continued

	<u>Page</u>
Tax Matters	35
Opinion of Special Counsel	35
Certain Ongoing Federal Tax Requirements and Covenants	35
Certain Collateral Federal Tax Consequences	35
Original Issue Discount	36
Bond Premium	36
Information Reporting and Backup Withholding	37
Miscellaneous.....	37
Continuing Disclosure.....	37
Financial Advisor	38
Rating	38
Purchaser of the Obligations	38
Certificate with Respect to Official Statement.....	39
 Appendices:	
Form of Special Counsel Opinion.....	Appendix A
Financial Statements.....	Appendix B
Book-Entry Only System.....	Appendix C
Form of Continuing Disclosure Certificate.....	Appendix D
Form of Financing Agreement and Form of Escrow Agreement	Appendix E

OFFICIAL STATEMENT
Multnomah County, Oregon
\$22,530,000
Full Faith and Credit Refunding Obligations, Series 2014

Multnomah County, Oregon (the "County"), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of \$22,530,000 aggregate principal amount of Full Faith and Credit Refunding Obligations, Series 2014 (the "Obligations"), dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, bid form and appendices, provides information concerning the County and the Obligations.

Certain statements contained in this Official Statement do not reflect historical facts, but are forecasts and "forward-looking statements." No assurance can be given that the future results discussed herein will be achieved, and actual results may differ materially from the forecasts described herein. In this respect, words such as "estimated," "projected," "anticipate," "expect," "intend," "plan," "believe" and similar expressions are intended to identify forward-looking statements. All projections, assumptions and other forward-looking statements are expressly qualified in the entirety by the cautionary statements set forth in this Official Statement.

The information set forth herein has been obtained from the County and other sources that are believed to be reliable. Piper Jaffray & Co. the "Financial Advisor" has relied on the County with respect to the accuracy and sufficiency of such information and such information is not to be construed as a representation, warranty or guarantee by the Financial Advisor.

Capitalized terms used and not defined herein shall have the meanings assigned to such terms in "Appendix E—Form of Financing Agreement and Form of Escrow Agreement," which is attached hereto and incorporated by reference herein.

Description of the Obligations

The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof in payments (the "Financing Payments") to be made by the County pursuant to the Financing Agreement dated as of the Date of Delivery (the "Financing Agreement"), between the County and U.S. Bank National Association, as paying agent, registrar and escrow agent (the "Escrow Agent" and "Bond Registrar"). The Obligations are executed and delivered pursuant to an escrow agreement (the "Escrow Agreement") dated as of the Date of Delivery, between the County and the Escrow Agent.

Financing Amount, Date, Interest Rates and Maturities

The sum of the principal components of the Financing Payments evidenced and represented by the Obligations will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The principal components of the Financing Payments will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The interest components of the Financing Payments ("Interest") are payable semiannually on August 1 and February 1 of each year, commencing August 1, 2014, until the maturity or earlier prepayment of the Obligations and will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Disbursement Features

Financing Payments. The Financing Payments will be payable by the Escrow Agent to the Depository Trust Company ("DTC"), which, in turn, is obligated to remit such principal and interest components to its participants ("DTC Participants") for subsequent disbursement to the persons in whose names such Obligations are registered (the "Beneficial Owners") as further described in Appendix C attached hereto.

Book-Entry System. The Obligations will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co. as owner and as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Obligations. See "Appendix C – Book Entry Only System" for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the County is unable to retain a qualified successor to DTC, or the County has determined that it is in the best interest of the County not to continue the book-entry system of transfer, the County will cause the Paying Agent to authenticate and deliver to the Beneficial Owners of the Obligations or their nominees, replacement Obligations in fully registered form, in the denomination of \$5,000 or any integral multiple thereof within a maturity. Thereafter, the principal components of the Financing Payments evidenced and represented by the Obligations will be payable upon due presentment and surrender of such Obligations at the principal office of the Escrow Agent; the interest components of the Financing Payments evidenced and represented by the Obligations will be mailed or caused to be delivered to the Beneficial Owners, at the addresses appearing upon the registration books on the 15th day of the month preceding a payment date (the "Record Date"), and the Obligations will be transferable as provided in the Escrow Agreement.

Prepayment Provisions

Optional Prepayment. The Obligations will not be subject to optional prepayment prior to maturity.

Events of Default

The occurrence of one or more of the following shall constitute an Event of Default under the Agreements:

- a. Failure by the County to pay the Financing Payments, when due;
- b. Failure by the County to comply with any other covenant, condition or agreement of the County under the Agreements for a period of sixty (60) days after written notice from the Escrow Agent absent an extension of time not to exceed 180 days from date of notice of default by the Escrow Agent; or
- c. The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors or the taking of any action by the County in furtherance of any of the foregoing.

Remedies

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request the Owners of fifty-one (51%) percent or more of the principal amount of Obligations then Outstanding may take whatever action may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by the Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Escrow Agreement or in aid of the exercise of any power granted in the Escrow Agent or for the enforcement of any other legal or equitable right vested in the Escrow Agent by the Escrow Agreement or by law. **Provided, however, that upon an event of default the Escrow Agent will not have the right to declare the unpaid principal components of the financing payments immediately due and payable.**

Authorization for Issuance

The County is authorized pursuant to the Constitution and laws of the State, namely, Oregon Revised Statutes ("ORS") Section 271.390, to enter into financing agreements, lease-purchase agreements or other contracts of

purchase to finance or refinance real or personal property and to authorize certificates of participation in the payment obligations of the County under such financing agreements, lease-purchase agreements or other contracts of purchase.

The Obligations are being issued pursuant to Resolution No. 2014-030 (the "Resolution") adopted by the County's Board of Commissioners (the "Board") on April 3, 2014 that authorized the County to enter into the Financing Agreement, Escrow Agreement and a purchase agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people.

Pursuant to the Resolution, the County has pledged to use all of its general non-restricted revenues and other funds which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon ("Article XI, Sections 11 and 11b") to generate funds sufficient to make all Financing Payments.

The County previously issued its Full Faith and Credit Refunding Obligations, Series 2004, dated October 1, 2004, in the original aggregate principal amount of \$54,235,000 (the "Series 2004 Obligations") pursuant to a resolution adopted by the County's Board on September 11, 2003. The Series 2004 Obligations were issued to advance refund a portion of the County's Certificates of Participation, Series 1998 (new money portion only), Certificates of Participation, Series 1999A, and Full Faith and Credit Obligations, Series 2000A, and to pay costs of issuance of the Series 2004 Obligations.

A portion of the proceeds of the Obligations will be used to refund all or a portion of the Series 2004 Obligations (the "Refunded Obligations") and to pay the costs of issuance of the Obligations.

Purpose and Use of Proceeds

Purpose

The Obligations are being issued so that the County can obtain a benefit of a savings in total debt service requirements.

Refunding Procedure

A portion of the proceeds of the Obligations will be used to provide funds to establish an irrevocable trust escrow pursuant to an escrow deposit agreement (the "Escrow Deposit Agreement") between the County and U.S. Bank National Association, as escrow agent thereunder (the "Escrow Agent") to refund the Refunded Obligations, as shown below:

Refunded Obligations

Series	Total Amount Outstanding	Refunded Maturities	Amount Refunded	Call Date	Call Price ⁽¹⁾
2004	\$ 30,580,000	2015 - 2019	\$ 24,395,000	08/01/14	100%
Refunded Maturities	Amount Refunded	CUSIP 625506	Refunded Maturities	Amount Refunded	CUSIP 625506
8/1/2015	\$ 770,000	LK4	8/1/2017	\$ 5,055,000	LG3
8/1/2015	3,830,000	LE8	8/1/2018	4,845,000	LH1
8/1/2016	4,810,000	LF5	8/1/2019	5,085,000	LJ7

(1) Call price is expressed as a percentage of the principal amount.

From the proceeds of the Obligations, the County will gross fund the trust escrow that will be deposited in the custody of the Escrow Agent. Proceeds deposited in the trust escrow will be sufficient to pay interest on the Refunded Obligations and redeem all remaining principal on the call date shown in the preceding table.

The cash-funded trust escrow and any interest earned thereon will irrevocably be pledged to and held in trust for the benefit of the Owners of the Refunded Obligations by the Escrow Agent, pursuant to the Escrow Deposit Agreement.

Sources and Uses of Funds

The proceeds of the Obligations will be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds	
Par Amount of Obligations	\$ 22,530,000.00
Original Issue Premium	2,562,191.60
Total Sources of Funds	<u>\$ 25,092,191.60</u>
Uses of Funds	
Escrow Requirements	\$ 24,964,525.00
Underwriting and Issuance Costs	127,666.60
Total Uses of Funds	<u>\$ 25,092,191.60</u>

Security for the Obligations

General

The Obligations evidence and represent undivided proportionate ownership interests in the installment payments of principal and interest due (the "Financing Payments") from the County under the Financing Agreement. Under the Financing Agreement, the Financing Payments are secured by and payable from the County's general non-restricted revenues and other funds that may be available for that purpose. The obligation to pay the Financing Payments is a full faith and credit obligation of the County.

In the Resolution, the County has covenanted that the Financing Payments are payable from the general non-restricted revenues of the County and other funds which may be lawfully available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon.

The County has covenanted to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under the Financing Agreement.

The Financing Agreement is not a general obligation of the County, the State of Oregon or any other political subdivision or municipal corporation. The Obligations are secured solely by the Financing Payments and any sums realized in connection with the remedies available upon the occurrence of an event of default all as provided in the Financing Agreement.

THE OBLIGATION OF THE COUNTY TO MAKE THE FINANCING PAYMENTS AND ADDITIONAL CHARGES IS ABSOLUTE AND UNCONDITIONAL, AND SHALL NOT BE SUBJECT TO ANNUAL APPROPRIATION. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The County's obligation to make Financing Payments and Additional Charges is not subject to any of the following:

- (1) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (2) any insolvency, bankruptcy, reorganization or similar proceedings by the County;
- (3) abatement through damage, destruction or nonavailability of the Project; or

(4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

The County's obligation to make Financing Payments is binding for the term of the Financing Agreement.

Each Obligation owner is entitled proportionately to the principal component of Financing Payments due on the payment date, which is the same as the maturity date of the Obligations. In addition, each Obligation owner is entitled proportionately to receipt of an amount of the interest component of Financing Payments on each payment date attributable to the interest accruing on the principal component attributable to such Obligations at the interest rate set forth for said principal component.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 287A.100 establishes a limit on bonded indebtedness for counties. Counties may issue an aggregate principal amount up to two percent of the Real Market Value of all taxable properties within the county if the County's voters approve the general obligation bonds. General obligation bonds are secured by the power to levy an additional tax outside the limitations of Article XI, Sections 11 and 11b. **The Obligations are not general obligation bonds.**

Full Faith and Credit Obligations/Limited Tax Obligations. School districts, education service districts, community colleges and local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations" in addition to pledging the full faith and credit for voter approved general obligation bonds. Except for pension bonds, a county may not have limited tax full faith and credit obligations outstanding in an amount that exceeds one percent of the Real Market Value of all taxable properties within the county. **The Obligations are Full Faith and Credit Obligations/Limited Tax Obligations. The Obligations are subject to the limited tax bond limitation as described below.**

Multnomah County, Oregon Debt Capacity

Real Market Value (Fiscal Year 2014) ⁽¹⁾ :	\$ 98,078,710,048				
	Debt Limit (% of RMV)	Total Debt Capacity	Outstanding Debt Subject to Limit	Remaining Legal Capacity	Percent of Capacity Issued
General Obligation Bonds ⁽²⁾	2.0%	\$ 1,961,574,201	\$ 17,725,000	\$ 1,943,849,201	0.90%
Limited Tax Pension Bonds ⁽³⁾	5.0%	\$ 4,903,935,502	\$ 122,562,276	\$ 4,781,373,226	2.50%
Limited Tax Bonds ⁽⁴⁾	1.0%	\$ 980,787,100	\$ 172,485,000	\$ 808,302,100	17.59%

(1) The County's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). *Source: Multnomah County Department of Assessment and Taxation.*

(2) Represents voter-approved, unlimited-tax general obligations of the County.

(3) Includes the County's pension bonds.

(4) Includes the County's limited-tax obligations, net of the Refunded Obligations and including the Obligations.

Source: Multnomah County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2013, and this issue.

Pension Bonds. ORS 238.694 authorizes counties to issue full faith and credit obligations to finance pension liabilities in an amount that does not exceed five percent of the Real Market Value of all taxable property in the county. Pension bonds are not general obligations as defined under State law and the County is not authorized to levy additional taxes to make pension bond payments. **The Obligations are not pension bonds.**

Revenue Bonds. The County may issue revenue bonds for any public purpose, which are secured by revenues pursuant to ORS 287A.150. **The Obligations are not revenue bonds.**

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
<i>General Obligation Bonds:</i>				
Series 2010 Refunding Bonds	03/31/10	10/01/16	\$ 45,175,000	\$ 17,725,000
Total General Obligation Bonds				<u>17,725,000</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2004 Obligations	10/01/04	08/01/14 ⁽²⁾	54,235,000	30,580,000
Less: Refunded Bonds				(24,395,000)
Series 2010A Obligations	03/31/10	06/01/17	9,800,000	4,355,000
Series 2010B Obligations	12/14/10	06/01/30	15,000,000	15,000,000
Series 2012 Obligations	12/13/12	06/01/33	128,000,000	123,955,000
Series 2014 Refunding Obligations ⁽¹⁾	06/18/14	08/01/19	22,530,000	22,530,000
Total Full Faith and Credit Obligations				<u>172,025,000</u>
<i>Limited-Tax Pension Obligation Bonds:</i>				
Series 1999	12/01/99	06/01/30	184,548,160	<u>122,562,276</u>
<i>Capital Leases:</i>				
Sellwood Library	01/15/02	12/31/32	1,093,000	955,000
Sheriff's Office Warehouse	07/01/10	06/30/16	815,000	<u>377,000</u>
Total Capital Leases				<u>1,332,000</u>
Total Long-Term Debt				<u>\$ 313,644,276</u>

(1) This issue.

(2) Final maturity following redemption of the Refunded Obligations.

Source: Multnomah County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2013.

Full Faith and Credit Obligations Projected Debt Service Requirements

Fiscal Year	Outstanding Obligations		Less: Refunded Obligations		2014 Obligations		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2014	\$ 11,405,000	\$ 7,909,913	\$ -	\$ -	\$ -	\$ -	\$ 19,314,913
2015	11,770,000	7,442,963	-	1,139,050	-	641,125	18,715,038
2016	10,380,000	6,967,025	4,600,000	1,026,938	3,785,000	940,375	16,445,463
2017	10,845,000	6,474,663	4,810,000	794,575	4,570,000	731,500	17,016,588
2018	9,830,000	5,968,625	5,055,000	560,588	4,820,000	496,750	15,499,788
2019	9,860,000	5,507,125	4,845,000	337,838	4,575,000	307,625	15,066,913
2020	10,350,000	5,032,950	5,085,000	114,413	4,780,000	119,500	15,083,038
2021	6,880,000	4,655,288	-	-	-	-	11,535,288
2022	7,185,000	4,324,788	-	-	-	-	11,509,788
2023	7,505,000	3,975,888	-	-	-	-	11,480,888
2024	7,840,000	3,607,688	-	-	-	-	11,447,688
2025	8,195,000	3,221,448	-	-	-	-	11,416,448
2026	8,565,000	2,816,123	-	-	-	-	11,381,123
2027	8,955,000	2,387,118	-	-	-	-	11,342,118
2028	9,290,000	2,012,695	-	-	-	-	11,302,695
2029	9,645,000	1,624,453	-	-	-	-	11,269,453
2030	10,010,000	1,221,538	-	-	-	-	11,231,538
2031	8,665,000	803,550	-	-	-	-	9,468,550
2032	8,925,000	543,600	-	-	-	-	9,468,600
2033	9,195,000	275,850	-	-	-	-	9,470,850
	<u>\$ 185,295,000</u>	<u>\$ 76,773,285</u>	<u>\$ 24,395,000</u>	<u>\$ 3,973,400</u>	<u>\$ 22,530,000</u>	<u>\$ 3,236,875</u>	<u>\$ 259,466,760</u>

**Summary of Overlapping Debt
(As of April 17, 2014)**

Overlapping Issuer Name	Real Market Value	Percent Overlapping	Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
City of Fairview	\$ 749,264,368	100.00%	\$ 485,000	\$ 0
City of Gresham	8,254,189,574	100.00%	62,240,633	30,864,633
City of Troutdale	1,339,679,242	100.00%	13,000,000	13,000,000
Lusted Water District	123,725,150	100.00%	825,000	825,000
Multnomah Cty Drainage District 1	216,601,533	100.00%	2,560,000	95,000
Multnomah Cty SD 3 (Parkrose)	4,569,559,134	100.00%	61,450,000	61,450,000
Multnomah Cty SD 39 (Corbett)	30,675,330	100.00%	1,615,000	1,615,000
Multnomah Cty SD 40 (David Douglas)	4,052,801,563	100.00%	103,362,481	103,362,481
Multnomah Cty SD 7 (Reynolds)	6,369,225,418	100.00%	133,676,549	133,676,549
Pleasant Home Water District	148,138,008	100.00%	1,790,000	1,790,000
Rockwood Water PUD	3,981,261,851	100.00%	5,910,000	0
City of Portland	80,640,433,044	99.65%	644,604,218	147,427,441
Multnomah Cty SD 1J (Portland)	70,607,795,585	99.39%	583,998,718	583,998,718
Multnomah ESD	95,867,106,973	98.04%	33,118,486	0
Sauvie Island Volunteer RFPD 30J	170,851,646	95.89%	67,122	67,122
Multnomah Cty SD 51J (Riverdale)	669,891,125	94.52%	25,068,559	25,068,559
Multnomah Cty SD 28J (Centennial)	2,547,267,447	93.22%	26,909,714	26,909,714
Mt Hood Community College	27,902,128,740	83.12%	58,506,086	21,694,581
Multnomah Cty SD 10J (Gresham-Barlow)	6,621,286,111	81.29%	74,950,940	74,950,940
Metro	184,584,369,182	50.69%	141,310,134	124,845,243
Portland Community College	148,235,007,021	48.10%	246,001,313	84,309,982
Port of Portland	201,509,268,013	46.89%	31,923,083	0
Columbia Cty SD 1J (Scappoose)	1,626,092,062	20.40%	6,427,052	6,427,052
City of Lake Oswego	7,410,742,045	5.73%	11,880,076	1,769,710
Tualatin Valley Fire & Rescue District	54,413,305,959	1.67%	952,604	735,686
City of Milwaukie	1,914,834,692	1.00%	40,600	0
Northwest Regional ESD	79,896,802,227	0.60%	32,737	0
Washington Cty SD 48J (Beaverton)	29,601,705,148	0.49%	2,244,515	2,244,515
Clackamas Cty SD 7J (Lake Oswego)	8,088,851,271	0.32%	327,018	327,018
Clackamas Cty RFPD 1	17,966,818,042	0.24%	50,029	4,251
Clackamas Cty ESD	42,890,152,354	0.06%	15,828	916
Washington Cty SD 1J (Hillsboro)	13,543,719,276	0.01%	15,303	15,303
			\$ 2,275,358,798	\$ 1,447,475,414

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Source: Debt Management Division, The Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the County's direct debt, including the effect of this refunding and the Obligations, and the estimated portion of the debt of overlapping taxing districts allocated to the County's property owners.

Debt Ratios

Real Market Value	\$ 98,078,710,048	
Estimated Population	756,530	
Per Capita Real Market Value	\$ 129,643	
	Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
Debt Information		
County Direct Debt ⁽³⁾	\$ 313,644,276	\$ 313,644,276
Overlapping Direct Debt	2,275,358,798	1,447,475,414
Total Direct Debt ⁽³⁾	<u>\$ 2,589,003,074</u>	<u>\$ 1,761,119,690</u>
Bonded Debt Ratios⁽³⁾		
County Direct Debt to Real Market Value	0.32%	0.32%
Total Direct Debt to Real Market Value	2.64%	1.80%
Per Capita County Direct Debt	\$ 415	\$ 415
Per Capita Total Direct Debt	\$ 3,422	\$ 2,328

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

(3) Includes the Obligations and net of the Refunded Obligations.

Sources: Debt Management Division, The Office of the State Treasurer as of April 17, 2014 and Multnomah County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2013.

Debt Payment Record

The County has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

Capital Projects. Other than the Obligations, the County has no authorized but unissued bonds outstanding, nor does it anticipate issuing additional long-term debt within calendar year 2014. The County is currently evaluating multiple financing options for the construction of a new courthouse, including the use of a public-private partnership. The new courthouse is projected to open in 2019.

Short-term Notes. The County does not anticipate issuing short-term debt within calendar year 2014.

Revenue Sources

The following section summarizes certain of the major revenue sources of the County.

County Funding

The County derives revenue from three primary sources: grants and contributions, ad valorem property taxes, and charges for services. The following section summarizes certain of the major revenue sources of the County.

Property Taxes

Most local governments, school districts, education service districts and community college districts ("local governments") have permanent authority to levy property taxes for operations ("Permanent Rates") up to a maximum rate (the "Operating Tax Rate Limit"). Local governments that have never levied property taxes may request that the voters approve a new Operating Tax Rate Limit.

Local governments may not increase their Operating Tax Rate Limits; rather they may only request that voters approve limited term levies for operations or capital expenditures ("Local Option Levies") or levies to repay general obligation bonded indebtedness ("General Obligation Bond Levies").

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years.

The County currently has a Local Option Levy to fund the Oregon Historical Society. The Oregon Historical Society operations levy of \$0.05 per 1,000 of assessed value was approved by County voters in November 2010. Collections of the five year levy began in Fiscal Year 2012.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year. The local government ordinarily must notify the county assessor of its levies by July 15.

Valuation of Property – Real Market Value. "Real Market Value" is the minimum amount in cash which could reasonably be expected by an informed seller acting without compulsion, from an informed buyer acting without compulsion, in an "arms-length" transaction during the period for which the property is taxed.

Property subject to taxation includes all privately owned real property (land, buildings and improvements) and personal property (machinery, office furniture and equipment) for non-residential taxpayers. There is no property tax on household furnishings (exempt since 1913), personal belongings, automobiles (exempt since 1920), crops, orchards, business inventories or intangible property such as stocks, bonds or bank accounts, except for centrally assessed utilities, for which intangible personal property is subject to taxation.

Property used for charitable, religious, fraternal and governmental purposes is exempt from taxation. Special assessments that provide a reduction in the taxable Real Market Value may be granted (upon application) for veterans' homesteads, farm and forest land, open space and historic buildings. The Real Market Value of specially assessed properties is often called the "Taxable Real Market Value" or "Measure 5 Real Market Value." The assessment roll, a listing of all taxable property, is prepared as of January 1 of each year.

Valuation of Property – Assessed Value. Property taxes are imposed on the assessed value of property. The assessed value of each parcel cannot exceed its Taxable Real Market Value, and ordinarily is less than its Taxable Real Market Value. The assessed value of property was initially established in 1997 as a result of a constitutional amendment. That amendment (now Article XI, Section 11, often called "Measure 50") assigned each property a value and limited increases in that assessed value to three percent per year, unless the property is improved, rezoned, subdivided, or ceases to qualify for exemption. When property is newly constructed or reassessed because it is improved, rezoned, subdivided, or ceases to qualify for exemption, it is assigned an assessed value that is comparable to the assessed value of similar property.

The Oregon Department of Revenue ("ODR") appraises and establishes values for utility property, forestland and most large industrial property for county tax rolls. It collects taxes on harvested timber for distribution to schools, county taxing districts, and State programs related to timber. Certain properties, such as utilities, are valued on the unitary valuation approach. Under the unitary valuation approach, the taxpaying entity's operating system is defined and a value is assigned for the operating unit using the market value approach (cost, market value and income appraisals). Values are then allocated to the entities' operations in Oregon, and then to each county the entity operates in and finally to site locations.

Generally speaking, industrial properties are valued using an income approach, but ODR may apply additions or retirements to the property value through a cost of materials approach. Under the income and cost of materials approaches, property values fluctuate from year-to-year.

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called “Measure 5”) separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, “Education Taxes”) and one to fund government operations other than the public school system (“General Government Taxes”). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the “Measure 5 Limits”). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2014, there was \$20,552,750 of compression of the County’s Permanent Rate due to the tax rate limitation. In addition, there was \$1,345,277 of compression of the County’s Local Option Levy.

Taxes imposed to pay the principal and interest on the following bonded indebtedness are not subject to Measure 5 Limits: (1) bonded indebtedness authorized by a specific provision of the Oregon Constitution; and (2) general obligation bonded indebtedness incurred for capital costs approved by the electors of the issuer and bonds issued to refund such bonds. **Property taxes imposed to pay the principal of and interest on the Obligations are subject to the limitations of Article XI, Sections 11 and 11b.**

In 2007 the Oregon Supreme Court determined that taxes levied by general purpose governments (such as cities and counties) may be subject to the \$5 per \$1,000 limit if those taxes are used for educational services provided by public schools.

Property Tax Collections. Each county assessor is required to deliver the tax roll to the county tax collector in sufficient time to mail tax statements on or before October 25 each year. All tax levy revenues collected by a county for all taxing districts within the county are required to be placed in an unsegregated pool, and each taxing district shares in the pool in the same proportion as its levy bears to the total of all taxes levied by all taxing districts within the county. As a result, the tax collection record of each taxing district is a *pro-rata* share of the total tax collection record of all taxing districts within the county combined.

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer’s account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

A Senior Citizen Property Tax Deferral Program (1963) allows certain homeowners to defer taxes until death or sale of the home. A similar program is offered for Disability Tax Deferral (2001), which does not have an age limitation.

The following tables represent historical tax information for the County.

Taxable Property Values

Fiscal Year	Real Market Value ⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates ⁽²⁾
2014	\$ 98,078,710,048	\$ 66,174,664,135	\$ 5,552,059,852	\$ 60,622,604,283
2013	93,735,420,370	64,001,093,024	5,323,183,349	58,677,909,675
2012	95,354,431,618	62,692,645,695	5,151,161,165	57,541,484,530
2011	101,559,353,188	61,027,180,083	5,039,772,399	55,987,407,684
2010	105,028,015,063	59,301,125,312	4,751,822,133	54,549,303,179
2009	107,381,958,130	56,959,073,565	4,144,208,538	52,814,865,027

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Assessed value of property in the County on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Source: Multnomah County Department of Assessment and Taxation.

The following table presents the Fiscal Year 2014 tax rates for the County and other taxing jurisdictions within the County. The County's Operating Tax Rate Limit is \$4.3434 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2014 Representative Levy Rate
(Rates Per \$1,000 of Assessed Value)**

General Government	Billing Rate	Bond Levy Rate or UR Special Levy	Local Option Rate⁽¹⁾	Consolidated Rate
Multnomah County	\$ 4.3434	\$ 0.1179	\$ 0.0500	\$ 4.5113
Multnomah County Library	1.1800	0.0000	0.0000	1.1800
City of Portland	4.5770	3.0005	0.4026	7.9801
Port of Portland	0.0701	0.0000	0.0000	0.0701
East Soil/Water Conservation District	0.1000	0.0000	0.0000	0.1000
Metro	0.0966	0.2745	0.0960	0.4671
Portland Urban Renewal Special Levy	0.0000	0.2759	0.0000	0.2759
Total General Government	10.3671	3.6688	0.5486	14.5845
Education				
Multnomah Education Service District	0.4576	0.0000	0.0000	0.4576
Portland Community College	0.2828	0.4514	0.0000	0.7342
Portland School District	5.2781	1.0890	1.9900	8.3571
Total Education	6.0185	1.5404	1.9900	9.5489
Total Tax Rate	\$ 16.3856	\$ 5.2092	\$ 2.5386	\$ 24.1334

NOTE: County assessors report levy rates by tax code. Levy rates apply to the assessed property value. Measure 5 Limits are based on the Taxable Real Market Value and are only reported in total dollar amount of compression, if any, for each taxing jurisdiction (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

Source: Multnomah County Department of Assessment and Taxation. Note that there are 131 tax codes in the County and Tax Code 201 has the highest property value of these tax codes. Total tax levies in the County range from \$12.2583 to \$24.4686 per \$1,000 of assessed property value.

**Multnomah County
Tax Collection Record⁽¹⁾**

Fiscal Year	Percent Collected as of	
	Levy Year⁽²⁾	6/30/2013⁽³⁾
2013	97.26%	97.26%
2012	96.89%	98.32%
2011	97.22%	98.96%
2010	96.85%	99.35%
2009	96.43%	99.94%

- (1) Percentage of total tax levy collection in Multnomah County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2013.

Source: Multnomah County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2014)
Multnomah County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Port of Portland	Airport, Marine, Property Mgmt.	\$ 11,674,319	\$ 547,180,920	0.83%
Comcast Corporation	Telecommunications	8,456,930	407,218,200	0.62%
Portland General Electric	Electrical Utility	7,447,024	447,184,590	0.68%
Weston Investment Co. LLC	Real Estate	5,706,946	256,447,100	0.39%
PacifiCorp (Pacific Power)	Electrical Utility	5,357,307	316,652,000	0.48%
Evrast Inc. NA	Steel manufacturer	3,822,859	218,521,390	0.33%
Capref Lloyd Center LLC	Shopping Mall	3,794,411	157,226,550	0.24%
Fred Meyer Stores Inc.	Retail	3,520,190	166,683,890	0.25%
555 SW Oak LLC	US Bank Tower	3,212,877	138,509,410	0.21%
Kaiser Foundation Hospitals	Healthcare	3,046,547	135,283,070	0.20%
Subtotal - ten of County's largest taxpayers			2,790,907,120	4.22%
All other County's taxpayers			63,383,757,015	95.78%
Total County			<u><u>\$ 66,174,664,135</u></u>	<u><u>100.00%</u></u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the County and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Multnomah County Department of Assessment and Taxation.

Strategic Investments Program

The Strategic Investments Program ("SIP") was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital investments by "traded-sector" businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over \$25 million outside of urban areas, and over \$100 million in urban areas. The exemption value (\$25 million or \$100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. Microchip, a water-fabrication manufacturing facility located in Gresham, is an SIP recipient.

Other Taxes

Oregon cities and counties generally have broad authority to impose taxes on activities within their boundaries. Certain Oregon cities and counties currently impose business license taxes, food and beverage taxes, motor vehicle fuel taxes, transient room taxes and other taxes. Generally these taxes must be either approved by the voters or may be subject to referral by the voters.

The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing taxes, and has limited a number of local government taxes, including transient room taxes and real estate transfer taxes. Each local government has its own mix of taxes, as well as fees and other revenue sources.

The County currently imposes a business income tax, motor vehicle rental tax, transient lodging tax, and gas tax. In Fiscal Year 2013 the County received \$58.75 million from the business income tax, \$24.76 million from the motor vehicle rental tax, \$21.46 million from the transient lodging tax, and \$6.7 million from the gas tax.

Local Government Fees

Oregon cities and counties generally have broad authority to impose and collect fees for services. Many cities and counties collect sewer, water, electric and other enterprise fees, building permit fees, and surface water management fees.

Other local governments, such as special purpose districts, generally require legislative authorization to impose fees for services. Local governments that are authorized to operate utility systems generally are authorized to impose fees for services that are sufficient to pay for their costs of operating and financing their utility systems.

The Legislative Assembly generally has the authority to limit or prohibit local governments from imposing fees for services. Cities are currently authorized to collect franchise fees from utilities, while other local governments are prohibited from doing so.

Vehicle Registration Fee

House Bill 2001 approved by the Legislative Assembly in its 2009 Session authorized a county with a population of more than 350,000 to enact a vehicle registration fee. The fee is to be used exclusively for the design and construction of a bridge and its approach that crosses the Willamette River in the City of Portland.

The Board enacted Ordinance 1151 on January 7, 2010 with an effective date of September 1, 2010, establishing the County's vehicle registration fee at a rate of \$19 per year for all types of vehicles with the exception of trailers. As required by House Bill 2001, the County entered into an intergovernmental agreement with the Oregon Department of Motor Vehicles to collect the fee.

Vehicle Registration Fee collections were \$8.2 million in Fiscal Year 2011, \$10.9 million in Fiscal Year 2012, and \$11.1 million in Fiscal Year 2013.

Grants and Contributions

Operating grants and contributions represented approximately 37.2 percent of the County's total governmental activities revenues in Fiscal Year 2013. Grants and contributions are generally dedicated to specific purposes.

State of Oregon Funding

Oregon cities and counties receive a share of the revenues the State receives from taxing motor vehicle fuels. The Oregon Constitution requires that these revenues be used only to pay for costs of public roads. Oregon cities and counties also receive a share of the revenues the State of Oregon receives from tobacco taxes and liquor taxes.

The State of Oregon also appropriates money to Oregon counties to operate the justice system, and it provides a wide variety of funding for other purposes.

The State of Oregon is generally not obligated to continue to provide these revenues to local governments.

Federal Funding

Oregon local governments receive federal funding for a variety of purposes. That funding is generally restricted to specific purposes.

The County

General Description

The 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 of 741,925. The cities of Portland and Gresham are the largest incorporated cities in the County.

The County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support.

Component Units

Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and are included in the County's financial statements as component units. The County also maintains a Hospital Facilities Authority whose primary purpose is to issue conduit debt for health care facilities. The Hospital Facilities Authority is also considered a component unit, but is not included in the County's financial statements.

Form of Government

The County is governed according to its Home Rule Charter, which became effective January 1967 and as subsequently amended. The County is governed by a Board of 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 Commissioners conducts all legislative business of the County. The current members of the Board of Commissioners follow:

Board of Commission

Name	Position	Service Began	Term Expires
Marissa Madrigal	Chair	September 17, 2013	To be determined ⁽¹⁾
Deborah Kafoury	Chair-elect	To be determined ⁽¹⁾	December 31, 2018
Liesl Wendt	Commissioner, District 1	October 18, 2013	To be determined ⁽¹⁾
Jules Bailey	Commissioner-elect, District 1	To be determined ⁽¹⁾	December 31, 2016
Loretta Smith	Commissioner, District 2	January 1, 2011	December 31, 2018 ⁽²⁾
Judy Shiprack	Commissioner, District 3	January 1, 2009	December 31, 2016
Diane McKeel	Commissioner, District 4	January 1, 2009	December 31, 2016

Source: *Multnomah County*.

- (1) Due to unique circumstances associated with Chair Madrigal and Commissioner Wendt's terms, their terms expire when a successor is elected. Marissa Madrigal has been serving as the interim-chair since the previously elected chair resigned last year. Deborah Kafoury received more than 50 percent of the vote in the May 20, 2014 election to fill the rest of the four-year County Chair's term through 2014 and for the full four-year term starting in January 2015. She will be sworn in as the new Chair in early June once the election results are certified.
Commissioner Wendt has been serving as the interim since Kafoury resigned the seat last fall to run for County Chair. State Rep. Jules Bailey was elected at the May 20th election to serve the rest of the four-year term through 2016. He will take office in early June once the election results are certified.
- (2) Commissioner Smith received more than 50 percent of the vote at the May 20th election to win re-election to a four-year term beginning in January 2015.

Key Administrative Officials

An executive committee of top managers meets regularly to provide coordinated management of all County priorities. The executive committee includes the Chief Operating Officer and Department Directors. Brief biographies of key management employees follow:

Mark Campbell, Chief Financial Officer. Mark Campbell was appointed Chief Financial Officer for the County in May 2012. He has been a member of the County's finance team for 25 years, having originally been hired in 1989 as a Strategic Planning Analyst in the central Budget Office. Previously he served as Assistant to the City Manager of Fort Collins, Colorado from 1985 to 1989. Mr. Campbell holds a Masters in Public Administration with a concentration in Financial Management from the State University of New York at Albany. He is a member of GFOA and its Oregon affiliate.

Joanne Fuller, Chief Operating Officer and Director of County Management. Joanne Fuller was appointed Chief Operating Officer for Multnomah County in January 2011. Over her 26 years with Multnomah County she has also served as Director of both the Department of County Human Services and the Department of Community Justice. Before joining the County, Ms. Fuller worked for several mental health and social services not for profit agencies in Portland, Oregon. She holds a Master's Degree in Social Work from Portland State University.

Karyne Kieta, Deputy Director of County Management and Budget Officer. Karyne Kieta has worked in county government administration for over 27 years and has spent the majority of that time at the County. She serves as a strategic advisor and counsel to the Board of County Commissioners, County Chair's Office, and Department Directors regarding countywide and departmental policy and operational issues.

Under Ms. Kieta's leadership, the County's budgets have regularly won the Government Finance Officer's Association's (GFOA) Distinguished Budget Presentation Award. She has a Master's Degree in Public Administration from Lewis and Clark College and a B.S. in Business Administration and Management from California State Polytechnic University. She is a member of GFOA and its Oregon affiliate.

Staff

The County has budgeted for 4,213 full-time employees and 435 part-time employees for Fiscal Year 2015.

Bargaining Units

Bargaining Unit	Current Contract Term	Major Duties	Number of Employees
IUOE Local 701	7/1/12 - 6/30/17	Facilities Maintenance & Repair	14
IUPAT Local 1094	7/1/13 - 6/30/16	Sign Painters	1
MCPAA	7/1/13 - 6/30/17	Prosecuting Attorneys	74
AFSCME Local 88 JCSS	Under Negotiation	Juvenile Custody Workers	61
AFSCME Local 88	7/1/11 - 6/30/14	General Employees	2,902
MCCDA	7/1/10 - 6/30/17	Correctional Officers	440
ONA	7/1/12 - 6/30/15	Nurses	184
FOPPO	7/1/11 - 6/30/14	Probation and Parole Officers	122
MCDSA	7/1/04 - 6/30/14	Deputy sheriffs	98
IBEW Local 48	7/1/11 - 6/30/16	Electrical Workers	19
Physicians Local 88-4	7/1/14 - 6/30/16	Physicians	26
Mgmt./Executive Employees	7/1/13 - 6/30/14 ⁽¹⁾		645
Tax/Elect Off/El Staff	7/1/13 - 6/30/14 ⁽¹⁾		62

(1) Not subject to collective bargaining and do not have contracts.

Financial Factors

Financial Reporting and Accounting Policies

The County's basic financial statements were prepared in conformity with generally accepted accounting principles ("GAAP") as prescribed by the Governmental Accounting Standards Board ("GASB").

Additional information on the County's accounting methods is available in the County's audited financial statements. A copy of the County's audited financial report for Fiscal Year 2013 is attached hereto as Appendix B.

Auditing

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Municipalities having annual expenditures of less than \$500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations.

The County audits for the Fiscal Years 2009 through 2013 ("County Audited Financial Statements") were performed by Moss-Adams LLP, CPA, Eugene, Oregon (the "Auditor"). The audit report for Fiscal Year 2013 indicates the financial statements, in all material respects, fairly present the County's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2013 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access ("EMMA") system, a centralized repository operated by the Municipal Securities Rulemaking Board ("MSRB"), located at: www.emma.msrb.org.

Summaries of the County's Net Position and Changes in Net Position follow:

Governmental Activities - Statement of Net Assets
(Fiscal Years; \$ in Thousands)

	2009			2012	
Assets	Restated	2010	2011	Restated	2013
Current and other assets	\$ 446,254	\$ 468,665	\$ 503,996	\$ 468,643	\$ 554,013
Net capital assets	741,639	735,358	755,558	807,062	851,596
Total Assets	<u>1,187,893</u>	<u>1,204,023</u>	<u>1,259,554</u>	<u>1,275,705</u>	<u>1,405,609</u>
Deferred outflows of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,944</u>	<u>1,684</u>
Liabilities					
Current liabilities	369,715	360,839	131,055	124,402	150,676
Long-term debt	<u>122,746</u>	<u>127,768</u>	<u>359,269</u>	<u>361,192</u>	<u>455,472</u>
Total Liabilities	<u>492,461</u>	<u>488,607</u>	<u>490,324</u>	<u>485,594</u>	<u>606,148</u>
Deferred inflow of resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,607</u>	<u>50</u>
Net Assets					
Invested in capital assets, net of related debt	607,797	620,544	637,922	686,874	670,483
Restricted	98,542	103,600	49,806	29,565	106,237
Unrestricted	<u>(10,907)</u>	<u>(8,728)</u>	<u>81,502</u>	<u>74,009</u>	<u>24,375</u>
Total Net Assets	<u>\$ 695,432</u>	<u>\$ 715,416</u>	<u>\$ 769,230</u>	<u>\$ 790,448</u>	<u>\$ 801,095</u>

NOTE: The Net Assets presents information on all the County's assets and liabilities with the difference between the two reported as net assets.

Source: County Audited Financial Statements.

Governmental Activities - Statement of Revenues, Expenses and Changes in Net Assets
(Fiscal Years; \$ in Thousands)

Revenues:	2009	2010	2011	2012	2013
Program revenues:					
Charges for services	\$ 103,989	\$ 115,554	\$ 135,657	\$ 135,053	\$ 131,646
Operating grants and contributions	291,018	299,735	316,218	308,392	318,956
Capital grants and contributions	3,831	2,885	16,415	839	68
General revenues:					
Taxes:					
Property taxes, levied for general purposes ⁽¹⁾	258,200	266,294	268,605	272,299	271,664
Property taxes, levied for debt service ⁽¹⁾	8,227	9,001	8,246	8,842	8,067
Personal income taxes ⁽²⁾	(5,341)	44,150	683	235	77
Business income taxes ⁽³⁾	42,900	42,692	48,570	52,250	58,750
Other taxes ⁽⁴⁾	40,677	1,305	47,667	48,777	52,934
Payments in lieu of taxes				697	1,019
State government shared unrestricted revenues	8,562	7,768	7,423	10,108	9,090
Grants and contributions not restricted to specific programs	14	27	1	10	15
Interest and investment earnings	5,767	2,589	2,946	2,604	1,638
Miscellaneous	1,791	1,665	667	1,194	2,613
Gains on sale of capital assets	628	228	175	607	119
Total general revenues and special items	<u>760,263</u>	<u>793,893</u>	<u>853,273</u>	<u>841,907</u>	<u>856,656</u>
Expenses					
General government	64,660	59,572	58,642	65,813	72,049
Health services	133,751	137,615	151,327	150,421	148,528
Social services	210,590	224,928	222,515	224,975	233,990
Public safety and justice	217,215	210,079	216,403	217,842	221,744
Community services	24,320	22,796	26,683	34,511	36,895
Library	55,181	56,548	60,343	61,641	58,488
Roads and bridges	53,462	49,571	51,772	54,287	55,383
Interest on long-term debt	14,041	12,800	11,774	10,695	18,932
Total governmental activities	<u>773,220</u>	<u>773,909</u>	<u>799,459</u>	<u>820,185</u>	<u>846,009</u>
Increase (decrease) in net assets	(12,957)	19,984	53,814	21,722	10,647
Cumulative effect of change in accounting principle	0	137,371	0	0	790,952
Net assets -- beginning, restated	<u>571,012</u>	<u>695,432</u>	<u>715,416</u>	<u>769,230</u>	<u>(504)</u>
Net assets -- ending	<u>\$ 558,055</u>	<u>\$ 715,416</u>	<u>\$ 769,230</u>	<u>\$ 790,952</u>	<u>\$ 801,095</u>

- (1) The County has two property tax levies. The permanent rate levy of \$4.3434 per \$1,000 of assessed value is used to fund County operations and limited-tax obligations. The second levy is for principal and interest on voter-approved general obligation bonds.
- (2) At the May 20, 2003 special election, voters in the County approved a ballot for a three-year, 1.25 percent income tax (the "ITAX") to support County schools, health and senior care and public safety. The ITAX ended in Fiscal Year 2006. The County continues to collect delinquent accounts.
- (3) The Business Income Tax rate is 1.45 percent applied to the net income from sale of goods and services in the County.
- (4) Includes the Transient Lodging Tax (11.5 percent on hotel/motel room rentals to support the Oregon Convention Center and regional recreation, tourism, arts and cultural programs), and the Motor Vehicle Rental Tax (12.5 percent, 2.5 percent of which supports the Oregon Convention Center and tourism and the remaining 10 percent is available for the General Fund).

NOTE: The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the County's net assets changed during a given Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as uncollected taxes and earned, but unused, vacation leave.

Source: County Audited Financial Statements.

A five-year summary of the County's General Fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance follows.

General Fund Balance Sheet
(Fiscal Years; \$ in Thousands)

Assets	2009	2010	2011	2012	2013
Cash and investments	\$ 20,968	\$ 47,476	\$ 52,075	\$ 54,538	\$ 50,242
Receivables					
Taxes	19,435	17,045	16,724	19,659	20,735
Accounts	6,861	8,035	33,378	33,267	40,046
Interest	1,048	1,140	955	857	1,083
Special assessments	11	11	11	11	11
Contracts	1,229	1,493	1,407	1,228	961
Due from other funds	23,200	23,600	250	0	0
Inventory	255	554	515	329	500
Prepays	436	862	390	168	218
Total Assets and Other Debits	<u>\$ 73,443</u>	<u>\$ 100,216</u>	<u>\$ 105,705</u>	<u>\$ 110,057</u>	<u>\$ 113,796</u>
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 24,005	\$ 24,512	\$ 22,476	\$ 23,984	\$ 25,363
Payroll payable	4,129	4,002	4,087	4,025	4,056
Deferred revenue	13,932	12,287	33,425	42,391	38,733
Unearned revenue	0	0	0	0	1,136
Total Liabilities:	<u>42,066</u>	<u>40,801</u>	<u>59,988</u>	<u>70,400</u>	<u>69,288</u>
Equity and Other Credits:					
Fund balance:					
Nonspendable			654	364	576
Restricted			487	534	429
Reserved for interfund receivable	23,200	23,600			
Reserved for inventory	255	554			
Reserved for prepaid	436	862			
Committed	0	0	0	42	0
Unreserved	7,486	34,399	44,576	38,717	43,503
Total Fund Equity	<u>31,377</u>	<u>59,415</u>	<u>45,717</u>	<u>39,657</u>	<u>44,508</u>
Total Liabilities and Fund Equity	<u>\$ 73,443</u>	<u>\$ 100,216</u>	<u>\$ 105,705</u>	<u>\$ 110,057</u>	<u>\$ 113,796</u>

Source: County Audited Financial Statements.

**General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance**
(Fiscal Years; \$ in Thousands)

Revenues	2009	2010	2011	2012	2013
Taxes	\$ 275,105	\$ 289,727	\$ 299,124	\$ 305,273	\$ 318,538
Intergovernmental	16,175	14,425	14,751	11,301	11,388
Licenses and permits	8,859	8,153	9,137	10,215	10,964
Charges for services	10,662	10,470	15,760	30,943	38,526
Interest	2,092	853	727	466	521
Other	13,834	16,820	15,292	18,393	21,229
Total Revenues	<u>326,727</u>	<u>340,448</u>	<u>354,791</u>	<u>376,591</u>	<u>401,166</u>
Expenditures					
Current:					
General government	55,825	54,246	57,738	57,162	65,884
Health and social services	94,904	92,428	122,544	131,490	133,837
Public safety and justice	170,486	166,467	171,165	174,553	179,477
Capital outlay	1,041	514	1,210	336	299
Debt Service					
Principal	11	0	0	0	0
Interest	6	35	33	31	0
Total Expenditures	<u>322,273</u>	<u>313,690</u>	<u>352,690</u>	<u>363,572</u>	<u>379,497</u>
Excess (deficiency) of revenues over expenditures	<u>4,454</u>	<u>26,758</u>	<u>2,101</u>	<u>13,019</u>	<u>21,669</u>
Other Financing Sources (Uses)					
Issuance of capital lease	0	0	815	0	0
Operating transfers in	3,416	18,200	3,249	1,931	3,002
Operating transfers out	<u>(48,106)</u>	<u>(16,920)</u>	<u>(19,863)</u>	<u>(21,010)</u>	<u>(19,820)</u>
Total Other Financing Sources (Uses)	<u>(44,690)</u>	<u>1,280</u>	<u>(15,799)</u>	<u>(19,079)</u>	<u>(16,818)</u>
Net change in fund balance	(40,236)	28,038	(13,698)	(6,060)	4,851
Fund balance at beginning of year	<u>71,613</u>	<u>31,377</u>	<u>59,415</u>	<u>45,717</u>	<u>39,657</u>
Ending fund balance	<u>\$ 31,377</u>	<u>\$ 59,415</u>	<u>\$ 45,717</u>	<u>\$ 39,657</u>	<u>\$ 44,508</u>

Source: County Audited Financial Statements.

Budgetary Process

The County's budget is prepared in accordance with provisions of the Oregon Local Budget Law which provides standard procedures for preparing, presenting and administering the operating budget for all local governments. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

Prior to adoption, the proposed budget must be approved by a budget committee consisting of the County's Board members. In an advertised public meeting, the budget committee reviews the budget and the "budget message," which explains the budget preparation philosophy and significant changes from the prior year.

Following budget approval by the budget committee, a public hearing is held by the Tax Supervising and Conservation Commission of Multnomah County, Oregon. A budget summary and notice of hearing are published prior to the hearing. Publication is governed by strict requirements as to time and mode.

After the budget hearings, the governing body considers citizens' testimony and, if necessary, alters the budget subject to statutory limitations upon increasing taxes or fund allocations without further publication and hearing.

The County levies a tax each year for general operations under its permanent rate limit and under any authorized Local Option Levies. Taxes levied for repayment of general obligation debt are not limited.

After the budget hearing, the governing body prepares a formal resolution which adopts the budget, authorizes taxes to be levied and set out a schedule of appropriations. This resolution must be adopted not later than June 30. Two copies of the budget are submitted to the county Department of Assessment and Taxation before July 15 so that the taxes may be levied.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 percent of the fund's original budget may be adopted by the Board at a regular Board meeting. A supplemental budget greater than 10 percent of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund or from the General Fund to any other fund. Such transfers require authorization by an official resolution or ordinance of the Board.

General Fund Adopted Budget (Fiscal Years)

Resources	2014	Proposed 2015
Taxes	\$ 316,029,785	\$ 332,830,268
Intergovernmental	12,274,763	11,781,470
Licenses and Permits	11,186,775	10,860,456
Service Charges	42,968,369	40,409,266
Interest	1,034,200	1,046,010
Other	26,540,758	5,046,701
Service Reimbursement		24,059,833
Cash Transfers		2,535,000
Financing Sources	2,930,794	
Beginning Net Working Capital	55,781,575	50,902,149
Total Resources	\$ 468,747,019	\$ 479,471,153
Expenditures		
Human Services	\$ 58,361,275	\$ 61,197,026
Health Department	97,519,412	96,060,713
Community Justice	57,664,709	58,545,362
District Attorney	20,662,201	21,616,705
Sheriff	107,390,092	112,115,476
Non-Departmental	22,685,213	24,657,552
Department of County Management	31,441,211	33,494,994
Department of Community Services	12,344,246	13,223,470
Department of County Assets	5,728,174	6,084,679
Transfers	11,791,604	9,139,000
Contingency	10,521,353	9,057,174
Unappropriated balance	32,637,529	34,279,002
Total Expenditures	\$ 468,747,019	\$ 479,471,153

Source: County Proposed Fiscal Year 2015 Budget.

Investments

ORS 294.035 authorizes Oregon municipalities to invest in obligations, ranging from U.S. Treasury obligations and Agency securities to municipal obligations, bankers' acceptances, commercial paper, certificates of deposit, corporate debt and guaranteed investment contracts, all subject to certain size and maturity limitations. No municipality may have investments with maturities in excess of 18 months without adopting a written investment policy which has been reviewed and approved by the Oregon Short Term Fund Board. ORS 294.052 authorizes Oregon municipalities to invest proceeds of bonds or certificates of participation and amounts held in a fund or account for such bonds or certificates of participation under investment agreements if the agreements: (i) produce a guaranteed rate of return; (ii) are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and (iii) require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent.

Municipalities are also authorized to invest approximately \$45.6 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at www.ost.state.or.us/about/boards/OSTF/About.htm.

Pension System

General. The County participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all County employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" and "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program employee (participant) contributions fund individual retirement accounts under the separate defined contribution program known as the Individual Account Program (the "IAP"). Participant contributions may be paid by the employee or the employer, depending on the individual contract negotiated between the two. See "Employer Contribution Rates" herein.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Oregon Public Employees Retirement System Board (the "PERB") establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2012) used for advisory purposes only and valuations as of December 31 of odd-number years (such as 2011) used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the County (the "County Valuation"). Valuations are released nine to eleven months after the valuation date. PERS' current actuary is Milliman, Inc. ("Milliman") which replaced the prior actuary, Mercer (US), Inc. in January 2012.

Valuation Date	Release Date	Rates Effective
December 31, 2009	October 2010	July 1, 2011 – June 30, 2013
December 31, 2010	November 2011	Advisory only
December 31, 2011	October 2012	July 1, 2013 – June 30, 2015
December 31, 2012	November 2013	Advisory only

The 2012 System Valuation indicated that the System-wide funded status increased from approximately 73.4 percent at December 31, 2011 to 81.6 percent (after taking into account certain legislative changes under SB 822 and SB 861, see “Changes to PERS during the 2013 Legislative Session and the 2013 Special Session” below) at December 31, 2012 without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand into Side Accounts (see “Pension Bonds and Side Accounts” herein).

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer’s unfunded actuarial liability (“UAL”) is the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

County UAL. For the T1/T2 Pension Programs, the County is pooled with the State and Oregon local government and community college public employers (the “State and Local Government Rate Pool” or “SLGRP”). The County’s portion of the SLGRP’s assets and liabilities is based on the County’s proportionate share of the SLGRP’s pooled payroll (the “County Allocated T1/T2 UAL”). Changes in the County’s relative growth in payroll will cause the County Allocated T1/T2 UAL to shift. The County Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP’s assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The County’s allocated share of OPSRP’s assets and liabilities is based on the County’s proportionate share of OPSRP’s pooled payroll (the “County Allocated OPSRP UAL”). Changes in the County’s relative growth in payroll will cause the County Allocated OPSRP UAL to shift.

Pension Bonds and Side Accounts. In December 1999 the County issued pension bonds to make a \$180,000,000 lump-sum payment to PERS. The payment was deposited in the PERS fund to finance the County’s transition liability and all or a portion of the County Allocated T1/T2 UAL and County Allocated OPSRP UAL, reducing the County’s contribution rates, although debt service payments are also due on the pension bonds.

The County’s net unfunded pension UAL is the total of the County Allocated T1/T2 UAL and County Allocated OPSRP UAL. The County’s net unfunded pension UAL as reported in the County’s actuarial valuation report as of December 31, 2011 (the “2011 County Valuation”) and as reported in the County’s actual valuation report as of December 31, 2012 (the “2012 County Valuation”) is shown in the following table.

Multnomah County Net Unfunded Pension UAL

	2011 Valuation	2012 Valuation
Allocated pooled SLGRP T1/T2 UAL	\$ 437,382,026	\$283,470,055
Allocated pre-SLGRP pooled liability/(surplus)	(55,985,549)	(54,859,118)
Transition liability/(surplus)	(94,261,953)	(93,023,540)
Allocated pooled OPSRP UAL	4,681,346	19,513,971
County Side Account	0	0
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 291,815,870</u>	<u>\$ 155,101,368</u>

Note: The pre-SLGRP pooled liability/(surplus) is the liability or surplus that existed when the State/Community College pool and the LGRP were discontinued and the SLGRP was formed. These are pooled liabilities/surpluses. The transition liability/(surplus) is the liability or surplus that was created when the individual employer joined the SLGRP and is solely the individual employer’s.

Source: 2011 County Valuation and 2012 County Valuation.

The funded status of PERS and of the County as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees

Retirement Fund ("OPERF") is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members, methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS, and other actions taken by the PERB.

Significant actuarial assumptions and methods used in the 2011 Valuation include: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8% (the "Assumed Earnings Rate"), (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for the T1/T2 Pension Programs and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP.

On September 27, 2013, the PERB adopted revisions to its actuarial assumptions and methods that are incorporated into the 2012 Valuation. These changes include a) moving from the Projected Unit Credit actuarial cost method to the Entry Age Normal method, b) lowering the assumed earnings rate on the investment of present and future assets to 7.75%; c) extending the amortization of the T1/T2 UALs derived from the 2007, 2009 and 2011 valuations to 2033, while maintaining a 20-year amortization period for all other T1/T2 UALs in the future and d) modifying policies associated with the application of the rate collar (see "Contribution Rate Collar" below).

Changes to the actuarial assumptions and methods described above are anticipated to increase employer contribution rates above what they would have been under previous actuarial assumptions and methods for the 2015-17 biennium.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute 6 percent of their annual salary to the IAP. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The County has elected to make the employee contribution.

Contribution Rate Collar. In January 2010 the PERB adopted a rate collar to limit increases in employer contribution rates from biennium to biennium (the "Rate Collar"). The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and Retiree Health Insurance Premium Account ("RHIPA"). Under normal conditions, the Rate Collar is the greater of three percent of payroll (the "3% parameter") or 20 percent of the current base rate (the "20% parameter"). On September 27, 2013, the PERB revised their policy such that if the funded status of an employer or the pool in which the employer participates is below 70 percent (or above 130%), the Rate Collar increases by 0.3 percent of payroll if under the 3% parameter, or two percent of payroll if under the 20 percent parameter, for every percentage point under the 70 percent (or above 130%) funded level (the "Collar Ramp") until it reaches six percent of payroll, or 40% of the current rate base at the 60 percent (or above 140%) funded level (the "Double Rate Collar"). Previous PERB policy had the "Collar Ramp" coming into effect at a funded status below 80% (or above 120%), and the Double Rate Collar coming into effect at a funded status below 70% (or above 130%).

County Contribution Rates. The 2011 County Valuation, released September 28, 2012, contained the County's employer contribution rates for the 2013-15 biennium. However, legislation approved by the 2013 Legislature (SB 822 and SB 861) reduced 2013-15 biennium employer contribution rates for the T1/T2 Pension Programs (see "Changes to PERS during the 2013 Legislative Session and the 2013 Special Session" below). The 2012 County Valuation, released December 2013, contained the County's advisory only contribution rates for the 2015-17 biennium. Actual contribution rates will be set according to the actuarial valuation report as of December 31, 2013.

The County's revised current employer contribution rates for the 2013-15 biennium and advisory only contribution rates for the 2015-17 biennium are provided in the following table.

Multnomah County Pension Contribution Rates

	<u>2013-15 Biennium</u>			<u>2015-17 Biennium (Advisory Only)</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	9.88%	6.27%	9.00%	14.25%	7.36%	11.46%
T1/T2 UAL rate ⁽¹⁾	5.96	5.96	5.96	4.24	4.24	4.24
OPSRP UAL rate	0.15	0.15	0.15	0.60	0.60	0.60
Pre-SLGRP pooled liability rate	(1.76)	(1.76)	(1.76)	(1.76)	(1.76)	(1.76)
Transition liability/(surplus) rate	(2.96)	(2.96)	(2.96)	(2.98)	(2.98)	(2.98)
Side account rate relief	0.00	0.00	0.00	0.00	0.00	0.00
Retiree Healthcare rate (RHIA) ⁽²⁾	0.59	0.49	0.49	0.56	4.24	4.24
Total net contribution rate	<u>11.86%</u>	<u>8.15%</u>	<u>10.88%</u>	<u>14.91%</u>	<u>7.94%</u>	<u>12.04%</u>

(1) The County's original T1/T2 UAL rate for the 2013-15 biennium was 10.36% per the 2011 County Valuation. SB 822 amended the rate to 5.96% as described above.

(2) Contribution rates to fund RHIA benefits are included in the total County employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits - Retirement Health Insurance Account" below.

Source: 2011 County Valuation, 2012 County Valuation and PERS.

The County's historical and projected annual contributions to PERS are provided in the following table.

Multnomah County Pension Contributions (\$ in thousands)

Fiscal Year	Total PERS Contribution
2015 ⁽¹⁾	\$ 48,900
2014 ⁽²⁾	47,800
2013	48,259
2012	48,570
2011	34,233
2010	34,550
2009	42,368

(1) Projected.

(2) Estimated.

Source: Multnomah County, Oregon.

Changes to PERS during the 2013 Legislative Session and the 2013 Special Session. During the 2013 Legislative Session which was held during the winter and spring of 2013, and a subsequently called special session, which was held in September 2013 (the "Special Session"), the Legislative Assembly made changes to PERS by enacting Senate Bill 822 ("SB 822"), signed by the Governor on May 6, 2013, and SB 861, signed by the Governor on October 8, 2013. These bills limited annual cost of living adjustments ("COLAs"), eliminated a benefit increase for out-of-state retirees based on Oregon income tax, excluded salary increases given to pay for insurance costs from the final average salary used to calculate pension benefits, and reduced legislators' participation in PERS. Expenditure reductions from these changes reduced the required employer contribution amount to PERS from all employers by approximately \$460 million for the 2013-15 biennium. The changes are estimated to reduce the total accrued actuarial liability of the System by approximately \$4.7 billion and reduced employer contribution rates by an average of 4.28 percent of payroll for the 2013-15 biennium. Lawsuits challenging the constitutionality of the changes made by SB 822, however, have been filed in the Oregon Supreme Court. See "Challenges to PERS Reforms" below.

Challenges to PERS Reforms. Several cases have been filed on behalf of PERS retirees and active employees challenging changes to PERS retirement benefits that were enacted by the Legislative Assembly in the 2013 Legislative Session through SB 822 and in the 2013 Special Session in SB 861.

These cases have been filed directly with the Oregon Supreme Court as provided by the legislation. The petitioners allege that the enacted legislation constitutes a breach of contract as well as an impairment of contract and a taking of property rights in violation of the Oregon and United States constitutions. The Oregon Supreme Court appointed a Special Master to prepare a report and findings of fact for the Supreme Court. The Special Master's Final Report and Findings of fact were presented to the court on April 30, 2014. The Oregon Supreme Court will begin the process of setting a schedule for the docketing of this case now that it has received the Special Master's Report. There is no required timeframe for the Oregon Supreme Court to issue its ruling in this matter.

If SB 822 or SB 861 is enjoined or held unconstitutional, the anticipated savings from the PERS changes that were calculated as part of the 2013-15 Legislative Adopted Budget and reflected in the funded status for PERS and the County in the 2012 System Valuation and the 2012 County Valuation, respectively, may not be realized.

The County cannot predict whether any legislation, or any related actions of the PERB, would withstand any legal challenges.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2012 System Valuation, this program had a UAL of approximately \$180.2 million. The County's allocated share of the RHIA program's assets and liabilities is based on the County's proportionate share of the program's pooled payroll. According to the 2012 County Valuation, the County's allocated share of the RHIA program's UAL was \$5,808,675.

GASB 45. GASB 45 requires the County to determine the extent of its liabilities for post employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current County employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The County implemented this pronouncement for the fiscal year ended June 30, 2006.

The County's annual other post employment benefit ("OPEB") cost is calculated based on the annual required contribution (the "ARC"), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years. The following table details the County's ARC and Net OPEB Obligation.

Annual Required Contribution
(\$ in thousands)

	2009	2010	2011	2012	2013
Annual required contribution	\$ 11,664	\$ 11,664	\$ 14,193	\$ 14,725	\$ 11,805
Interest on prior net OPEB obligation	3,156	3,607	3,602	3,896	3,681
Adjustment to annual required contribution	(2,588)	(2,958)	(3,106)	(3,361)	(3,506)
Annual OPEB cost (expense)	12,232	12,313	14,689	15,260	11,980
Contributions	(2,195)	(2,438)	(7,334)	(7,476)	(6,467)
Increase in net obligation	10,037	9,875	7,355	7,784	5,513
Net OPEB obligation - beginning of Fiscal Year	70,136	80,173	90,048	97,403	105,187
Net OPEB obligation - end of Fiscal Year	\$ 80,173	\$ 90,048	\$ 97,403	\$ 105,187	\$ 110,700
% of Annual OPEB Cost Contributed	18%	20%	50%	49%	54%

Source: County Audited Financial Statements

The County obtains an updated actuarial valuation of the plan every two years. The following table presents the UAAL from the actuarial valuations completed since the adoption of GASB 45.

Unfunded Actuarial Accrued Liability
(\$ in thousands)

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
1/1/2013	\$ -	\$ 134,712	\$ 134,712	0%	\$ 277,407	49%
1/1/2011	-	154,498	154,498	0%	273,983	56%
1/1/2009	-	122,605	122,605	0%	263,090	47%
1/1/2007	-	122,905	122,905	0%	238,386	52%

Source: County Audited Financial Statements.

See Note C "Postemployment Benefits other than Pensions" of the County's audited financial statements for Fiscal Year 2013 for more information on the County's liability under GASB 45.

Risk Management

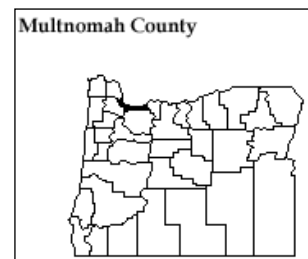
The County is exposed to various risks of loss. A description of the risks is provided in the County's audited financial statements. The audited financial statement for Fiscal Year 2013 is attached hereto as Appendix B.

Demographic Information

General

The County is located in the northwestern part of the State and is included in the Portland-Vancouver Primary Metropolitan Statistical Area. The City of Portland, with an estimated population of 592,120, is the County seat and the largest city in Oregon.

The Portland-Vancouver Primary Metropolitan Statistical Area (hereinafter, the "Portland PMSA") includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark and Skamania County in Washington.



Historical data have been collected from generally accepted standard sources, usually from public bodies. This section will focus on the County and the Portland PMSA.

Population

The following table shows the historical population for the State, the County and the Cities of Portland and Gresham:

Population				
July 1 ⁽¹⁾	State of Oregon	Multnomah County	City of Portland	City of Gresham
2013	3,919,020	756,530	592,120	106,180
2012	3,883,735	748,445	587,865	105,970
2011	3,857,625	741,925	585,845	105,795
2010	3,837,300	736,785	583,775	105,595
2009	3,823,465	724,680	582,130	101,015
2008	3,791,075	717,880	575,930	100,655
April 1 ⁽²⁾				
2010	3,831,074	735,334	583,776	105,594
2000	3,421,399	660,486	529,121	90,205
1990	2,842,321	583,887	438,802	68,249

(1) Source: Center for Population Research and Census, Portland State University.

(2) Source: U.S. Census Count on April 1.

Economic Overview

The economy of the Portland metropolitan area is broad and widely diversified. The Portland PMSA includes the State's largest employers, including Intel, Providence Health System, Safeway, Oregon Health & Sciences University, Fred Meyer, Kaiser Foundation Health Plan, Legacy Health System, and Nike.

Currently, trade, transportation and utilities accounts for 18 percent of the total non-farm employment in the County, followed by government (16 percent), professional and business services (15 percent) and education and health services (15 percent).

Income. Historical personal income and per capita income levels for the County and the State are shown below:

Multnomah County and State of Oregon Total Personal and Per Capita Income

Year	Multnomah County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2013	N/A	N/A	N/A	N/A	\$ 158,116,922	\$ 30,453,196	\$ 40,233	\$ 7,749
2012	\$ 32,715,802	\$ 6,060,809	\$ 43,089	\$ 7,983	152,721,624	27,452,959	39,166	7,040
2011	31,161,157	5,369,055	41,658	7,178	145,299,628	26,016,176	37,527	6,719
2010	29,424,258	4,958,444	39,899	6,724	142,113,170	24,256,410	35,906	6,320
2009	28,440,292	5,012,462	39,081	6,888	138,453,340	24,211,582	35,159	6,357
2008	29,687,197	5,969,166	41,638	8,372	139,306,268	30,226,072	37,407	8,020

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 2013.

The number of acres harvested and gross farm sales in the County are as follows:

Harvested Acreage and Gross Farm Sales

Year	Harvested Acreage	Gross Farm Sales (\$ in thousands)		
		Crop Sales	Animal Products Sales	Total Gross Farm Sales
2012	9,652	\$ 53,266	\$ 3,508	\$ 56,774
2011	9,725	51,646	3,505	55,151
2010	9,151	54,145	3,138	57,283
2009	8,595	60,007	2,821	62,828
2008	8,467	76,296	2,851	79,147
2007	9,541	79,321	2,855	82,176

**Top Commodities in
(2012)**

	Commodity	Sales
1	Nursery Crops	\$ 22,285,000
2	Greenhouse Crops	7,270,000
3	Not Disclosed	N/A
4	Misc. Specialty Crops	4,866,000
5	Blueberries	2,896,400

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, Harvested Acreage Summary Report, Gross Farm Sales Reports, Commodity Report; April 23, 2013.

Employment. Non-farm employment within the County is described in the following tables:

**Labor Force Summary ⁽¹⁾
(by place of residence)**

	2009	2010	2011	2012	2013	2014 ⁽²⁾	2014 Change from				
							2009	2010	2011	2012	2013
Civilian Labor Force	390,026	390,009	399,593	404,357	399,526	403,563	13,537	13,554	3,970	-794	4,037
Unemployment	40,536	38,592	34,665	31,342	27,822	27,774	-12,762	-10,818	-6,891	-3,568	-48
Percent of Labor Force	10.4%	9.9%	8.7%	7.8%	7.0%	6.9%	xx	xx	xx	xx	xx
Total Employment	349,490	351,417	364,928	373,015	371,704	375,789	26,299	24,372	10,861	2,774	4,085

Non-Agricultural Wage & Salary Employment⁽³⁾

	2009	2010	2011	2012	2013	2014 ⁽²⁾	2014 Change from				
							2009	2010	2011	2012	2013
Total Nonfarm Payroll Employment	430,200	421,800	430,200	447,400	457,100	463,500	33,300	41,700	33,300	16,100	6,400
Total Private	356,100	348,100	356,800	373,300	383,200	387,300	31,200	39,200	30,500	14,000	4,100
Construction	17,600	15,500	16,100	17,100	18,600	18,700	1,100	3,200	2,600	1,600	100
Manufacturing	32,200	31,200	32,400	33,500	32,800	32,400	200	1,200	0	-1,100	-400
Trade, transportation, and utilities	80,400	78,400	79,000	81,200	83,800	83,900	3,500	5,500	4,900	2,700	100
Information	9,800	9,500	9,500	9,900	10,600	10,500	700	1,000	1,000	600	-100
Financial activities	31,200	30,300	29,300	29,200	29,300	29,400	-1,800	-900	100	200	100
Professional and business services	61,000	60,300	62,100	67,300	70,200	71,400	10,400	11,100	9,300	4,100	1,200
Educational and health services	62,100	62,200	65,800	68,800	69,600	71,600	9,500	9,400	5,800	2,800	2,000
Leisure and hospitality	44,600	43,700	45,400	48,900	50,900	51,900	7,300	8,200	6,500	3,000	1,000
Other services	17,200	16,900	17,100	17,400	17,400	17,500	300	600	400	100	100
Government	74,100	73,700	73,400	74,200	74,000	76,200	2,100	2,500	2,800	2,000	2,200

- (1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.
- (2) Data for month of March 2014, preliminary and subject change.
- (3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, April 2014.

Major Employers in the Portland PMSA

Company	Service	Location	No. Employees
State Government	Government	Regional	23,300 ⁽¹⁾
U.S. Government	Government	Regional	17,600 ⁽¹⁾
Intel Corporation	Semiconductor integrated circuits	Hillsboro	16,700 ⁽²⁾
Providence Health System	Health care services	Portland	14,132 ⁽²⁾
Oregon Health & Science University	Education and health care	Portland	14,106 ⁽²⁾
Fred Meyer Stores	Grocery/retail	Portland	10,176 ⁽²⁾
Kaiser Foundation Health Plan of the NW	Health Care	Portland	9,896 ⁽²⁾
Legacy Health System	Health Care	Portland	9,835 ⁽²⁾
Regence BlueCross BlueShield of Oregon	Insurance carrier/medical services	Portland	9,580 ⁽³⁾
City of Portland	Government	Portland	9,318 ⁽²⁾
Nike, Inc	Sports shoes and apparel	Beaverton	7,000 ⁽²⁾
Evergreen Public Schools	Education	Vancouver	6,500 ⁽²⁾
Portland Public Schools	Education	Portland	6,500 ⁽²⁾
Wells Fargo Bank	Finance	Portland	4,794 ⁽²⁾
Blount International Inc	Construction and agriculture machinery	Portland	4,700 ⁽³⁾
Multnomah County	Government	Portland	4,400 ⁽²⁾
Beaverton School District	Education	Beaverton	4,000 ⁽²⁾
U.S. Bank	Finance	Portland	4,000 ⁽²⁾
Portland State University	Education	Portland	3,749 ⁽²⁾
Hillsboro School District	Education	Hillsboro	3,500 ⁽⁴⁾
Portland Community College	Education	Portland	3,372 ⁽²⁾
Safeway Inc, Portland division	Grocery	Clackamas	3,369 ⁽⁴⁾
PeaceHealth Southwest Washington Medical Center	Health Care	Vancouver	3,300 ⁽²⁾
Veterans Health Administration	Health care services	Portland	3,300 ⁽⁴⁾
Vancouver School District	Education	Vancouver	3,200 ⁽²⁾
Bonneville Power Administration (BPA)	Electrical Power Generation	Portland	3,100 ⁽⁴⁾
Flir Systems Inc	Thermal imaging and broadcast cameras	Wilsonville	2,962 ⁽³⁾
Daimler Trucks NA (Freightliner Corporation)	Heavy duty trucks	Portland	2,800 ⁽²⁾
Portland General Electric	Utility	Portland	2,603 ⁽³⁾
Coho Distributing LLC	Wine and distilled beverages wholesalers	Portland	2,600 ⁽⁴⁾
Tri-Met	Mass Transit	Portland	2,550 ⁽²⁾
Albertsons Food Centers	Grocery	Regional	2,533 ⁽⁴⁾
FEI Company	Semiconductor manufacturing	Hillsboro	2,444 ⁽³⁾
New Seasons Market	Retail	Regional	2,400 ⁽²⁾
Children's Creative Learning Center, Inc.	Childcare services	Regional	2,400 ⁽⁴⁾
David Douglas School District	Education	Portland	2,200 ⁽⁴⁾
Target Corp.	Retail	Regional	2,173 ⁽²⁾
The Standard	Insurance	Portland	2,105 ⁽²⁾
PCC Structurals Inc	Aircraft parts, turbine manufacturing	Portland	2,000 ⁽⁴⁾

(1) Source: Oregon Employment Department, data for March 2014; may include part-time, seasonal and temporary employees.

(2) Source: Portland Business Journal "Largest Employers of Portland metro" list; published July 12, 2013.

(3) Source: Portland Business Journal "Book of Lists;" published December 27, 2013.

(4) Source: Hoover's business database, November 2013.

Building Permits. Residential building permits are an indicator of growth within a region. The number and valuation of new single-family and multi-family residential building permits in the County are listed below:

**Multnomah
Residential Building Permits**

Year	<u>New Single Family</u>		<u>New Multi Family</u>			<u>Total</u>	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2014 ⁽¹⁾	118	\$ 27,914,667	13	315	\$ 29,825,824	\$	57,740,491
2013	851	203,817,573	106	3,004	287,252,929		491,070,502
2012	721	168,021,755	1	1,656	166,739,286		334,761,041
2011	502	112,329,367	45	915	93,098,035		205,427,402
2010	521	115,174,079	32	714	90,417,365		205,591,444
2009	519	108,317,996	44	521	63,679,249		171,997,245

(1) As of March 1, 2014.

Source: U.S. Census Bureau, April 21, 2014.

Higher Education. Institutions of higher learning in the Portland PMSA include independent institutions such as Reed College and Lewis and Clark College, and church-affiliated institutions such as the University of Portland, Warner Pacific College, and Columbia Pacific College. Portland State University and the University of Oregon Health Sciences Center, both of which are part of the Oregon State System of Higher Education, are also located in the Portland PMSA. Clackamas Community College operates its 17-building main campus in Oregon City. Clackamas Community College, Portland Community College and Mt. Hood Community College are part of the State's community college system.

Transportation. The Portland area is a major transportation hub of the Pacific Northwest. Located at the confluence of the Columbia and Willamette rivers, Portland is approximately 110 river miles from the Pacific Ocean at Astoria. Major north-south (I-5) and east-west (I-84) highways connect the area with other major metropolitan areas of the western states. BNSF Railway Company (Burlington Northern Santa Fe) and Union Pacific railroads provide rail freight service to the area and Amtrak provides rail passenger service. Interstate bus transportation is available through Greyhound and local bus service is provided by the Tri-County Metropolitan Transportation District (Tri-Met).

Commercial air transportation is available at Portland International Airport ("PDX"). PDX, operated by the Port of Portland (the "Port"), is served by 17 scheduled passenger air carriers and three charter services. Fourteen cargo carriers service PDX. The Port also operates three general aviation airports in Troutdale, Hillsboro and Mulino. The Hillsboro Airport, 29 miles west of the City, is the State's second busiest general aviation site and maintains the largest corporate jet fleet in the state.

Superfund. Superfund sites are listed on the National Priorities List ("NPL") upon completion of hazard ranking system screening, public solicitation of comments about the proposed site, and after all comments have been addressed. The identification of a site for the NPL is intended primarily to guide the U.S. Environmental Protection Agency (EPA) in determining which sites warrant further investigation, identifying remedial actions, notifying the public, and serving notice to potentially responsible parties. Inclusion of a site on the NPL does not in itself reflect a judgment of the activities of its owner or operator. There are two superfund sites inside the County; however, the County has no legal or financial responsibility for the superfund sites.

Additional information pertaining to the superfund sites is available at local libraries, the Oregon Department of Environmental Quality or the EPA Region 10 Superfund Records Center.

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election

ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

Because many proposed statewide initiative measures are submitted to the Oregon Secretary of State's office that do not qualify for the ballot, the County does not formally or systematically monitor the impact of those measures or estimate their financial effect prior to the time the measures qualify for the ballot. The County also does not formally or systematically monitor efforts to qualify measures for the ballot that would initiate new provisions for, or amend, the County's charter and ordinances. Consequently, the County does not ordinarily disclose information about proposed initiative measures that have not qualified for the ballot.

Pursuant to ORS 250.125, a five-member Committee composed of the Secretary of State, the State Treasurer, the Director of the Department of Revenue, the Director of the Department of Administrative Services, and a local government representative must prepare an estimate of the direct financial impact of each measure ("Financial Estimate Statements") to be printed in the voters' pamphlet and on the ballot.

Referendum

"Referendum" generally means measures that have been passed by a legislative body, such as the Legislative Assembly or the governing body of a district, county or other political subdivision and referred to the electors by the legislative body, or by petition prior to the measure's effective date.

In Oregon, both houses of the Legislative Assembly must vote to refer a statute or constitutional amendment for a popular vote. Such referrals cannot be vetoed by the governor. Any change to the Oregon Constitution passed by the Legislative Assembly requires referral to voters. In the case of a referendum by petition, proponents of the referendum must obtain a specified number of signatures from qualified voters. The required number of signatures is equal to four percent of the votes cast for all candidates for governor at the preceding gubernatorial election.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2012 general election, the requirement was eight percent (116,284 signatures) for a constitutional amendment measure and six percent (87,213 signatures) for a statutory initiative. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years. The next general election for which statewide initiative petitions may be filed will be in November 2014.

A statewide initiative petition must be submitted to the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. Once an initiative measure has gathered a sufficient number of signatures and qualified for placement on the ballot, the State is required to prepare a formal estimate of the measure's financial impact. Typically, this estimate is limited to an evaluation of the direct dollar impact.

Historical Initiative Petitions. Historically, a larger number of initiative measures have qualified for the ballot than have been approved by the electors. According to the Elections Division of the Secretary of State, the total number of initiative petitions that qualified for the ballot and the numbers that passed in recent general elections are as follows:

Historical Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2004	6	2
2006	10	3
2008	8	0
2010	4	2
2012	7	2

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Home Rule Charter

In addition to statutory and constitutional changes by the Legislative Assembly and the initiative and referendum process, nine of Oregon's counties, including the County have adopted "home rule" charters. County charters may provide for the exercise by the county of authority over matters of county concern. The County adopted its charter in 1967. A copy of the County Charter is available upon request from the County.

Legal Matters and Litigation

Legal Matters

Legal matters incident to the authorization, issuance and sale of Obligations are subject to the approving legal opinion of Special Counsel, substantially in the form attached hereto as Appendix A. Special Counsel has reviewed this document only to confirm that the portions of it describing the Obligations and the authority to issue them conform to the Obligations and the applicable laws under which they are issued.

Litigation

There is no litigation pending questioning the validity of the Obligations nor the power and authority of the County to issue the Obligations. There is no litigation pending which would materially affect the finances of the County or affect the County's ability to meet debt service requirements on the Obligations.

Under the Oregon law local public bodies, such as the County, are subject to the following limits on liability. The State of Oregon is subject to different limits.

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to \$666,700. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from \$1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to \$1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) \$100,000, adjusted as described below, to any single claimant, and (b) \$500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Tax Matters

Opinion of Special Counsel

In the opinion of Hawkins Delafield & Wood LLP, Special Counsel to the County, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) the portion of the payments made under the Financing Agreement designated and constituting interest (“Interest”) pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Special Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the Obligations, and Special Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of Interest from gross income under Section 103 of the Code.

In addition, in the opinion of Special Counsel to the County, under existing statutes, Interest is exempt from State of Oregon personal income tax.

Special Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Obligations. Special Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Special Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of Interest, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Obligations in order that Interest be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Obligations, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause Interest to become included in gross income for Federal income tax purposes retroactive to the issue date of the Obligations, irrespective of the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of Interest from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Obligations. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of an Obligation. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Obligations.

Prospective owners of the Obligations should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Obligation (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Obligations of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Obligations is expected to be the initial public offering price set forth on the cover page of the Official Statement. Special Counsel further is of the opinion that, for any Obligations having OID (a “Discount Obligation”), OID that has accrued and is properly allocable to the owners of the Discount Obligations under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other Interest.

In general, under Section 1288 of the Code, OID on a Discount Obligation accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Obligation. An owner’s adjusted basis in a Discount Obligation is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Obligation. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Obligation even though there will not be a corresponding cash payment.

Owners of Discount Obligations should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Obligations.

Bond Premium

In general, if an owner acquires a Obligation for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Obligation after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Obligation (a “Premium Obligation”). In general, under Section 171 of the Code, an owner of a Premium Obligation must amortize the bond premium over the remaining term of the Premium Obligation, based on the owner’s yield over the remaining term of the Premium Obligation determined based on constant yield principles (in certain cases involving a Premium Obligation callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Obligation must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Obligation, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Obligation may realize a taxable gain upon disposition of the Premium Obligation even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Obligations should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Obligations.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Obligations. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing an Obligation through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Obligations from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of Interest under Federal or state law or otherwise prevent beneficial owners of the Obligations from realizing the full current benefit of the tax status of such Interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Obligations. For example, the Fiscal Year 2015 Budget proposed on March 4, 2014 by the Obama Administration recommends a 28% limitation on "all itemized deductions, as well as other tax benefits" including "tax-exempt interest." The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt bond with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt bond. Similarly, on February 26, 2014, Dave Camp, Chairman of the United States House Ways and Means Committee, released a discussion draft of a proposed bill which would significantly overhaul the Code, including the repeal of many deductions; changes to the marginal tax rates; elimination of tax-exempt treatment of interest for certain bonds issued after 2014; and a provision similar to the 28% limitation on tax-benefit items described above (at 25%) which, as to certain high income taxpayers, effectively would impose a 10% surcharge on their "modified adjusted gross income," defined to include tax-exempt interest received or accrued on all bonds, regardless of issue date. Future legislation or actions could also impact the tax treatment of Interest for state law purposes.

Prospective purchasers of the Obligations should consult their own tax advisors regarding the foregoing matters.

Continuing Disclosure

The Securities and Exchange Commission Rule 15c2-12 (the "Rule") requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations. Pursuant to the Rule, the County has agreed to provide audited financial information and certain financial information or operating data at least annually, and timely notice of certain events (collectively, "Continuing Disclosure") to the MSRB through its EMMA system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes).

Prior Undertakings. Prior to July 1, 2009, Continuing Disclosure filings were required to be made with four nationally recognized municipal securities information repositories ("NRMSIRs"). Beginning July 1, 2009, Continuing Disclosure is required to be filed through the MSRB's EMMA system. The County has entered into prior undertakings to provide Continuing Disclosure filings for debt currently outstanding or outstanding within the past five years. All of the County's other undertakings require its annual Continuing Disclosure filing within 270 days of the end of the Fiscal Year (March 27).

Non-Compliance with Prior Undertakings. The County failed to make its Continuing Disclosure filing for Fiscal Years 2010 and 2011 prior to the deadline on its Limited Tax Pension Bonds, Series 1999; Full Faith and Credit Obligations, Series 2004, 2010A, and 2010B, and General Obligation Refunding Bonds, Series 2010. The County subsequently made its Continuing Disclosure filing for Fiscal Year 2010 and 2011 on October 17, 2012.

The County failed to make its Continuing Disclosure filing for Fiscal Years 2010, 2011, and 2012 prior to the deadline on its Revenue Bonds, Series 1998 (Regional Children's Campus, Inc.). The County subsequently made its Continuing Disclosure filings for Fiscal Years 2010 and 2011 on November 14, 2012 and for Fiscal Year 2012 on April 2, 2013.

The County failed to make its Continuing Disclosure filing for Fiscal Years 2009, 2010, and 2011 prior to the deadline on its Revenue Bonds, Series 2000 (Port Series) and Revenue Bonds, Series 2000 (Oregon Food Bank). The County subsequently made its Continuing Disclosure filings on November 14, 2012.

The County failed to file a material event notice on their Full Faith and Credit Refunding Obligations, Series 2004 for Moody's downgrade of AMBAC Assurance Corp. on June 19, 2008. The County also failed to file a material event notice on their Limited Tax Pension Obligation Revenue Bonds, Series 1999, Motor Vehicle Rental Tax Revenue Bonds, Series 2000A, and Motor Vehicle Rental Tax Revenue Bonds, Series 2000B for Moody's downgrade of MBIA Insurance Corp (now National Public Finance Guarantee Corp) on December 19, 2011. Moody's subsequently upgraded National Public Finance Guarantee Corp on May 21, 2013 and May 21, 2014. The County also failed to file a material event notice for their Full Faith and Credit Refunding Obligations, Series 2004 and General Obligation Refunding Bonds, Series 2010 for Moody's recalibration of U.S. municipal ratings to its global rating scale methodology in May of 2010. The County subsequently made the above referenced material event filings on June 3, 2014.

The County implemented new procedures in 2012 to maintain compliance in the future, including adding an internal control procedure on Continuing Disclosure that is described in the position description for the Deputy Chief Financial Officer. A copy of the form of the County's Continuing Disclosure Certificate for the Obligations is attached hereto as Appendix D.

Financial Advisor

In connection with the authorization and issuance of the Obligations, the County has retained Piper Jaffray & Co., Portland, Oregon, as its financial advisor (the "Financial Advisor").

The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

Rating

As noted on the cover page of this Official Statement, Moody's Investors Service has assigned its issuer rating of "Aa1" to the Obligations. The rating reflects only the views of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating will be likely to have an adverse effect on the market price of the Obligations.

Purchaser of the Obligations

The Obligations are being purchased by Wells Fargo Bank, National Association at a price of \$25,066,945.61 and will be reoffered at a price of \$25,092,191.60. The purchaser of the Obligations may offer and sell the Bonds to certain dealers (including dealers depositing the Obligations into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official

Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

In connection with the offering of the Obligations, the purchaser of the Bonds may over-allot or effect transactions which stabilize or maintain the market price of the Obligations at levels above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued or recommenced at any time.

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Obligations, the County will deliver a certificate of its authorized representative to the effect that he has examined this Official Statement and the financial and other data concerning the County contained herein and that to the best of his knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Obligations, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Obligations there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the County except as set forth in or contemplated by the Official Statement.

(This page left blank intentionally)

Appendix A

Form of Special Counsel Opinion

(This page left blank intentionally)

June 18, 2014

Multnomah County
501 SE Hawthorne Blvd., Suite 531
Portland, Oregon 97214-3501

Re: *Multnomah County, Oregon*
\$22,530,000 Full Faith and Credit Refunding Obligations, Series 2014

Ladies and Gentlemen:

We have acted as special counsel to Multnomah County, Oregon (the “County”) in connection with the Tax-Exempt Financing Agreement (the “Financing Agreement”) by and between the County and U.S. Bank National Association as escrow agent (the “Escrow Agent”), dated as of June 18, 2014. The Financing Agreement and an Escrow Agreement (the “Escrow Agreement”) by and between the County and the Escrow Agent, dated as of June 18, 2014 authorize the Full Faith and Credit Refunding Obligations, Series 2014 (the “Obligations”), which are dated June 18, 2014, and which are in the aggregate principal amount of \$22,530,000. The Obligations represent undivided proportional interests in the Financing Payments to be made by the County pursuant to the Financing Agreement. The Obligations are issued pursuant to Oregon Revised Statutes (“ORS”) Section 271.390, ORS 287A.360, ORS 287A.105, Resolution No. 2014-030 adopted by the Board of Commissioners of the County on April 3, 2014 (the “Resolution”), the Financing Agreement and the Escrow Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Escrow Agreement.

We have examined the applicable law, a duly certified transcript of proceedings of the County, prepared in part by us, and other documents which we deem necessary to render this opinion.

With respect to the Obligations, addressed and delivered this date to the underwriter, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering material which has been supplied to the purchasers of the Obligations, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied on representations of the County contained in the Resolution, the Financing Agreement, the Escrow Agreement and other certified proceedings and certifications of officials of the County and others furnished to us without undertaking to verify such representations and certifications by independent investigation.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

A. The Resolution, the Financing Agreement and the Escrow Agreement have been legally authorized and issued under and pursuant to the constitution and statutes of the State of Oregon, and are valid and legally binding obligations of the County enforceable against the County in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the County.

B. The Obligations represent proportional ownership interests in financing payments to be made by the County pursuant to the Financing Agreement (the "Financing Payments"). The Financing Payments for the Obligations are payable from the general non-restricted revenues of the County and other funds, which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the County to make payments is a full faith and credit obligation of the County, and is not subject to annual appropriation. The registered owners of the Obligations do not have a lien or security interest on the property financed and refinanced with the proceeds of the Obligations.

C. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) the portion of the Financing Payments designated as and constituting interest received by the holders of the Obligations ("Interest") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County and others in connection with the Obligations, and we have assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of Interest from gross income under Section 103 of the Code.

The Code establishes certain requirements that must be met subsequent to the issuance and delivery of the Obligations in order that, for Federal income tax purposes, Interest not be included in gross income pursuant to Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Obligations, restrictions on the investment of proceeds of the Obligations prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Noncompliance with such requirements may cause Interest to become subject to Federal income taxation retroactive to the date of issue of the Obligations, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of delivery of the Obligations, the County will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County covenants that it will comply with the provisions

and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that Interest will, for Federal income tax purposes, be excluded from gross income.

In rendering the opinion in paragraph C hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of Interest, and (ii) compliance by the County with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

D. Interest is exempt from Oregon personal income tax.

We note that the County **has not** designated the Financing Agreement as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code.

Except as stated in paragraphs C and D above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Obligations or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of Interest.

This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter arise or occur or for any other reason.

This opinion is limited to matters of Oregon law and applicable federal law, and we assume no responsibility as to the applicability of laws of other jurisdictions.

This opinion is provided to you as a legal opinion only, and not as a guaranty or warranty of the matters discussed herein. No opinions may be inferred or implied beyond the matters expressly stated herein. No qualification, limitation or exception contained herein shall be construed in any way to limit the scope of the other qualifications, limitations and exceptions. For purposes of this opinion, the terms “law” and “laws” do not include unpublished judicial decisions, and we disclaim the effect of any such decision on the opinions expressed.

We have acted solely as special counsel to the County regarding the sale and issuance of the Obligations and have not represented any other party in connection with the Obligations.

We have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering materials relating to the Obligations, and we express no opinion relating thereto. We express no opinion as to the creditworthiness of the County, the investment quality of the Obligations or the adequacy of the security for the Obligations.

June 18, 2014

Page 4

The opinions expressed herein are solely for your benefit in connection with the above referenced financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations, nor may copies be furnished to any other person or entity, without the prior written consent of Hawkins Delafield & Wood LLP.

Very truly yours,

Appendix B

Financial Statements

The County's Auditor has not performed any further review of the County's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2013 Fiscal Year.

(This page left blank intentionally)

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2013



Prepared by:
Department of County Management
Joseph Mark Campbell, Chief Financial Officer
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



JEFF COEN
Chair



DEBORAH KAFOURY
Commissioner District 1



LORETTA SMITH
Commissioner District 2



JUDY SHIPRACK
Commissioner District 3



DIANE McKEEL
Commissioner District 4



STEVE MARCH
Auditor



DAN STATON
Sheriff



ROD UNDERHILL
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013
Table of Contents

INTRODUCTORY SECTION		Combining and Individual Fund Statements and Schedules:	
Letter of Transmittal.....	1	Combining Balance Sheet - Nonmajor	
GFOA Certificate of Achievement.....	9	Governmental Funds.....	90
Organizational Charts.....	10	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor	
List of Principal Officers.....	13	Governmental Funds.....	91
FINANCIAL SECTION		Nonmajor Special Revenue Funds:	
Independent Auditor's Report.....	14	Combining Balance Sheet.....	92
Management's Discussion and Analysis.....	17	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	94
Basic Financial Statements		Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Government-wide Financial Statements:		Road Fund.....	96
Statement of Net Position.....	32	Emergency Communications Fund.....	97
Statement of Activities.....	34	Bicycle Path Construction Fund.....	98
		Recreation Fund.....	99
Fund Financial Statements:		County School Fund.....	100
Balance Sheet - Governmental Funds.....	36	Animal Control Fund.....	101
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position.....	38	Willamette River Bridges Fund.....	102
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	39	Library Fund.....	103
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	41	Special Excise Tax Fund.....	104
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	43	Land Corner Preservation Fund.....	105
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Federal and State Program Fund.....	44	Inmate Welfare Fund.....	106
Statement of Net Position - Proprietary Funds.....	45	Justice Services Special Operations Fund.....	107
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	46	Oregon Historical Society Special Levy Fund....	108
Statement of Cash Flows - Proprietary Funds.....	47	Video Lottery Fund.....	109
Statement of Fiduciary Net Position - Fiduciary Funds.....	48	Debt Service Funds:	
Notes to Basic Financial Statements.....	49	Combining Balance Sheet - Nonmajor Debt Service Funds.....	110
Required Supplementary Information.....	89	Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds.....	111
		Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
		Revenue Bond Fund.....	112
		Capital Debt Retirement Fund.....	113
		General Obligation Bond Fund.....	114
		PERS Pension Bond Fund (Major Fund).....	115

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013
Table of Contents (continued)

Capital Projects Funds:		Capital Assets Used in the Operation of Governmental Funds:	
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	116	Schedule by Source.....	136
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Capital Projects Funds.....	117	Schedule by Function and Activity.....	137
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		Schedule of Changes by Function and Activity....	139
Financed Projects Fund.....	118	Other Schedules:	
Capital Improvement Fund.....	119	Schedule of Property Tax Collections and Outstanding Balances.....	140
Capital Acquisition Fund.....	120	Schedule of General Obligation Bonds and Bond Interest Coupon Transactions.....	141
Asset Preservation Fund.....	121	Schedule of General Obligation Bonds Outstanding.....	142
Sellwood Bridge Replacement Fund (Major Fund).....	122	Schedule of Capitalized Lease Purchases Outstanding.....	143
Enterprise Funds:		Schedule of Loans Outstanding.....	144
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		Schedule of Full Faith and Credit Bonds Outstanding.....	145
Dunthorpe-Riverdale Service District No. 1 Fund.....	123	STATISTICAL INFORMATION SECTION	
Mid County Service District No. 14 Fund.....	124	Net Position by Component - Last Ten Fiscal Years.....	147
Behavioral Health Managed Care Fund.....	125	Changes in Net Position - Last Ten Fiscal Years....	149
Internal Service Funds:		Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	153
Combining Statement of Net Position.....	126	Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	155
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	127	Program Revenues by Function/Program - Last Ten Fiscal Years.....	157
Combining Statement of Cash Flows.....	128	Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years.....	159
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		Assessed Valuation and Actual Values of Taxable Property - Last Ten Fiscal Years.....	160
Risk Management Fund.....	129	Property Tax Levies and Collections - Last Ten Fiscal Years.....	161
Fleet Management Fund.....	130	Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years.....	162
Information Technology Fund.....	131	Principal Taxpayers - Current Year and Nine Years Ago.....	163
Mail/Distribution Fund.....	132	Ratios of Outstanding Debt by Type - Last Ten Fiscal Years.....	164
Facilities Management Fund.....	133		
Agency Funds:			
Combining Balance Sheet.....	134		
Combining Statement of Changes in Assets and Liabilities.....	135		

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2013
Table of Contents (continued)

Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	165	Schedule of Findings and Questioned Costs.....	198
Pledged Revenue Coverage - Last Ten Fiscal Years.....	166	Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs.....	203
Legal Debt Margin Information - Last Ten Fiscal Years.....	167	Summary Schedule of Prior Audit Findings and Questioned Costs.....	205
Computation of Direct and Overlapping Debt.....	169		
Demographic and Economic Statistics - Last Ten Calendar Years.....	170		
Principal Employers - Current Year and Nine Years Ago.....	171		
Full Time Equivalent County Employees by Function/Program and Bargaining Unit - Last Ten Fiscal Years.....	172		
Operating Indicators by Function/Program - Last Ten Fiscal Years.....	174		
Capital Asset and Infrastructure Statistics by Function/Program - Last Ten Fiscal Years.....	178		
AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS			
Audit Comments:			
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 Minimum Auditing Standards</i>	180		
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>	182		
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 OMB Circular A-133.....	184		
Schedule of Expenditures of Federal Awards.....	186		
Notes to Schedule of Expenditures of Federal Awards.....	195		

INTRODUCTORY SECTION



November 8, 2013

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

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2013, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 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 Single Audit Act, OMB Circular A-133 is included with this report beginning on page 184.

This report presents fairly the financial position of the various funds of the County at June 30, 2013, and the results of operations of such funds and the cash flows of the proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP). It is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, County management 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.

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

PROFILE OF MULTNOMAH COUNTY, OREGON

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 a population of 748,445 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

Multnomah County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and therefore are included in the County's financial statements as component units. Also included in the County's financial statements is information on the Library Foundation, a tax-exempt foundation whose primary purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. The County also maintains a Hospital Facilities Authority (Authority) whose primary purpose is to issue conduit debt for health care facilities. The Hospital Facilities Authority is also considered a component unit but it is not included in the County's financial statements as the activity of the Authority is not material to the County's financial statements. Additional information on these legally separate entities can be found in note 1 of the notes to the financial statements.

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

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. The General fund and Federal State Program special revenue fund budget to actual comparisons are provided on pages 43-44 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 90.

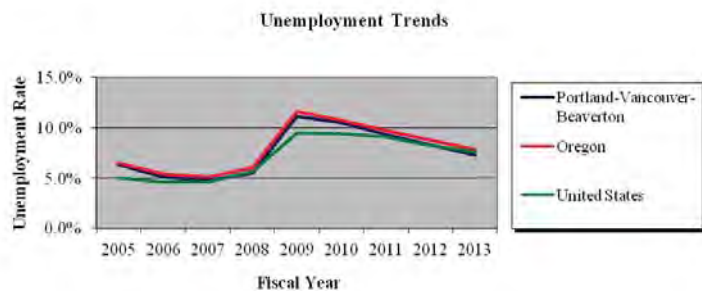
FACTORS AFFECTING FINANCIAL CONDITION

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

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy experienced above long-term trend growth according to the University of Oregon Index of Economic Activity during fiscal year 2013. Like the rest of the nation, the region saw stabilized real

estate values with some areas of the County seeing double-digit growth. High levels of unemployment continue to slowly decline. The rest of the State, however, continues to experience below to average growth and reflects the general divide between more urban, diverse economies and rural, less diverse economies seen elsewhere around the Country. It is likely that the local economy will continue average growth in the upcoming years.

The area's unemployment rate has steadily declined over the past four years after doubling between 2008 and 2009. As of June 30, 2013 the Portland-Vancouver-Beaverton PMSA's unemployment rate was at 7.3%, down one percentage point from 8.3% a year ago, but still higher than the 5.5% in 2008. The unemployment rate for the area is better than the State of Oregon (at 7.8%) and is slightly below the national average of 7.6%. The chart below compares the area's unemployment rate to the rates for the state and nation.



Financial outlook: Multnomah County has been fortunate to have weathered the economic recession better than many local governments. The County has closed significant budget gaps in recent fiscal years while maintaining a wide array of health, social, and public safety services. Prudent financial planning, careful management of long term liabilities, and a low inflation environment allowed the County to adopt essentially a current service level General Fund budget for fiscal year 2014. One-time-only General Fund resources were used to address a number of facility, information technology, and fleet capital needs, reducing future funding needs.

In November 2012, voters approved the formation of a Library District with a permanent tax rate of \$1.24 per thousand of assessed value. The Library District formation relieved the County of a \$15.3 million commitment for ongoing General Fund support in fiscal year 2014 and beyond. Increased property tax compression results in an offsetting loss of approximately \$7.2 million. For the Library, the County and its patrons, it means it will no longer be dependent on successive 5-year local option tax levies. The permanent tax rate of \$1.24 replaces a lower local option rate of \$0.89 and addresses significant cuts the Library experienced in fiscal year 2013.

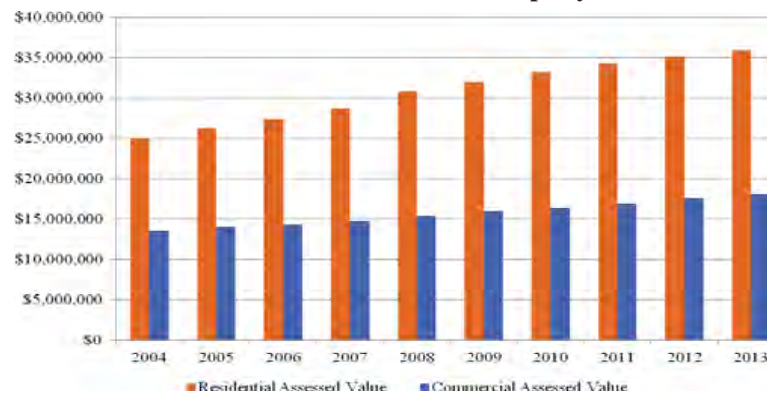
The current forecast assumes steady growth in employment and personal income over the next few years. Barring a recession or unexpected reductions in State or Federal funding, the General Fund should be able to provide funding at current service levels in fiscal year 2015. The current five year forecast projects that expenditures will grow at approximately the same rate as revenues from fiscal year 2014 to 2018.

The economic recession has had an impact on the County's revenue stream. The business income tax, in particular, has experienced significant volatility and declines since fiscal year 2008. However, the property tax, which accounts for approximately 75% of General Fund tax revenues, has remained relatively insulated from declining real estate values. Property taxes are governed by

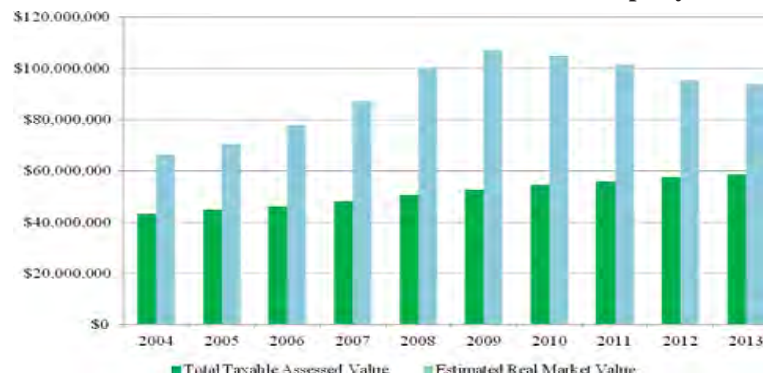
two state constitutional measures, Measure 5 and Measure 50, which set limits on the amount of tax that can be collected. In general, property taxable values cannot grow by more than 3% year over year. For fiscal year 2014, property tax collections are expected to be flat due to formation of the Library District and increased compression. Absent the Library District compression, property taxes would grow by 3%.

The following chart highlights the County's residential and commercial assessed (taxable) values over the past ten years. Residential property has experienced a 43.4% increase in taxable property value over a ten year period compared to a 32.7% increase for commercial property value over the same period. Because assessed values remain below real market values for many properties, property tax collections are *relatively* inelastic despite several years of falling real market values. Had real market values continued to decline rather than stabilize and grow once again there would have been an adverse impact on the rate of property tax growth.

Assessed Values of Taxable Property

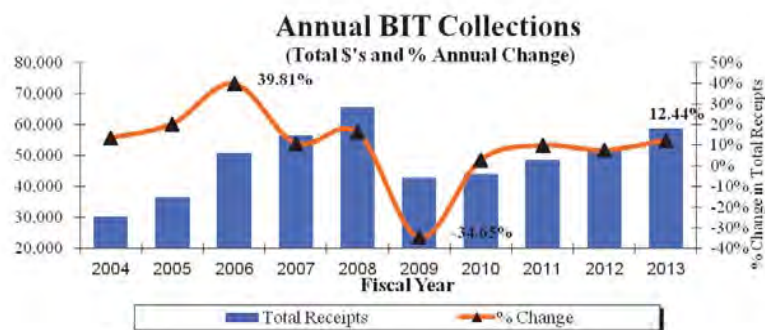


Assessed and Real Market Values of Taxable Property



Business income tax (BIT) is the second largest source of revenue in the General Fund and it is set at a rate of 1.45% of net income. BIT collections generally parallel economic cycles. Prior to the onset of the ‘Great’ recession, fiscal year 2008 BIT collections were nearly \$66 million and had exhibited five years of double-digit growth. The following year they declined by nearly a third, with fiscal year 2009 collections coming in at just under \$43 million. For fiscal year 2013, collections recovered to nearly \$59 million, a 12% increase over fiscal year 2012.

The following chart highlights the volatility of BIT collections over the past ten years. Current forecasts assume moderate growth in BIT revenue, and collections are expected to reach 2008 levels by fiscal year 2016. The County has taken proactive measures to establish a separate contingency amount in the General fund to guard against downturns in the BIT. For fiscal year 2014, this “BIT Stabilization Reserve” was set at \$5.8 million reflecting an additional 10% buffer.



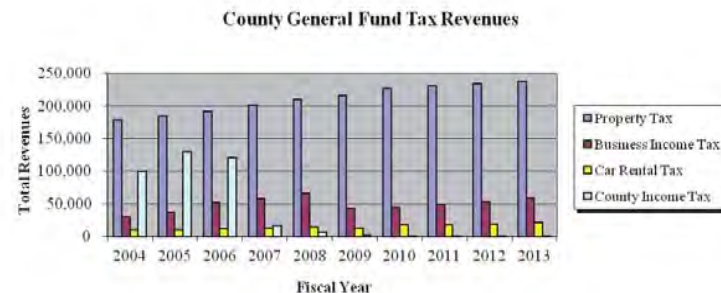
Motor vehicle rental taxes (MVRT) account for about 6.7% of General Fund tax revenues. In June, 2009 the Board increased the MVRT from 12.5% to 17.0% as part of balancing the fiscal year 2010 budget. The rate increase generated an additional \$4.2 million for the General Fund. MVRT collections are highly influenced by the economy. For example, MVRT collections declined for three consecutive years following the September 11, 2001 terrorist attacks. With the travel and tourism industry being particularly hard hit by the recession, tax collections declined by about 14.0% from fiscal year 2008 to fiscal year 2010. They rebounded by 3.7% in fiscal year 2011, 4.8% in fiscal year 2012, and a robust 13.3% in fiscal year 2013 and now total \$21.1 million. The expectation is for MVRT to continue modest growth over the five year forecast period.

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 Board actions required to balance revenues and expenditures. It is an estimate that takes into account the rate of inflation, growth in employee benefits and long term fixed costs. This gap is chiefly the result of property tax limitation measures passed by Oregon voters in 1990 and 1997. As noted earlier, property taxes cannot grow (with a few exceptions) by more than 3% a year. Since property taxes make up a large percentage of General Fund revenues, the property tax limits have the effect of constraining overall revenue growth. The volatility of the BIT also factors into this equation. Expenditures, driven by health care costs (which are moderating) and PERS (which are increasing), typically tend to grow faster than revenues.

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

The State of Oregon provides a significant portion of the County’s funding, mostly recorded in the Federal and State Special Revenue fund. The State’s General fund is highly dependent upon economically sensitive personal income taxes, with approximately 85% of State General fund revenue attributable to this tax. During the 2011 legislative session, the state faced a \$3.5 billion deficit for the 2011-2013 biennium, or roughly a 22% shortfall. The Board of County Commissioners took a series of actions prior to and during fiscal year 2012 (which was the first year of the state biennium) to scale state funded activities to match available revenues and in several, limited situations, used County General Fund to minimize reductions in critical public safety and social service programs. The majority of reductions occurred in the first year of the biennium and the County faced few reductions for the second half of the biennium, which covers the County’s fiscal year 2013. For the County’s fiscal year 2014 and the State’s 2013-15 biennium, State funding was generally stable as the State’s financial picture improved with the economy.

In 2003 Multnomah County voters approved a temporary personal income tax of 1.25% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County’s health, human services, and public safety programs. Fiscal year 2006 was the final year the tax was imposed, and in fiscal year 2013 the County’s General fund recognized \$76 in collections on delinquent accounts as compared to \$205 in tax revenue in fiscal year 2012. The following graph highlights the County’s major tax sources.



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

The County's adopted financial and budget policies generally provide for the County to use one time only resources for costs that will not recur in future years. However, the policies allow the use of one-time only resources when, in the short term, it would be more beneficial to allocate such resources to the highest priority public services than to restrict them to non-recurring costs. The result of this practice is to expand operational levels and public expectations beyond the capacity of the organization, thereby providing continuing funding which can lead to future budget shortfalls. The 2014 adopted budget includes approximately \$24.9 million of one-time only General Fund resources. The majority of these one-time only funds are used for one-time-only expenses, including: \$5.8 million for the business income tax reserve, \$1.5 million for short-term rent assistance, \$8.9 million for facilities capital projects, \$1 million for IT capital replacement, \$1.2 million for vehicle replacement and \$1 million to address any Federal or State funding issues. A complete list of the uses of one-time-only funds can be found on page 20 of the Budget Director's Message in the County's fiscal year 2014 adopted budget.

By adopting the financial and budget policies, the Board acknowledges that, to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain a General fund reserve designated as unappropriated fund balance and set at 10% 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 used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond ratings. Moody's Investor Services currently rates the County as Aaa, the highest possible rating, for general obligation debt and Aa1 (second highest) for full faith and credit debt. In addition, the County issued full faith and credit obligations in fiscal year 2012 and received a rating of AA from Standard & Poor's, which is their second highest rating and again indicates that the County's financial capacity to repay the debt obligations is very strong.

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

Major initiatives. The "structural deficit" and the immediate need to close an estimated \$45.9 million General fund shortfall in fiscal year 2009 was the major focus of the County. However, Board actions taken since then have significantly improved and maintained the County's financial condition. For the first time in recent years, the growth in economy-driven revenues, primarily the business income tax (BIT), and slower personal cost growth has temporarily eliminated the structural deficit. The County has been able to focus on longer-term initiatives, such as formation of a new Library District and health care transformation. The County is a founding member of Health Share, the regional Coordinated Care Organization, which is a key element in the State of Oregon's aim to provide better care and reduce costs for people enrolled in the Oregon Health Plan. A number of information technology projects are underway during fiscal year 2014, the most notable of these being a replacement of the County's aging phone system with Voice over Internet Protocol (VoIP).

The County's capital project initiatives include funding for improvements and construction on many of the County owned buildings, roads and Willamette River bridges. Included in the County's capital project plan is the replacement of an 85-year old Willamette River bridge, the Sellwood bridge. A regional funding plan is in place and has secured the estimated \$307.5 million needed to fund the project. The cost includes the new bridge, an interchange where the bridge connects with Highway 43, right of way, design, and mitigating impacts to protected environmental resources. In addition, the 2009 State Legislature authorized the County to implement a Vehicle Registration Fee to provide revenue for the new bridge. The Legislature also committed an appropriation of \$30,000 for improvements to the bridge interchange with state highway 43 which will limit the amount of

local funds needed for the project. Construction is currently underway with the new bridge expected to be completed in 2015.

Another significant capital project initiative is the construction of a new Health Department headquarters, to relocate operations from the outdated McCoy Building to the east half of Block U in downtown Portland. The new building is expected to accommodate approximately 250 employees, which will include health care personnel, the office of the Health Officer, and administrators and staff who oversee Multnomah County's health clinics, services for children and families, and public health emergency preparedness. The total cost of the new building and relocation of current operations is expected to cost an estimated \$38.6 million, with \$26.9 million anticipated from the Portland Development Commission for River District capital projects by the end of fiscal year 2014, \$5.4 million in one-time-only general fund appropriation, and an additional \$6.3 million to be decided in fiscal year 2015.

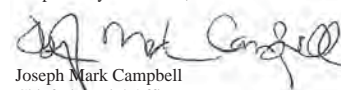
AWARDS AND ACKNOWLEDGEMENTS

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, 2012. This was the twenty-eighth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both 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


Cara Fitzpatrick, CPA, CFE
Accounting Manager



Government Finance Officers Association

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

Presented to
**Multnomah County
Oregon**

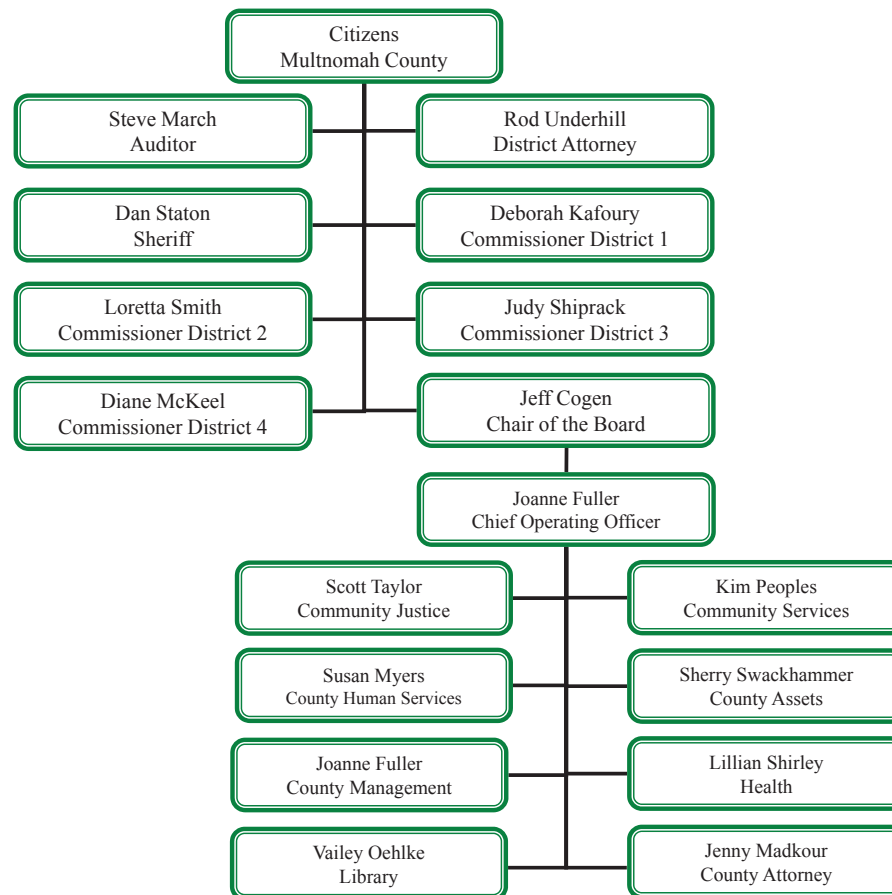
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

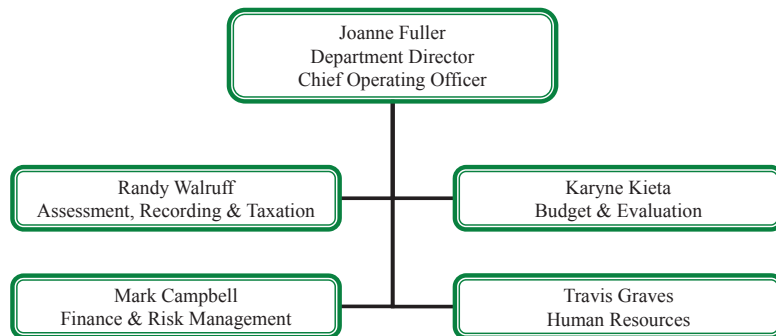
Jeffrey R. Egan

Executive Director/CEO

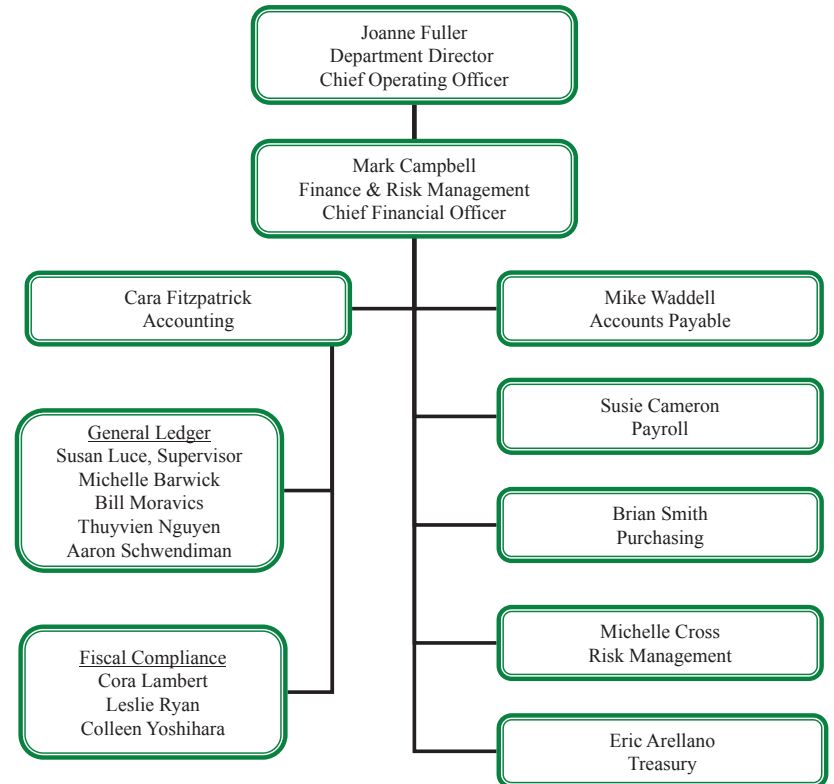
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



MULTNOMAH COUNTY, OREGON
Department of County Management
Finance & Risk Management Division



MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2013
Principal Officers

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
<u>Board of County Commissioners</u>		
Chair of Board	Jeff Cogen 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2014
District No. 1	Deborah Kafoury 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2016
District No. 2	Loretta Smith 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2014
District No. 3	Judy Shiprack 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2016
District No. 4	Diane McKeel 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2016
<u>Other Elected Officers</u>		
County Auditor	Steve March 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2014
County District Attorney	Rod Underhill 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2016
County Sheriff	Dan Staton 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2014
<u>Other Appointed Officers</u>		
Chief Financial Officer	Joseph Mark Campbell	Not elected
County Attorney	Jenny Madkour	Not elected

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

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, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Federal and State Program Fund of Multnomah County (the "County") as of and for the year ended June 30, 2013, 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, which represent 100% of the assets, net assets, and revenues of the discretely presented component unit. 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.

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 County'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 previously present fairly, in all material respects, the respective financial position 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, as of June 30, 2013, 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 and State Program Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and OPEB information (collectively, the required supplementary information) on pages 17 through 31 and page 89 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 and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules; other schedules; and schedule of expenditures of federal awards which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; 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.

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



Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, and statistical information, 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 8, 2013 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
November 8, 2013

Department of County Management
MULTNOMAH COUNTY OREGON
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
(503) 988-3292 fax



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2013. The information presented here should be read in conjunction with the letter of transmittal, which can be found on pages 1-8 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2013, by \$823,008 (*net position*). Of this amount, \$9,247 is restricted for capital projects and buildings, \$76,838 is restricted for improvements to roads, bridges and bike paths, \$8,181 is restricted for future years' debt service, and \$10,803 is restricted for various community support. \$739 is restricted for Library operations and \$429 is restricted for document storage and retrieval. \$42,616 is unrestricted and \$674,155 is for net investment in capital assets, net of related debt.
- During the fiscal year 2013, the County's total net position increased by \$15,406 or 2% over the restated fiscal year 2012 net position of \$807,602. In fiscal year 2013, the County implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* with a cumulative effect of reducing the County's net position by \$504 at June 30, 2012. Following are some significant financial highlights accounting for the increase from the prior year. The reasons for the increase are noted in the financial analysis section of the MD&A.
- Business income tax (BIT) increased by \$6,500 or approximately 12% over fiscal year 2012.
- Operating grants and contributions for Social Services increased by \$22,320 or 13% from 2012.
- Operating grants and contribution revenues for Roads and Bridges decreased by \$8,402 over the prior year, or (16%).
- The County's interest on long-term debt was up \$8,237 or 77% over fiscal year 2012.
- Net position for business-type activities increased by \$4,759 or 28% in fiscal year 2013. The increase is primarily in the Behavioral Health Managed Care fund where fiscal year 2013 expenses decreased by (\$10,428) or 21% from fiscal year 2012.
- Total assets for business-type activities increased by \$5,336 or 25% over the prior year and total liabilities increased by \$577 or 14% from fiscal year 2012. The increase in assets is directly related to the Behavioral Health Managed Care fund's cash balance was higher at June 30, 2013 by 30% over June 30, 2012.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$246,050. The net change in governmental fund balances during the year was a

increase of \$79,126 or 47% over fiscal year 2012. The increase is directly related to the \$128,000 in Full Faith and Credit Bonds issued in December of 2012 to replace the County's Sellwood Bridge. The proceeds of the bond issue are recorded to the Sellwood Bridge Replacement capital project fund.

- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$43,503, or approximately 11% of total General Fund expenditures and 14% 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% reserve.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a 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 two *blended component units* and one *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 32-35 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 25 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 Fund and the Sellwood Bridge Replacement Fund, which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements and respective reconciliations can be found on pages 36-42 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 45-47 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 statements can be found on page 48 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 134-135 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 49 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 90 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 other post employment healthcare benefits obligations. Required supplementary information can be found on page 89.

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 \$823,008 at the close of the most recent fiscal year.

Multnomah County's Net Position

	Governmental Activities		Business- Type Activities		Total	
	2013	2012 Restated	2013	2012	2013	2012 Restated
Current and other assets	\$ 554,013	\$ 468,643	\$23,028	\$17,612	\$ 577,041	\$ 486,255
Capital assets	851,596	807,062	3,672	3,752	855,268	810,814
Total assets	1,405,609	1,275,705	26,700	21,364	1,432,309	1,297,069
Deferred outflows of resources	1,684	1,944	-	-	1,684	1,944
Current and other liabilities	150,676	124,402	4,787	4,198	155,463	128,600
Long-term liabilities outstanding	455,472	361,192	-	12	455,472	361,204
Total liabilities	606,148	485,594	4,787	4,210	610,935	489,804
Deferred inflows of resources	50	1,607	-	-	50	1,607
Net position:						
Investment in capital assets, net of related debt	670,483	686,874	3,672	3,752	674,155	690,626
Restricted for expendable:						
Capital projects	9,247	10,462	-	-	9,247	10,462
Debt service	8,181	8,278	-	-	8,181	8,278
Roads, bridge and bike path	76,838	4,432	-	-	76,838	4,432
Other programs	11,971	6,393	-	-	11,971	6,393
Unrestricted	24,375	74,009	18,241	13,402	42,616	87,411
Total net position	\$ 801,095	\$ 790,448	\$21,913	\$17,154	\$ 823,008	\$ 807,602

The largest portion of the County's net position, approximately 82%, 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 \$674,155 as compared to \$690,626 a year ago. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net position in the amount of \$106,237 or approximately 13% are restricted for capital projects, debt service, and various community support programs. Restricted net position represent resources that are subject to external restrictions on how they may be used. The remaining balance is the County's unrestricted net position of \$42,616 or approximately 6%. At the end of the current year, the County is able to report positive balances in all categories of net position for governmental and business-type activities.

Total net position increased by \$15,406 during the current fiscal year. This increase is attributable to the factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net position for fiscal years 2013 and 2012.

Multnomah County's Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012 Restated	2013	2012	2013	2012 Restated
Revenues:						
Program revenues:						
Charges for services	\$131,646	\$135,053	\$44,086	\$45,929	\$175,732	\$180,982
Operating grants and contributions	318,956	308,392	-	-	318,956	308,392
Capital grants and contributions	68	839	10	6	78	845
General revenues:						
Taxes:						
Property taxes	279,731	281,141	-	-	279,731	281,141
Business income taxes	58,750	52,250	-	-	58,750	52,250
Other taxes	54,030	49,709	-	-	54,030	49,709
State government shared revenues	9,090	10,108	-	-	9,090	10,108
Grants and contributions not restricted to specific programs	15	10	-	-	15	10
Interest and investment earnings	1,638	2,604	95	97	1,733	2,701
Miscellaneous	2,613	1,194	97	-	2,710	1,194
Gain on sale of capital assets	119	607	-	-	119	607
Total revenues	856,656	841,907	44,288	46,032	900,944	887,939
Expenses:						
General government	72,049	65,813	-	-	72,049	65,813
Health services	148,528	150,421	-	-	148,528	150,421
Social services	233,990	224,975	-	-	233,990	224,975
Public safety and justice	221,744	217,842	-	-	221,744	217,842
Community services	36,895	34,511	-	-	36,895	34,511
Library services	58,488	61,641	-	-	58,488	61,641
Roads and bridges	55,383	54,287	-	-	55,383	54,287
Interest on long-term debt	18,932	10,695	-	-	18,932	10,695
Dunthorpe-Riverdale Service District Number 1	-	-	554	507	554	507
Mid County Service District Number 14	-	-	389	411	389	411
Behavioral Health Managed Care	-	-	38,586	49,014	38,586	49,014
Total expenses	846,009	820,185	39,529	49,932	885,538	870,117
Change in net position	10,647	21,722	4,759	(3,900)	15,406	17,822
Beginning net position	790,448	769,230	17,154	21,054	807,602	790,284
Cumulative effect to implement GASB Statement No. 65	-	(504)	-	-	-	(504)
Ending net position	\$801,095	\$790,448	\$21,913	\$17,154	\$823,008	\$807,602

Governmental activities. Governmental activities increased the County's net position by \$10,647; noteworthy reasons for the change from the prior year are noted below:

- Business income tax revenues are up by \$6,500 or 12% over 2012. The increase is primarily attributable to a stronger economy in 2013 from 2012 which in turn led to significant gains in corporate profits.

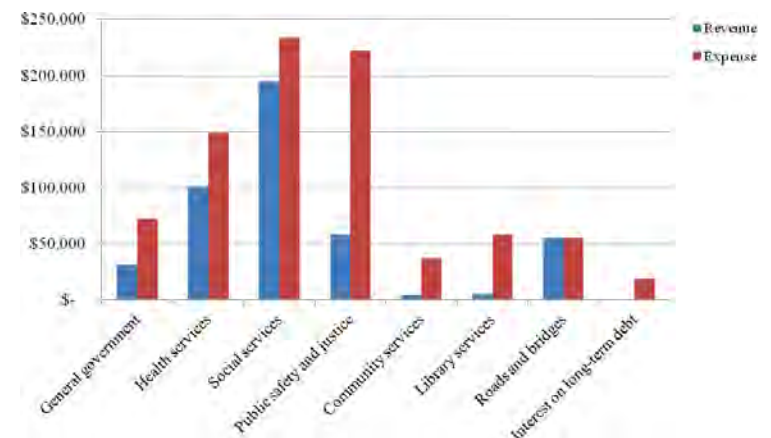
- Operating grants and contributions for Social Services increased by \$22,320 or 13% from 2012. One significant increase is noted in the Developmental Disabilities Services Division (DDSD) division for the Department of County Human Services. The State of Oregon increased DDSD funding by \$8,850 from 2012 to restore pre-2011 comprehensive service rates. The restored funding provided participants with an increase in 24 hour residential services, in-home support services, non-medical transportation services and adult and child foster care services.

The remaining increase in Social Services is attributable to a large State grant, the State Mental Health Grant (SMHG), received by the Department of County Human Services. In 2013 the County received additional SMHG funding targeted for the mental health and addiction services and developmental disabilities services divisions. The increased funding the County received was in anticipation of an increase in mental health clients released from State hospitals into County funded programs as well as an increase in the overall general population for mental health.

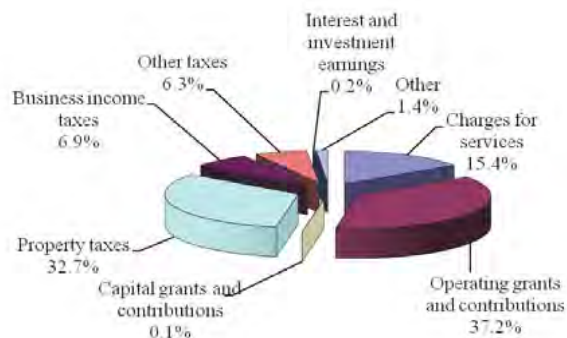
- Operating grants and contribution revenues for Roads and Bridges decreased by \$8,402 over the prior year, or (16%). The decrease is primarily due to two significant Federal awards received in fiscal year 2012 related to County bridge projects. The Sellwood Bridge construction project received \$10,791 in Federal award for right-of-way acquisitions and the Morrison Bridge deck rehabilitation received \$2,736 in Federal awards in fiscal year 2012. The Federal grants that funded these capital projects were not renewed in fiscal year 2013.
- Interest on long-term debt is up by \$8,237 or 77% from fiscal year due to an increase in the total outstanding debt. In December of 2012 the County issued \$128,000 of Full Faith and Credit bonds to provide funding for the construction of a new Willamette River bridge, the Sellwood Bridge.

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

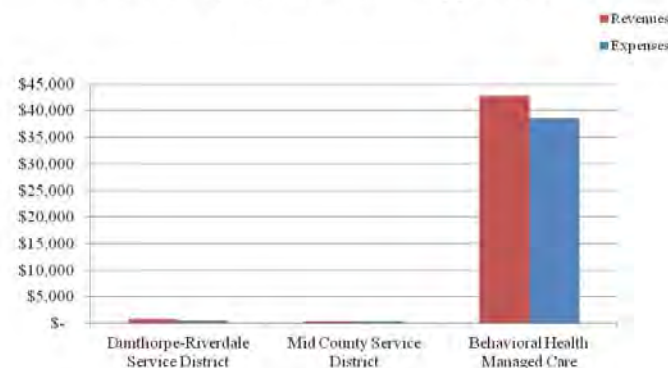


Business-type activities. Business-type activities increased the County's net position by \$4,759, compared to a decrease of (\$3,900) in the prior year. The primary reasons for the current year's increase are:

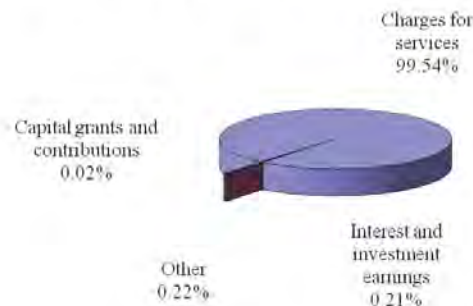
- In the Behavioral Health Managed Care Fund, State and local health care changes impacted the County's Medicaid mental health organization, Verity, in the Department of County Human Services (DCHS). Verity and its 95,000 members transitioned to Health Share/Multnomah Mental Health in September 2012; and a reduction of approximately 5,000 members over the course of fiscal year 2013. Additionally, DCHS Mental Health and Addiction Services Division (MHASD) has managed reductions in both Medicaid and state crisis funding. Effective July 1, 2012, it reduced reimbursement and implemented a monthly budget cap to adjust to an 11% reduction in the Oregon Health Plan reimbursement to remain within revenue. Currently, MHASD is collaborating with neighboring counties to standardize administrative functions and reduce the burden and cost on mental health providers. These changes led to significant cost savings in these DCHS programs.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2013 the District collected \$852 in fines, fees and charges for services which is a slight increase from the prior year's collection of \$837. In fiscal year 2013 the monthly household customer sewer user assessments fees increased from \$122 in fiscal year 2012 to \$125 in fiscal year 2013.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2013 the District collected \$377 in fines, fees and charges for services which is a slight decrease from the prior year collections of \$380. User fees were not increased during fiscal year 2013 and remained constant from fiscal year 2012.
- Interest revenue for business-type activities was relatively unchanged from fiscal year 2012. Interest revenue for 2013 was \$95 as compared to \$97 in fiscal year 2012. Interest rates continued to be low from 2012. Interest is allocated based on the average daily cash balance and the average monthly yield of the County's investment portfolio.

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

Revenues by Source -Business-type Activities



Revenues by Source - Business-type Activities



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 \$246,050 an increase of \$79,126 over the prior year. Approximately 21% or \$52,312 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 Federal and State Special Revenue Fund represents over spending on assigned amounts. Assigned fund balances in other governmental funds represents available fund balance in those funds. The restricted fund balance is \$105,770 or 43% of the total fund balance. Most of the restricted balance is dedicated to the Sellwood Bridge replacement capital project. 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 *nonspendable or committed* 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 3.H on page 80 – 81 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 \$43,503 in the General Fund or approximately 98% of the total fund balance of \$44,508. 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 11% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$4,851 or 12%. This increase is primarily due to an increase in business income tax (BIT) revenues which are highly elastic. Therefore, as the economy strengthened from 2012 to 2013 so did corporate profits and the County's BIT revenues.

The Federal and State Program Special Revenue Fund has a total fund balance of \$8,817, of which \$472 is nonspendable due to balances reported for prepaid items and inventories. The restricted balance of \$8,791 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 deficit balance of (\$446) is reported as unassigned because the total nonspendable and restricted amounts were greater than the total ending fund balance. Ending fund balance in the Federal and State Program fund increased from the prior year by \$4,876 or 124% resulting from the 2011-2013 biennium settlement of the State Mental Health Block grant in the Department of County Human Services for various mental health and developmental disabilities programs carrying over into the subsequent fiscal year.

The PERS Pension Bond Fund is a debt service fund with a total fund balance of \$57,832 which is an increase of \$1,181 or 2% over the prior year's ending fund balance of \$56,651. The total fund balance is committed for future debt service.

The Sellwood Bridge Replacement Capital Project Fund reported a total fund balance of \$75,694, of which \$353 is nonspendable for balances reported in prepaid items and inventories, \$2,317 is committed and \$265 is assigned. The largest balance is reported as restricted fund balance of \$72,759. The restricted balance primarily represents unspent bond proceeds from the 2012 Full Faith and Credit Obligation debt issue of \$128,000 to finance construction of the new Sellwood Bridge.

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

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

- Dunthorpe-Riverdale Service District Fund, \$1,237
- Mid County Service District Fund, \$353
- Behavioral Health Managed Care Fund, \$16,651

The total change in net position for all proprietary funds was an increase of \$4,759. Other factors concerning the finances of these three funds have been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for some of the differences between the original General Fund budget and the final adopted budget. Total final adopted budgeted revenues had a slight increase of \$268 and the total final adopted budgeted expenditures increased by \$1,965 from the original budgeted numbers. During the year the General Fund contingency was reduced by \$1,643 or (18%). Following are noteworthy changes from the original budget to the final adopted budget in the General Fund.

- Health Department – \$802 for additional funding for remodeling the Primary Care facility in the Southeast Health Center.
- Non-Departmental – \$504 was appropriated to support various programs: a homeless youth project, Metamorphosis, assist the Veterans Affairs Administration and community partners with chronically homeless veterans housing, homeless family program and Schools Uniting Neighborhoods (SUN) School emergency food pantry to reduce child hunger.
- Sheriff's Office – \$239 was allocated to hire, equip and train corrections deputies. The Sheriff's Office experienced a growing number of vacancies in fiscal year 2013 due to attrition and retirements.

The contingency transactions account for increases in budgeted expenditures not related to increased revenues, and may be used only when approved by the Board for a specific purpose and department. There was no effect on the ending General Fund budgetary fund balance as a result of these budget amendments. There were not any significant variances between the final budget and actual expenditures.

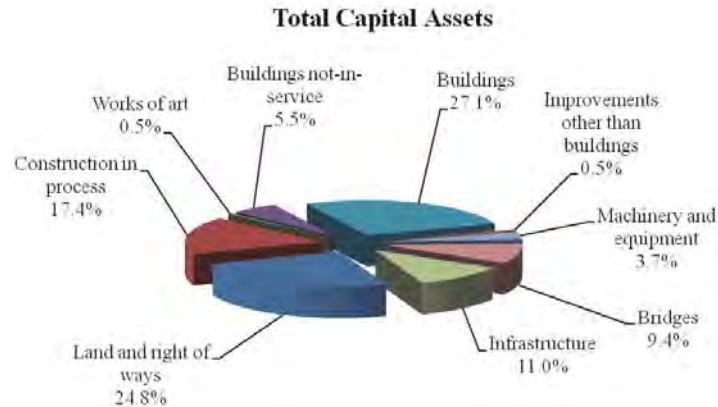
Capital Projects and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$855,268 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and improvements, machinery and equipment, internally developed software, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County's investment in capital assets for the current fiscal year was an increase of \$44,454 or approximately 5%. This increase is attributable to the County's Sellwood Bridge project still under construction at the end of fiscal year 2013, which accounts for the significant increase in construction in process. Additionally, buildings not-in-service, which represents a County jail facility whose construction was completed in fiscal year 2005, but the County does not have sufficient resources to operate the facility. In fiscal year 2013 management determined the asset had been impaired and wrote the County jail down by \$3,755 to an adjusted amount of \$47,409.

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

	Governmental Activities		Business- Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land and right of ways	\$ 211,957	\$ 211,924	\$ -	\$ -	\$ 211,957	\$ 211,924
Construction in process	148,898	85,857	74	23	148,972	85,880
Works of art	4,430	4,430	-	-	4,430	4,430
Buildings not-in-service	47,409	51,164	-	-	47,409	51,164
Buildings	231,893	236,990	-	-	231,893	236,990
Improvements other than Buildings	661	696	3,598	3,729	4,259	4,425
Machinery and equipment	31,758	32,928	-	-	31,758	37,358
Bridges	80,166	81,191	-	-	80,166	81,191
Infrastructure	94,424	101,882	-	-	94,424	101,882
Total capital assets	\$ 851,596	\$ 807,062	\$ 3,672	\$ 3,752	\$ 855,268	\$ 810,814

The following chart indicates the County's capital assets as of June, 30, 2013. Additional information on the County's capital assets can be found in note 3.C on pages 71 – 72 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$369,394. Of this amount, \$27,718 is general obligation bonds; \$337,075 represents full faith and credit bonds; \$3,133 comprises long term loan obligations; and the remainder of the County's debt represents capitalized leases. Both general obligation bonds and full faith and credit bonds are direct obligations pledging the full faith and credit of the County.

Multnomah County's Outstanding Debt

	Governmental Activities		Business- Type Activities		Total	
	2013	2012 (Restated)	2013	2012	2013	2012 (Restated)
General obligation bonds	\$ 27,718	\$ 35,274	\$ -	\$ -	\$ 27,718	\$ 35,274
Full faith and credit bonds	337,075	201,307	-	-	337,075	201,307
Capital leases	1,468	1,597	-	-	1,468	1,597
Loans	3,133	18,171	-	-	3,133	18,171
Total outstanding debt	\$ 369,394	\$ 256,349	\$ -	\$ -	\$ 369,394	\$ 256,349

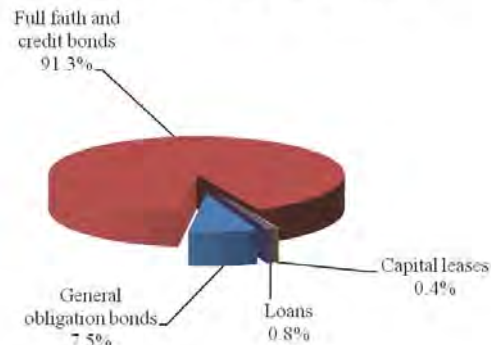
The County's total debt increased by \$113,045 or approximately 44% during the current fiscal year. In fiscal year 2013 the County issued full faith and credit obligation bonds for the Sellwood Bridge replacement project in the amount of \$128,000. In connection with this debt issue, the County repaid a 2011 interim financing agreement for Taxable Non-revolving Credit Facility Bonds of \$40,000. Other changes to the County's long-term debt during fiscal year 2013 consisted primarily of principal payments.

The County maintains an Aaa rating with a stable outlook from Moody's, for general obligation debt and Aa1 for full faith and credit bonds. Standard & Poor's rated the County's full faith and credit bonds as AA.

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$1,874,708, which is significantly in excess of the County's outstanding general obligation debt. State statutes also limit the amount of full faith and credit obligations to one percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for full faith and credit obligations is \$937,354, which is in excess of the County's outstanding full faith and credit debt. The County is also subject to State statute on revenue bonds used to finance pension liabilities by 5% of the real market value of all taxable property within the County's boundaries. The current debt limitation for pension revenue bonds is \$4,686,771, which is also in excess of the County's outstanding pension revenue bonds.

The following chart indicates the County's long-term liabilities as of June 30, 2013. Additional information on the County's long-term liabilities can be found in note 3.G on pages 73 – 80 of this report.

Total Outstanding Long-Term Debt



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year the rate had dropped to approximately 7.3% from 8.3% at the same time last year. The consensus forecast has Oregon employment growing 1.7% in 2013 and 2.8% in 2014. Personal income growth is projected to increase 4.1% in 2013 and 5.1% in 2014.
- Property tax revenues are the single largest source of revenue in the General Fund and it accounts for 62% of ongoing revenues. Therefore, General Fund growth is particularly sensitive to taxable value growth and compression. Property tax revenues are expected to be flat due to increased compression (caused by formation of a Library District), but offset by a forecasted 3.25% increase in assessed values. Voter approved Property Tax measures, while they have limited revenue growth, have tended to make tax collections more stable and predictable from year to year.
- The forecast for fiscal year 2014 anticipates business income tax revenues will increase by 6.25% over budgeted fiscal year 2013 levels. Business income tax (BIT) is highly sensitive to economic conditions and has historically been a volatile revenue source. The fiscal year 2014 budget contains an additional 10% BIT Stabilization Reserve to help mitigate the risk of an unexpected downturn in the regional economy.
- Recording fees and the County Assessment Function Funding Assistance (CAFFA) grant are expected to increase by 8.6% in fiscal year 2014 due in part to the County receiving a larger proportion of the state-wide funds available for distribution and to refinancing activity associated with record low mortgage rates (which has begun to wane as interest rates have recently increased).
- State shared revenues, including Oregon Liquor Control, cigarette and amusement device taxes, are expected to increase in 2014. The increase (as measured from the fiscal year 2013 adopted budget) is primarily in liquor revenues. Washington State voters passed initiative 1183 that ceased operations of state run liquor stores and liquor distribution and increased taxes, resulting increased sales in Oregon. Absent the Washington State measure, liquor taxes are expected to increase 2.56% from fiscal year 2013 actual collections.

- The County's construction of the Sellwood Bridge replacement project is fully underway in fiscal year 2014. The existing bridge truss was relocated as a detour bridge and landslide stabilization work is essentially complete. In fiscal year 2014 the focus of the work will be the construction of the structures that will support the new bridge main spans and fabrication of the steel arches. The project is expected to be approximately 50% complete in fiscal year 2014. Traffic will be on the new bridge in the summer of 2015 and the work on the Oregon highway 43 interchange will be completed in the summer of 2016. Total cost of the project is estimated to be \$307,500 and agreements for all sources of funding have been signed. To date the project has spent approximately \$145,000. A substantial portion of the remaining \$162,500 in expense will be spent in fiscal years 2014 through 2106. A summary of total project resources and anticipated fiscal year 2014 sources is as follows:

	Sellwood Bridge Project Resources	
	Project Total	Fiscal Year 2014
County Vehicle Registration Fees	\$ 164,392	\$ 10,800
City of Portland	74,750	50,000
State of Oregon	35,000	16,700
FHQA – TIGER III Federal Grant	33,358	8,850
Totals for Sellwood Bridge Project	<u>\$ 307,500</u>	<u>\$ 86,350</u>

- Fiscal year 2014 is the first year of operations for the County's Library District, which was approved by voters in November 2012. The effect of the election was to create a separate taxing district for the Library as a mechanism to secure permanent funding for Library operations. Prior to the creation of the Library District, the Library was supported by County General Fund revenues and a temporary local option tax levy. The formation of the Library District has the following impacts to the County:
 - Eliminates the County's \$15,300 General Fund ongoing contribution to Library operations for fiscal year 2014.
 - Increases property tax compression on the County's General Fund, resulting in a loss of approximately \$7,200.
 - Eliminates the need for the County's use of \$10,000 one-time-only funds for Library operations from fiscal years 2013 through 2015, saving and making available an additional \$6,600 of one-time-only funds.

All of these factors were considered in preparing the County's budget for fiscal year 2013-2014.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$43,503. At this level, the County is able to fully fund the reserve account in the General Fund unappropriated fund balance as described in the Financial and Budget policies. The Finance and Budget policies state it is the goal of the Board to fund and maintain a General Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 10% of specifically identified revenues, "corporate" revenues, of the General Fund. In fiscal year 2013, reserves are equal to 10% of the "corporate" revenues of the General Fund. The fiscal year 2013-2014 budget fully funds the reserve in the General Fund.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2013
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
ASSETS				
Current assets:				
Cash and investments	\$ 260,951	\$ 22,942	\$ 283,893	\$ 16,731
Receivables (net of allowance for uncollectibles):				
Taxes	25,948	-	25,948	-
Accounts	79,486	14	79,500	-
Loans	1,579	-	1,579	-
Interest	1,083	-	1,083	-
Special assessments	11	72	83	-
Contracts	1,028	-	1,028	-
Contributions	-	-	-	177
Inventories	2,202	-	2,202	-
Prepaid items	3,338	-	3,338	26
Split interest and other agreements	-	-	-	540
Restricted cash and investments	77,398	-	77,398	-
Non-current assets:				
Capital assets:				
Land, right-of-way and construction in progress	360,855	74	360,929	-
Works of art, not depreciating	4,430	-	4,430	-
Building - not in service, not depreciating	47,409	-	47,409	-
Other capital assets (net of accumulated depreciation)	438,902	3,598	442,500	26
Net pension asset	100,989	-	100,989	-
Total assets	<u>1,405,609</u>	<u>26,700</u>	<u>1,432,309</u>	<u>17,500</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	1,684	-	1,684	-
LIABILITIES				
Accounts payable	65,486	1,587	67,073	270
Claims and judgments payable	12,839	3,200	16,039	-
Accrued salaries and benefits	7,905	-	7,905	-
Accrued interest payable	1,886	-	1,886	-
Gift annuity payable	-	-	-	6
Unearned revenue	8,986	-	8,986	-
Due within one year:				
Compensated absences	26,837	-	26,837	-
Bonds payable	26,360	-	26,360	-
Capital leases payable	135	-	135	-
Loans payable	214	-	214	-
Pollution remediation obligation	28	-	28	-

(continued)

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
(continued)				
Due in more than one year:				
Compensated absences	53	-	53	-
Bonds payable	338,433	-	338,433	-
Capital leases payable	1,333	-	1,333	-
Loans payable	2,919	-	2,919	-
Deferred lease obligation	2,034	-	2,034	-
Net other postemployment benefits obligation	110,700	-	110,700	-
Total liabilities	<u>606,148</u>	<u>4,787</u>	<u>610,935</u>	<u>276</u>
DEFERRED INFLOWS OF RESOURCES				
Resources received before time requirements met	50	-	50	-
NET POSITION				
Net investment in capital assets	670,483	3,672	674,155	26
Restricted for:				
Nonexpendable - Library operations	-	-	-	4,040
Expendable:				
Capital projects, buildings	9,247	-	9,247	-
Community support programs	10,803	-	10,803	-
Debt service	8,181	-	8,181	-
Document storage and retrieval	429	-	429	-
Library operations	739	-	739	3,702
Road, bridge and bike path improvements	76,838	-	76,838	-
Unrestricted	24,375	18,241	42,616	9,456
Total net position	<u>\$ 801,095</u>	<u>\$ 21,913</u>	<u>\$ 823,008</u>	<u>\$ 17,224</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Activities
For the Year Ended June 30, 2013
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 72,049	\$ 26,466	\$ 4,739	\$ 68
Health services	148,528	68,943	32,051	-
Social services	233,990	1,064	193,112	-
Public safety and justice	221,744	17,167	40,719	-
Community services	36,895	3,514	1,590	-
Library	58,488	1,639	4,085	-
Roads and bridges	55,383	12,853	42,660	-
Interest on long-term debt	18,932	-	-	-
Total governmental activities	846,009	131,646	318,956	68
Business-type activities:				
Dunthorpe-Riverdale service				
District Number 1	554	852	-	-
Mid County service				
District Number 14	389	377	-	10
Behavioral health managed care	38,586	42,857	-	-
Total business-type activities	39,529	44,086	-	10
Total primary government	\$ 885,538	\$ 175,732	\$ 318,956	\$ 78
Component unit:				
The Library Foundation	\$ 2,293	\$ 1,186	\$ -	\$ -
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Personal income taxes				
Business income taxes				
Selective excise and use taxes				
Payments in lieu of taxes				
State government shared unrestricted revenues				
Grants and contributions not restricted to specific programs				
Interest and investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Total general revenues				
Change in net position				
Net position - as previously reported				
Cumulative effect to implement GASB Statement #65 (See Note 3)				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
\$ (40,776)	\$ -	\$ (40,776)	\$ -
(47,534)	-	(47,534)	-
(39,814)	-	(39,814)	-
(163,858)	-	(163,858)	-
(31,791)	-	(31,791)	-
(52,764)	-	(52,764)	-
130	-	130	-
(18,932)	-	(18,932)	-
(395,339)	-	(395,339)	-
-	298	298	-
-	(2)	(2)	-
-	4,271	4,271	-
-	4,567	4,567	-
\$ (395,339)	\$ 4,567	\$ (390,772)	\$ -
\$ -	\$ -	\$ -	\$ (1,107)
\$ 271,664	\$ -	\$ 271,664	\$ -
8,067	-	8,067	-
77	-	77	-
58,750	-	58,750	-
52,934	-	52,934	-
1,019	-	1,019	-
9,090	-	9,090	-
15	-	15	666
1,638	95	1,733	1,289
2,613	97	2,710	1
119	-	119	-
405,986	192	406,178	1,956
10,647	4,759	15,406	849
790,952	17,154	808,106	16,375
(504)	-	(504)	-
790,448	17,154	807,602	16,375
\$ 801,095	\$ 21,913	\$ 823,008	\$ 17,224

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2013
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	PERS Pension Bond Debt Service Fund
ASSETS			
Cash and investments	\$ 50,242	\$ 6,576	\$ 57,832
Receivables:			
Taxes	20,735	-	-
Accounts	40,046	24,766	-
Loans	-	679	-
Interest	1,083	-	-
Special assessments	11	-	-
Contracts	961	-	-
Inventories	500	770	-
Prepays and deposits	218	472	-
Restricted cash and investments	-	-	-
Total assets	<u>\$ 113,796</u>	<u>\$ 33,263</u>	<u>\$ 57,832</u>
LIABILITIES			
Accounts payable	\$ 25,363	\$ 12,717	\$ -
Claims and judgments payable	-	1,609	-
Payroll payable	4,056	2,314	-
Unearned revenue	1,136	7,806	-
Total liabilities	<u>30,555</u>	<u>24,446</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Resources not yet available:			
Clinic fees	25,448	-	-
Personal income taxes	328	-	-
Property taxes	12,957	-	-
Resources received before time requirements met	-	-	-
Total deferred inflows of resources	<u>38,733</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	576	472	-
Restricted	429	8,791	-
Committed	-	-	57,832
Assigned	-	-	-
Unassigned	43,503	(446)	-
Total fund balances	<u>44,508</u>	<u>8,817</u>	<u>57,832</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 113,796</u>	<u>\$ 33,263</u>	<u>\$ 57,832</u>

Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 62,295	\$ 176,945
-	5,213	25,948
5,383	8,295	78,490
-	-	679
-	-	1,083
-	-	11
-	-	961
-	227	1,497
353	217	1,260
77,252	146	77,398
<u>\$ 82,988</u>	<u>\$ 76,393</u>	<u>\$ 364,272</u>
\$ 7,294	\$ 13,784	\$ 59,158
-	-	1,609
-	918	7,288
-	-	8,942
<u>7,294</u>	<u>14,702</u>	<u>76,997</u>
-	-	25,448
-	-	328
-	2,442	15,399
-	50	50
-	2,492	41,225
353	444	1,845
72,759	23,791	105,770
2,317	25,974	86,123
265	8,990	9,255
-	-	43,057
<u>75,694</u>	<u>59,199</u>	<u>246,050</u>
<u>\$ 82,988</u>	<u>\$ 76,393</u>	<u>\$ 364,272</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of June 30, 2013
(amounts expressed in thousands)

Fund Balances - Governmental Funds		\$	246,050
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	1,420,122		
Less accumulated depreciation	<u>(576,779)</u>	843,343	
Net pension asset		100,989	
Accrued interest payable		(1,886)	
Net amount due from community based health organization for outstanding loan does not represent current financial resources and therefore is not reported in governmental funds		900	
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.			
Bonds payable	(364,793)		
Capital leases payable	(1,468)		
Loans payable	<u>(3,133)</u>	(369,394)	
Deferred charge on debt refunding		1,684	
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(24,470)	
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(256)	
Pollution remediation obligation		(28)	
Net other post-employment benefits obligation		(110,700)	
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.			
Clinic fees	25,448		
Property taxes	15,399		
Personal income taxes	<u>328</u>	41,175	
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net position of the internal service funds that are reported with governmental activities.		<u>73,688</u>	
Net Position of Governmental Activities		<u>\$</u>	<u>801,095</u>

(This page intentionally left blank.)

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	PERS Pension Bond Debt Service Fund
REVENUES			
Taxes	\$ 318,538	\$ -	\$ -
Intergovernmental	11,388	259,044	-
Licenses and permits	10,964	1,059	-
Charges for services	38,526	40,898	-
Interest	521	-	285
Other	21,229	5,548	17,938
Total revenues	<u>401,166</u>	<u>306,549</u>	<u>18,223</u>
EXPENDITURES			
Current:			
General government	65,884	-	-
Health services	84,668	70,783	-
Social services	49,169	187,084	-
Public safety and justice	179,477	39,379	-
Community services	-	1,424	-
Library services	-	-	-
Roads and bridges	-	-	-
Capital outlay	299	1,963	-
Debt service:			
Principal	-	-	4,479
Interest	-	-	12,563
Total expenditures	<u>379,497</u>	<u>300,633</u>	<u>17,042</u>
Excess (deficiency) of revenues over (under) expenditures	<u>21,669</u>	<u>5,916</u>	<u>1,181</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Premium on long-term debt	-	-	-
Proceeds from sale of capital assets	-	12	-
Transfers in	3,002	-	-
Transfers out	(19,820)	(1,052)	-
Total other financing sources (uses)	<u>(16,818)</u>	<u>(1,040)</u>	<u>-</u>
Net change in fund balances	4,851	4,876	1,181
Fund balances - beginning	39,657	3,941	56,651
Fund balances - ending	<u>\$ 44,508</u>	<u>\$ 8,817</u>	<u>\$ 57,832</u>

Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 74,203	\$ 392,741
3,032	45,414	318,878
11,132	4,530	27,685
-	7,883	87,307
221	288	1,315
-	20,101	64,816
<u>14,385</u>	<u>152,419</u>	<u>892,742</u>
-	3,500	69,384
-	-	155,451
-	-	236,253
-	6,851	225,707
-	33,093	34,517
-	52,438	52,438
740	43,964	44,704
63,010	14,497	79,769
40,000	15,733	60,212
2,683	4,456	19,702
<u>106,433</u>	<u>174,532</u>	<u>978,137</u>
<u>(92,048)</u>	<u>(22,113)</u>	<u>(85,395)</u>
153,000	262	153,262
21,113	-	21,113
-	8	20
-	18,868	21,870
<u>(9,085)</u>	<u>(1,787)</u>	<u>(31,744)</u>
<u>165,028</u>	<u>17,351</u>	<u>164,521</u>
72,980	(4,762)	79,126
2,714	63,961	166,924
<u>\$ 75,694</u>	<u>\$ 59,199</u>	<u>\$ 246,050</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, 2013
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds		\$ 79,126
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 is depreciated over their estimated useful lives.		
Expenditures for capital assets	79,769	
Current year depreciation expense	(29,104)	50,665
Contributed and donated capital assets	(16)	
Proceeds on sale of capital assets	(20)	
Gain on disposal of capital assets	17	
Loss on disposal of capital assets	(7,331)	(7,350)
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 revenues - clinic fees	(2,421)	
Increase in deferred revenues - property taxes	34	
Increase in deferred revenues - personal income taxes	1	(2,386)
Proceeds from the issuance of debt provide current financial resources to governmental funds, but are an increase of long-term liabilities in the statement of net position		(153,262)
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net position. The premium is amortized to interest expense in the statement of activities.		
Premium issued on long-term debt	(21,113)	
Current year premium amortization	1,117	
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net position and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(259)
Activities related to loan provided to community based health organization:		
Decrease in principal loan balance	(191)	
Decrease in allowance for uncollectible accounts	670	479
Repayment of long-term debt (including defeased amounts) is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net position.		60,212
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(847)	
Increase in accrued interest expense	(88)	(935)
Amortization expense on the net pension asset.		(6,151)

(continued)

(continued)		
Activities related to pollution remediation obligations:		
Additions to pollution remediation obligation	(94)	
Pollution remediation activities incurred and paid within the fiscal year	99	5
Current year expense for net other post-employment benefits obligation		(5,513)
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.		
		16,012
Change in net position of Governmental Activities	\$	10,647

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

MAJOR GOVERNMENTAL FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same item. 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, and health and social services.
- **Federal and State Program Fund** – a special revenue fund that accounts for the majority of revenues and expenditures related to Federal and State financial assistance programs.
- **PERS Pension Bond Fund** – accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the PERS Pension Bond debt service fund is on page 115.
- **Sellwood Bridge Replacement Fund** – accounts for expenditures for construction and replacement of the Sellwood Bridge. Resources are derived from Vehicle Registration Fees, City of Portland, Clackamas County, the State of Oregon and a request for federal funds, debt issuance or other financing proceeds. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the Sellwood Bridge Replacement capital projects fund is on page 122.

MULTNOMAH COUNTY, OREGON Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual General Fund For the Year Ended June 30, 2013 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Favorable (Unfavorable)
REVENUES				
Taxes:				
Property	\$ 239,283	\$ 239,283	\$ 237,587	\$ (1,696)
Payments in lieu of taxes	382	382	1,003	621
Business income	54,420	54,420	58,750	4,330
Personal income	-	-	76	76
Motor vehicle rental	19,068	19,068	21,122	2,054
Intergovernmental	10,326	10,326	11,388	1,062
Licenses and permits	10,658	10,658	10,964	306
Charges for services	37,697	37,697	36,105	(1,592)
Interest	1,021	1,021	521	(500)
Other:				
Service reimbursements	21,574	21,842	20,756	(1,086)
Miscellaneous	1,680	1,680	473	(1,207)
Total revenues	396,109	396,377	398,745	2,368
EXPENDITURES				
Community justice	55,875	55,875	53,812	2,063
Community services	12,335	12,335	11,456	879
County assets	5,626	5,626	4,932	694
County management	29,469	29,540	28,490	1,050
District attorney	19,266	19,272	19,139	133
Health services	85,608	86,593	84,668	1,925
Human services	51,790	52,330	49,169	3,161
Nondepartmental	21,334	21,320	21,226	94
Sheriff	105,720	106,097	106,605	(508)
Total expenditures	387,023	388,988	379,497	9,491
Excess of revenues over expenditures	9,086	7,389	19,248	11,859
OTHER FINANCING SOURCES (USES)				
Transfers in	3,450	3,450	3,002	(448)
Transfers out	(26,387)	(26,387)	(19,820)	6,567
Total other financing sources (uses)	(22,937)	(22,937)	(16,818)	6,119
Contingency	(9,008)	(7,365)	-	7,365
Net change in fund balances	(22,859)	(22,913)	2,430	25,343
Fund balances - beginning	54,923	54,977	67,526	12,549
Fund balances - ending	\$ 32,064	\$ 32,064	69,956	\$ 37,892
Reconciliation to GAAP Basis:				
Certain clinic fee revenues are not considered available, and are reported as deferred inflows on the GAAP basis				
Difference in beginning fund balance			(27,869)	
Unavailable in prior year, recognized in current year			27,869	
Current amount unavailable			(25,448)	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, Page 39			\$ 44,508	

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Program Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 180,458	\$ 185,054	\$ 183,443	\$ (1,611)
Licenses and permits	1,000	1,000	1,059	59
Charges for services	43,382	43,379	40,898	(2,481)
Other:				
Non-governmental grants	3,270	3,792	5,063	1,271
Service reimbursements	47	47	44	(3)
Miscellaneous	116	116	441	325
Total revenues	<u>228,273</u>	<u>233,388</u>	<u>230,948</u>	<u>(2,440)</u>
EXPENDITURES				
Community justice	23,953	23,953	23,931	22
Community services	43	43	35	8
District attorney	6,276	6,412	6,096	316
Health services	74,756	77,583	72,595	4,988
Human services	111,890	117,248	111,482	5,766
Nondepartmental	3,551	2,388	1,389	999
Sheriff	9,676	9,906	9,504	402
Total expenditures	<u>230,145</u>	<u>237,533</u>	<u>225,032</u>	<u>12,501</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,872)</u>	<u>(4,145)</u>	<u>5,916</u>	<u>10,061</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	135	12	(123)
Transfers out	(1,052)	(1,052)	(1,052)	-
Total other financing sources (uses)	<u>(1,052)</u>	<u>(917)</u>	<u>(1,040)</u>	<u>(123)</u>
Net change in fund balances	<u>(2,924)</u>	<u>(5,062)</u>	<u>4,876</u>	<u>9,938</u>
Fund balances - beginning	<u>2,924</u>	<u>5,062</u>	<u>3,941</u>	<u>(1,121)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,817</u>	<u>\$ 8,817</u>
Reconciliation to GAAP Basis:				
Intergovernmental revenues for State payments to County service providers			75,601	
State payments to County service providers			(75,601)	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, page 39			<u>\$ 8,817</u>	

PROPRIETARY FUNDS

The County utilizes eight Proprietary Funds made up of three Enterprise Funds and five Internal Service Funds. Internal Service Funds' statements begin on page 126.

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

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

MULTNOMAH COUNTY, OREGON
Statement of Net Position
Proprietary Funds
June 30, 2013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 1,286	\$ 362	\$ 21,294	\$ 22,942	\$ 84,006
Receivables (net of allowances for uncollectibles):					
Accounts	14	-	-	14	996
Special assessments	49	23	-	72	-
Inventories	-	-	-	-	705
Prepaid items	-	-	-	-	2,078
Total current assets	1,349	385	21,294	23,028	87,785
Noncurrent assets:					
Contracts Receivable	-	-	-	-	67
Construction in progress	74	-	-	74	1,678
Capital assets (net of accumulated depreciation)	2,200	1,398	-	3,598	6,575
Total noncurrent assets	2,274	1,398	-	3,672	8,320
Total assets	3,623	1,783	21,294	26,700	96,105
LIABILITIES					
Current liabilities:					
Accounts payable	112	32	1,443	1,587	6,072
Claims and judgments payable	-	-	3,200	3,200	11,230
Payroll payable	-	-	-	-	617
Unearned revenue	-	-	-	-	44
Compensated absences	-	-	-	-	2,367
Total current liabilities	112	32	4,643	4,787	20,330
Noncurrent liabilities:					
Compensated absences	-	-	-	-	53
Incremental leases payable	-	-	-	-	2,034
Total noncurrent liabilities	-	-	-	-	2,087
Total liabilities	112	32	4,643	4,787	22,417
NET POSITION					
Invested in capital assets	2,274	1,398	-	3,672	8,253
Unrestricted	1,237	353	16,651	18,241	65,435
Total net position	\$ 3,511	\$ 1,751	\$ 16,651	\$ 21,913	\$ 73,688

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
OPERATING REVENUES					
Charges for sales and services	\$ 852	\$ 377	\$ 42,857	\$ 44,086	\$ 158,899
Insurance premiums	-	-	-	-	8,157
Experience ratings and other	-	-	81	81	752
Total operating revenues	852	377	42,938	44,167	167,808
OPERATING EXPENSES					
Cost of sales and services	448	287	35,397	36,132	155,356
Administration	30	36	3,189	3,255	4,619
Depreciation	76	66	-	142	2,013
Total operating expenses	554	389	38,586	39,529	161,988
Operating income (loss)	298	(12)	4,352	4,638	5,820
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	6	2	87	95	322
Gain on disposal of capital assets	-	-	-	-	102
Loss on disposal of capital assets	-	-	-	-	(122)
Miscellaneous revenue	-	16	-	16	-
Total nonoperating revenues	6	18	87	111	302
Income before contributions and transfers	304	6	4,439	4,749	6,122
Capital contributions in	-	10	-	10	16
Transfers in	-	-	-	-	10,798
Transfers out	-	-	-	-	(924)
Change in net position	304	16	4,439	4,759	16,012
Total net position - beginning	3,207	1,735	12,212	17,154	57,676
Total net position - ending	\$ 3,511	\$ 1,751	\$ 16,651	\$ 21,913	\$ 73,688

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, 2013
(amounts expressed in thousands)

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe - Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 851	\$ 377	\$ 42,939	\$ 44,167	\$ 12,741
Receipts connected with interfund activities	-	-	-	-	155,034
Payments to suppliers	(816)	(317)	(30,350)	(31,483)	(114,768)
Payments to employees	(17)	(25)	(4,718)	(4,760)	(36,514)
Payments connected with interfund activities	-	-	(2,569)	(2,569)	(9,123)
Net cash provided by operating activities	18	35	5,302	5,355	7,370
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	10,798
Transfers out	-	-	-	-	(924)
Net cash provided by noncapital and related financing activities	-	-	-	-	9,874
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(52)	-	-	(52)	(3,349)
Proceeds on sales of capital assets	-	-	-	-	111
Receipt from insurance settlement	-	16	-	16	-
Net cash provided by (used in) capital and related financing activities	(52)	16	-	(36)	(3,238)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	6	2	87	95	322
Net cash provided by investing activities	6	2	87	95	322
Net increase (decrease) in cash and cash equivalents	(28)	53	5,389	5,414	14,328
Balances at beginning of the year	1,314	309	15,905	17,528	69,678
Balances at end of the year	\$ 1,286	\$ 362	\$ 21,294	\$ 22,942	\$ 84,006
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 298	\$ (12)	\$ 4,352	\$ 4,638	\$ 5,820
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	76	66	-	142	2,013
Changes in assets and liabilities:					
Receivables, net	(1)	(1)	-	(2)	(192)
Inventories	-	-	-	-	316
Prepaid items	-	-	-	-	(537)
Contracts receivable	-	-	-	-	148
Accounts payable	(355)	(18)	(2,219)	(2,592)	57
Claims and judgments payable	-	-	3,200	3,200	(154)
Payroll payable	-	-	(12)	(12)	(73)
Unearned revenue	-	-	-	-	16
Compensated absences	-	-	(19)	(19)	(227)
Incremental leases payable	-	-	-	-	183
Total adjustments	(280)	47	950	717	1,550
Net cash provided by operating activities	\$ 18	\$ 35	\$ 5,302	\$ 5,355	\$ 7,370
Noncash financing activities:					
Contributions of capital assets from government	\$ -	\$ 10	\$ -	\$ 10	\$ 16

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** – account for resources held by the County in a purely custodial capacity (assets equal liabilities).

MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 19,947
Receivables:	
Taxes	63,449
Restricted cash	<u>183</u>
Total assets	<u>83,579</u>
LIABILITIES	
Accounts payable	13,452
Due to other governmental units	59,376
Amounts held in trust	<u>10,751</u>
Total liabilities	<u>83,579</u>
NET POSITION	
Total net position	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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 are 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

TLF is a private non-profit organization that reports under the Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *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.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the *Statement of Net position* and the *Statement of Activities*) report information on all of the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the County is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. In addition, functional expenses on the statement of activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

The *Federal and State Program Fund* accounts for the majority of revenues and expenditures related to federal and state financial assistance programs.

The *PERS Pension Bond Fund* accounts for payment of principal and interest on general obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest.

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

The *Mid County Service District No. 14 Fund* accounts for the operation 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 the 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. Trust funds are used to account for assets held by the County under a trust agreement or applicable legislative enactment for individuals, private organizations or other governments and are therefore, not available to support the County's own programs. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. The County's agency funds are primarily established to account for the collection and disbursement of various taxes and to account for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer and lighting functions and various other

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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 nonoperating 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 they are needed.

D. Assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position or equity

1. Cash and investments

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

2. Accounts receivables

Activities between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2013, the County continues to collect delinquent accounts.

3. Inventories and prepaid items

Inventories of materials and supplies in the governmental funds are valued at average cost and is included in non-spendable classification of fund balances. Inventories of materials and supplies in the internal service funds are valued at the lower of average cost or market. All inventories are recorded as expenditures when consumed rather than when purchased.

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.

4. Fund balances and net position

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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 and are segregated into separate classifications indicating the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. The Finance and Budget Policies state the County will spend restricted resources first, followed by committed then assigned, with unassigned resources spent last.

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

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* when the Board of County Commissioners (BOCC) passes an ordinance or resolution that places specific constraints on how the resources may be used. County ordinances and resolutions are the BOCC's highest level of action in order to commit fund balances. The BOCC can modify or rescind the ordinance or resolution at any time through passage of an additional ordinance or resolution.

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 County has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as nonspendable, restricted or committed in governmental funds outside of the General Fund.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

The *Net investment in capital assets* component of net position represents total capital assets less accumulated depreciation less debt directly related to capital assets. This amount is reported on the *Statement of Net Position* and in the financial statements for Proprietary Fund types.

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

5. Capital assets

Capital assets, which includes land, right of ways, property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5 for equipment and \$100 for infrastructure and software with an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

• Motor vehicles	3 to 10 years
• Sewer systems	50 years
• Street lighting	30 years
• Equipment, including software	3 to 20 years
• Roads and bridges	40 years
• Buildings and improvements	40 years

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

6. Deferred outflows of resources

Deferred outflows of resources in the *Statement of Net position* represents a consumption of net assets that is applicable to a future reporting period. The deferred outflow of resources is a deferred charge, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying value of the refunded debt is an economic gain or loss, and is treated as a deferred charge on refunding. This deferred charge is reported as a deferred outflow on the *Statement of Net Position* and is being amortized as a component of interest expense.

7. Net pension asset

The net pension asset in the *Statement of Net Position* has been recognized in connection with the debt issued by the County in 1999 to fund the County's Public Employees Retirement System (PERS) unfunded accrued actuarial liability (UAAL). The pension asset is amortized over the life of the debt or thirty years. Amortization expense on the pension asset is included in the general government line item on the *Statement of Activities*.

8. Unearned revenues

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

9. Compensated absences

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. There is no liability 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 when incurred in the government-wide statements and proprietary funds statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

10. 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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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, as well as bond issuance costs, 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.

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 an incremental lease obligation representing the cumulative difference between rent expense and rent payments.

11. Net other postemployment benefits obligation (net OPEB obligation)

The County used a five year look-back approach to compute its net OPEB obligation. The net OPEB obligation is recognized as a long-term liability in the government-wide financial statements. The liability reflects both the lump sum payments to employees and the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

12. 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 long-term liability is recorded.

In the County's Government-wide and Proprietary Fund Financial Statements on a full accrual basis, pollution remediation costs are reported in the *Statement of Revenues, Expenses and Changes in Fund Net Position* as a program or operating expense (or as revenues for recoveries received after all remediation activities have been completed), special item or extraordinary item.

In the County's Governmental Fund Financial Statements on a modified accrual basis, 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

13. Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net assets that is applicable to a future reporting period. In the *Statement of Net Position* this includes resources that are received before the County has met eligibility requirements related to time. In the governmental fund financial statements, deferred inflows of resources also include revenues that are measurable but not available.

14. Contributions

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

15. 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.

16. Reclassifications

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

E. Change in accounting principle

Multnomah County adopted GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities* as of July 1, 2012. This standard impacted financial reporting by establishing accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

The total impact of adopting this statement was to reduce the beginning of the year net position by \$504 as noted below:

Financial Statement Line Item	As Originally Reported	Restated Balance	Description of Change
ASSETS			
Other assets, net of amortization	\$ 107,644	\$ 107,140	Issuance costs are expensed as incurred
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on debt refunding	\$ -	\$ 1,944	Previously included in long-term debt
LIABILITIES			
Accounts payable	\$ 69,668	\$ 61,104	Amount reclassified to Unearned Revenue
Unearned revenue	\$ 6,554	\$ 13,506	Amount reclassified from Accounts Payable; Amount reclassified to Deferred Inflows
Bonds payable			
Due within one year	\$ 20,642	\$ 20,901	Deferred charge reclassified
Due in more than one year	\$ 213,995	\$ 215,680	Deferred charge reclassified
DEFERRED INFLOWS OF RESOURCES			
Resources received before time requirements met	\$ -	\$ 1,607	Amount reclassified from Unearned Revenue
NET POSITION			
Unrestricted	\$ 74,513	\$ 74,009	Effect of expensing issuance costs

F. New accounting pronouncements and accounting standards

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB) and the County has implemented:

1. **GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements.** This statement will improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. A SCA is an arrangement between a transferor (government) and an operator (governmental or nongovernmental), where the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The Statement applies only to those SCAs in which set criteria determine whether a transferor has control over the facility are met. Multnomah County early implemented this standard in fiscal year ending June 30, 2012.

Management has evaluated existing contracts, leases and other agreements to determine if they are in fact a SCA, and if the criteria outlined in the statement for a

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

SCA have been met. The County does not have any agreements which require accounting and reporting under GASB No. 60.

2. **GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.** The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amended statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*, to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. Multnomah County early implemented this standard in fiscal year ending June 30, 2012.

Management reviewed the financial reporting criteria outlined in GASB No. 61 to identify any potential component units and determine if existing component units required changes to the accounting, reporting or disclosures. Management's analysis did not identify other reportable component units that were material to include or disclose in the CAFR. We also determined there to be no accounting or reporting changes to any of the existing component units: Mid County Lighting District No. 14, Dunthorpe-Riverdale Sanitary Service District No. 1, the Hospital Facilities Authority and The Library Foundation.

3. **GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.** The objective of this statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The statement provides reporting guidance for financial statement line items and the actual financial statement presentation and disclosure of these financial statement elements. Multnomah County early implemented this standard for fiscal year ending June 30, 2012.
4. **GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.** This statement evaluates and reclassifies various financial statement items that have been previously reported as either assets or liabilities, and evaluates them against the definitions provided for deferred outflows and deferred inflows of resources. This statement is effective for fiscal year ending June 30, 2014; however management has elected to early implement this standard for fiscal year ending June 30, 2013. The impact of implementing this standard is noted above in further detail in note 1. E.
5. **GASB Statement No. 66, Technical Corrections.** This statement clarified conflicting guidance that was created by GASB statements No. 54 and No. 62, with existing guidance in statements No. 10, No. 13 and No. 48. More specifically, statement No. 66 addressed certain transactions related to risk financing activities, operating leases,

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

purchased loans and gains or losses recognized when service fees related to a transferred loan is significantly different than “normal” service fee rates. This statement is effective for fiscal year ending June 30, 2014; however the County early implemented this standard in fiscal year ending June 30, 2012.

Management reviewed the financial items identified in the statement and determined there is no impact to County’s current financial accounting and reporting for these types of transactions.

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB) but not yet implemented by the County:

6. ***GASB Statement No. 67, Financial Reporting for Pension Plans.*** The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*. This statement will be effective for fiscal year ending June 30, 2014.

The County along with other local governments participate in a cost-sharing multiple employer defined benefit public employee pension plan, PERS. This statement will not directly affect the County’s reporting for PERS, however changes implemented by PERS under No. 67 will affect the County’s reporting and disclosures for No. 68.

7. ***GASB Statement No. 68, Accounting and Financial Reporting for Pensions.*** This statement was issued to improve accounting and financial reporting by state and local governments for pensions. This statement replaces requirements of statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as requirements of statement No. 50, *Pension Disclosures*. This statement and statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. This statement will be effective for fiscal year ending June 30, 2015.

The County along, with other local governments, participates in a cost-sharing multiple employer defined benefit public employee pension plan, noted as PERS. The requirements of this standard appear to have a significant impact over financial accounting and reporting for the County’s participation in the PERS plan. At this point management is researching all of the requirements outlined in this standard and will be working with other local governments and PERS to ensure proper financial reporting and disclosures are met.

8. ***GASB Statement No. 69, Government Combinations and Disposals of Government Operations.*** This statement establishes accounting and financial reporting standards

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

related to government combinations, including mergers, acquisitions and transfers of operations and disposals of government operations. This statement is effective for fiscal year ending June 30, 2015.

Management will evaluate the elements of this accounting standard to determine the impact, if any, of implementing this standard.

9. ***GASB Statement No. 70, Accounting and Financial Reporting for Nonexchange Financial Guarantees.*** This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. This statement is effective for fiscal year ending June 30, 2015.

Management will evaluate our debt agreements and what, if any, financial guarantees the County has extended to other governments, non-profit organizations or private entities in the process to implement this standard.

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

B. Expenditures in excess of appropriations

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For the year-ended June 30, 2013, expenditures exceeded appropriations

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

in the General Fund in the Sheriff's Office by \$508. During fiscal year 2013, overtime and related personnel costs were the primary cause for the over-expenditure. This over expenditure was funded by available fund balance.

Note 3. Detailed notes on all funds

A. Cash and investments

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

The County's unrestricted and restricted cash and investments are reported in Governmental Activities, Business-type activities, and in Fiduciary Funds.

	Unrestricted	Restricted	Total
Governmental Activities	\$ 260,951	\$ 77,398	\$ 338,349
Business-type Activities	22,942	-	22,942
Fiduciary Funds	19,947	183	20,130
Total Cash and Investments	<u>\$ 303,840</u>	<u>\$ 77,581</u>	<u>\$ 381,421</u>

Deposit Risk

Policies

Oregon Revised Statutes, Chapter 295 governs the Office of the State Treasurer be given responsibility for overseeing collateralization of public funds held by depositories, banks and credit unions, in Oregon. The Public Funds Collateralization Program (PFCP) requires well capitalized depositories to pledge securities with a market value of at least 10% of their uninsured public deposits. The OST may require up to 110% be pledged for 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/default.aspx>.

Funds deposited with fiscal agents for the purpose of meeting the payment of principal or interest on bonds or like obligations are not required to be collateralized per Oregon Revised Statutes, Chapter 295.005. The County does not have a formal policy addressing custodial credit risk over its deposit other than compliance with applicable State laws.

Custodial Risk

At year-end, the carrying amount of the County's deposits was \$30,435 and the bank balance was \$30,390. Of this bank balance \$5,769 was covered by depository insurance,

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

FDIC or NCUA, and \$24,621 was collateralized by the PFCP. The remaining carrying amount of \$45 represents petty cash accounts that were uninsured and uncollateralized.

Uninsured Deposits by Depository	Cash Balance	Credit Risk
Bank of America	\$ 11,893	Collateralized by PFCP, held by FHLB
Umpqua Bank	10,529	Collateralized by PFCP, held by FHLB
Advantis Credit Union	2,000	Collateralized by PFCP, held by FHLB
US Bank	199	Collateralized by PFCP, held by FHLB
Petty Cash / Imprest Accounts	45	Uncollateralized
	<u>\$ 24,666</u>	

Investment Risk

Policies

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

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

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

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Concentration of Credit Risk

Policies

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Investment Type / Issuer	Issuer Holdings Greater than Five Percent		
	Fair Value	Percent of Total Portfolio	Policy Limit
US Agency - Federal Home Loan Mtg Corp	30,223	8.0%	25%
US Agency - Federal National Mortgage Assn.	24,168	6.4%	25%
Banker's Acceptance - US Bank	40,540	10.7%	15%

As of June 30, 2013, the County had the following unrestricted cash and investments:

Investment Type	Fair Value	Risk Concentration	Weighted Average Maturity (in months)
US Agencies	\$97,861	25.80%	3.1
Corporate Debt	78,023	20.60%	3.3
US Treasuries	55,215	14.60%	< 1
L.G.I.P	46,029	12.10%	< 1
Bankers' Acceptances	40,540	10.70%	< 1
Municipal Debt	31,822	8.40%	1.6
Cash and Equivalents	30,106	7.80%	< 1
Total unrestricted cash and investments	<u>379,596</u>	<u>100%</u>	
	Portfolio weighted average maturity		8.7

As of June 30, 2013, the County had the following restricted cash and investments. Cash with Fiscal Agent and Miscellaneous Restricted Funds had weighted average maturities less than one month. The County maintains cash with fiscal agent accounts to set aside for debt service requirements per the trustees and bond indentures.

Investment Type	Fair Value	Risk Concentration
Cash with Fiscal Agent	\$ 146	44.5%
Misc Restricted Funds	183	55.5%
	<u>\$ 329</u>	<u>100.0%</u>

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:

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

<u>Maturity</u>	<u>Cumulative Constraint</u>
Less than 30 days	10%
Less than 90 days	25%
Less than 270 days	50%
Less than 1 year	70%
Less than 3 years	100%

If the goals of maturity limits are exceeded by 5% 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, 2013, the County had the following interest rate and concentration risk. Credit ratings are noted by Moody's and Standard & Poor's respectively:

<u>Type</u>	<u>Fair Value</u>	<u>Rating</u>	<u>Days to Maturity</u>		
			<u>0-90</u>	<u>91-365</u>	<u>366-1,095</u>
US Agency	92,860	Aaa/AA+	16,752	41,352	34,756
	5,001	Not Rated	5,001		
US Treasuries	55,215	Aaa/AA+	30,057	25,158	
Bankers Acceptance	40,540	P-1	36,247	4,293	
Corporate MTN	10,648	Aaa/AAA		6,557	4,090
	33,820	Aa1/AA+		19,612	14,208
	18,562	Aa2		3,913	14,649
	4,995	Aa3			4,995
Corporate CP	9,998	P-1	9,998		
Municipal	6,987	Aaa/AAA		3,755	3,233
	18,141	Aa1/AA+		2,417	15,724
	2,361	Aa2			2,361
	2,282	Aa3/AA-			2,282
	2,051	A1		2,051	
Local Government Investment Pool	46,029	AA*	46,029		
Total:	<u>349,490</u>		<u>144,084</u>	<u>109,108</u>	<u>96,300</u>
Percentage			41%	31%	28%

* This represents the average rating of the investments held by LGIP

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

B. Receivables

Receivables as of year-end for the County's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are noted below. Included in General fund loans receivable balance is a loan from the County to a community based health organization. The loan agreement was executed in fiscal year 2008 in order to sustain operating costs for the health organization. As of June 30, 2013, the total loan receivable balance was \$900.

	<u>Governmental Activities</u>						
	<u>General Fund</u>	<u>Federal and State Program Fund</u>	<u>Sellwood Bridge Fund</u>	<u>Internal Service Funds</u>	<u>Non-major Funds</u>	<u>Total Governmental Activities</u>	<u>Business-type Activities</u>
Receivables:							
Taxes:							
Income	\$ 12,637	\$ -	\$ -	\$ -	\$ -	\$ 12,637	\$ -
Property	15,110	-	-	-	2,854	17,964	-
Other	5,284	-	-	-	2,359	7,643	-
Accounts	41,206	25,617	5,383	996	8,295	81,497	14
Loans	900	679	-	-	-	1,579	-
Interest	1,083	-	-	-	-	1,083	-
Special assessments	11	-	-	-	-	11	75
Contracts	961	-	-	67	-	1,028	-
Gross receivables	77,192	26,296	5,383	1,063	13,508	123,442	89
Less: allowance for discounts and uncollectible amounts	(13,456)	(851)	-	-	-	(14,307)	(3)
Net total receivables	<u>\$ 63,736</u>	<u>\$ 25,445</u>	<u>\$ 5,383</u>	<u>\$ 1,063</u>	<u>\$ 13,508</u>	<u>\$ 109,135</u>	<u>\$ 86</u>

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

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. Governmental funds also report a liability in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

	Deferred Inflows of Resources	Unearned Revenue
Personal income tax receivable	\$ 12,624	\$ -
Allowance for doubtful accounts – personal income tax	(12,296)	-
Property taxes receivable (General Fund)	12,957	-
Property taxes receivable (other governmental funds)	2,442	-
Clinic fee revenues	25,448	-
Grant draws prior to meeting time requirements	50	-
Grant draws prior to meeting all eligibility requirements	-	6,379
Loans receivable	-	679
Special assessments receivable	-	11
Contracts receivable	-	961
Tax title land sales inventory	-	142
State vaccine inventory	-	770
Totals for governmental funds	<u>\$ 41,225</u>	<u>\$ 8,942</u>

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the *Statement of Net Position*. Governmental activities also include Internal Service Funds, which report \$44 in unearned revenue, resulting in total unearned revenue on the *Statement of Net Position* of \$8,986.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

C. Capital assets

Capital asset activity for the year ended June 30, 2013 was as follows:

Primary Government	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 14,998	\$ -	\$ -	\$ -	\$ 14,998
Right-of-way	196,926	33	-	-	196,959
Construction in progress	85,857	71,456	(5,039)	(3,376)	148,898
Works of art	4,430	-	-	-	4,430
Buildings-not in service	51,164	-	-	(3,755)	47,409
Total capital assets, not being depreciated	<u>353,375</u>	<u>71,489</u>	<u>(5,039)</u>	<u>(7,131)</u>	<u>412,694</u>
Capital assets, being depreciated:					
Buildings	394,654	1,629	3,477	(1,039)	398,721
Improvements other than buildings	918	-	-	-	918
Machinery and equipment	109,984	8,182	204	(10,354)	108,016
Bridges	155,007	30	1,358	-	156,395
Infrastructure	368,186	1,787	-	-	369,973
Total capital assets being depreciated	<u>1,028,749</u>	<u>11,628</u>	<u>5,039</u>	<u>(11,393)</u>	<u>1,034,023</u>
Less accumulated depreciation for:					
Buildings	(157,664)	(9,915)	-	751	(166,828)
Improvements other than buildings	(222)	(35)	-	-	(257)
Machinery and equipment	(77,056)	(9,509)	-	10,307	(76,258)
Bridges	(73,816)	(2,413)	-	-	(76,229)
Infrastructure	(266,304)	(9,245)	-	-	(275,549)
Total accumulated depreciation	<u>(575,062)</u>	<u>(31,117)</u>	<u>-</u>	<u>11,058</u>	<u>(595,121)</u>
Total capital assets being depreciated, net	<u>453,687</u>	<u>(19,489)</u>	<u>5,039</u>	<u>(335)</u>	<u>438,902</u>
Governmental activities capital assets, net	<u>\$ 807,062</u>	<u>\$ 52,000</u>	<u>-</u>	<u>\$ (7,466)</u>	<u>\$ 851,596</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 23	\$ 51	\$ -	\$ -	\$ 74
Total capital assets, not being depreciated	<u>23</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>74</u>
Capital assets, being depreciated:					
Improvements other than buildings	6,594	11	-	-	6,605
Total capital assets being depreciated	<u>6,594</u>	<u>11</u>	<u>-</u>	<u>-</u>	<u>6,605</u>
Less accumulated depreciation for:					
Improvements other than buildings	(2,865)	(142)	-	-	(3,007)
Total accumulated depreciation	<u>(2,865)</u>	<u>(142)</u>	<u>-</u>	<u>-</u>	<u>(3,007)</u>
Total capital assets being depreciated, net	<u>3,729</u>	<u>(131)</u>	<u>-</u>	<u>-</u>	<u>3,598</u>
Business-type activities capital assets, net	<u>\$ 3,752</u>	<u>(80)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,672</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

During fiscal year 2005 the County finalized the construction of the Wapato Jail. Since the completion of the jail in 2005, the County has not funded an operating budget for the jail; therefore the jail has not been placed into service and is not being depreciated. The capitalized cost of the jail in fiscal year 2005 was \$51,164. In fiscal year 2013, the County determined the jail had been impaired and the asset was decreased by \$3,755 and adjusted down to \$47,409. This amount is included in the above capital asset schedule. Management continues to look for options to operate the jail. When the jail becomes operational it will be depreciated over forty years.

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

Governmental activities:	
General government	\$ 11,210
Health services	175
Social services	14
Public safety & justice	360
Community services	2,049
Library	6,456
Roads and bridges	10,853
Total depreciation expense – governmental activities	<u>\$ 31,117</u>
Business-type activities:	
Sewer	\$ 76
Lighting	66
Total depreciation expense – business-type activities	<u>\$ 142</u>

D. Net pension asset

The balance of the net pension asset, net of accumulated amortization at June 30, 2013 was \$100,989. Amortization expense in the statement of activities on the net pension asset was \$6,151, respectively for the year ended June 30, 2013.

E. Interfund receivables, payables, and transfers

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2013. Significant transfers include \$18,320 from the General Fund to the Library Special Revenue Fund to supplement the Library's operations and \$9,085 from the Sellwood Bridge Capital Project Fund to the Risk Management Internal Service Fund for loan repayment.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

	General Fund	Other Governmental Funds	Internal Service Funds	Total transfers out
Transfers out:				
General Fund	\$ -	\$ 18,320	\$ 1,500	\$ 19,820
Federal State Fund	1,052	-	-	1,052
Sellwood Bridge Fund	-	-	9,085	9,085
Other Governmental Funds	1,787	-	-	1,787
Internal Service Funds	163	548	213	924
Total transfers in:	<u>\$3,002</u>	<u>\$ 18,868</u>	<u>\$10,798</u>	<u>\$ 32,668</u>

F. Short-term debt

In December 2011, the County entered into an interim financing agreement to issue up to \$50,000 of Taxable Non-revolving Credit Facility and Bond Series 2011. The bonds carried an interest rate of LIBOR rate option for a three month rate period. This agreement provided interim financing for capital costs for the County's construction of the Sellwood Bridge replacement project. The outstanding balance of the bonds was paid off in December 2012 in connection with the issuance of the Full Faith and Credit Obligations Series 2012. Short-term liability activity for the year-ended June 30, 2013 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Taxable Non-Revolving Credit Facility Bonds	\$ 15,000	\$ 25,000	\$ 40,000	\$ -	\$ -
Total	<u>\$ 15,000</u>	<u>\$ 25,000</u>	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ -</u>

G. Long-term debt

General Obligation Bonds

In March 2010, the County issued \$45,175 in General Obligation Refunding bonds, Series 2010 at a premium of \$4,870, with interest rates from 3.00% - 5.00%. These bonds were issued to refund previously issued General Obligation debt. At June 30, 2013 the outstanding balance on the Series 2010 bonds was \$24,935 and the balance on the unamortized premium was \$2,783.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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

Purpose	Interest Rates	Amount
Governmental activities	3.00-5.00%	<u>\$ 24,935</u>

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

Year Ending June 30	Principal	Interest
2014	\$ 7,210	\$ 951
2015	6,155	617
2016	5,665	349
2017	5,905	118
Total	<u>\$ 24,935</u>	<u>\$ 2,035</u>
Premium on long-term debt	2,783	
Total	<u>\$ 27,718</u>	

Full Faith and Credit Bonds

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the amount calculated by the Oregon Public Employees Retirement System (PERS) 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, 2013, \$127,034 of these bonds were outstanding.

On May 15, 2003, the County issued \$9,615 in Full Faith and Credit Refunding Obligations, Series 2003 with interest rates from 1.50% to 3.25%. At June 30, 2013, \$1,100 of these bonds were outstanding.

On October 1, 2004, the County issued \$54,235 in Full Faith and Credit Refunding Obligations, Series 2004 at a premium of \$5,089, with interest rates from 3.00% to 5.00%. At June 30, 2013 the unamortized premium on the debt was \$2,205. The 2004 issue refunded \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50% and \$22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and \$4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is recorded as a deferred charge of \$3,887, which is amortized as a component of interest expense over the life of

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

the new debt and reported as a deferred outflow of resources on the *Statement of Net Position*. The Series 1999 and Series 2000 have since been paid off in full. At June 30, 2013 the deferred outflow was \$1,684. At June 30, 2013, \$36,545 of these bonds were outstanding.

On March 31, 2010, the County issued \$9,800 in Full Faith and Credit Obligations, Series 2010 at a premium of \$573, with interest rates from 2.00% - 3.00%. The obligations were issued to finance the replacement cost of the County's data center, provide for telephone enhancements, deferred facilities maintenance and assist with a project to automate the movement of library materials. At June 30, 2013, the balance on the unamortized premium was \$328 and \$5,750 on the debt was outstanding.

On December 14, 2010, the County issued \$15,000 in Full Faith and Credit Obligations, Series 2010B with interest rates from 4.00% to 4.70%. The proceeds from the sale of the obligations were used to finance the construction costs for the East County Courthouse (ECC). At June 30, 2013 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 3.00% - 5.00%. The obligations were issued to finance and refinance constructions of the Sellwood Bridge. The obligations will support construction of a new Sellwood Bridge along with upgrades to the east and west end approaches. At June 30, 2013, the entire balance of the bonds and the unamortized premium was outstanding.

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

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	<u>\$ 313,429</u>

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

Year Ending June 30	Principal	Interest
2014	\$ 16,977	\$ 21,493
2015	16,239	22,062
2016	17,225	20,308
2017	27,830	10,833
2018	29,300	9,064
2019 – 2023	84,594	114,126
2024 – 2028	66,200	165,570
2029 – 2033	55,064	79,917
Sub-total	<u>313,429</u>	<u>\$ 443,373</u>
Premium on long-term debt, net	23,646	
Total	<u>\$ 337,075</u>	

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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

Full faith and credit bonds	Long-term	Current	Total
Maturities	\$ 296,452	\$ 16,977	\$ 313,429
Premium on long-term debt	22,169	1,477	23,646
Total	<u>\$ 318,621</u>	<u>\$ 18,454</u>	<u>\$ 337,075</u>

Capital Leases

The County has entered into various lease/purchase agreements to acquire property and equipment. These lease agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with accounting principles generally accepted in the United States of America. Total assets acquired through capital leases are as follows:

Asset	Governmental Activities
Buildings	\$ 80,434
Less: Accumulated depreciation	(35,572)
Total	<u>\$ 44,862</u>

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

Purpose	Interest Rates	Amount
Governmental activities	2.50-4.90%	<u>\$ 1,468</u>

Future minimum lease payments are as follows:

	Governmental	
Year Ending June 30	Principal	Interest
2014	\$ 135	\$ 118
2015	142	111
2016	149	103
2017	156	96
2018	28	90
2019 – 2023	192	398
2024 – 2028	321	270
2029 – 2032	345	68
Total	<u>\$ 1,468</u>	<u>\$ 1,254</u>

Loans Payable

In fiscal year 2009, the County entered into a loan agreement with the Oregon Department of Transportation – Financial Services for the purpose of making capital

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

improvements to the County's road system. The total outstanding under this agreement was \$3,133 at June 30, 2013.

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

Purpose	Interest Rates	Amount
Governmental activities	3.98%	<u>\$ 3,134</u>

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

Year Ending June 30	Principal	Interest
2014	\$ 214	\$ 99
2015	194	118
2016	202	110
2017	210	102
2018	218	93
2019 – 2023	1,231	328
2024 – 2026	864	71
Total	<u>\$ 3,133</u>	<u>\$ 921</u>

Pollution Remediation Obligations

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, including pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and postremediation monitoring. Included in the current year's additions and reductions are pollution remediation activities related to various properties where the County is responsible for cleanup costs. The year-end liability for pollution remediation includes estimates for regulatory closure costs at one County owned property. In addition, the County has performed certain environmental monitoring activities at a former landfill, where methane gas has been detected. The County has installed probes that are checked monthly for levels of methane and other gases associated with a closed landfill. The year-end liability estimate for this site includes continued monitoring of existing conditions. In each of these sites, the County legally obligated itself to commence cleanup or monitoring. Both sites are subject to DEQ regulation and oversight at this time. Pollution remediation activities were paid by a capital project fund and an internal service fund.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

The calculation for the June 30, 2013 pollution remediation obligation is an estimate determined by management using the expected cash flow techniques and applying probabilities to the pollution remediation activities. The County's pollution remediation obligation is an estimate that is subject to changes resulting from price increases and decreases, changes in technology as well as changes in applicable laws and regulations. The current pollution remediation obligation does not provide for any recoveries that could reduce the liability. Changes in the County's pollution remediation obligation are noted in the schedule below and the liability is recorded on the *Statement of Net Position*.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2013 was as follows:

	Beginning Balance (Restated)	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 35,274	\$ -	\$ 7,556	\$ 27,718	\$ 7,906
Full Faith and Credit Bonds	201,307	149,113	13,345	337,075	18,454
Capital Leases	1,597	-	129	1,468	135
Loans Payable	18,171	-	15,038	3,133	214
Long-term debt before					
Other long-term liabilities	256,349	149,113	36,068	369,394	26,709
Pollution Remediation					
Obligations	33	94	99	28	28
Compensated Absences	26,271	28,507	29,126	26,890	26,837
Governmental activity					
long-term liabilities	<u>\$ 282,653</u>	<u>\$ 176,485</u>	<u>\$ 62,826</u>	<u>\$ 396,312</u>	<u>\$ 51,207</u>
Business-Type Activities					
Compensated Absences	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ -</u>

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. 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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

expenditures within the County's financial statements. As of June 30, 2013, \$7,060 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

On October 21, 2008, the County issued \$6,400 in Higher Education Revenue Bonds. The proceeds of the bonds were used to provide financing for Pacific Northwest College of Art (PNCA) for costs of acquisition, construction, additions, renovations and improvements to buildings used by the PNCA to accommodate new programs and enrollment growth. 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 PNCA. 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, 2013, \$4,730 of the Higher Education Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2013 was \$11,363. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. The proceeds of these bonds issues were used by health care facilities to finance various capital projects and refund outstanding bonds. The debt has not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the bond indenture and payments are made by the health care facilities. The obligors have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by 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. A summary of the Authority's conduit debt is as follows:

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Obligor (Health Care Facility), debt issue, terms	Original Amount	Balance June 30, 2013
Providence Health System, Revenue Bonds, Series 2004, due serially through October 1, 2024	100,000	84,355
Terwilliger Plaza, Revenue Bonds, Series 2006, due serially through December 1, 2036	39,765	17,005
Pacific Mirabella (at South Waterfront Project), Variable Rate Demand Revenue Bonds, Series 2008A and 2008B, due serially through September 30, 2048	221,645	94,595
Oregon Baptist (Retirement Homes Project), Variable Rate Demand Revenue and Refunding Bonds, Series 2009, entire principal due November 1, 2034	7,050	6,395
Adventist Health System/West, Revenue Bonds, Series 2009A, due September 1, 2021 and September 1, 2040	66,535	66,535
Holladay Park Plaza, Revenue and Refunding Bonds, Variable Rate Demand Revenue Refunding Bonds, Series 2010A, due serially through December 1, 2040	14,460	13,875
Terwilliger Plaza, Revenue and Refunding Bonds, Series 2012, due serially through December 1, 2029	18,245	18,245
	<u>\$ 467,700</u>	<u>\$ 301,005</u>

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, 2013 were as follows:

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

	General Fund	Federal and State Program Fund	PERS Bond Fund	Sellwood Bridge Replacement Fund	Other Governmental Funds	Total Governmental Funds
Fund balances						
Nonspendable:						
Inventories	\$ 358	\$ -	\$ -	\$ -	\$ 227	\$ 585
Prepaid items	218	472	-	353	217	1,260
Restricted:						
Capital projects, buildings	-	-	-	-	9,247	9,247
Community support programs	-	8,791	-	-	2,012	10,803
Debt service	-	-	-	-	7,714	7,714
Document storage and retrieval	429	-	-	-	-	429
Library operations	-	-	-	-	739	739
Road, bridge and bike path improvements	-	-	-	72,759	4,079	76,838
Committed:						
Capital projects, buildings	-	-	-	-	18,046	18,046
Capital projects, information technology	-	-	-	-	3,029	3,029
Community support programs	-	-	-	-	442	442
Debt service	-	-	57,832	-	4,457	62,289
Road, bridge and bike path improvements	-	-	-	2,317	-	2,317
Assigned:						
Capital projects, information technology	-	-	-	-	910	910
Community support programs	-	-	-	-	424	424
Library operations	-	-	-	-	5,566	5,566
Road, bridge and bike path improvements	-	-	-	265	2,090	2,355
Unassigned	43,503	(446)	-	-	-	43,057
Total fund balances	<u>\$44,508</u>	<u>\$ 8,817</u>	<u>\$57,832</u>	<u>\$75,694</u>	<u>\$ 59,199</u>	<u>\$ 246,050</u>

Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability, workers' compensation and medical/dental, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund, an internal service fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2013, interfund premiums exceeded reimbursable expenditures. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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 .938 and .920 were used to estimate the year-end workers' compensation component and the liability component, respectively. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. The County's excess insurance coverage policies cover claims in excess of \$1,000 for workers' compensation and \$1,000 for all liability claims. Settlements have not exceeded coverages for each of the past three fiscal years. The County anticipates the balance in the claims liability account at year-end will be paid within the next fiscal year.

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

	Fiscal Year Ended 6/30/13	Fiscal Year Ended 6/30/12
Unpaid claims, beginning of fiscal year	\$ 11,384	\$ 11,698
Incurring claims (including IBNRs)	24,722	25,731
Actuarial adjustment	(2,758)	(2,832)
Claim payments	(22,118)	(23,213)
Unpaid claims, end of fiscal year	<u>\$ 11,230</u>	<u>\$ 11,384</u>

B. Commitments and contingent liabilities

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.

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.

The following is a schedule by years of future minimum rental payments required under 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, 2013.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Year ended June 30	
2014	\$ 4,776
2015	3,983
2016	3,756
2017	3,719
2018	3,188
2019 – 2023	675
2024 – 2028	<u>7</u>
Total minimum payments	<u>\$ 20,104</u>

The County recorded \$4,359 in base rent expense for the year ended June 30, 2013. Total rent expense was \$6,095, which includes operating and maintenance costs.

The County has entered into various construction and non-construction contracts at fiscal year-end. The commitments noted below are evidenced by signed purchase orders or contracts which were entered into prior to June 30, 2013.

Construction Commitment Description	Fiscal Year Ended 6/30/13
Buildings	\$ 4,781
Bridges	158,755
Roads	582
Sewer	135
Total outstanding contracts	<u>\$ 164,253</u>

C. Postemployment benefits other than pensions

Plan description. The County administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. In general, the plan states the County shall pay 50% of the monthly medical insurance premium on behalf of a County retiree and his/her eligible dependents from the retiree's fifty-eighth birthday or date of retirement, whichever is later, until the retiree's sixty-fifth birthday, death or eligibility for Medicare, whichever is earlier, if the retiree has: five years of continuous County service immediately preceding retirement at or after age fifty-eight years; or ten years of continuous County service immediately preceding retirement prior to age fifty-eight years. The County's postemployment medical plan does not issue a publicly available financial report.

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County offers retirees a health benefit equal to half of their monthly premium and retirees are required to pay the other half.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

The benefit is generally offered from age 58 to age 65. 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% of the annual premium costs which is 2.00% of annual covered payroll to fund the retiree benefit. At June 30, 2013, there were 682 retirees that were enrolled in the postemployment medical benefit and 706 enrolled in dental. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2013, the County contributed \$6,467 to the plan. Of this amount, \$2,524 was explicitly contributed as part of the contractual obligation described above. The remaining \$3,943 represents the implicit subsidy derived from active employee contributions.

Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending June 30, 2013, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 11,805
Interest on net OPEB obligation	3,681
Adjustment to annual required contribution	<u>(3,506)</u>
Annual OPEB cost (expense)	11,980
Contributions made	<u>(6,467)</u>
Increase in net OPEB obligation	5,513
Net OPEB obligation - beginning of year	105,187
Net OPEB obligation - end of year	<u>\$ 110,700</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	12,313	20%	\$ 90,048
6/30/11	14,689	50%	97,403
6/30/12	15,261	49%	105,187
6/30/13	11,980	54%	110,700

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Funded status and funding progress. As of the most recent actuarial report, January 1, 2013, the actuarial accrued liability for benefits was \$134,712 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$134,712. The covered payroll (annual payroll of active employees covered by the plan) was \$277,407 for fiscal year 2013 and the ratio of the UAAL to the covered payroll was 49%.

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

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

In the most recently conducted, actuarial valuation (as of January 1, 2013), the projected unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 3.5% was used in the most recent actuarial valuation for the closed period. The actuarial report incorporates the projected effect of the healthcare reform law, The Patient Protection and Affordable Care Act (PPACA), passed into law in March 2010. A significant item in the law begins in 2018 when the County's plan may be subject to a 40% excise tax on the value of benefits provided above a certain dollar level. Because of some uncertainties in the excise tax component, the calculation of a precise obligation for this tax is impossible at this time. The report also states health care costs rates are grading down from 8.0% in 2013 to 7.2% in 2017. The report includes assumptions for medical inflation at 4.0% and annual payroll growth rate of 3.5%. The County's unfunded actuarial accrued liability is re-determined each valuation and amortized over a 30 year open period as a level percentage of payroll. The remaining amortization period at June 30, 2013 is 30 years.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

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

Pension plan descriptions. The County is a participating employer in the Oregon Public Employee Retirement System (PERS), a multiple-employer defined benefit public employee pension plan, and maintains a defined contribution plan for the purpose of individual retirement savings through PERS. PERS is administered under Oregon Revised Statutes Chapter 238 and Internal Revenue Service 401(a) by the Public Employees Retirement Board (PERB). County employees are eligible to participate in PERS after six months of employment and benefits vest after completing at least 600 hours in each of five years (the years do not need to be consecutive) or at normal retirement age provided the employee is an active member at the time.

PERS, a component of the State of Oregon, issues a comprehensive annual financial report that can be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281.

Summary of significant accounting policies – basis of accounting and valuation of investments. The financial statements of PERS are prepared using the accrual basis of accounting. 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 reported at fair market value.

There are three different tiers of membership based on the individual's original hire date with an Oregon PERS employer. County employees participate in one or more PERS retirement plans that provide pension, death, disability and post-employment healthcare to members or their beneficiaries.

PERS Tier 1 and Tier 2 (Public Employee Retirement System) is an agent multiple-employer defined benefit pension plan provided to members who were hired prior to August 29, 2003. The County is a member of PERS and is rated with the State and Local Government Rate Pool (SLGRP). Employees are in either Tier 1 or Tier 2 depending upon their date of hire. Different benefit structures apply to the tiers – for example, Tier 2 employees do not receive a guaranteed rate of return on their accounts. Effective January 1, 2004 Tier 1 and Tier 2 program participant contributions fund individual retirement accounts under the separate defined contribution program, made part of the Oregon Public Service Retirement Plan, that is described below.

Employer contributions to PERS are required by state statute and are made at actuarially determined rates as adopted by the PERB. The County's Tier 1/Tier 2 PERS rate for fiscal year 2013 was 11.85% in accordance with the December 31, 2009 actuarial valuation. This rate included a combined factor for the Tier One / Tier Two, OPSRP and Retiree Healthcare unfunded actuarial liability (UAL) totaling 4.98%.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

OPSRP (Oregon Public Service Retirement Plan) is a cost-sharing multiple-employer defined benefit and defined contribution pension plan created by the Oregon Legislative Assembly in 2003 as a successor plan for PERS.

The defined benefit pension plan is provided to members who were hired on or after August 29, 2003. Employer contributions are required by state statute and are made at actuarially determined rates as adopted by the PERB. The annual required contribution rates for the OPSRP defined benefit pension plan during fiscal year 2013 were 8.26% for general service employees and 10.97% for police and fire employees. Similar to the PERS rate, these rates included a 4.98% factor for the combined UAL.

The defined contribution pension plan (called the Individual Account Program or IAP) is provided to all members or their beneficiaries who are PERS or OPSRP eligible. State statutes require covered employees to contribute 6% 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 PERS members retain their existing PERS account, all current member contributions are deposited into the member's IAP.

Funding policy. The contribution requirements of the County are established and may be amended by the State. The County is contractually obligated by collective bargaining agreements to pay the required employee contribution of 6.0% of annual covered payroll and represents a blended rate for all three different tiers of membership. The County is also required to contribute at an actuarially determined rate. The general service net employer contribution rate is 11.85% of annual covered payroll for PERS (Tier 1/Tier 2) and 8.26% of annual covered payroll for OPSRP. In addition to the funding requirements, the County also charges an internal rate of 6.50% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

Annual pension cost. For 2013, the County's annual pension cost of \$48,259 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year and (d) trending healthcare costs from 6.9% in 2012 to 4.5% in 2029. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2009, was 20 years.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2013
(dollar amounts expressed in thousands)

Three Year Trend Information for PERS:

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/11	\$ 34,233	100%	\$ -
6/30/12	48,570	100%	-
6/30/13	48,259	100%	-

Deferred Compensation Plan

Plan description. The County offers employees a 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 Plan is available to all represented and non-represented County employees, and permits them to defer a portion of their salary until future years. Contributions are made through salary withholdings from participating employees up to the amounts specified in the Code. No contributions are required from the County. As of June 30, 2013, 3,691 individuals were participating in the 457 plan. 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, 2013, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$245,818. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

E. Subsequent events

On July 1, 2013 the Library District of Multnomah County was created as a blended component unit of Multnomah County. 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 District's permanent rate means library operations will have stable and dedicated funding.

On August 29th, 2013, the Board of County Commissioners authorized an internal loan from the Risk Management Fund to the Library Fund in the amount of \$16,000 in order to cover Library operations anticipated cash shortfall. The internal loan is due no later than December 15th and has an interest rate equal to the County's interest rate in the Local Government Investment Pool.

In October 2013, the Hospital Facility Authority of Multnomah County approved a conduit debt issue in the amount of \$17,000 for Holladay Park Plaza.

REQUIRED SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2013
(dollar amounts expressed in thousands)

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Projected Unit Credit (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/09	\$ -	\$ 122,605	\$ 122,605	0%	\$263,090	47%
01/01/11	\$ -	\$ 154,198	\$ 154,198	0%	\$273,983	56%
01/01/13	\$ -	\$ 134,712	\$ 134,712	0%	\$278,474	48%

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

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Road Fund
- Emergency Communications 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 Special Levy Fund
- Video Lottery Fund

Debt Service Funds

- Revenue Bond Fund
- Capital Debt Retirement Fund
- General Obligation Bond Fund

Capital Projects Funds

- Financed Projects Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 18,383	\$ 11,937	\$ 31,975	\$ 62,295
Receivables:				
Taxes	4,658	555	-	5,213
Accounts	8,255	-	40	8,295
Inventories	191	-	36	227
Prepaid items	194	-	23	217
Restricted assets:				
Cash with fiscal agent	-	146	-	146
Total assets and other debits	<u>\$ 31,681</u>	<u>\$ 12,638</u>	<u>\$ 32,074</u>	<u>\$ 76,393</u>
LIABILITIES				
Accounts payable	\$ 13,001	\$ -	\$ 783	\$ 13,784
Payrolls payable	918	-	-	918
Total liabilities	<u>13,919</u>	<u>-</u>	<u>783</u>	<u>14,702</u>
DEFERRED INFLOWS OF RESOURCES				
Resources not yet available:				
Property taxes	1,975	467	-	2,442
Resources received before time requirements met	50	-	-	50
Total deferred inflows of resources	<u>2,025</u>	<u>467</u>	<u>-</u>	<u>2,492</u>
FUND BALANCES				
Nonspendable	385	-	59	444
Restricted	6,830	7,714	9,247	23,791
Committed	442	4,457	21,075	25,974
Assigned	8,080	-	910	8,990
Total fund balances	<u>15,737</u>	<u>12,171</u>	<u>31,291</u>	<u>59,199</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 31,681</u>	<u>\$ 12,638</u>	<u>\$ 32,074</u>	<u>\$ 76,393</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 66,108	\$ 8,095	\$ -	\$ 74,203
Intergovernmental	45,107	307	-	45,414
Licenses and permits	4,530	-	-	4,530
Charges for services	7,299	-	584	7,883
Interest	99	40	149	288
Other	4,172	8,109	7,820	20,101
Total revenues	<u>127,315</u>	<u>16,551</u>	<u>8,553</u>	<u>152,419</u>
EXPENDITURES				
Current:				
General government	233	3	3,264	3,500
Public safety and justice	6,851	-	-	6,851
Community services	31,889	-	1,204	33,093
Library services	52,438	-	-	52,438
Roads and bridges	43,964	-	-	43,964
Capital outlay	8,734	-	5,763	14,497
Debt service:				
Principal	-	15,733	-	15,733
Interest	-	4,456	-	4,456
Total expenditures	<u>144,109</u>	<u>20,192</u>	<u>10,231</u>	<u>174,532</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16,794)</u>	<u>(3,641)</u>	<u>(1,678)</u>	<u>(22,113)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	262	-	-	262
Proceeds from sale of capital assets	8	-	-	8
Transfers in	18,320	-	548	18,868
Transfers out	(1,643)	(144)	-	(1,787)
Total other financing sources (uses)	<u>16,947</u>	<u>(144)</u>	<u>548</u>	<u>17,351</u>
Net change in fund balances	153	(3,785)	(1,130)	(4,762)
Fund balances - beginning	15,584	15,956	32,421	63,961
Fund balances - ending	<u>\$ 15,737</u>	<u>\$ 12,171</u>	<u>\$ 31,291</u>	<u>\$ 59,199</u>

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.
- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.
- **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, including the serial property tax levy dedicated to library operations.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection 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 Special 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.

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013
(amounts expressed in thousands)

	<u>Road</u>	<u>Emergency Communications</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>	<u>Animal Control</u>
ASSETS						
Cash and investments	\$ 3,457	\$ -	\$ 408	\$ 56	\$ -	\$ 620
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	5,361	-	-	-	-	12
Inventories	191	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 9,009</u>	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 632</u>
LIABILITIES						
Accounts payable	\$ 7,323	\$ -	\$ -	\$ 56	\$ -	\$ 30
Payroll payable	120	-	-	-	-	8
Total liabilities	<u>7,443</u>	<u>-</u>	<u>-</u>	<u>56</u>	<u>-</u>	<u>38</u>
DEFERRED INFLOWS OF RESOURCES						
Resources not yet available:						
Property taxes	-	-	-	-	-	-
Resources received before time requirements met	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Nonspendable	191	-	-	-	-	-
Restricted	-	-	408	-	-	583
Committed	-	-	-	-	-	-
Assigned	1,375	-	-	-	-	11
Total fund balances	<u>1,566</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>-</u>	<u>594</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,009</u>	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ 56</u>	<u>\$ -</u>	<u>\$ 632</u>

<u>Willamette River Bridges</u>	<u>Library</u>	<u>Special Excise Tax</u>	<u>Land Corner Preservation</u>	<u>Inmate Welfare</u>	<u>Justice Services Special Operations</u>	<u>Oregon Historical Society Special Levy</u>	<u>Video Lottery</u>	<u>Total</u>
\$ 2,978	\$ 7,624	\$ 1,225	\$ 1,312	\$ 44	\$ 273	\$ -	\$ 386	\$ 18,383
-	2,225	2,340	9	-	-	84	-	4,658
782	467	-	2	75	414	3	1,139	8,255
-	-	-	-	-	-	-	-	191
-	193	-	-	-	1	-	-	194
<u>\$ 3,760</u>	<u>\$ 10,509</u>	<u>\$ 3,565</u>	<u>\$ 1,323</u>	<u>\$ 119</u>	<u>\$ 688</u>	<u>\$ 87</u>	<u>\$ 1,525</u>	<u>\$ 31,681</u>
\$ 579	\$ 1,418	\$ 3,250	\$ 21	\$ 32	\$ 97	\$ -	\$ 195	\$ 13,001
80	642	-	17	8	41	-	2	918
<u>659</u>	<u>2,060</u>	<u>3,250</u>	<u>38</u>	<u>40</u>	<u>138</u>	<u>-</u>	<u>197</u>	<u>13,919</u>
-	1,901	-	-	-	-	74	-	1,975
-	50	-	-	-	-	-	-	50
<u>-</u>	<u>1,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>2,025</u>
-	193	-	-	-	1	-	-	385
2,386	739	-	1,285	-	88	13	1,328	6,830
-	-	315	-	79	48	-	-	442
715	5,566	-	-	-	413	-	-	8,080
<u>3,101</u>	<u>6,498</u>	<u>315</u>	<u>1,285</u>	<u>79</u>	<u>550</u>	<u>13</u>	<u>1,328</u>	<u>15,737</u>
<u>\$ 3,760</u>	<u>\$ 10,509</u>	<u>\$ 3,565</u>	<u>\$ 1,323</u>	<u>\$ 119</u>	<u>\$ 688</u>	<u>\$ 87</u>	<u>\$ 1,525</u>	<u>\$ 31,681</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	<u>Roads</u>	<u>Emergency Communications</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>	<u>Animal Control</u>
REVENUES						
Taxes	\$ 6,820	\$ -	\$ -	\$ 58	\$ 57	\$ -
Intergovernmental	33,567	118	73	-	13	-
Licenses and permits	69	-	-	-	-	1,602
Charges for services	12	-	-	-	-	58
Interest	32	-	2	-	-	3
Other:						
Non-governmental grants	-	-	-	-	-	-
Service reimbursements	-	-	-	-	-	-
Miscellaneous	37	-	-	-	-	225
Total revenues	<u>40,537</u>	<u>118</u>	<u>75</u>	<u>58</u>	<u>70</u>	<u>1,888</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	233
Public safety and justice	-	-	-	-	-	-
Community services	-	118	1	58	70	-
Library services	-	-	-	-	-	-
Roads and bridges	39,299	-	-	-	-	-
Capital outlay	1,819	-	-	-	-	-
Total expenditures	<u>41,118</u>	<u>118</u>	<u>1</u>	<u>58</u>	<u>70</u>	<u>233</u>
Excess of revenues over (under) expenditures	<u>(581)</u>	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>	<u>1,655</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt	262	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,643)
Total other financing sources (uses)	<u>262</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,643)</u>
Net change in fund balances	(319)	-	74	-	-	12
Fund balance - beginning	1,885	-	334	-	-	582
Fund balance - ending	<u>\$ 1,566</u>	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594</u>

<u>Willamette River Bridges</u>	<u>Library</u>	<u>Special Excise Tax</u>	<u>Land Corner Preservation</u>	<u>Inmate Welfare</u>	<u>Justice Services Special Operations</u>	<u>Oregon Historical Society Special Levy</u>	<u>Video Lottery</u>	<u>Total</u>
\$ -	\$ 32,277	\$ 25,106	\$ -	\$ -	\$ -	\$ 1,790	\$ -	\$ 66,108
6,060	583	-	-	-	5	-	4,688	45,107
-	121	-	-	-	2,738	-	-	4,530
7	1,518	-	1,633	1,297	2,774	-	-	7,299
-	47	5	4	-	1	1	4	99
-	3,448	-	-	-	1	-	-	3,449
-	1	-	-	-	234	-	-	235
27	177	-	-	1	21	-	-	488
<u>6,094</u>	<u>38,172</u>	<u>25,111</u>	<u>1,637</u>	<u>1,298</u>	<u>5,774</u>	<u>1,791</u>	<u>4,692</u>	<u>127,315</u>
-	-	-	-	-	-	-	-	233
-	-	-	-	1,283	5,568	-	-	6,851
-	-	25,112	-	-	-	1,787	4,743	31,889
-	52,438	-	-	-	-	-	-	52,438
3,610	-	-	1,055	-	-	-	-	43,964
1,243	5,647	-	-	-	25	-	-	8,734
<u>4,853</u>	<u>58,085</u>	<u>25,112</u>	<u>1,055</u>	<u>1,283</u>	<u>5,593</u>	<u>1,787</u>	<u>4,743</u>	<u>144,109</u>
<u>1,241</u>	<u>(19,913)</u>	<u>(1)</u>	<u>582</u>	<u>15</u>	<u>181</u>	<u>4</u>	<u>(51)</u>	<u>(16,794)</u>
-	-	-	-	-	-	-	-	262
-	-	-	-	-	8	-	-	8
-	18,320	-	-	-	-	-	-	18,320
-	-	-	-	-	-	-	-	(1,643)
<u>-</u>	<u>18,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>-</u>	<u>16,947</u>
1,241	(1,593)	(1)	582	15	189	4	(51)	153
1,860	8,091	316	703	64	361	9	1,379	15,584
<u>\$ 3,101</u>	<u>\$ 6,498</u>	<u>\$ 315</u>	<u>\$ 1,285</u>	<u>\$ 79</u>	<u>\$ 550</u>	<u>\$ 13</u>	<u>\$ 1,328</u>	<u>\$ 15,737</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Gasoline	\$ 7,100	\$ 7,100	\$ 6,649	\$ (451)
Forest reserve yield	50	50	171	121
Intergovernmental	35,426	35,426	33,567	(1,859)
Licenses and permits	55	55	69	14
Charges for services	73	73	12	(61)
Interest	25	25	32	7
Other:				
Service reimbursements	408	408	-	(408)
Miscellaneous	34	34	37	3
Total revenues	<u>43,171</u>	<u>43,171</u>	<u>40,537</u>	<u>(2,634)</u>
EXPENDITURES				
Community services	<u>45,808</u>	<u>45,808</u>	<u>41,118</u>	<u>4,690</u>
Deficiency of revenues under expenditures	<u>(2,637)</u>	<u>(2,637)</u>	<u>(581)</u>	<u>2,056</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	<u>400</u>	<u>400</u>	<u>262</u>	<u>(138)</u>
Net change in fund balances	<u>(2,237)</u>	<u>(2,237)</u>	<u>(319)</u>	<u>1,918</u>
Fund balances - beginning	<u>2,237</u>	<u>2,237</u>	<u>1,885</u>	<u>(352)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,566</u>	<u>\$ 1,566</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250	\$ 250	\$ 118	\$ (132)
EXPENDITURES				
Sheriff	<u>250</u>	<u>250</u>	<u>118</u>	<u>132</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 73	\$ 73	\$ 73	\$ -
Interest	1	1	2	1
Total revenues	74	74	75	1
EXPENDITURES				
Community services	50	50	1	49
Excess of revenues over expenditures	24	24	74	50
Contingency	(358)	(358)	-	358
Net change in fund balances	(334)	(334)	74	408
Fund balances - beginning	334	334	334	-
Fund balances - ending	\$ -	\$ -	\$ 408	\$ 408

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes - Gasoline	\$ 102	\$ 102	\$ 58	\$ (44)
EXPENDITURES				
County management	102	102	58	44
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Forest reserve yield	\$ -	\$ -	\$ 57	\$ 57
Intergovernmental	20	78	13	(65)
Charges for services	2	2	-	(2)
Total revenues	22	80	70	(10)
EXPENDITURES				
Nondepartmental	24	82	70	12
Net change in fund balances	(2)	(2)	-	2
Fund balances - beginning	2	2	-	(2)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 68	\$ 68	\$ -	\$ (68)
Licenses and permits	1,937	1,937	1,602	(335)
Charges for services	105	105	58	(47)
Interest	-	-	3	3
Other - miscellaneous	175	175	225	50
Total revenues	2,285	2,285	1,888	(397)
EXPENDITURES				
Community services	553	553	233	320
Excess of revenues over expenditures	1,732	1,732	1,655	(77)
OTHER FINANCING USES				
Transfers out	(2,085)	(2,085)	(1,643)	442
Total other financing uses	(2,085)	(2,085)	(1,643)	442
Contingency	(338)	(338)	-	338
Net change in fund balances	(691)	(691)	12	703
Fund balances - beginning	691	691	582	(109)
Fund balances - ending	\$ -	\$ -	\$ 594	\$ 594

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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 6,197	\$ 6,197	\$ 6,060	\$ (137)
Charges for services	-	-	7	7
Other:				
Service reimbursements	3,948	3,948	-	(3,948)
Miscellaneous	5	5	27	22
Total revenues	10,150	10,150	6,094	(4,056)
EXPENDITURES				
Community services	11,703	11,703	4,853	6,850
Excess (deficiency) of revenues over (under) expenditures	(1,553)	(1,553)	1,241	2,794
Contingency	(154)	(154)	-	154
Net change in fund balances	(1,707)	(1,707)	1,241	2,948
Fund balances - beginning	1,707	1,707	1,860	153
Fund balances - ending	\$ -	\$ -	\$ 3,101	\$ 3,101

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes - property	\$ 32,557	\$ 32,557	\$ 32,237	\$ (320)
Payments in lieu of taxes	-	-	40	40
Intergovernmental	567	567	583	16
Licenses and permits	135	135	121	(14)
Charges for services	1,553	1,553	1,518	(35)
Interest	64	64	47	(17)
Other:				
Non-governmental grants	1,422	1,422	2,158	736
Service reimbursements	35	35	1	(34)
Miscellaneous	52	52	177	125
Total revenues	36,385	36,385	36,882	497
EXPENDITURES				
Library	58,804	58,804	56,795	2,009
Excess (deficiency) of revenues over (under) expenditures	(22,419)	(22,419)	(19,913)	2,506
OTHER FINANCING SOURCES				
Transfers in	24,879	24,879	18,320	(6,559)
Total other financing sources	24,879	24,879	18,320	(6,559)
Contingency	(8,125)	(8,125)	-	8,125
Net change in fund balances	(5,665)	(5,665)	(1,593)	4,072
Fund balances - beginning	5,665	5,665	8,091	2,426
Fund balances - ending	\$ -	\$ -	6,498	\$ 6,498

Reconciliation to GAAP Basis:

In kind contributions	1,290
Consumption of in kind contributions	(1,290)
Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds, page 95	\$ 6,498

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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 23,360	\$ 25,670	\$ 25,106	\$ (564)
Interest	5	5	5	-
Total revenues	23,365	25,675	25,111	(564)
EXPENDITURES				
Nondepartmental	23,690	26,000	25,112	888
Net change in fund balances	(325)	(325)	(1)	324
Fund balances - beginning	325	325	316	(9)
Fund balances - ending	\$ -	\$ -	\$ 315	\$ 315

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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 1,315	\$ 1,315	\$ 1,633	\$ 318
Interest	4	4	4	-
Other - service reimbursements	90	90	-	(90)
Total revenues	1,409	1,409	1,637	228
EXPENDITURES				
Community services	1,320	1,320	1,055	265
Excess of revenues over expenditures	89	89	582	493
Contingency	(569)	(569)	-	569
Net change in fund balances	(480)	(480)	582	1,062
Fund balances - beginning	480	480	703	223
Fund balances - ending	\$ -	\$ -	\$ 1,285	\$ 1,285

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 1,209	\$ 1,209	\$ 1,297	\$ 88
Interest	10	10	-	(10)
Other - miscellaneous	-	1	1	-
Total revenues	<u>1,219</u>	<u>1,220</u>	<u>1,298</u>	<u>78</u>
EXPENDITURES				
Community justice	-	1	-	1
Sheriff	<u>1,219</u>	<u>1,283</u>	<u>1,283</u>	<u>-</u>
Total expenditures	<u>1,219</u>	<u>1,284</u>	<u>1,283</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	-	(64)	15	79
Fund balances - beginning	-	64	64	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79</u>	<u>\$ 79</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 37	\$ 37	\$ 5	\$ (32)
Licenses and permits	3,205	3,141	2,738	(403)
Charges for services	2,203	2,203	2,774	571
Interest	12	12	1	(11)
Other:				
Non-governmental grants	-	-	1	1
Service reimbursements	215	215	234	19
Miscellaneous	<u>7</u>	<u>7</u>	<u>21</u>	<u>14</u>
Total revenues	<u>5,679</u>	<u>5,615</u>	<u>5,774</u>	<u>159</u>
EXPENDITURES				
Community justice	2,421	2,421	2,237	184
District attorney	184	184	44	140
Sheriff	<u>3,210</u>	<u>3,312</u>	<u>3,312</u>	<u>-</u>
Total expenditures	<u>5,815</u>	<u>5,917</u>	<u>5,593</u>	<u>324</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(136)</u>	<u>(302)</u>	<u>181</u>	<u>483</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	8	8
Net change in fund balances	<u>(136)</u>	<u>(302)</u>	<u>189</u>	<u>491</u>
Fund balances - beginning	136	302	361	59
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 550</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Oregon Historical Society Special Levy Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes - property	\$ 1,837	\$ 1,837	\$ 1,788	\$ (49)
Payments in lieu of taxes	-	-	2	2
Interest	-	-	1	1
Total revenues	<u>1,837</u>	<u>1,837</u>	<u>1,791</u>	<u>(46)</u>
EXPENDITURES				
Nondepartmental	<u>1,837</u>	<u>1,837</u>	<u>1,787</u>	<u>50</u>
Net change in fund balances	-	-	4	4
Fund balances - beginning	-	-	9	9
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13</u>	<u>\$ 13</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 5,223	\$ 5,223	\$ 4,688	\$ (535)
Interest	-	-	4	4
Total revenues	<u>5,223</u>	<u>5,223</u>	<u>4,692</u>	<u>(531)</u>
EXPENDITURES				
Human services	1,885	1,885	1,884	1
Community justice services	2,312	2,312	2,312	-
Nondepartmental	<u>1,026</u>	<u>1,026</u>	<u>547</u>	<u>479</u>
Total expenditures	<u>5,223</u>	<u>5,223</u>	<u>4,743</u>	<u>480</u>
Net change in fund balances	-	-	(51)	(51)
Fund balances - beginning	-	-	1,379	1,379
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,328</u>	<u>\$ 1,328</u>

DEBT SERVICE FUNDS

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

Major Fund

- **PERS Pension Bond Fund** – accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest.

Nonmajor Funds

- **Revenue Bond Fund** – accounts for payment of principal and interest on bonds to be issued to construct various facilities. The revenues are derived from the lease payments on the facilities and interest.
- **Capital Debt Retirement Fund** – accounts for lease-purchase and full faith and credit principal and interest payments for buildings and major pieces of equipment acquired by the issuance of certificates of participation, lease-purchase arrangements 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 Fund** – accounts for payment of principal and interest on general obligation bonds. Revenue is derived from property taxes and interest.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2013
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
ASSETS				
Cash and investments	\$ -	\$ 4,311	\$ 7,626	\$ 11,937
Receivables:				
Taxes	-	-	555	555
Restricted assets:				
Cash with fiscal agent	-	146	-	146
Total assets	<u>\$ -</u>	<u>\$ 4,457</u>	<u>\$ 8,181</u>	<u>\$ 12,638</u>
DEFERRED INFLOWS OF RESOURCES				
Resources not yet available:				
Property taxes	\$ -	\$ -	\$ 467	\$ 467
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>467</u>	<u>467</u>
FUND BALANCES				
Restricted	-	-	7,714	7,714
Committed	-	4,457	-	4,457
Total fund balances	<u>-</u>	<u>4,457</u>	<u>7,714</u>	<u>12,171</u>
Total deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 4,457</u>	<u>\$ 8,181</u>	<u>\$ 12,638</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 8,085	\$ 8,085
Payments in lieu of taxes	-	-	10	10
Intergovernmental	-	307	-	307
Interest	-	11	29	40
Other - service reimbursements	-	8,109	-	8,109
Total revenues	-	8,427	8,124	16,551
EXPENDITURES				
Current:				
General government	-	3	-	3
Debt service:				
Principal	-	8,873	6,860	15,733
Interest	-	3,153	1,303	4,456
Total expenditures	-	12,029	8,163	20,192
Deficiency of revenues under expenditures	-	(3,602)	(39)	(3,641)
OTHER FINANCING USES				
Transfers out	(144)	-	-	(144)
Net change in fund balances	(144)	(3,602)	(39)	(3,785)
Fund balances - beginning	144	8,059	7,753	15,956
Fund balances - ending	\$ -	\$ 4,457	\$ 7,714	\$ 12,171

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revenue Bond Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
OTHER FINANCING USES				
Transfers out	\$ (150)	\$ (150)	\$ (144)	\$ 6
Net change in fund balances	(150)	(150)	(144)	6
Fund balances - beginning	150	150	144	(6)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 307	\$ 307
Interest	85	85	11	(74)
Other - service reimbursements	14,734	14,734	8,109	(6,625)
Total revenues	14,819	14,819	8,427	(6,392)
EXPENDITURES				
Nondepartmental	18,335	18,335	12,029	6,306
Net change in fund balances	(3,516)	(3,516)	(3,602)	(86)
Fund balances - beginning	7,913	7,913	8,059	146
Fund balances - ending	<u>\$ 4,397</u>	<u>\$ 4,397</u>	<u>\$ 4,457</u>	<u>\$ 60</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Obligation Bond Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes - property	\$ 8,000	\$ 8,000	\$ 8,085	\$ 85
Payments in lieu of taxes	-	-	10	10
Interest	40	40	29	(11)
Total revenues	8,040	8,040	8,124	84
EXPENDITURES				
Nondepartmental	8,163	8,163	8,163	-
Net change in fund balances	(123)	(123)	(39)	84
Fund balances - beginning	7,950	7,950	7,753	(197)
Fund balances - ending	<u>\$ 7,827</u>	<u>\$ 7,827</u>	<u>\$ 7,714</u>	<u>\$ (113)</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Pension Bond Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 428	\$ 428	\$ 285	\$ (143)
Other - service reimbursements	18,000	18,000	17,938	(62)
Total revenues	18,428	18,428	18,223	(205)
EXPENDITURES				
Nondepartmental	17,092	17,092	17,042	50
Net change in fund balances	1,336	1,336	1,181	(155)
Fund balances - beginning	57,000	57,000	56,651	(349)
Fund balances - ending	\$ 58,336	\$ 58,336	\$ 57,832	\$ (504)

CAPITAL PROJECTS FUNDS

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

Major Fund

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

Nonmajor Funds

- **Financed Projects Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property.
- **Capital Acquisition Fund** - accounts for purchase of personal computers and capital purchases with economic payoffs of less than five years.
- **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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2013
(amounts expressed in thousands)

	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
ASSETS					
Cash and investments	\$ 3,942	\$ 19,813	\$ -	\$ 8,220	\$ 31,975
Receivables:					
Accounts	-	40	-	-	40
Inventories	-	36	-	-	36
Prepaid items	23	-	-	-	23
Total assets	<u>\$ 3,965</u>	<u>\$ 19,889</u>	<u>\$ -</u>	<u>\$ 8,220</u>	<u>\$ 32,074</u>
LIABILITIES					
Accounts payable	\$ 3	\$ 484	\$ -	\$ 296	\$ 783
Total liabilities	<u>3</u>	<u>484</u>	<u>-</u>	<u>296</u>	<u>783</u>
FUND BALANCES					
Nonspendable	23	36	-	-	59
Restricted	-	9,247	-	-	9,247
Committed	3,029	10,122	-	7,924	21,075
Assigned	910	-	-	-	910
Total fund balances	<u>3,962</u>	<u>19,405</u>	<u>-</u>	<u>7,924</u>	<u>31,291</u>
Total liabilities and fund balances	<u>\$ 3,965</u>	<u>\$ 19,889</u>	<u>\$ -</u>	<u>\$ 8,220</u>	<u>\$ 32,074</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
REVENUES					
Charges for services	\$ -	\$ 584	\$ -	\$ -	\$ 584
Interest	18	95	3	33	149
Other:					
Non-governmental grants	-	49	-	-	49
Service reimbursements	-	3,129	-	3,514	6,643
Miscellaneous	526	602	-	-	1,128
Total revenues	<u>544</u>	<u>4,459</u>	<u>3</u>	<u>3,547</u>	<u>8,553</u>
EXPENDITURES					
Current:					
General government	-	3,264	-	-	3,264
Community services	99	-	-	1,105	1,204
Capital outlay	-	3,289	1,397	1,077	5,763
Total expenditures	<u>99</u>	<u>6,553</u>	<u>1,397</u>	<u>2,182</u>	<u>10,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>445</u>	<u>(2,094)</u>	<u>(1,394)</u>	<u>1,365</u>	<u>(1,678)</u>
OTHER FINANCING SOURCES					
Transfers in	-	380	-	168	548
Net change in fund balances	445	(1,714)	(1,394)	1,533	(1,130)
Fund balances - beginning	3,517	21,119	1,394	6,391	32,421
Fund balances - ending	<u>\$ 3,962</u>	<u>\$ 19,405</u>	<u>\$ -</u>	<u>\$ 7,924</u>	<u>\$ 31,291</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Financed Projects Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 18	\$ 18
Other - miscellaneous	-	-	526	526
Total revenues	-	-	544	544
EXPENDITURES				
County management	3,531	3,531	99	3,432
Net change in fund balances	(3,531)	(3,531)	445	3,976
Fund balances - beginning	3,531	3,531	3,517	(14)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,962</u>	<u>\$ 3,962</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 368	\$ 368	\$ 584	\$ 216
Interest	60	60	95	35
Other:				
Non-governmental grants	-	-	49	49
Service reimbursements	3,129	3,129	3,129	-
Miscellaneous	-	-	602	602
Total revenues	<u>3,557</u>	<u>3,557</u>	<u>4,459</u>	<u>902</u>
EXPENDITURES				
County assets	28,696	28,696	6,553	22,143
Deficiency of revenues under expenditures	<u>(25,139)</u>	<u>(25,139)</u>	<u>(2,094)</u>	<u>23,045</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	5,000	5,000	-	(5,000)
Transfers in	388	388	380	(8)
Total other financing sources	<u>5,388</u>	<u>5,388</u>	<u>380</u>	<u>(5,008)</u>
Net change in fund balances	(19,751)	(19,751)	(1,714)	18,037
Fund balances - beginning	19,751	19,751	21,119	1,368
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,405</u>	<u>\$ 19,405</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Acquisition Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 3	\$ 3
EXPENDITURES				
County assets	1,425	1,425	1,397	28
Net change in fund balances	(1,425)	(1,425)	(1,394)	31
Fund balances - beginning	1,425	1,425	1,394	(31)
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
Asset Preservation Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 20	\$ 20	\$ 33	\$ 13
Other - service reimbursements	3,622	4,924	3,514	(1,410)
Total revenues	<u>3,642</u>	<u>4,944</u>	<u>3,547</u>	<u>(1,397)</u>
EXPENDITURES				
County assets	7,740	9,042	2,182	6,860
Excess (deficiency) of revenues over (under) expenditures	<u>(4,098)</u>	<u>(4,098)</u>	<u>1,365</u>	<u>5,463</u>
OTHER FINANCING SOURCES				
Transfers in	168	168	168	-
Net change in fund balances	(3,930)	(3,930)	1,533	5,463
Fund balances - beginning	3,930	3,930	6,391	2,461
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,924</u>	<u>\$ 7,924</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sellwood Bridge Replacement Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 79,849	\$ 79,849	\$ 3,032	\$ (76,817)
Licenses and permits	-	-	11,132	11,132
Interest	16	16	221	205
Total revenues	79,865	79,865	14,385	(65,480)
EXPENDITURES				
Community services	179,531	179,511	106,433	73,078
Deficiency of revenues under expenditures	(99,666)	(99,646)	(92,048)	7,598
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	127,000	127,000	153,000	26,000
Premium on long-term debt	-	-	21,113	21,113
Transfers out	(9,065)	(9,085)	(9,085)	-
Total other financing sources (uses)	117,935	117,915	165,028	47,113
Contingency	(24,390)	(24,390)	-	24,390
Net change in fund balances	(6,121)	(6,121)	72,980	79,101
Fund balances - beginning	6,121	6,121	2,714	(3,407)
Fund balances - ending	\$ -	\$ -	\$ 75,694	\$ 75,694

ENTERPRISE FUNDS

The County's Enterprise Funds are listed below.

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

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Dunthorpe-Riverdale Service District No. 1 Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	\$ 828	\$ 828	\$ 808	\$ (20)
Prior	10	10	20	10
Charges for services	2	2	24	22
Interest	4	4	6	2
Total revenues	<u>844</u>	<u>844</u>	<u>858</u>	<u>14</u>
EXPENDITURES				
Community services	<u>1,001</u>	<u>1,001</u>	<u>530</u>	<u>471</u>
Excess (deficiency) of revenues				
over (under) expenditures	(157)	(157)	328	485
Contingency	<u>(50)</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
Net change in fund balances	(207)	(207)	328	535
Fund balances - beginning	<u>830</u>	<u>830</u>	<u>868</u>	<u>38</u>
Fund balances - ending	<u>\$ 623</u>	<u>\$ 623</u>	<u>1,196</u>	<u>\$ 573</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			2,274	
Deferred revenue on assessments			43	
Allowance for uncollectible accounts, assessments			<u>(2)</u>	
Net position as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Position, page 46			<u>\$ 3,511</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	\$ 368	\$ 368	\$ 368	\$ -
Prior	5	5	9	4
Interest	2	2	2	-
Other	-	-	16	16
Total revenues	<u>375</u>	<u>375</u>	<u>395</u>	<u>20</u>
EXPENDITURES				
Community services	<u>431</u>	<u>431</u>	<u>323</u>	<u>108</u>
Excess (deficiency) of revenues				
over (under) expenditures	(56)	(56)	72	128
Contingency	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>25</u>
Net changes in fund balances	(81)	(81)	72	153
Fund balances - beginning	<u>263</u>	<u>263</u>	<u>262</u>	<u>(1)</u>
Fund balances - ending	<u>\$ 182</u>	<u>\$ 182</u>	<u>334</u>	<u>\$ 152</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			1,398	
Deferred revenue on assessments			20	
Allowance for uncollectible accounts, assessments			<u>(1)</u>	
Net position as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Position, page 46			<u>\$ 1,751</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 42,208	\$ 42,208	\$ 42,858	\$ 650
Interest	82	82	87	5
Other - miscellaneous	-	-	80	80
Total revenues	<u>42,290</u>	<u>42,290</u>	<u>43,025</u>	<u>735</u>
EXPENDITURES				
Human services	44,270	44,270	38,586	5,684
Excess (deficiency) of revenues over (under) expenditures	(1,980)	(1,980)	4,439	6,419
Contingency	(13,256)	(13,256)	-	13,256
Net change in fund balances	(15,236)	(15,236)	4,439	19,675
Fund balances - beginning	15,236	15,236	12,212	(3,024)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,651</u>	<u>\$ 16,651</u>

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 primarily to the methods of accounting for depreciation and capital outlay. Funds included are:

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

MULTNOMAH COUNTY, OREGON
Combining Statement of Net Position
Internal Service Funds
June 30, 2013
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 63,489	\$ 4,086	\$ 9,076	\$ 1,088	\$ 6,267	\$ 84,006
Accounts receivable	-	203	48	30	715	996
Inventories	-	473	12	65	155	705
Prepaid items	935	-	1,098	-	45	2,078
Total current assets	64,424	4,762	10,234	1,183	7,182	87,785
Noncurrent assets:						
Contracts receivable	-	-	-	-	67	67
Construction in progress	-	-	1,678	-	-	1,678
Capital assets (net of accumulated depreciation)	-	2,817	3,720	11	27	6,575
Total noncurrent assets	-	2,817	5,398	11	94	8,320
Total assets	64,424	7,579	15,632	1,194	7,276	96,105
LIABILITIES						
Current liabilities:						
Accounts payable	1,529	398	1,589	56	2,500	6,072
Claims and judgments payable	11,230	-	-	-	-	11,230
Payroll payable	88	34	324	21	150	617
Deferred revenue	42	-	2	-	-	44
Compensated absences	329	125	1,267	46	600	2,367
Total current liabilities	13,218	557	3,182	123	3,250	20,330
Noncurrent liabilities:						
Compensated absences	53	-	-	-	-	53
Incremental leases payable	-	-	-	-	2,034	2,034
Total noncurrent liabilities	53	-	-	-	2,034	2,087
Total liabilities	13,271	557	3,182	123	5,284	22,417
NET POSITION						
Invested in capital assets	-	2,817	5,398	11	27	8,253
Unrestricted	51,153	4,205	7,052	1,060	1,965	65,435
Total net position	\$ 51,153	\$ 7,022	\$ 12,450	\$ 1,071	\$ 1,992	\$ 73,688

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 84,875	\$ 6,585	\$ 32,838	\$ 2,184	\$ 32,417	\$ 158,899
Insurance premiums	8,157	-	-	-	-	8,157
Experience ratings and other	485	103	102	-	62	752
Total operating revenues	93,517	6,688	32,940	2,184	32,479	167,808
OPERATING EXPENSES						
Cost of sales and services	84,064	5,653	31,612	2,432	31,595	155,356
Administration	1,142	176	1,860	120	1,321	4,619
Depreciation	-	1,017	987	2	7	2,013
Total operating expenses	85,206	6,846	34,459	2,554	32,923	161,988
Operating income (loss)	8,311	(158)	(1,519)	(370)	(444)	5,820
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	233	18	41	6	24	322
Gain on disposal of capital assets	-	102	-	-	-	102
Loss on disposal of capital assets	-	(16)	(106)	-	-	(122)
Total nonoperating revenues (expenses)	233	104	(65)	6	24	302
Income (loss) before contributions and transfers	8,544	(54)	(1,584)	(364)	(420)	6,122
Capital contributions in	-	16	-	-	-	16
Transfers in	9,085	213	1,500	-	-	10,798
Transfers out	-	-	(60)	(316)	(548)	(924)
Change in net position	17,629	175	(144)	(680)	(968)	16,012
Total net position - beginning	33,524	6,847	12,594	1,751	2,960	57,676
Total net position - ending	\$ 51,153	\$ 7,022	\$ 12,450	\$ 1,071	\$ 1,992	\$ 73,688

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 8,729	\$ 755	\$ 517	\$ 236	\$ 2,504	\$ 12,741
Receipts connected with interfund activities	84,833	5,894	32,470	2,099	29,738	155,034
Payments to suppliers	(78,295)	(2,900)	(10,949)	(1,018)	(21,606)	(114,768)
Payments to employees	(6,483)	(2,056)	(19,177)	(1,010)	(7,788)	(36,514)
Payments connected with interfund activities	(919)	(885)	(4,058)	(588)	(2,673)	(9,123)
Net cash provided by (used in) operating activities	<u>7,865</u>	<u>808</u>	<u>(1,197)</u>	<u>(281)</u>	<u>175</u>	<u>7,370</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	9,085	213	1,500	-	-	10,798
Transfers out	-	-	(60)	(316)	(548)	(924)
Net cash provided by (used in) noncapital and related financing activities	<u>9,085</u>	<u>213</u>	<u>1,440</u>	<u>(316)</u>	<u>(548)</u>	<u>9,874</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(1,018)	(2,301)	(14)	(16)	(3,349)
Proceeds on sales of capital assets	-	111	-	-	-	111
Net cash used in capital and related financing activities	<u>-</u>	<u>(907)</u>	<u>(2,301)</u>	<u>(14)</u>	<u>(16)</u>	<u>(3,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	233	18	41	6	24	322
Net cash provided by investing activities	<u>233</u>	<u>18</u>	<u>41</u>	<u>6</u>	<u>24</u>	<u>322</u>
Net increase (decrease) in cash and cash equivalents	17,183	132	(2,017)	(605)	(365)	14,328
Balances at beginning of the year	46,306	3,954	11,093	1,693	6,632	69,678
Balances at the end of the year	<u>\$ 63,489</u>	<u>\$ 4,086</u>	<u>\$ 9,076</u>	<u>\$ 1,088</u>	<u>\$ 6,267</u>	<u>\$ 84,006</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	\$ 8,311	\$ (158)	\$ (1,519)	\$ (370)	\$ (444)	\$ 5,820
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	-	1,017	987	2	7	2,013
Changes in assets and liabilities:						
Receivables	2	(31)	45	177	(385)	(192)
Inventories	-	33	180	91	12	316
Prepaid items	(372)	-	(162)	-	(3)	(537)
Contracts receivable	-	-	-	-	148	148
Accounts payable	26	(37)	(523)	(97)	688	57
Claims and judgments payable	(154)	-	-	-	-	(154)
Payroll payable	6	(2)	(61)	(7)	(9)	(73)
Unearned revenue	42	-	2	(28)	-	16
Compensated absences	4	(14)	(146)	(49)	(22)	(227)
Incremental leases payable	-	-	-	-	183	183
Total adjustments	(446)	966	322	89	619	1,550
Net cash provided by (used in) operating activities	<u>\$ 7,865</u>	<u>\$ 808</u>	<u>\$ (1,197)</u>	<u>\$ (281)</u>	<u>\$ 175</u>	<u>\$ 7,370</u>
Noncash financing activities:						
Contributions of capital assets to governmental funds	\$ -	\$ 16	\$ -	\$ -	\$ -	\$ 16

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 8,334	\$ 8,334	\$ 8,222	\$ (112)
Interest	-	-	233	233
Other:				
Service reimbursements	89,686	89,894	84,833	(5,061)
Experience ratings and other	320	320	462	142
Total revenues	<u>98,340</u>	<u>98,548</u>	<u>93,750</u>	<u>(4,798)</u>
EXPENDITURES				
County management	94,633	94,841	81,618	13,223
Nondepartmental	3,905	3,905	3,588	317
Total expenditures	<u>98,538</u>	<u>98,746</u>	<u>85,206</u>	<u>13,540</u>
Excess (deficiency) of revenues over (under) expenditures	(198)	(198)	8,544	8,742
OTHER FINANCING SOURCES				
Cash transfers in	9,065	9,085	9,085	-
Total other financing sources	<u>9,065</u>	<u>9,085</u>	<u>9,085</u>	<u>-</u>
Contingency	(6,867)	(6,887)	-	6,887
Net change in fund balances	2,000	2,000	17,629	15,629
Fund balances - beginning	28,000	28,000	33,524	5,524
Fund balances - ending	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 51,153</u>	<u>\$ 21,153</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 839	\$ 839	\$ 691	\$ (148)
Interest	19	19	18	(1)
Other:				
Service reimbursements	6,034	6,035	5,894	(141)
Miscellaneous	41	41	102	61
Total revenues	<u>6,933</u>	<u>6,934</u>	<u>6,705</u>	<u>(229)</u>
EXPENDITURES				
County assets	10,184	10,185	6,846	3,339
Excess (deficiency) of revenues over (under) expenditures	<u>(3,251)</u>	<u>(3,251)</u>	<u>(141)</u>	<u>3,110</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	130	130	111	(19)
Cash transfers in	213	213	213	-
Total other financing sources	343	343	324	(19)
Contingency	<u>(473)</u>	<u>(473)</u>	<u>-</u>	<u>473</u>
Net change in fund balances	(3,381)	(3,381)	183	3,564
Fund balances - beginning	3,381	3,381	4,022	641
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,205</u>	<u>\$ 4,205</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			2,817	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 127			<u>\$ 7,022</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 318	\$ 318	\$ 368	\$ 50
Interest	-	-	41	41
Other:				
Service reimbursements	34,846	34,848	32,470	(2,378)
Miscellaneous	-	-	103	103
Total revenues	<u>35,164</u>	<u>35,166</u>	<u>32,982</u>	<u>(2,184)</u>
EXPENDITURES				
County assets	39,672	43,466	35,773	7,693
Nondepartmental	3,302	-	-	-
Total expenditures	<u>42,974</u>	<u>43,466</u>	<u>35,773</u>	<u>7,693</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,810)</u>	<u>(8,300)</u>	<u>(2,791)</u>	<u>5,509</u>
OTHER FINANCING SOURCES				
Transfers in	1,500	1,500	1,500	-
Transfers out	<u>(60)</u>	<u>(60)</u>	<u>(60)</u>	<u>-</u>
Total other financing sources	1,440	1,440	1,440	-
Contingency	<u>(1,089)</u>	<u>(1,089)</u>	<u>-</u>	<u>1,089</u>
Net changes in fund balances	(7,459)	(7,949)	(1,351)	6,598
Fund balances - beginning	7,459	7,949	8,403	454
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>7,052</u>	<u>\$ 7,052</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			5,398	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 127			<u>\$ 12,450</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 80	\$ 80	\$ 86	\$ 6
Interest	8	8	6	(2)
Other:				
Service reimbursements	2,211	2,211	2,098	(113)
Total revenues	2,299	2,299	2,190	(109)
EXPENDITURES				
County assets	3,263	3,263	2,565	698
Excess (deficiency) of revenues over (under) expenditures	(964)	(964)	(375)	589
OTHER FINANCING SOURCES				
Transfers out	(316)	(316)	(316)	-
Total other financing sources	(316)	(316)	(316)	-
Contingency	(189)	(189)	-	189
Net changes in fund balances	(1,469)	(1,469)	(691)	778
Fund balances - beginning	1,469	1,469	1,751	282
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	1,060	<u>\$ 1,060</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			11	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 127			<u>\$ 1,071</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, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget favorable (unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 2,611	\$ 2,611	\$ 2,850	\$ 239
Interest	30	30	24	(6)
Other:				
Service reimbursements	32,269	32,269	29,738	(2,531)
Miscellaneous	5,367	5,367	39	(5,328)
Total revenues	40,277	40,277	32,651	(7,626)
EXPENDITURES				
County management	41,104	41,484	32,932	8,552
Excess (deficiency) of revenues over (under) expenditures	(827)	(1,207)	(281)	926
OTHER FINANCING USES				
Transfers out	(548)	(548)	(548)	-
Total other financing uses	(548)	(548)	(548)	-
Contingency	(525)	(525)	-	525
Net change in fund balances	(1,900)	(2,280)	(829)	1,451
Fund balances - beginning	1,900	2,280	2,727	447
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	1,898	<u>\$ 1,898</u>
Reconciliation to GAAP basis:				
Long-term contracts receivable			67	
Net investment in capital assets			27	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 127			<u>\$ 1,992</u>	

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:

- **Sundry Taxing Bodies Fund** – 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 Fund** – 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.

MULTNOMAH COUNTY, OREGON COMBINING BALANCE SHEET AGENCY FUNDS June 30, 2013 (amounts expressed in thousands)

	Sundry Taxing Bodies	Department and Offices Agency	Public Guardian	Visitors' Facilities Trust	Total
ASSETS:					
Cash and Investments	\$ 6,170	\$ 6,100	\$ 749	\$ 6,928	\$ 19,947
Receivables:					
Taxes	60,552	110	-	2,787	63,449
Restricted cash	-	183	-	-	183
Total assets	<u>\$ 66,722</u>	<u>\$ 6,393</u>	<u>\$ 749</u>	<u>\$ 9,715</u>	<u>\$ 83,579</u>
LIABILITIES:					
Accounts payable	\$ 6,166	\$ 3,072	\$ 51	\$ 4,163	\$ 13,452
Due to other governmental units	59,376	-	-	-	59,376
Amounts held in trust	1,180	3,321	698	5,552	10,751
Total liabilities	<u>\$ 66,722</u>	<u>\$ 6,393</u>	<u>\$ 749</u>	<u>\$ 9,715</u>	<u>\$ 83,579</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 6,242	\$ 940,720	\$ 940,792	\$ 6,170
Taxes receivable	58,969	1,128,185	1,126,602	60,552
Total assets	<u>\$ 65,211</u>	<u>\$ 2,068,905</u>	<u>\$ 2,067,394</u>	<u>\$ 66,722</u>
Liabilities:				
Accounts payable	\$ 6,234	\$ 941,567	\$ 941,635	\$ 6,166
Due to other governmental units	58,782	972,870	972,276	59,376
Amounts held in trust	195	941,795	940,810	1,180
Total liabilities	<u>\$ 65,211</u>	<u>\$ 2,856,232</u>	<u>\$ 2,854,721</u>	<u>\$ 66,722</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 8,480	\$ 1,284,349	\$ 1,286,729	\$ 6,100
Taxes receivable	408	1,259,283	1,259,581	110
Restricted cash	17	13,343	13,177	183
Total assets	<u>\$ 8,905</u>	<u>\$ 2,556,975</u>	<u>\$ 2,559,487</u>	<u>\$ 6,393</u>
Liabilities:				
Accounts payable	\$ 3,142	\$ 51,791	\$ 51,861	\$ 3,072
Amounts held in trust	5,763	1,274,747	1,277,189	3,321
Total liabilities	<u>\$ 8,905</u>	<u>\$ 1,326,538</u>	<u>\$ 1,329,050</u>	<u>\$ 6,393</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 806	\$ 3,312	\$ 3,369	\$ 749
Accounts receivable	-	1,546	1,546	-
Total assets	<u>\$ 806</u>	<u>\$ 4,858</u>	<u>\$ 4,915</u>	<u>\$ 749</u>
Liabilities:				
Accounts payable	\$ 73	\$ 2,972	\$ 2,994	\$ 51
Amounts held in trust	733	1,505	1,540	698
Total liabilities	<u>\$ 806</u>	<u>\$ 4,477</u>	<u>\$ 4,534</u>	<u>\$ 749</u>
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	\$ 4,539	\$ 18,145	\$ 15,756	\$ 6,928
Taxes receivable	2,553	13,466	13,232	2,787
Total assets	<u>\$ 7,092</u>	<u>\$ 31,611</u>	<u>\$ 28,988</u>	<u>\$ 9,715</u>
Liabilities:				
Accounts payable	\$ 2,994	\$ 11,879	\$ 10,710	\$ 4,163
Amounts held in trust	4,098	13,427	11,973	5,552
Total liabilities	<u>\$ 7,092</u>	<u>\$ 25,306</u>	<u>\$ 22,683</u>	<u>\$ 9,715</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 20,067	\$ 2,246,526	\$ 2,246,646	\$ 19,947
Taxes receivable	61,930	2,400,934	2,399,415	63,449
Accounts receivable	-	1,546	1,546	-
Restricted cash	17	13,343	13,177	183
Total assets	<u>\$ 82,014</u>	<u>\$ 4,662,349</u>	<u>\$ 4,660,784</u>	<u>\$ 83,579</u>
Liabilities:				
Accounts payable	\$ 12,443	\$ 1,008,209	\$ 1,007,200	\$ 13,452
Due to other governmental units	58,782	972,870	972,276	59,376
Amounts held in trust	10,789	2,231,474	2,231,512	10,751
Total liabilities	<u>\$ 82,014</u>	<u>\$ 4,212,553</u>	<u>\$ 4,210,988</u>	<u>\$ 83,579</u>

**CAPITAL ASSETS USED
IN THE OPERATION OF
GOVERNMENTAL FUNDS**

- Schedule by Source
- Schedule by Function and Activity
- Schedule of Changes by Function and Activity

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2013
(amounts expressed in thousands)

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 14,998	\$ 14,998
Right-of-way	196,959	196,926
Construction in progress	148,898	85,857
Works of art	4,430	4,430
Buildings-not in service	47,409	51,164
Buildings	398,721	394,654
Improvements other than buildings	918	918
Machinery and equipment	108,016	109,984
Bridges	156,395	155,007
Infrastructure	369,973	368,186
Total governmental funds capital assets	<u>\$ 1,446,717</u>	<u>\$ 1,382,124</u>
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,382,124	\$ 1,312,939
General fund	(6,063)	(3,786)
Road fund	1,819	1,670
Federal and state program fund	1,737	230
Animal control fund	-	22
Willamette river bridges fund	1,243	5,524
Library fund	(1,014)	(735)
Land corner preservation fund	-	(9)
Justice services special operations	7	19
Financed projects fund	(2,167)	182
Capital improvement fund	3,290	14,619
Capital Acquisition Fund	1,382	2,737
Asset preservation fund	1,077	607
Sellwood bridge replacement fund	63,010	48,096
Fleet management fund	79	643
Information technology fund	118	(601)
Mail distribution fund	59	(55)
Facilities management fund	16	22
Total governmental funds capital assets, ending balance	<u>\$ 1,446,717</u>	<u>\$ 1,382,124</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2013
(amounts expressed in thousands)

	Land	Right of Way	Work in Progress	Buildings	Improvements Other than Buildings
FUNCTION AND ACTIVITY					
General government:					
Legislative	\$ 253	\$ -	\$ -	\$ 7,736	\$ -
Administrative	2,345	-	7,065	90,887	272
	<u>2,598</u>	<u>-</u>	<u>7,065</u>	<u>98,623</u>	<u>272</u>
Health and social services:					
Health	1,373	-	-	34,678	1
Social	92	-	818	9,270	-
	<u>1,465</u>	<u>-</u>	<u>818</u>	<u>43,948</u>	<u>1</u>
Public safety:					
Law enforcement	1,033	-	-	95,759	99
Justice services	1,347	-	-	57,758	3
	<u>2,380</u>	<u>-</u>	<u>-</u>	<u>153,517</u>	<u>102</u>
Community services:					
Community service development	-	-	-	-	108
Recreation	-	-	-	-	-
Library	4,146	-	-	64,661	431
	<u>4,146</u>	<u>-</u>	<u>-</u>	<u>64,661</u>	<u>539</u>
Roads and bridges:					
Roads and bridges	992	196,958	141,015	-	-
	<u>992</u>	<u>196,958</u>	<u>141,015</u>	<u>-</u>	<u>-</u>
External organizations:					
External use	3,418	-	-	85,381	4
	<u>\$ 14,999</u>	<u>\$ 196,958</u>	<u>\$ 148,898</u>	<u>\$ 446,130</u>	<u>\$ 918</u>

Machinery and Equipment	Bridges	Infrastructure	Total
\$ 280	\$ -	\$ -	\$ 8,269
27,313	-	-	127,882
<u>27,593</u>	<u>-</u>	<u>-</u>	<u>136,151</u>
1,811	-	-	37,863
1,781	-	-	11,961
<u>3,592</u>	<u>-</u>	<u>-</u>	<u>49,824</u>
8,872	-	-	105,763
2,763	-	-	61,871
<u>11,635</u>	<u>-</u>	<u>-</u>	<u>167,634</u>
14	-	-	122
25	-	-	25
66,461	-	-	135,699
<u>66,500</u>	<u>-</u>	<u>-</u>	<u>135,846</u>
3,126	156,395	369,973	868,459
<u>3,126</u>	<u>156,395</u>	<u>369,973</u>	<u>868,459</u>
-	-	-	88,803
<u>\$ 112,446</u>	<u>\$ 156,395</u>	<u>\$ 369,973</u>	<u>\$ 1,446,717</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2013
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2012	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2013
General government:				
Legislative	\$ 13,645	\$ -	\$ (5,376)	\$ 8,269
Administrative	119,814	7,439	629	127,882
	<u>133,459</u>	<u>7,439</u>	<u>(4,747)</u>	<u>136,151</u>
Health and social services:				
Health	35,875	1,767	221	37,863
Social	10,981	1,004	(24)	11,961
	<u>46,856</u>	<u>2,771</u>	<u>197</u>	<u>49,824</u>
Public safety:				
Law enforcement	105,705	546	(488)	105,763
Justice services	60,263	240	1,368	61,871
	<u>165,968</u>	<u>786</u>	<u>880</u>	<u>167,634</u>
Community services:				
Community service development	122	-	-	122
Recreation	25	-	-	25
Library	136,031	5,665	(5,997)	135,699
	<u>136,178</u>	<u>5,665</u>	<u>(5,997)</u>	<u>135,846</u>
Roads and bridges:				
Roads and bridges	802,131	66,338	(10)	868,459
	<u>802,131</u>	<u>66,338</u>	<u>(10)</u>	<u>868,459</u>
External organizations:				
External use	97,532	118	(8,847)	88,803
	<u>\$ 1,382,124</u>	<u>\$ 83,117</u>	<u>\$ (18,524)</u>	<u>\$ 1,446,717</u>

OTHER SCHEDULES

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

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2013
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2012	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, 2013
2012-13	\$ -	\$ 1,255,356	\$ (4,219)	\$ 517	\$ (31,694)	\$ (1,185,625)	\$ 34,335
2011-12	38,468	-	(1,797)	1,278	35	(17,119)	20,865
2010-11	19,717	-	(509)	1,308	10	(7,896)	12,630
2009-10	13,064	-	(165)	1,544	2	(6,634)	7,811
2008-09	3,477	-	(127)	1,014	1	(3,732)	633
2007-08 and prior	2,175	-	(629)	290	1	(696)	1,141
	<u>\$ 76,901</u>	<u>\$ 1,255,356</u>	<u>\$ (7,446)</u>	<u>\$ 5,951</u>	<u>\$ (31,645)</u>	<u>\$ (1,221,702)</u>	<u>\$ 77,415</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2013

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 6,681	\$ 8,429	\$ 15,110	\$ 5,625	\$ 20,735
Special revenue funds:					
Library fund	901	1,324	2,225	-	2,225
Oregon historical society fund	51	33	84	-	84
Land corner preservation fund	-	-	-	9	9
Special excise tax fund	-	-	-	2,340	2,340
Total special revenue funds	952	1,357	2,309	2,349	4,658
General obligation bond fund	227	318	545	10	555
Agency funds	26,442	32,934	59,376	4,073	63,449
Sub-total taxes receivable	34,302	43,038	77,340	12,057	89,397
Special assessments collected through taxes	33	42	75	-	75
Total receivables	<u>\$ 34,335</u>	<u>\$ 43,080</u>	<u>\$ 77,415</u>	<u>\$ 12,057</u>	<u>\$ 89,472</u>

*Note - Other taxes includes personal income, transient lodging, motor vehicle and other tax related transactions.

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
For the Year Ended June 30, 2013
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2012		2012-13 Transactions			Outstanding June 30, 2013	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated March 31, 2010	\$ -	\$ 31,795	\$ -	\$ -	\$ 6,860	\$ -	\$ 24,935
	<u>-</u>	<u>31,795</u>	<u>-</u>	<u>-</u>	<u>6,860</u>	<u>-</u>	<u>24,935</u>

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 31, 2013	<u>\$ 1,303</u>
----------------------	-----------------

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2013
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 2010 Dated 3/31/10 3.00 to 5.00%		Total	
	Principal	Interest	Principal	Interest
2014	\$ 7,210	\$ 951	\$ 7,210	\$ 951
2015	6,155	617	6,155	617
2016	5,665	349	5,665	349
2017	5,905	118	5,905	118
	<u>\$ 24,935</u>	<u>\$ 2,035</u>	<u>\$ 24,935</u>	<u>\$ 2,035</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Obligations
June 30, 2013
(amounts expressed in thousands)

CAPITALIZED LEASE OBLIGATIONS

Fiscal Year of Maturity	Sellwood Lofts Dated 01/01/02 10.31%		Sheriff Warehouse Dated 07/01/10 4.00%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 19	\$ 100	\$ 116	\$ 18	\$ 135	\$ 118
2015	21	98	121	13	142	111
2016	23	95	126	8	149	103
2017	25	93	131	3	156	96
2018	28	90	-	-	28	90
2019	31	87	-	-	31	87
2020	34	84	-	-	34	84
2021	38	80	-	-	38	80
2022	42	76	-	-	42	76
2023	47	71	-	-	47	71
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	86	32	-	-	86	32
2030	96	22	-	-	96	22
2031	106	12	-	-	106	12
2032	57	2	-	-	57	2
	<u>\$ 974</u>	<u>\$ 1,212</u>	<u>\$ 494</u>	<u>\$ 42</u>	<u>\$ 1,468</u>	<u>\$ 1,254</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2013
(amounts expressed in thousands)

GENERAL LONG TERM LOANS

Fiscal Year of Maturity	OTIB Dated 09/04/08 3.98%		Total	
	Principal	Interest	Principal	Interest
2014	\$ 213	\$ 99	\$ 213	\$ 99
2015	194	118	194	118
2016	202	110	202	110
2017	210	102	210	102
2018	218	93	218	93
2019	227	85	227	85
2020	236	75	236	75
2021	246	66	246	66
2022	256	56	256	56
2023	266	46	266	46
2024	277	35	277	35
2025	288	24	288	24
2026	300	12	300	12
	<u>\$ 3,133</u>	<u>\$ 921</u>	<u>\$ 3,133</u>	<u>\$ 921</u>

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2013
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2003 Dated 05/15/03 1.50 to 3.25%		Series 2004 Dated 10/01/04 3.00 to 5.00%		Series 2010A Dated 03/31/10 2.00 to 3.00%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 4,472	\$ 13,565	\$ 1,100	\$ 19	\$ 5,965	\$ 1,597	\$ 1,395	\$ 172
2015	4,469	14,618	-	-	6,185	1,294	1,420	131
2016	6,845	13,341	-	-	4,600	1,027	1,450	88
2017	16,985	4,358	-	-	4,810	794	1,485	45
2018	19,470	3,096	-	-	5,055	560	-	-
2019	22,200	1,649	-	-	4,845	338	-	-
2020	5,319	19,876	-	-	5,085	114	-	-
2021	5,208	21,407	-	-	-	-	-	-
2022	5,098	23,012	-	-	-	-	-	-
2023	4,989	24,686	-	-	-	-	-	-
2024	4,881	26,444	-	-	-	-	-	-
2025	4,775	28,285	-	-	-	-	-	-
2026	4,670	30,215	-	-	-	-	-	-
2027	4,566	32,234	-	-	-	-	-	-
2028	4,463	34,347	-	-	-	-	-	-
2029	4,362	36,563	-	-	-	-	-	-
2030	4,262	38,887	-	-	-	-	-	-
2031	-	-	-	-	-	-	-	-
2032	-	-	-	-	-	-	-	-
2033	-	-	-	-	-	-	-	-
	<u>\$ 127,034</u>	<u>\$ 366,583</u>	<u>\$ 1,100</u>	<u>\$ 19</u>	<u>\$ 36,545</u>	<u>\$ 5,724</u>	<u>\$ 5,750</u>	<u>\$ 436</u>

Series 2010B Dated 12/14/10 4.00 to 4.70%		Series 2012 Dated 12/13/12 3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ -	\$ 713	\$ 4,045	\$ 5,427	\$ 16,977	\$ 21,493
-	713	4,165	5,306	16,239	22,062
-	713	4,330	5,139	17,225	20,308
-	713	4,550	4,923	27,830	10,833
-	713	4,775	4,695	29,300	9,064
-	713	5,015	4,456	32,060	7,156
-	713	5,265	4,206	15,669	24,909
1,350	713	5,530	3,942	12,088	26,062
1,380	659	5,805	3,666	12,283	27,337
1,410	600	6,095	3,376	12,494	28,662
1,440	537	6,400	3,071	12,721	30,052
1,475	470	6,720	2,751	12,970	31,506
1,510	401	7,055	2,415	13,235	33,031
1,545	325	7,410	2,062	13,521	34,621
1,585	247	7,705	1,766	13,753	36,360
1,630	167	8,015	1,457	14,007	38,187
1,675	84	8,335	1,137	14,272	40,108
-	-	8,665	803	8,665	803
-	-	8,925	543	8,925	543
-	-	9,195	276	9,195	276
<u>\$ 15,000</u>	<u>\$ 9,194</u>	<u>\$ 128,000</u>	<u>\$ 61,417</u>	<u>\$ 313,429</u>	<u>\$ 443,373</u>

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.

(This page intentionally left blank.)

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

	2013	Restated 2012	2011	2010
Governmental Activities:				
Net Investment in capital assets	\$ 670,483	\$ 686,874	\$ 637,922	\$ 620,544
Restricted	106,237	29,565	49,806	103,600
Unrestricted	24,375	74,009	81,502	(8,728)
Total governmental activities net position	<u>\$ 801,095</u>	<u>\$ 790,448</u>	<u>\$ 769,230</u>	<u>\$ 715,416</u>
Business-Type Activities:				
Net Investment in capital assets	\$ 3,672	\$ 3,752	\$ 3,612	\$ 3,696
Unrestricted	18,241	13,402	17,442	13,600
Total business-type activities net position	<u>\$ 21,913</u>	<u>\$ 17,154</u>	<u>\$ 21,054</u>	<u>\$ 17,296</u>
Primary Government:				
Net Investment in capital assets	\$ 674,155	\$ 690,626	\$ 641,534	\$ 624,240
Restricted	106,237	29,565	49,806	103,600
Unrestricted	42,616	87,411	98,944	4,872
Total primary government net position	<u>\$ 823,008</u>	<u>\$ 807,602</u>	<u>\$ 790,284</u>	<u>\$ 732,712</u>

Restated 2009	2008	2007	2006	Restated 2005	2004
\$ 470,426	\$ 465,079	\$ 456,502	\$ 434,866	\$ 523,606	\$ 511,277
98,542	77,979	76,266	71,388	100,156	62,954
(10,907)	27,954	17,731	32,205	18,912	(12,431)
<u>\$ 558,061</u>	<u>\$ 571,012</u>	<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 642,674</u>	<u>\$ 561,800</u>
\$ 3,442	\$ 3,424	\$ 3,020	\$ 2,985	\$ 2,577	\$ 2,480
9,631	2,928	4,612	2,830	2,012	1,915
<u>\$ 13,073</u>	<u>\$ 6,352</u>	<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$ 4,589</u>	<u>\$ 4,395</u>
\$ 473,868	\$ 468,503	\$ 459,522	\$ 437,851	\$ 526,183	\$ 513,757
98,542	77,979	76,266	71,388	100,156	62,954
(1,276)	30,882	22,343	35,035	20,924	(10,516)
<u>\$ 571,134</u>	<u>\$ 577,364</u>	<u>\$ 558,131</u>	<u>\$ 544,274</u>	<u>\$ 647,263</u>	<u>\$ 566,195</u>

Source: Current and prior years' financial statements

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

	2013	2012	2011	2010
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 26,466	\$ 27,239	\$ 27,789	\$ 22,843
Health services	68,943	72,910	77,276	70,455
Social services	1,064	1,568	1,321	1,902
Public safety and justice	17,167	16,809	16,056	17,490
Community services	3,514	2,914	2,325	-
Library	1,639	1,747	1,759	1,757
Roads and bridges	12,853	11,866	9,131	1,107
Operating grants and contributions	318,956	308,392	316,218	299,735
Capital grants and contributions	68	839	16,415	2,885
Total governmental activities program revenues	<u>450,670</u>	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>
Business-type activities:				
Charges for services:				
Dunthorpe	852	837	816	809
Mid County	377	380	363	341
Behavioral Health	42,857	44,712	46,110	42,931
Operating grants and contributions	-	-	-	-
Capital grants and contributions	10	6	36	133
Total business-type activities program revenues	<u>44,096</u>	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>
Total primary government program revenues	<u>494,766</u>	<u>490,219</u>	<u>515,615</u>	<u>462,388</u>
Expenses				
Governmental activities:				
General government	72,049	65,813	58,642	59,572
Health services	148,528	150,421	151,327	137,615
Social services	233,990	224,975	222,515	224,928
Public safety and justice	221,744	217,842	216,403	210,079
Community services	36,895	34,511	26,683	22,796
Library	58,488	61,641	60,343	56,548
Roads and bridges	55,383	54,287	51,772	49,571
Interest on long-term debt	18,932	10,695	11,774	12,800
Total governmental activities expenses	<u>846,009</u>	<u>820,185</u>	<u>799,459</u>	<u>773,909</u>
Business-type activities:				
Dunthorpe	554	507	486	516
Mid County	389	411	427	403
Behavioral Health	38,586	49,014	43,640	39,207
Total business-type activities expenses	<u>39,529</u>	<u>49,932</u>	<u>44,553</u>	<u>40,126</u>
Total primary government expenses	<u>885,538</u>	<u>870,117</u>	<u>844,012</u>	<u>814,035</u>

	2009	2008	2007	2006	2005	2004
Program Revenues						
Governmental activities:						
Fees, fines and charges for services:						
General government	\$ 21,936	\$ 21,721	\$ 23,703	\$ 25,531	\$ 20,486	\$ 16,394
Health services	60,340	52,241	45,765	44,406	44,145	44,006
Social services	1,125	1,615	1,309	1,210	1,175	1,805
Public safety and justice	17,597	17,765	17,904	16,600	16,394	15,901
Community services	10	10	31	8	1	4
Library	1,754	1,855	1,745	1,641	1,887	2,042
Roads and bridges	1,227	2,141	1,962	1,784	1,867	1,880
Operating grants and contributions	291,018	265,271	257,810	247,933	256,489	249,079
Capital grants and contributions	3,831	10,505	5,594	5,272	34,149	9,809
Total governmental activities program revenues	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>
Business-type activities:						
Charges for services:						
Dunthorpe	713	627	574	455	423	344
Mid County	264	268	306	294	289	235
Behavioral Health	39,027	36,072	34,879	34,519	29,472	25,603
Operating grants and contributions	-	-	-	-	-	435
Capital grants and contributions	80	10	76	82	238	-
Total business-type activities program revenues	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>
Total primary government program revenues	<u>438,922</u>	<u>410,101</u>	<u>391,658</u>	<u>379,735</u>	<u>407,015</u>	<u>367,537</u>
Expenses						
Governmental activities:						
General government	64,660	75,547	87,472	114,378	128,871	154,646
Health services	133,751	125,355	118,380	112,201	106,551	110,968
Social services	210,590	196,537	185,672	177,891	181,194	167,746
Public safety and justice	217,215	208,253	199,850	196,167	192,005	182,941
Community services	24,320	26,069	24,136	23,336	21,795	18,391
Library	55,181	52,087	47,872	43,530	41,357	40,843
Roads and bridges	53,462	56,716	53,701	54,256	56,781	57,374
Interest on long-term debt	14,041	16,443	16,954	21,822	18,058	19,543
Total governmental activities expenses	<u>773,220</u>	<u>757,007</u>	<u>734,037</u>	<u>743,581</u>	<u>746,612</u>	<u>752,452</u>
Business-type activities:						
Dunthorpe	458	476	405	407	487	355
Mid County	420	377	354	328	495	723
Behavioral Health	32,720	37,803	34,221	33,640	29,480	25,787
Total business-type activities expenses	<u>33,598</u>	<u>38,656</u>	<u>34,980</u>	<u>34,375</u>	<u>30,462</u>	<u>26,865</u>
Total primary government expenses	<u>806,818</u>	<u>795,663</u>	<u>769,017</u>	<u>777,956</u>	<u>777,074</u>	<u>779,317</u>

(continued)

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

(continued)				
	2013	2012	2011	2010
Net Expense				
Governmental activities	\$ (395,339)	\$ (375,901)	\$ (331,169)	\$ (355,735)
Business-type activities	4,567	(3,997)	2,772	4,088
Total primary government net expense	<u>(390,772)</u>	<u>(379,898)</u>	<u>(328,397)</u>	<u>(351,647)</u>

General Revenues and Other Changes in Net Position

Governmental activities:

Taxes:

Property and other local taxes levied for:

General purposes	271,664	272,299	268,605	266,294
Debt service	8,067	8,842	8,246	9,001
Personal income taxes	77	235	683	-
Business income taxes	58,750	52,250	48,570	44,150
Selective excise and use taxes	52,934	48,777	46,167	42,692
Payments in lieu of taxes	1,019	697	1,500	1,305
State government shared revenues	9,090	10,108	7,423	7,768
Grants and contributions not restricted to specific programs	15	10	1	27
Interest and investment earnings	1,638	2,604	2,946	2,589
Miscellaneous	2,613	1,194	667	1,665
Gain on sale of capital assets	119	607	175	228

Special items:

Loss on transfer of County roads	-	-	-	-
Total governmental activities	<u>405,986</u>	<u>397,623</u>	<u>384,983</u>	<u>375,719</u>

Business-type activities:

Interest and investment earnings	95	97	115	128
Miscellaneous	97	-	871	7
Total business-type activities	<u>192</u>	<u>97</u>	<u>986</u>	<u>135</u>
Total primary government	<u>406,178</u>	<u>397,720</u>	<u>385,969</u>	<u>375,854</u>

Change in Net Position

Governmental activities	10,647	21,722	53,814	19,984
Cumulative effect of correction of error	-	-	-	-
Cumulative effect of change in accounting principle	-	(504)	-	-
Total governmental activities	<u>10,647</u>	<u>21,218</u>	<u>53,814</u>	<u>19,984</u>
Business-type activities	<u>4,759</u>	<u>(3,900)</u>	<u>3,758</u>	<u>4,223</u>
Total primary government change in net position	<u>\$ 15,406</u>	<u>\$ 17,318</u>	<u>\$ 57,572</u>	<u>\$ 24,207</u>

Source: Current and prior years' financial statements

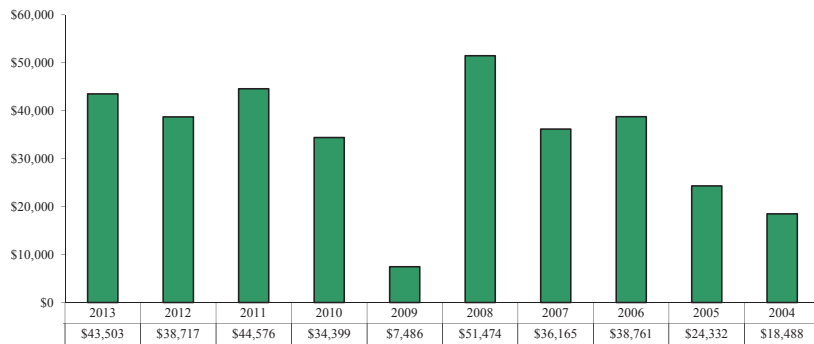
2009	2008	2007	2006	2005	2004
\$ (374,382)	\$ (383,883)	\$ (378,214)	\$ (399,196)	\$ (370,019)	\$ (411,532)
6,486	(1,679)	855	975	(40)	(248)
<u>(367,896)</u>	<u>(385,562)</u>	<u>(377,359)</u>	<u>(398,221)</u>	<u>(370,059)</u>	<u>(411,780)</u>
258,200	249,446	231,073	219,854	209,056	201,278
8,227	9,077	9,249	9,373	7,815	7,326
(5,341)	2,748	21,237	59,764	124,577	175,325
42,900	65,650	57,399	50,980	36,463	30,286
39,161	42,812	39,582	36,914	33,646	32,404
1,516	1,537	1,738	2,249	3,012	2,184
8,562	9,613	9,517	8,692	6,741	7,584
14	10	6	2	1,150	166
5,767	11,887	13,454	10,094	4,943	2,443
1,797	1,410	6,771	4,007	2,233	1,877
628	10,206	228	1,607	166	200
-	-	-	(108,555)	-	-
<u>361,431</u>	<u>404,396</u>	<u>390,254</u>	<u>294,981</u>	<u>429,802</u>	<u>461,073</u>
235	398	495	251	121	74
-	1	467	-	113	-
<u>235</u>	<u>399</u>	<u>962</u>	<u>251</u>	<u>234</u>	<u>74</u>
<u>361,666</u>	<u>404,795</u>	<u>391,216</u>	<u>295,232</u>	<u>430,036</u>	<u>461,147</u>
(12,951)	20,513	12,040	(104,215)	59,783	49,541
137,371	-	-	-	-	-
-	-	-	-	21,091	-
<u>124,420</u>	<u>20,513</u>	<u>12,040</u>	<u>(104,215)</u>	<u>80,874</u>	<u>49,541</u>
<u>6,721</u>	<u>(1,280)</u>	<u>1,817</u>	<u>1,226</u>	<u>194</u>	<u>(174)</u>
<u>\$ 131,141</u>	<u>\$ 19,233</u>	<u>\$ 13,857</u>	<u>\$ (102,989)</u>	<u>\$ 81,068</u>	<u>\$ 49,367</u>

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

	2013	2012	2011	2010
General Fund (2)				
Reserved	\$ -	\$ -	\$ -	\$ 25,016
Unreserved	-	-	-	34,399
Nonspendable	576	364	654	-
Restricted	429	534	487	-
Committed	-	42	487	-
Unassigned	43,503	38,717	44,576	-
Total general fund	44,508	39,657	46,204	59,415
All Other Governmental Funds				
Reserved	-	-	-	97,220
Unreserved, reported in:				
Special revenue funds	-	-	-	30,594
Nonspendable	1,269	1,418	1,237	-
Restricted	105,341	28,506	48,942	-
Committed	86,123	86,457	94,237	-
Assigned	9,255	11,282	20,914	-
Unassigned	(446)	(396)	(312)	-
Total all other governmental funds	201,542	127,267	165,018	127,814
Total governmental funds	\$ 246,050	\$ 166,924	\$ 211,222	\$ 187,229

	2009	2008	2007	2006	2005	2004
General Fund (2)						
Reserved	\$ 23,891	\$ 20,139	\$ 24,053	\$ 16,203	\$ 18,084	\$ 1,004
Unreserved	7,486	51,474	36,165	38,761	24,332	18,488
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total general fund	31,377	71,613	60,218	54,964	42,416	19,492
All Other Governmental Funds						
Reserved	91,256	70,605	51,317	53,964	37,292	39,224
Unreserved, reported in:						
Special revenue funds	49,718	46,863	49,135	57,257	55,890	27,375
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total all other governmental funds	140,974	117,468	100,452	111,221	93,182	66,599
Total governmental funds	\$ 172,351	\$ 189,081	\$ 160,670	\$ 166,185	\$ 135,598	\$ 86,091

Unassigned or Unreserved General Fund Balance (1)



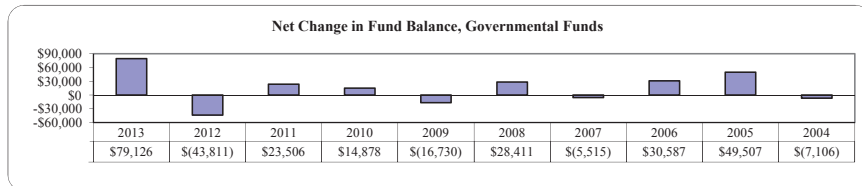
- (1) This schedule was modified with the implementation of GASB Statement #54, effective fiscal year 2011, which affected the categories used to report fund balances.
- (2) Reclassifications were made to amounts reported as Reserved and Unreserved in the General Fund for fiscal years 2000 - 2007 reported above in order to be consistent with the current reporting of amounts reserved for interfund receivables.

Source: Current and prior years' financial statements

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

	2013	2012	2011	2010
Revenues				
Taxes	\$ 392,741	\$ 380,031	\$ 374,935	\$ 365,385
Intergovernmental	318,878	312,588	317,944	300,963
Licenses and permits	27,685	27,727	23,535	14,722
Charges for services	87,307	80,001	68,875	85,603
Interest	1,315	1,180	1,486	1,796
Miscellaneous	64,816	56,823	64,335	54,118
Total revenues	892,742	858,350	851,110	822,587
Expenditures				
Current:				
General government	69,384	61,380	62,951	58,971
Health services	155,451	156,344	158,283	145,555
Social services	236,253	226,460	223,815	227,257
Public safety and justice	225,707	221,094	220,279	215,442
Community services	34,517	34,137	26,283	22,458
Library	52,438	55,088	54,223	52,118
Roads and bridges	44,704	43,623	40,790	37,540
Capital Outlay	79,769	80,888	32,804	21,481
Debt service:				
Principal	60,212	28,526	23,947	30,762
Interest	19,702	10,583	11,759	12,997
Total expenditures	978,137	918,123	855,134	824,581
Excess (deficiency) of revenues over (under) expenditures	(85,395)	(59,773)	(4,024)	(1,994)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	153,262	15,101	16,282	11,309
Proceeds from issuance of refunding bonds	-	-	-	45,175
Premium on short-term debt	-	-	-	-
Premium on long-term debt	21,113	-	-	5,443
Issuance of capital lease	-	-	815	-
Proceeds from sale of capital assets	20	1,713	24	10
Payment to escrow agent - refunded debt	-	-	-	(49,710)
Transfers in	21,870	37,351	33,521	47,360
Transfers out	(31,744)	(38,203)	(23,112)	(42,715)
Total other financing sources (uses)	164,521	15,962	27,530	16,872
Net change in fund balances	\$ 79,126	\$ (43,811)	\$ 23,506	\$ 14,878
Debt service as a percentage of noncapital expenditures	8.9%	4.7%	4.3%	5.4%

	2009	2008	2007	2006	2005	2004
Revenues						
Taxes	\$ 350,296	\$ 375,044	\$ 356,682	\$ 441,579	\$ 422,212	\$ 375,204
Intergovernmental	292,689	277,099	260,549	250,855	284,527	252,978
Licenses and permits	14,806	15,441	15,934	16,025	14,743	14,760
Charges for services	74,827	67,750	62,791	62,245	61,399	55,180
Interest	4,391	9,557	10,837	8,347	4,134	1,960
Miscellaneous	43,916	50,342	46,880	46,090	51,926	50,385
Total revenues	780,925	795,233	753,673	825,141	838,941	750,467
Expenditures						
Current:						
General government	59,960	69,224	73,559	136,726	146,626	124,459
Health services	138,941	128,914	122,029	115,778	112,562	111,745
Social services	211,832	197,210	187,256	178,736	184,335	168,648
Public safety and justice	219,797	209,119	202,477	198,774	198,608	197,251
Community services	24,080	25,904	24,040	23,468	22,266	19,318
Library	50,872	48,051	44,411	46,228	44,546	42,753
Roads and bridges	38,148	40,723	39,875	42,283	39,844	40,454
Capital Outlay	20,783	27,367	31,589	22,150	9,288	11,968
Debt service:						
Principal	23,424	21,522	19,861	18,256	16,929	25,179
Interest	13,989	16,394	16,958	18,235	17,928	19,543
Total expenditures	801,826	784,428	762,055	800,634	792,932	761,318
Excess (deficiency) of revenues over (under) expenditures	(20,901)	10,805	(8,382)	24,507	46,009	(10,851)
Other Financing Sources (Uses)						
Proceeds from issuance of debt	623	-	-	-	54,235	-
Proceeds from issuance of refunding bonds	-	-	-	-	-	-
Premium on short-term debt	-	-	157	-	-	-
Premium on long-term debt	-	-	-	-	-	-
Issuance of capital lease	-	-	-	-	5,089	-
Proceeds from sale of capital assets	-	-	33	1,093	-	-
Payment to escrow agent - refunded debt	-	14,219	35	1,988	5	425
Transfers in	-	-	-	-	(58,847)	-
Transfers out	61,978	29,266	26,996	47,004	29,907	32,641
Total other financing sources (uses)	(58,430)	(25,879)	(24,354)	(44,005)	(26,891)	(29,321)
Net change in fund balances	4,171	17,606	2,867	6,080	3,498	3,745
Debt service as a percentage of noncapital expenditures	\$ (16,730)	\$ 28,411	\$ (5,515)	\$ 30,587	\$ 49,507	\$ (7,106)
	4.8%	5.0%	5.0%	4.7%	4.4%	6.0%



Source: Current and prior years' financial statements

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

	2013	2012	2011	2010
Function/Program				
Governmental activities:				
General government	\$ 31,273	\$ 32,200	\$ 34,230	\$ 27,142
Health services	100,994	107,371	113,591	104,070
Social services	194,176	172,360	180,874	180,656
Public safety and justice	57,886	57,705	60,451	60,818
Community services	5,104	5,898	7,184	3,636
Library	5,724	5,318	4,948	5,178
Roads and bridges	55,513	63,432	67,012	36,674
Total governmental activities	<u>450,670</u>	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>
Business-type activities:				
Dunthorpe-Riverdale	852	837	822	877
Mid County	387	386	393	406
Behavioral Health	42,857	44,712	46,110	42,931
Total business-type activities	<u>44,096</u>	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>
Total primary government	<u>\$ 494,766</u>	<u>\$ 490,219</u>	<u>\$ 515,615</u>	<u>\$ 462,388</u>

2009	2008	2007	2006	2005	2004
\$ 26,142	\$ 35,044	\$ 28,530	\$ 32,587	\$ 33,367	\$ 31,429
91,457	81,507	74,024	74,003	71,924	77,315
171,782	152,905	142,100	134,894	139,569	126,534
61,855	57,364	58,188	54,278	62,497	63,534
3,943	3,196	3,278	4,712	4,387	1,830
5,306	5,359	5,302	4,106	4,079	4,018
38,353	37,749	44,401	39,805	60,770	36,260
398,838	373,124	355,823	344,385	376,593	340,920
713	627	574	455	423	344
344	278	382	376	527	235
39,027	36,072	34,879	34,519	29,472	26,038
40,084	36,977	35,835	35,350	30,422	26,617
\$ 438,922	\$ 410,101	\$ 391,658	\$ 379,735	\$ 407,015	\$ 367,537

Source: Current and prior years' financial statements

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
2004	\$ 209,018	\$ 30,286	\$ 12,352	\$ 12,930	\$ 7,011	\$ 100,114	\$ 3,493	\$ 375,204
2005	217,750	36,463	13,467	13,321	6,744	130,187	4,280	422,212
2006	229,312	50,980	14,794	14,886	7,115	120,919	3,573	441,579
2007	240,710	57,399	16,726	15,644	7,110	16,038	3,055	356,682
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044
2009	263,630	42,900	16,115	16,101	6,878	2,122	2,550	350,296
2010	275,462	44,150	15,441	20,105	7,063	905	2,259	365,385
2011	277,258	48,570	18,208	20,842	7,052	657	2,348	374,935
2012	277,827	52,250	20,052	21,852	6,811	205	1,034	380,031
2013	279,697	58,750	21,464	24,764	6,707	76	1,283	392,741

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, except total direct tax rate)

Year	Residential Property	Commercial Property	Public Utility Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Real Market Value
2004	\$ 25,057,728	\$ 13,606,043	\$ 2,392,404	\$ 2,352,588	\$ 43,408,763	\$ 4.96	\$ 66,491,001
2005	26,264,819	14,003,443	2,484,887	2,158,073	44,911,222	5.01	70,457,625
2006	27,361,638	14,456,811	2,262,162	2,269,165	46,349,776	5.10	78,109,995
2007	28,695,852	14,825,459	2,376,350	2,328,560	48,226,221	5.12	87,070,081
2008	30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763
2009	32,075,253	15,987,533	2,390,005	2,362,074	52,814,865	5.21	107,381,958
2010	33,268,838	16,437,414	2,545,964	2,297,087	54,549,303	5.20	105,010,710
2011	34,269,351	16,954,346	2,569,318	2,194,393	55,987,408	5.10	101,559,353
2012	35,156,964	17,653,597	2,641,653	2,089,271	57,541,485	5.01	95,354,432
2013	35,929,873	18,050,498	2,599,627	2,097,912	58,677,910	4.89	93,735,420

(1) See Property Tax Rates - Total Direct on page 162

Source: Multnomah County Division of Assessment and Taxation

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

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 in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 215,031	\$ (7,217)	\$ 207,814	\$ 202,692	94.26 %	\$ 5,451	\$ 208,143	96.80 %
2005	224,978	(8,121)	216,857	211,480	94.00	5,335	216,815	96.37
2006	236,631	(7,479)	229,152	223,312	94.37	5,792	229,104	96.82
2007	246,944	(7,319)	239,625	233,608	94.60	5,976	239,584	97.02
2008	265,938	(8,394)	257,544	250,542	94.21	6,911	257,453	96.81
2009	275,133	(8,519)	266,614	257,497	93.59	8,931	266,428	96.84
2010	283,349	(8,894)	274,455	266,292	93.98	6,272	272,564	96.19
2011	285,605	(8,600)	277,005	269,609	94.40	4,314	273,923	95.91
2012	288,355	(8,686)	279,669	270,714	93.88	3,688	274,402	95.16
2013	287,384	(8,212)	279,172	271,302	94.40	-	271,302	94.40

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)
(Per \$1,000 of Assessed Valuation)
Last Ten Fiscal Years

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	
2004	\$ 4.22	\$ 0.55	\$0.19	\$4.96	\$6.74	\$ 0.55	\$ 7.73	\$ 0.01	\$ 0.08	\$ 1.32	\$ 21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72
2009	4.27	0.78	0.16	5.21	6.35	0.70	7.18	0.01	0.08	1.81	21.34
2010	4.27	0.76	0.17	5.20	6.62	0.75	7.25	0.01	0.07	2.00	21.90
2011	4.24	0.71	0.15	5.10	6.56	0.73	7.23	0.01	0.07	2.02	21.72
2012	4.21	0.64	0.16	5.01	6.39	0.62	7.45	0.01	0.08	1.97	21.53
2013	4.16	0.59	0.14	4.89	6.39	0.64	7.41	0.01	0.08	1.97	21.39

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

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2012 and December 31, 2003
(dollar amounts expressed in thousands)

December 31, 2012				
Taxpayer	Tax	Real Property Assessed		Percentage of Total Assessed Valuation
		Valuation (1)	Rank	
Port of Portland	\$ 11,259	\$ 538,039	1	0.92 %
Portland General Electric Co	6,971	434,898	2	0.74
Comcast Corporation	7,436	375,817	3	0.64
Pacificorp (PP&L)	5,333	332,377	4	0.57
Weston Investment Co LLC	5,257	251,667	5	0.43
Evrz Inc NA	3,501	217,362	6	0.37
LC Portland LLC	4,016	178,598	7	0.30
Boeing Co	2,949	178,209	8	0.30
Alaska Airlines Inc	2,922	173,934	9	0.30
Fred Meyer Stores Inc	2,449	167,173	10	0.28
	<u>\$ 52,093</u>	<u>\$ 2,848,074</u>		<u>4.85 %</u>
Total Assessed Valuation		<u>\$ 58,677,910</u>		

December 31, 2003				
Taxpayer	Tax	Real Property Assessed		Percentage of Total Assessed Valuation
		Valuation (1)	Rank	
QWEST Communications Inc	N/A	\$ 440,770	1	1.04 %
Portland General Electric Co	N/A	341,869	2	0.81
Pacificorp (PP&L)	N/A	271,934	3	0.64
Wacker Siltronic Corp	N/A	211,842	4	0.50
Northwest Natural Gas Co	N/A	149,728	5	0.35
Boeing Co	N/A	143,486	6	0.34
Oregon Steel Mills	N/A	135,061	7	0.32
Freightliner Corp	N/A	131,063	8	0.31
LC Portland LLC	N/A	130,197	9	0.31
Fred Meyer Stores Inc	N/A	115,007	10	0.27
		<u>\$ 2,070,957</u>		<u>4.89 %</u>
Total Assessed Valuation		<u>\$ 42,349,119</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2012-13 and 2003-04 respectively.
Note: Tax amounts not available for year ended December 31, 2003

Source: Multnomah County Division of Assessment & Taxation

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

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capitalized Lease Obligations	Full Faith and Credit Bonds	Revenue Bonds	Loans Payable			
2004	\$ 86,445	\$ 28,596	\$ 270,203	\$ 7,425	\$ 634	\$ 393,303	1.61 %	\$ 573
2005	81,025	27,971	266,063	6,935	542	382,536	1.53	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.33	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.20	477
2008	63,125	13,604	234,688	5,320	242	316,979	1.07	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.04	406
2010	45,175	1,020	219,018	2,845	2,132	270,190	0.92	367
2011	38,620	1,719	217,158	2,430	3,414	263,341	0.85	355
2012	31,795	1,597	198,353	-	18,164	249,909	0.80	334
2013	24,935	1,468	313,429	-	3,133	342,965	1.10	458

Source: Current year PBC debt schedules

Note: 2012 and 2013 percentages calculated using 2011 personal income data, which is the most recent available.

(1) See population and personal income data on page 170

Source: Current and prior year financial statements and US Department of Commerce-Bureau of Economic Analysis

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

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2004	\$ 86,445	\$ (8,716)	\$ 77,729	0.32 %	0.18 %	\$ 113
2005	81,025	(7,557)	73,468	0.29	0.16	106
2006	75,340	(7,993)	67,347	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.22	0.13	86
2008	63,125	(8,569)	54,556	0.18	0.11	76
2009	56,570	(7,643)	48,927	0.17	0.09	68
2010	45,175	(7,611)	37,564	0.13	0.07	51
2011	38,620	(7,454)	31,166	0.10	0.06	42
2012	31,795	(7,753)	24,042	0.08	0.04	32
2013	24,935	(7,714)	17,221	0.06	0.03	23

Note: 2012 and 2013 percentages calculated using 2011 personal income data, which is the most recent available.

(1) See taxable assessed value schedule on page 160

(2) See population and personal income data on page 170

Source: Current 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)

Fiscal Year	Revenue Bonds					
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2004	\$ 464	\$ 5	\$ 459	\$ 465	\$ 357	0.56 %
2005	450	247	203	490	336	0.25
2006	1,152	5	1,147	515	315	1.38
2007	335	12	323	540	292	0.39
2008	80	-	80	560	268	0.10
2009	33	8	25	2,080	208	0.01
2010	35	-	35	395	152	0.06
2011	36	5	31	415	133	0.06
2012	39	1	38	2,430	78	0.02
2013	-	-	-	-	-	-

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 year 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% of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.054.

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Real market value	\$ 93,735,420	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	1,874,708	1,907,089	2,031,187	2,100,214
Less bonded debt at June 30	24,935	31,795	38,620	45,175
Legal debt margin	<u>\$ 1,849,773</u>	<u>\$ 1,875,294</u>	<u>\$ 1,992,567</u>	<u>\$ 2,055,039</u>

Total net debt applicable to the limit as a percentage of debt limit.

1.33% 1.67% 1.90% 2.15%

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Real market value	\$ 93,735,420	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	937,354	953,544	1,015,594	1,050,107
Less bonded debt at June 30	186,395	198,353	217,158	219,018
Legal debt margin	<u>\$ 750,959</u>	<u>\$ 755,191</u>	<u>\$ 798,436</u>	<u>\$ 831,089</u>

Total net debt applicable to the limit as a percentage of debt limit.

19.89% 20.80% 21.38% 20.86%

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Real market value	\$ 93,735,420	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	4,686,771	4,767,722	5,077,968	5,250,536
Less bonded debt at June 30	127,034	131,513	142,223	151,373
Legal debt margin	<u>\$ 4,559,737</u>	<u>\$ 4,636,209</u>	<u>\$ 4,935,745</u>	<u>\$ 5,099,163</u>

Total net debt applicable to the limit as a percentage of debt limit.

2.71% 2.76% 2.80% 2.88%

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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 107,381,958	\$ 100,302,763	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2,147,639	2,006,055	1,741,402	1,562,200	1,409,153	1,329,820
56,570	63,125	69,380	75,340	81,025	86,445
<u>\$ 2,091,069</u>	<u>\$ 1,942,930</u>	<u>\$ 1,672,022</u>	<u>\$ 1,486,860</u>	<u>\$ 1,328,128</u>	<u>\$ 1,243,375</u>

2.63% 3.15% 3.98% 4.82% 5.75% 6.50%

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 107,381,958	\$ 100,302,763	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
1,073,820	1,003,028	870,701	781,100	704,576	664,910
222,988	234,688	246,413	256,833	266,063	270,203
<u>\$ 850,832</u>	<u>\$ 768,340</u>	<u>\$ 624,288</u>	<u>\$ 524,267</u>	<u>\$ 438,513</u>	<u>\$ 394,707</u>

20.77% 23.40% 28.30% 32.88% 37.76% 40.64%

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 107,381,958	\$ 100,302,763	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5,369,098	5,015,138	4,353,504	3,905,500	3,522,881	3,324,550
159,113	165,583	170,908	175,203	178,568	181,103
<u>\$ 5,209,985</u>	<u>\$ 4,849,555</u>	<u>\$ 4,182,596</u>	<u>\$ 3,730,297</u>	<u>\$ 3,344,313</u>	<u>\$ 3,143,447</u>

2.96% 3.30% 3.93% 4.49% 5.07% 5.45%

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2013
(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 Direct and Overlapping
City of Fairview	\$ 485	\$ -	100.00 %	\$ -
City of Gresham	51,566	19,415	100.00	19,415
City of Lake Oswego	134,577	31,727	5.73	1,818
City of Milwaukie	4,060	-	1.00	-
City of Portland	668,104	125,555	99.65	125,111
City of Troutdale	13,000	13,000	100.00	13,000
Metro	282,845	248,275	50.69	125,857
Port of Portland	68,077	-	46.89	-
Clackamas County ESD	26,988	2,093	0.06	1
Multnomah ESD	33,780	-	98.04	-
Northwest Regional ESD	5,490	-	0.60	-
Multnomah County SD 1 (Portland)	587,998	587,998	99.39	584,426
Multnomah County SD 3 (Parkrose)	61,450	61,450	100.00	61,450
Multnomah County SD 7 (Reynolds)	133,987	133,987	100.00	133,987
Multnomah County SD 10J (Gresham-Barlow)	92,204	92,204	81.29	74,951
Multnomah County SD 28J (Centennial)	31,002	31,002	93.22	28,900
Multnomah County SD 39 (Corbett)	2,420	2,420	100.00	2,420
Multnomah County SD 40 (David Douglas)	105,988	105,988	100.00	105,988
Multnomah County SD 51J (Riverdale)	26,523	26,523	94.52	25,069
Mt Hood Community College	70,902	26,100	83.12	21,695
Portland Community College	516,110	176,450	48.10	84,870
Clackamas County SD 7J (Lake Oswego)	102,979	102,979	0.32	327
Columbia County SD 1J (Scappoose)	31,505	31,505	20.40	6,427
Washington County SD 48J (Beaverton)	450,175	450,175	0.49	2,191
Washington County SD 1J (Hillsboro)	297,468	297,468	0.01	15
Clackamas County RFPD #1	21,065	1,790	0.24	4
Rockwood Water PUD	6,145	-	100.00	-
Sauvie Island RFPD 30	70	70	95.89	67
Pleasant Home Water District	1,875	1,875	100.00	1,875
Tualatin Valley Fire & Rescue Dist	59,050	45,050	1.67	752
Lusted Water District	850	850	100.00	850
Multnomah County Drainage Dist No 1	3,135	110	100.00	110
Subtotal, overlapping debt	3,891,873	2,616,059		\$ 1,421,576
Multnomah County direct debt	369,394	201,275	100.00	201,275
Total direct and overlapping debt				<u>\$ 1,622,851</u>

- (1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2012
(2) Gross Property-tax Backed Debt includes all General Obligation (GO) bonds and Full Faith & Credit bonds.
(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 Calendar Years

Year	Population (1)	Personal Income (2) (thousands)	Per Capita Income (2)	PMSA* Unemployment Rate (3)
2004	685,950	\$ 24,484,971	\$ 36,407	7.4 %
2005	692,825	25,011,925	37,062	6.3
2006	701,545	27,043,127	39,550	5.1
2007	710,025	28,234,192	40,462	4.8
2008	717,880	29,687,197	41,638	5.5
2009	724,680	28,192,097	38,740	11.1
2010	736,785	29,424,258	39,899	10.5
2011	741,925	31,161,157	41,658	9.3
2012	748,445	N/A	N/A	8.3
2013	748,445 (4)	N/A	N/A	7.3 (5)

- N/A: Data was not available for this calendar year.
(1) Population Research Center, PSU
(2) US BEA, Dept of Commerce, Bureau of Economic Analysis
(3) OLMIS, Oregon Labor Market Information System
(4) Population data for July 1, 2013 not available at this time.
(5) As of June 30, 2013
* Portland Metropolitan Statistical Area

Source: US Department of Commerce-Bureau of Economic Analysis, US Department of Labor-Bureau of Labor Statistics

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

Employer	2012-13		Percentage of Total PMSA* Employment
	Employees	Rank	
Intel Corporation	16,250	1	1.38 %
Providence Health System	14,389	2	1.22
U.S. Federal Government	13,900	3	1.18
Oregon Health and Science University	13,733	4	1.17
Fred Meyer Stores	10,389	5	0.88
Legacy Health System	9,662	6	0.82
Kaiser Foundation Health Plan	9,195	7	0.78
City of Portland	8,951	8	0.76
State of Oregon	7,569	9	0.64
Nike, Inc.	7,000	10	0.59
	<u>111,038</u>		<u>9.42 %</u>
Total PMSA* employment	<u>1,176,671</u> (1)		

Employer	2003-04		Percentage of Total PMSA* Employment
	Employees	Rank	
U.S. Government	18,400	1	1.83 %
Intel Corporation	14,890	2	1.48
State of Oregon	14,600	3	1.46
Providence Health System	13,496	4	1.35
Oregon Health and Science University	11,400	5	1.14
Fred Meyer Stores	10,500	6	1.05
City of Portland	8,485	7	0.85
Kaiser Foundation Health Plan	8,000	8	0.80
Legacy Health System	7,972	9	0.79
Safeway Stores	6,000	10	0.60
	<u>113,743</u>		<u>11.35 %</u>
Total PMSA* employment	<u>1,003,133</u>		

* Portland Metropolitan Statistical Area
(1) As of June 30, 2013

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Full Time Equivalent County Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years

	2013	2012	2011	2010
Function/Program				
Governmental activities:				
General government	617.5	613.5	637.0	613.5
Health services	968.5	954.5	966.5	916.0
Social services	672.0	660.0	650.0	661.5
Public safety and justice	1,423.5	1,444.5	1,476.0	1,503.5
Community services	69.0	61.5	62.5	61.0
Library	433.5	460.5	480.0	477.0
Roads and bridges	140.0	144.0	146.0	138.0
Total governmental activities	4,324.0	4,338.5	4,418.0	4,370.5
Business-type activities:				
Behavioral Health	4.5	8.0	6.0	6.0
Total business-type activities	4.5	8.0	6.0	6.0
Total primary government budgeted FTE	4,328.5	4,346.5	4,424.0	4,376.5
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	678	675	764	716
Bargaining units:				
General employees (Local 88)	2,729	2,750	2,771	2,740
Electricians (Local 48)	17	19	19	18
Operating engineers (Local 701)	13	12	13	13
Paint makers (Local 1094)	1	0	1	1
Corrections (Teamsters 223)	415	421	411	420
Deputy sheriff's association	90	88	87	92
Oregon nurses association	192	189	199	216
Juvenile group workers (Local 86)	51	54	52	52
Prosecuting attorneys association	69	73	68	78
Parole and Probation Officers	111	115	121	123
Total bargaining units	3,688	3,721	3,742	3,753
Temporary County employees	132	129	128	100
Total actual County employees	4,498	4,525	4,634	4,569

	2009	2008	2007	2006	2005	2004
Governmental activities:						
General government	622.5	614.5	603.5	665.5	676.0	695.0
Health services	914.0	874.5	864.5	841.5	802.5	832.5
Social services	677.0	621.0	582.5	573.0	596.0	538.5
Public safety and justice	1,531.0	1,561.5	1,538.5	1,559.0	1,585.0	1,584.5
Community services	60.5	69.5	75.0	81.0	73.0	73.0
Library	467.5	440.5	423.0	411.0	413.5	487.5
Roads and bridges	143.0	149.0	150.0	139.0	159.5	164.0
Total governmental activities	4,415.5	4,330.5	4,237.0	4,270.0	4,305.5	4,375.0
Business-type activities:						
Behavioral Health	7.0	8.0	7.0	11.0	17.0	45.5
Total business-type activities	7.0	8.0	7.0	11.0	17.0	45.5
Total primary government budgeted FTE	4,422.5	4,338.5	4,244.0	4,281.0	4,322.5	4,420.5
MULTNOMAH COUNTY EMPLOYEES						
Management and exempt	716	704	659	668	669	654
Bargaining units:						
General employees (Local 88)	2,724	2,664	2,602	2,623	2,648	2,785
Electricians (Local 48)	19	18	19	17	21	21
Operating engineers (Local 701)	13	10	11	12	14	13
Paint makers (Local 1094)	2	2	2	2	2	2
Corrections (Teamsters 223)	429	437	432	449	450	454
Deputy sheriff's association	88	88	91	98	96	97
Oregon nurses association	220	221	228	238	239	256
Juvenile group workers (Local 86)	56	59	60	58	56	58
Prosecuting attorneys association	81	88	83	85	86	86
Parole and Probation Officers	131	134	133	133	133	0
Total bargaining units	3,763	3,721	3,661	3,715	3,745	3,772
Temporary County employees	72	103	114	91	109	92
Total actual County employees	4,551	4,528	4,434	4,474	4,523	4,518

Source: Multnomah County payroll records

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

FUNCTION/PROGRAM	2013	2012	2011
Governmental Activities:			
General Government			
Number of property tax accounts - residential	242,566	242,228	242,210
Number of property tax accounts - personal	62,085	61,876	62,125
Number of property tax accounts - commercial	33,895	34,042	34,063
Number of marriage licenses issued	6,608	6,306	6,201
Health Services			
Total clinic visits	314,940	339,794	362,546
County residents who rate their health good or better	85%	85%	85%
Environmental health inspections	12,793	13,109	13,371
Women, infants, and children (WIC) served in the WIC program	30,424	31,277	32,107
Flu vaccinations at health clinics	24,755	22,687	20,982
Social Services			
Households that have received assistance with energy bills	17,249	17,160	17,383
Clients with developmental disabilities served	4,704	4,485	4,336
Senior and physically disabled clients served	61,602	N/A	39,136
Alcohol and drug treatment clients	4,576	4,255	N/A
Early childhood mental health clients	5,874	5,327	4,025
Families served in early childhood programs	504	472	505
Students enrolled in extended day school activities	19,529	19,958	19,127
Public Safety and Justice			
Sheriff			
Responses to calls for services (a)	49,105	46,749	40,655
Number of arrests (parts 1, 2 and 3 crimes)	2,652	2,812	2,776
Corrections			
Number of inmates booked	39,162	37,166	36,557
Average daily jail population	1,264	1,240	1,187
Average length of jail stay in days	12	13	13
Inmates held for court at Courthouse	17,846	18,280	17,536
Juvenile			
Youth admitted to detention center	1,554	1,566	1,638
Average length of stay in days in youth detention center	10.2	9.8	8.7
Community service hours completed	3,766	2,180	3,277
Average number of youth on supervision/probation (b)	337	339	378

(continued)

2010	2009	2008	2007	2006	2005	2004
241,771	240,212	234,567	225,597	225,445	224,367	219,682
63,075	63,086	63,279	64,126	58,082	63,497	62,171
34,161	34,226	34,210	34,152	34,199	33,173	33,182
6,276	6,257	6,383	6,542	6,203	9,037	6,297
384,762	358,692	330,105	312,661	301,263	277,736	288,201
90%	89%	89%	87%	86%	85%	82%
12,572	11,873	11,672	10,130	9,126	9,039	9,978
31,542	31,179	30,850	30,339	30,672	31,144	31,471
15,597	13,140	9,600	6,148	5,084	3,283	3,629
19,292	22,129	14,606	13,676	12,482	12,450	10,868
4,465	4,270	3,950	3,780	3,613	3,477	3,417
37,470	N/A	N/A	N/A	44,664	45,241	41,454
6,824	4,617	10,503	10,829	9,391	8,478	8,284
4,511	4,869	4,726	7,700	7,737	7,708	7,899
615	693	718	768	887	848	687
17,669	14,773	15,041	17,052	16,315	14,384	9,721
40,835	36,848	N/A	41,601	43,327	41,260	35,500
2,850	3,037	2,938	2,708	3,204	3,548	3,383
38,634	32,992	35,533	37,113	38,726	37,577	36,260
1,274	1,378	1,559	1,641	1,612	1,577	1,654
13	17	18	18	17	17	18
16,748	10,898	11,737	11,632	13,905	12,506	14,144
1,758	2,112	2,021	1,992	2,161	2,161	2,207
7.8	7.9	8.3	11.7	9.0	9.0	10.0
4,353	6,521	6,623	10,894	5,531	5,531	6,733
478	567	533	523	582	582	573

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

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

(a) Beginning in 2012, a 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

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

FUNCTION/PROGRAM	2013	2012	2011
Public Safety and Justice (continued)			
Adult			
Community service hours completed	89,204	98,240	101,392
Adults participating in educational classes	689	801	710
Clients receiving GED's	93	85	78
Average no. adults on probation & post-prison supervision/month	8,300	8,284	8,278
District Attorney			
Cases of adult criminal activity prosecuted	26,932	26,137	24,241
Juvenile delinquency cases prosecuted	528	550	476
Hours of Community Court community service completed	10,380	14,295	13,869
Community Services			
Number of registered voters	437,729	451,659	408,126
Number of votes cast in last general election (a)	370,142	284,104	284,104
Percent of registered voters who voted in last general election	83%	70%	70%
Animal Control - Total Intake - Dogs and Cats	6,740	7,563	8,606
Library			
New library cards issued annually	57,592	69,198	73,566
Books circulated (Total circulation) (b)	21,984,923	24,794,942	23,939,091
Borrowers who used their cards in last three years	441,505	444,618	436,949
Library satisfaction (c)	96.9%	98.4%	91.5%
Web site visits/hits	N/A	N/A	N/A
Catalog visits	N/A	N/A	N/A
Website visits, including catalog	6,629,449	6,888,701	7,158,805
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	595	593	592
Mid County Service District			
Lighting - number of accounts	7,944	7,986	7,993

2010	2009	2008	2007	2006	2005	2004
141,732	123,442	82,429	80,131	84,818	91,886	109,349
705	639	588	481	584	630	554
79	60	38	62	67	99	50
7,896	8,793	9,261	9,619	9,763	9,118	9,347
25,932	27,149	27,377	21,415	22,563	21,936	22,008
651	869	1,064	817	946	944	1,013
17,552	17,004	16,742	15,477	16,984	18,123	4,668
407,541	426,567	380,298	380,298	430,693	430,693	363,589
367,540	367,540	262,628	262,628	365,530	365,530	245,238
86%	86%	69%	69%	85%	85%	*67%
8,320	8,096	8,886	9,879	9,808	9,597	8,939
71,809	74,677	71,843	67,379	69,973	74,805	76,161
22,715,292	21,513,255	20,394,496	19,900,816	19,589,530	19,462,344	18,762,556
425,749	421,199	440,311	431,429	455,296	474,292	465,223
90.1%	90.4%	91.3%	92.4%	92.5%	92.5%	86.5%
N/A	N/A	N/A	N/A	6,410,053	111,433,518	93,764,392
6,710,594	5,709,967	5,366,879	5,313,210	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A
591	590	583	582	579	578	578
7,985	7,987	7,885	7,800	7,392	7,392	7,373

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements
(a) Community Service general elections are held in November on even years.
(b) Total circulation as of 2012.
(c) Library satisfaction is from a patron survey beginning in 2012. Satisfaction rating is % found library materials of interest starting in fiscal year 2004.

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

FUNCTION/PROGRAM	2013	2012	2011	2010
Governmental Activities:				
General Government				
Buildings owned	80	79	78	74
Buildings leased	48	55	54	51
Automobiles	297	308	310	316
Vehicles (excluding automobiles)	281	294	253	263
Heavy equipment	103	105	100	93
Health Services				
Health & dental centers	8	7	7	7
School based health centers	12	14	14	14
Social Services				
Aging & Disability offices	5	5	5	5
Public Safety and Justice				
Sheriff				
Vehicular patrol units	55	63	65	66
Number of employees (sworn and civilian)	762	766	763	785
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	2	2	2	2
Population	1,310	1,310	1,310	1,367
Community Justice				
Adult probation & parole offices	7	7	7	6
Adult housing program offices	4	4	4	4
Juvenile counseling offices	4	4	4	4
Library				
Regional	2	2	2	2
Neighborhood	11	11	11	11
Leased	6	6	6	6
Roads & Bridges				
Miles of streets maintained by County:				
Paved	270	270	270	270
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	19	19	19
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,526	4,507	4,507	4,499
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2009	2008	2007	2006	2005	2004
79	79	83	84	87	88
52	53	59	59	59	62
325	328	301	311	302	311
298	300	292	295	292	300
122	141	132	136	135	139
7	7	7	7	7	7
13	13	13	13	14	14
7	7	7	7	9	9
50	45	47	43	48	44
786	786	798	794	814	847
3	3	3	3	3	3
3	3	3	3	4	4
1,539	1,633	1,690	1,690	1,537	1,651
6	6	6	6	6	6
4	4	4	4	5	5
4	4	4	4	4	5
2	2	2	2	2	2
11	11	11	11	11	11
4	4	4	4	4	4
271	271	273	273	326	326
24	24	24	24	24	24
6	6	6	6	6	6
19	18	18	18	23	23
4,525	4,484	4,439	4,400	4,219	3,974
1	1	1	1	1	1
15	15	15	15	15	15

AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS SECTION

AUDIT COMMENTS

- Report of Independent Certified Public Accountants on the County's Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Oregon Auditing Standards*

FEDERAL GRANT PROGRAMS

- Report of Independent Certified Public Accountants 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 Certified Public Accountants on the County's Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs
- Summary Schedule of Prior Audit Findings and Questioned Costs

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, 2013 and have issued our report thereon dated November 8, 2013. 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 of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic 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 162-10-000 to 162-10-330, 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	Introduction	None Noted
162-010-0030	General Requirements	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
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	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	Yes
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	None Noted
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable



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

- The County experienced a budgetary over-expenditure in the General Fund (Sheriff's Office) which is disclosed in the notes to the financial statements, and
- The County did not meet the publication timeframe for the Notice of Budget Committee Meeting. The County publishes the meeting notice on their website. OAR 294.426 requires publication in a newspaper at between 5 to 30 days prior to the Budget Committee Meeting, and posting on the municipal corporation's website at least ten days prior to the Budget Committee Meeting. The County's posting on their website was only eight days prior to the meeting.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-01 and 2013-02 that we consider to be significant deficiencies.

Purpose of this Report

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

For Moss Adams LLP
Eugene, Oregon
November 8, 2013



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, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund and the Federal and State Program Fund of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 8, 2013. 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 were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-01 and 2013-02 that we consider to be significant deficiencies.

MOSS ADAMS LLP

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*.

The 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.



Eugene, Oregon
November 8, 2013



REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

The Board of County Commissioners
Multnomah County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Multnomah County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

MOSS ADAMS LLP

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 were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2013-03 and 2013-04 that we consider to be significant deficiencies.

The County's response to the internal control over compliance findings identified in our audit are described in the accompanying Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 8, 2013

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF AGRICULTURE						
10.170	Specialty Crop Block Grant Program - Farm Bill	OREGON PHYSICIANS FOR SOCIAL RESPON		-	9,004	9,004
10.553	School Breakfast Program	DEPARTMENT OF AGRICULTURE	2613007	-	56,928	56,928
10.555	National School Lunch Program	DEPARTMENT OF AGRICULTURE	2613007	-	115,977	115,977
		<i>Total Child Nutrition Cluster</i>		-	172,906	172,906
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	DEPARTMENT OF AGRICULTURE	1936002309	-	3,097,425	3,097,425
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	DEPARTMENT OF AGRICULTURE		-	29,563	29,563
10.578	WIC Grants To States (WGS)	DEPARTMENT OF AGRICULTURE	1936002309	-	88,419	88,419
10.665	Schools and Roads - Grants to States	US FOREST SERVICE		-	244,617	244,617
		TOTAL DEPARTMENT OF AGRICULTURE		-	3,641,933	3,641,933
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT						
14.218	Community Development Block Grants/Entitlement Grants	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		271,978	-	271,978
14.218	Community Development Block Grants/Entitlement Grants	PORTLAND CITY OF		-	273,600	273,600
		<i>Total CDBG</i>		271,978	273,600	545,578
14.231	Emergency Solutions Grant Program	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	E-11-DC-41-0001	-	28,563	28,563
14.231	Emergency Solutions Grant Program	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT	E-12-DC-41-001	-	102,889	102,889
		<i>Total Emergency Solutions</i>		-	131,452	131,452
14.235	Supportive Housing Program	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		2,120,724	-	2,120,724
14.239	Home Investment Partnerships Program	PORTLAND CITY OF	14.239	-	8,334	8,334
14.239	Home Investment Partnerships Program	PORTLAND CITY OF	7multn02	-	123,124	123,124
		<i>Total Home Investment PP</i>		-	131,458	131,458
14.241	Housing Opportunities for Persons with AIDS	PORTLAND CITY OF	300001954	-	41,448	41,448
14.901	Healthy Homes Demonstration Grants	DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		282,010	-	282,010
14.913	Healthy Homes Production Grant Program	PORTLAND CITY OF	1011165	-	25,208	25,208
		TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		2,674,712	603,166	3,277,878

* Indicates A Major Program
A Program includes ARRA Funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF INTERIOR						
15.226	Payment in Lieu of Taxes	DEPARTMENT OF THE INTERIOR		26,662		26,662
15.227	Distribution of Receipts to State and Local Governments	DEPARTMENT OF THE INTERIOR				
				228,988		228,988
15.809	National Spatial Data Infrastructure Cooperative Agreements Program	DEPARTMENT OF THE INTERIOR		5,974	-	5,974
TOTAL DEPARTMENT OF THE INTERIOR				261,624	-	261,624
DEPARTMENT OF JUSTICE						
16.203	Promoting Evidence Integration in Sex Offender Management Discretionary Grant Program	DEPARTMENT OF JUSTICE		15,113	-	15,113
16.320	Services for Trafficking Victims	DEPARTMENT OF JUSTICE		70,294	-	70,294
16.523	Juvenile Accountability Block Grants	DEPARTMENT OF JUSTICE	2008-6362	-	110,818	110,818
16.527	Supervised Visitation, Safe Havens for Children	DEPARTMENT OF JUSTICE		87,890	-	87,890
16.540	Juvenile Justice and Delinquency Prevention_Allocation to States	DEPARTMENT OF JUSTICE	FG2008/FG2008-11	-	33,936	33,936
16.543	Missing Childrens Assistance	DEPARTMENT OF JUSTICE		55,070	-	55,070
16.575	Crime Victim Assistance	DEPARTMENT OF JUSTICE	08-3205/09-3437	-	261,964	261,964
16.585	Drug Court Discretionary Grant Program	DEPARTMENT OF JUSTICE		66,661	-	66,661
16.588	Violence Against Women Formula Grants	DEPARTMENT OF JUSTICE	09-VAWA-3229	-	78,750	78,750
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	DEPARTMENT OF JUSTICE		418,623	-	418,623
16.590 A	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	DEPARTMENT OF JUSTICE	ARRA	44,150	-	44,150
		<i>Total GEAPEPO</i>		<i>462,773</i>	<i>-</i>	<i>462,773</i>
16.606	State Criminal Alien Assistance Program	DEPARTMENT OF JUSTICE		230,003	-	230,003
16.607	Bulletproof Vest Partnership Program	DEPARTMENT OF JUSTICE		24,838	-	24,838
16.609	Project Safe Neighborhoods	DEPARTMENT OF JUSTICE		37,632	-	37,632
16.730	Reduction and Prevention of Childrens Exposure to Violence, Dating Violence, Stalking, or Sexual Assault	DEPARTMENT OF JUSTICE		203,403	-	203,403
16.736	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	DEPARTMENT OF JUSTICE		75,421	-	75,421
16.752	Economic High-Tech and Cyber Crime Prevention	PORTLAND CITY OF BUREAU OF POLICE	1112156	-	43,574	43,574
16.753	Congressionally Recommended Awards	DEPARTMENT OF JUSTICE		97,437	-	97,437

* Indicates A Major Program
A Program includes ARRA Funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF JUSTICE (continued)						
16.738 *	Edward Byrne Memorial Justice Assistance Grant Program	DEPARTMENT OF JUSTICE	1936002309	-	556,150	556,150
16.738 *	Edward Byrne Memorial Justice Assistance Grant Program	DEPARTMENT OF JUSTICE	2009-0552	-	221,208	221,208
16.738 *	Edward Byrne Memorial Justice Assistance Grant Program	DEPARTMENT OF JUSTICE	RE026-09JAG	-	273,280	273,280
16.803 *A	Recovery Act - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	DEPARTMENT OF JUSTICE	ARRA 1936002309	-	1,010,769	1,010,769
16.803 *A	Recovery Act - Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	DEPARTMENT OF JUSTICE	ARRA DC026-13	-	228,164	228,164
		<i>Total JAG Cluster</i>		<i>-</i>	<i>2,289,571</i>	<i>2,289,571</i>
16.812	Second Chance Act Prisoner Reentry Initiative	DEPARTMENT OF JUSTICE		39,216	-	39,216
16.812	Second Chance Act Prisoner Reentry Initiative	DEPARTMENT OF JUSTICE	2010-CZ-BX-003	-	63,745	63,745
		<i>Total Second Chance Act Prisoner Reentry Initiative</i>		<i>39,216</i>	<i>63,745</i>	<i>102,961</i>
16.817	Byrne Criminal Justice Innovation Program	DEPARTMENT OF JUSTICE		150,485	-	150,485
16.922	Equitable Sharing Program	DEPARTMENT OF JUSTICE		67,543	-	67,543
TOTAL DEPARTMENT OF JUSTICE				1,683,779	2,882,358	4,566,137
DEPARTMENT OF TRANSPORTATION						
20.205 *	Highway Planning and Construction	DEPARTMENT OF TRANSPORTATION	1936002309	-	841,159	841,159
20.205 *	Highway Planning and Construction	DEPARTMENT OF TRANSPORTATION		-	932,129	932,129
		<i>Total Highway Planning and Construction</i>		<i>-</i>	<i>1,773,288</i>	<i>1,773,288</i>
20.232	Commercial Drivers License Program Improvement Grant	DEPARTMENT OF TRANSPORTATION	1936002309	-	64,770	64,770
20.600	State and Community Highway Safety	ALLIANCE FOR COMM TRAFFIC SAFETY IN OREGON		-	1,663	1,663
20.933 *	National Infrastructure Investments	DEPARTMENT OF TRANSPORTATION		-	576,617	576,617
TOTAL DEPARTMENT OF TRANSPORTATION				-	2,416,338	2,416,338
NATIONAL ENDOWMENT FOR HUMANITIES						
45.164	Promotion of the Humanities_Public Programs	NATIONAL ENDOWMENT FOR HUMANITIES		-	2,500	2,500
TOTAL NATIONAL ENDOWMENT FOR HUMANITIES				-	2,500	2,500

* Indicates A Major Program
A Program includes ARRA Funding

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
45.310	Grants to States	INSTITUTE OF MUSEUM AND LIBRARY SERVICES		-	346,152	346,152
45.310	Grants to States	INSTITUTE OF MUSEUM AND LIBRARY SERVICES	11-04-4P	-	35,437	35,437
45.310	Grants to States	INSTITUTE OF MUSEUM AND LIBRARY SERVICES	12-03-3P/12-02-5P	-	101,497	101,497
		<i>Total Grants to States</i>		-	483,086	483,086
45.312	National Leadership Grants	LIBRARY GENERAL CUSTOMER	13-008	-	11,515	11,515
		TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		-	494,601	494,601
DEPARTMENT OF ENVIRONMENTAL PROTECTION AGENCY						
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	ENVIRONMENTAL PROTECTION AGENCY		719	-	719
66.432	State Public Water System Supervision	ENVIRONMENTAL PROTECTION AGENCY	1936002309	-	9,294	9,294
66.468 A	Capitalization Grants for Drinking Water State Revolving Funds	ENVIRONMENTAL PROTECTION AGENCY	ARRA 1936002309	-	8,190	8,190
		TOTAL ENVIRONMENTAL PROTECTION AGENCY		719	17,484	18,203
DEPARTMENT OF ENERGY						
81.042 *	Weatherization Assistance for Low-Income Persons	DEPARTMENT OF ENERGY	1936002309	-	199,134	199,134
81.042 *A	Weatherization Assistance for Low-Income Persons	DEPARTMENT OF ENERGY	ARRA 1936002309	-	2,388	2,388
		<i>Total Weatherization Assistance for Low-Income Persons</i>		-	201,522	201,522
81.128 A	Energy Efficiency and Conservation Block Grant Program (EECBG)	DEPARTMENT OF ENERGY	ARRA 1936002309	-	32,515	32,515
		TOTAL DEPARTMENT OF ENERGY		-	234,037	234,037
DEPARTMENT OF EDUCATION						
84.002	Adult Education - Basic Grants to States	PORTLAND COMMUNITY COLLEGE	045-09	-	30,450	30,450
84.010	Title I Grants to Local Educational Agencies	PORTLAND PUBLIC SCHOOLS		-	240,000	240,000
		TOTAL DEPARTMENT OF EDUCATION		-	270,450	270,450
DEPARTMENT OF HEALTH AND HUMAN SERVICES						
93.008	Medical Reserve Corps Small Grant Program	NATIONAL ASSOC OF CITY AND COUNTY HEALTH OFFICIALS	MRC090141	-	6,489	6,489
93.041	Special Programs for the Aging_ Title VII, Chapter 3_ Programs for Prevention of Elder Abuse, Neglect, and Exploitation	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	8,200	8,200
	* Indicates A Major Program A Program includes ARRA Funding					

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
93.043	Special Programs for the Aging_ Title III, Part D_ Disease Prevention and Health Promotion Services	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	28,046	28,046
93.044 *	Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	2,422	2,422
93.044 *	Special Programs for the Aging_ Title III, Part B_ Grants for Supportive Services and Senior Centers	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	788,373	788,373
93.045 *	Special Programs for the Aging_ Title III, Part C_ Nutrition Services	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	421	421
93.045 *	Special Programs for the Aging_ Title III, Part C_ Nutrition Services	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	1,052,025	1,052,025
93.053 *	Nutrition Services Incentive Program	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	422,939	422,939
		<i>Total Aging Cluster</i>		-	2,266,181	2,266,181
93.048	Special Programs for the Aging_ Title IV_ and Title II Discretionary Projects	NATIONAL ASSOC OF AREA AGENCIES		-	15,000	15,000
93.048	Special Programs for the Aging_ Title IV_ and Title II Discretionary Projects	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	18,196	18,196
		<i>Total Special Programs for the Aging_ Title IV and II</i>		-	33,196	33,196
93.051	Alzheimers Disease Demonstration Grants to States	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	181,391	181,391
93.052	National Family Caregiver Support, Title III, Part E	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	1,658	1,658
93.052	National Family Caregiver Support, Title III, Part E	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	339,339	339,339
		<i>Total National Family Caregivers Support, Title III Part E</i>		-	340,997	340,997
93.069	Public Health Emergency Preparedness	WASHINGTON CO PUBLIC HEALTH		-	25,269	25,269
93.069	Public Health Emergency Preparedness	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	211,968	211,968
		<i>Total Public Health Emergency Preparedness</i>		-	237,237	237,237
93.070	Environmental Public Health and Emergency Response	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	47,910	47,910
93.070	Environmental Public Health and Emergency Response	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	31,271	31,271
		<i>Total Environmental Public Health and Emergency Response</i>		-	79,182	79,182
93.071	Medicare Enrollment Assistance Program	DEPARTMENT OF HEALTH AND HUMAN SERVICES	MIPPA09-11-12	-	15,000	15,000
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants	NORTHWEST FAMILY SERVICES	90AE0160	-	305,199	305,199
93.087	Enhance Safety of Children Affected by Substance Abuse	DEPARTMENT OF HEALTH AND HUMAN SERVICES		181,118	-	181,118
	* Indicates A Major Program A Program includes ARRA Funding					

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	95,988	95,988
93.103	Food and Drug Administration_Research	DEPARTMENT OF HEALTH AND HUMAN SERVICES		63,689	-	63,689
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	55,190	55,190
93.121	Oral Diseases and Disorders Research	DEPARTMENT OF HEALTH AND HUMAN SERVICES		79,651	-	79,651
93.136	Injury Prevention and Control Research and State and Community Based Programs	DEPARTMENT OF HEALTH AND HUMAN SERVICES		242,136		242,136
93.136	Injury Prevention and Control Research and State and Community Based Programs	DEPARTMENT OF HEALTH AND HUMAN SERVICES			16,386	16,386
93.137	Community Programs to Improve Minority Health Grant Program	<i>Total Injury Prevention and Control Research and State and CASCADE AIDS PROJECT</i>		<u>242,136</u>	<u>16,386</u>	<u>258,522</u>
93.145	AIDS Education and Training Centers	UNIV OF WASHINGTON	654951	-	14,996	14,996
93.150	Projects for Assistance in Transition from Homelessness (PATH)	STATE DEPARTMENT OF OF HUMAN SERVICES		-	107,789	107,789
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	DEPARTMENT OF HEALTH AND HUMAN SERVICES		262,190	-	262,190
93.217	Family Planning_Services	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	305,447	-	305,447
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	327,454	327,454
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	6H80CS00149-11-01	STATE DIVISION OF PUBLIC HEALTH	7,198,666	-	7,198,666
93.243	Substance Abuse and Mental Health Services_Projects of Regional and National Significance	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	145,600	145,600
93.268	Immunization Cooperative Agreements	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	12,172	12,172
93.283	The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	157,772	157,772
				-	42,304	42,304
				-	292,941	292,941

* Indicates A Major Program
A Program includes ARRA Funding

CFDA	*A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)							
93.283		The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	PROJECT ACCESS NOW				
				2010-100101	-	87,577	87,577
			<i>Total Affordable Care Act</i>		-	380,517	380,517
93.420	A	ARRA - Community Health Applied Research Network	OCHIN INC	ARRA	-	4,441	4,441
93.501		Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	DEPARTMENT OF HEALTH AND HUMAN SERVICES		327,767	-	327,767
93.505		Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	DEPARTMENT OF HEALTH AND HUMAN SERVICES	132027	-	278,686	278,686
93.507		PPHF 2012 National Public Health Improvement Initiative	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	10,923	10,923
93.517		Affordable Care Act Aging and Disability Resource Center	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	7,295	7,295
93.520		Centers for Disease Control and Prevention Affordable Care Act (ACA) Communities Putting Prevention to Work	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	48,159	48,159
93.524		The Affordable Care Act (ACA): Capacity Building Assistance to Strengthen Public Health Infrastructure and Performance	PROJECT ACCESS NOW		-	25,472	25,472
93.556		Promoting Safe and Stable Families	DEPARTMENT OF HEALTH AND HUMAN SERVICES	MUL0911	-	280,894	280,894
93.558		Temporary Assistance for Needy Families	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	110,260	110,260
93.563	*	Child Support Enforcement	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	1,848,970	1,848,970
93.568	*	Low-Income Home Energy Assistance	DEPARTMENT OF HEALTH AND HUMAN SERVICES	0310559	-	6,495,134	6,495,134
93.569		Community Services Block Grant	DEPARTMENT OF HEALTH AND HUMAN SERVICES	0310559	-	810,563	810,563
93.576		Refugee and Entrant Assistance_Discretionary Grants	DEPARTMENT OF HEALTH AND HUMAN SERVICES		85,470	-	85,470
93.597		Grants to States for Access and Visitation Programs	DEPARTMENT OF HEALTH AND HUMAN SERVICES	Multnomah	-	48,941	48,941
93.600		Head Start	MT HOOD COMM COLLEGE HEAD START	0210115-6	-	65,565	65,565
93.601		Child Support Enforcement Demonstrations and Special Projects	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	4,871	4,871
93.610		Health Care Innovation Awards (HCIA)	PROVIDENCE PORTLAND		-	95,507	95,507
93.658		Foster Care_Title IV-E	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	2,295	2,295
* Indicates A Major Program							
A Program includes ARRA Funding							

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
93.667	Social Services Block Grant	DEPARTMENT OF HEALTH AND HUMAN SERVICES	MUL0911	-	642,154	642,154
93.723	ARRA - Prevention and Wellness-State, Territories and Pacific Islands	WASHINGTON STATE DEPARTMENT OF HEALTH	#N17703	-	5,974	5,974
93.724	ARRA - Prevention and Wellness Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	DEPARTMENT OF HEALTH AND HUMAN SERVICES		912,891		912,891
93.724	ARRA - Prevention and Wellness Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	OREGON STATE HEALTH DIVISION			15,324	15,324
		<i>Total Prevention and Wellness Communities Putting prevention to</i>		<i>912,891</i>	<i>15,324</i>	<i>928,215</i>
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs financed by 2012 Prevention and Public Health Funds (PPHF-2012)	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	8,888	8,888
93.736	Prevention Public Health Fund 2012: Viral Hepatitis Prevention	DEPARTMENT OF HEALTH AND HUMAN SERVICES		57,518	-	57,518
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	22,398	22,398
93.837	Cardiovascular Diseases Research	KAISER RESEARCH FNDTN INSTTT	GPBHD0014A MULT	-	44,326	44,326
93.889	National Bioterrorism Hospital Preparedness Program	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	326,400	326,400
93.914	HIV Emergency Relief Project Grants	DEPARTMENT OF HEALTH AND HUMAN SERVICES		954,222	-	954,222
93.914	HIV Emergency Relief Project Grants	DEPARTMENT OF HEALTH AND HUMAN SERVICES	2H89HA00040-18-00	2,861,903	-	2,861,903
		<i>Total HIV Emergency Relief Project Grants</i>		<i>3,816,124</i>	<i>-</i>	<i>3,816,124</i>
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	DEPARTMENT OF HEALTH AND HUMAN SERVICES		980,646	-	980,646
93.926	Healthy Start Initiative	DEPARTMENT OF HEALTH AND HUMAN SERVICES		889,653	-	889,653
93.928	Special Projects of National Significance	DEPARTMENT OF HEALTH AND HUMAN SERVICES		191,390	-	191,390
93.940	HIV Prevention Activities_Health Department Based	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	727,475	727,475
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	423,584	423,584
* Indicates A Major Program A Program includes ARRA Funding						

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2013

CFDA #/A	Program Title	Grantor	Pass-Through Entity Number	Direct Expenditures	Pass-Through Expenditures	Total Federal Expenditures
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)						
93.945	Assistance Programs for Chronic Disease Prevention and Control	DEPARTMENT OF HEALTH AND HUMAN SERVICES	4CA128-01 1	-	28,968	28,968
93.958	Block Grants for Community Mental Health Services	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	476,165	476,165
93.959	Block Grants for Prevention and Treatment of Substance Abuse	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	4,686,337	4,686,337
93.994	Maternal and Child Health Services Block Grant to the States	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	404,264	404,264
93.994	Maternal and Child Health Services Block Grant to the States	OREGON HEALTH SCIENCES UNIVERSITY	4 B04MC06604-01-04	-	119,075	119,075
		<i>Total Maternal and Child Health Services Block Grant to the States</i>		<i>-</i>	<i>523,339</i>	<i>523,339</i>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				15,332,167	23,031,012	38,363,179
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE						
94.011	Foster Grandparent Program	CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		209,797	-	209,797
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				209,797	-	209,797
DEPARTMENT OF HOMELAND SECURITY						
97.008	Non-Profit Security Program	PORTLAND CITY OF		-	125,703	125,703
97.008	Non-Profit Security Program	PORTLAND CITY OF	UAS108/09/10	-	171,469	171,469
		<i>Total Environmental Public Health and Emergency Response</i>		<i>-</i>	<i>297,172</i>	<i>297,172</i>
97.012	Boating Safety Financial Assistance	DEPARTMENT OF HOMELAND SECURITY	1936002309	-	790,242	790,242
97.042	Emergency Management Performance Grants	DEPARTMENT OF HOMELAND SECURITY		-	311,307	311,307
97.073	State Homeland Security Program (SHSP)	DEPARTMENT OF HOMELAND SECURITY		-	219,010	219,010
97.074	Law Enforcement Terrorism Prevention Program (LETPP)	DEPARTMENT OF HOMELAND SECURITY		-	3,348	3,348
TOTAL DEPARTMENT OF HOMELAND SECURITY				-	1,621,079	1,621,079
TOTAL FEDERAL EXPENDITURES				20,162,797	35,214,959	55,377,756

* Indicates A Major Program
A Program includes ARRA Funding

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

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, 2013. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The County's reporting entity is defined in Note 1 to the County's June 30, 2013 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 OMB Circular A-87, *Cost Principles for State, Local Governments and Indian Tribal Governments*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Highway Planning and Construction grant, CFDA 20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed pass through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration.

Note C – Relationship to Basic Financial Statements

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

Note D – Non-cash Awards

The accompanying Schedule of Expenditures of Federal Awards includes two non-cash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$7,004. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$115,977.

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. The amount expended and advanced at June 30, 2013 is calculated on a proportionate basis; \$3,056,418. This amount is disclosed only and is not included in the cash value portion reported on the Schedule of Expenditures of Federal Awards of \$42,304.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note E - Subrecipients

Of the Federal expenditures presented in the schedule, Multnomah County provided federal awards to subrecipients as follows:

Program Title	Federal CFDA number	Amount provided to subrecipients
WIC Grants to States (WGS)	10.578	46,119
Schools and Roads - Grants to States	10.665	69,662
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	5,000
Community Development Block Grants/Entitlement Grants	14.218	456,128
Emergency Solutions Grant Program	14.231	127,890
Supportive Housing Program	14.235	1,730,165
Housing Opportunities for Persons with AIDS	14.241	4,587
Healthy Homes Demonstration Grants	14.901	124,979
Missing Children's Assistance	16.543	39,540
Drug Court Discretionary Grant Program	16.585	60,562
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	298,670
Project Safe Neighborhoods	16.609	5,754
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	43,778
Edward Byrne Memorial Justice Assistance Grant Program	16.738	655,798
Congressionally Recommended Awards	16.753	79,238
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories	16.803	620,418
Second Chance Act Prisoner Reentry Initiative	16.812	100,205
Byrne Criminal Justice Innovation Program	16.817	35,770
Highway Planning and Construction	20.205	5,772
Title I Grants to Local Educational Agencies	84.010	297,017
Special Programs for the Aging Title III, Part D Disease Prevention and Promotion Services	93.043	8,050
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	160,021
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	1,052,025
Alzheimer's Disease Demonstration Grants to States	93.051	30,413
National Family Caregiver Support, Title III, Part E	93.052	150,888
Nutrition Services Incentive Program	93.053	422,939
Enhance Safety of Children Affected by Substance Abuse	93.087	123,409
Oral Diseases and Disorders Research	93.121	42,707
Projects for Assistance in Transition from Homelessness (PATH)	93.150	241,532
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	60,608
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	327,435
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	102,933
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501	302,231

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

Note E - Subrecipients (continued)

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	213,030
Promoting Safe and Stable Families	93.556	211,300
Low-Income Home Energy Assistance	93.568	382,674
Community Services Block Grant	93.569	660,441
Health Care Innovation Awards	93.610	143,105
Social Services Block Grant	93.667	610,292
ARRA - Prevention and Wellness Communities Putting Prevention to Funding Opportunities Announcement (FOA)	93.724	134,664
HIV Emergency Relief Project Grants	93.914	2,400,040
Special Projects of National Significance	93.928	135,678
HIV Prevention Activities Health Department Based	93.940	232,488
Block Grants for Community Mental Health Services	93.958	405,769
Block Grants for Prevention and Treatment of Substance Abuse	93.959	4,448,585
Non-Profit Security Program	97.008	24,183
State Homeland Security (Grant) Program	97.073	13,050
Total Subrecipient pass-through		<u>17,847,542</u>

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: *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 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 section 510(a) of Circular A-133? ☒ Yes ☐ No

Identification of Major Programs

<i>CFDA Numbers</i>	<i>Name of Federal Program or Cluster</i>	<i>Type of Auditor's Report Issued</i>
16.738	JAG Cluster, comprised of: Edward Byrne Memorial Justice Assistance Grant Program	<i>Unmodified</i>
16.803	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	
20.205	Highway Planning and Construction	<i>Unmodified</i>
20.933	National Infrastructure Investments	<i>Unmodified</i>
81.042	Weatherization Assistance for Low-Income Persons, includes ARRA	<i>Unmodified</i>
93.044	Aging Cluster, comprised of: Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	<i>Unmodified</i>
93.045	Special Programs for the Aging Title III, Part C Nutrition Services	
93.053	Nutrition Services Incentive Program	
93.563	Child Support Enforcement	<i>Unmodified</i>
93.568	Low-Income Home Energy Assistance	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 1,661,333

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Section II - Financial Statement Findings

FINDING 2013-01 – Capitalization of Software – Significant Deficiency in Internal Control (Repeat Finding)

Criteria: Governmental Accounting Standards Board Pronouncement 51 – Accounting and Financial Reporting for Intangible Assets, issued June 2007 and effective for periods beginning after June 15, 2009 requires capitalization of internally generated software. This pronouncement requires the classification of software related expenditures into one of three categories: a) Preliminary Project Stage; b) Application Development Stage; 3) Post-Implementation / Operation Stage. Expenditures categorized as Application Development Stage are to be capitalized; all other expenditures related to the project are to be expensed as incurred.

Condition: The County does not have effective internal controls in place over the process to capture software development related expenditures specified by GASB 51.

Context: When testing the support schedule of GASB 51 capitalized software expenditures for FY 2013, several discrepancies were noted: \$35,500 variance for labor and over reporting of \$175,300 in purchased software. Upon further inquiry and investigation, it was determined there are no effective controls in place over this process.

Effect: Without effective internal controls in place to prevent, or detect and correct, potential errors in the process, the County risks an error in reporting the value of capitalized software costs.

Cause: Management attempts to identify qualifying projects and the associated expenditures for capitalization as part of the year end closing process. This is a manual process, most of which occurs outside of the accounting system. At present, management does not have effective controls in place over this process, which lead to the identification of several discrepancies that should have been prevented, or detected and corrected, by internal controls.

Recommendation: It is recommended that management implement an effective process for properly identifying and capturing expenditures that meet the criteria for capitalization. This process should include consideration of the following criteria: identification at project inception of whether the project will have enough expenditures during the Application Development Stage to meet the County's capitalization threshold; use of a project or cost accounting system to identify costs that are to be capitalized; reconciliation between the potential project costs to be capitalized and actual expenditures as recorded in SAP; and a set of internal controls over the process to ensure accuracy and timeliness of information.

Views of responsible officials and planned corrective actions: Management's response is included at "Management's Views and Corrective Action Plan."

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

FINDING 2013-02 – Cutoff – Significant Deficiency in Internal Control

Criteria: Under Generally Accepted Accounting Principles (GAAP), there must be proper cutoff of revenue and expenditures at the beginning and end of the period to ensure that revenues and expenditures are recorded in the proper period.

Condition: During our testing of disbursements within the Highway Fund, we noted that expenditures related to FY 2012 were recorded in FY 2013 resulting in an under-reporting of construction in progress on a bridge project, under-reporting of accrued liabilities, and an under-reporting of receivables and revenues for amounts reimbursable from a grant partially financing the bridge project.

Context: During our testing of expenditures for the Highway Fund we found that two items related to FY 2012 were recorded during FY 2013.

Effect: The capital asset construction-in-progress, accrued liabilities, intergovernmental receivables and intergovernmental revenue, were understated by \$365,463 based on the final settlement of the invoices involved. In addition, the County had completed all the requirements for reimbursement from ODOT, but did not seek reimbursement for approximately thirteen months. The expenditures incurred and not timely claimed for reimbursement totaled approximately \$811,000.

Cause: The County had a bridge rehabilitation project that was partially funded by the State of Oregon through ODOT. Work performed by the contractor was completed in the third quarter of fiscal year 2012 and submitted for payment. Due to disputes between the contractor, the County, and ODOT regarding the quality of the work performed, payment for the project was not settled until the first quarter of fiscal year 2013. This was after the year end close of fiscal year 2012 and expenditures were carried forward into fiscal year 2013. There was a lack of consideration of the proper accounting for an estimate of the expenditures that should be accrued, as well as an estimate of the receivable and revenue that should have been accrued. There were additional delays after payment of the contractor before reimbursement of expenses was submitted to ODOT.

Recommendation: We recommend that the County improve processes for recording grant-funded projects that may straddle more than one accounting period to ensure that revenues, expenditures, and related accruals are recorded in the proper period.

Views of responsible officials and planned corrective actions: Management's response is included at "Management's Views and Corrective Action Plan."

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-03 – Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance

CFDA Number	Federal Agency/Pass-through Entity - Program Name	Award Number	Award year	Questioned Costs
93.044	Aging Cluster, passed through the State of Oregon, Department of Human Services, comprised of: Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	136587	2013	\$83
93.045	Special Programs for the Aging Title III, Part C Nutrition Services			
93.053	Nutrition Services Incentive Program			

Criteria or specific requirement (including statutory, regulatory, or other citation): According to OMB Circular A-133, Section 300 (b) the County is responsible for maintaining internal control over Federal programs to ensure program integrity and proper use of federal resources.

Condition: Personal expenses were charged to the program.

Context: During our testing of general disbursements for the Aging Cluster, we found that personal expenses were charged to the program in two instances out of 25 samples initially selected for testing. The County identified these as personal expenses and required the employee to reimburse the County; however, the reimbursement was not properly credited to the grant nor was there a reduction in the subsequent draw down request.

Effect: Unallowable costs were charged to the program, which could jeopardize future funding for the program.

Cause: County travel related expenditures are processed through Accounts Payable and a summary is provided to the grant accountant. In this case, the grant accountant was not advised there were personal travel expenses included in the summary of charges and all travel expenses were charged to the award.

Recommendation: It is recommended that the County improve internal controls over general disbursements to ensure that unallowable expenses are not charged to the grant.

Views of responsible officials and planned corrective actions: Management's response is included at "Management's Views and Corrective Action Plan."

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013**

FINDING 2013-04 – Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance

CFDA Number	Federal Agency/Pass-through Entity - Program Name	Award Number	Award year	Questioned Costs
	JAG Cluster, passed through the State of Oregon, Department of Criminal Justice and the City of Portland, comprised of:	Various	2013	None Reported
16.738	Edward Byrne Memorial Justice Assistance Grant Program			
16.803	Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories Program			

Criteria or specific requirement (including statutory, regulatory, or other citation): According to OMB Circular A-133, Section 300 (b) the County is responsible for maintaining internal control over Federal programs to ensure program integrity and proper use of federal resources.

Condition: Time and Attendance reports were missing supervisor review and approval.

Context: During our testing of payroll for the JAG cluster, we noted two instances from the initial sample of 25 in which the Time and Attendance report was not reviewed and approved by the employee's supervisor.

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 approved.

Recommendation: It is recommended 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 and planned corrective actions: Management's response is included at "Management's Views and Corrective Action Plan."



Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs

For the Fiscal Year Ending June 30, 2013

FINDING 2012-01 Capitalization of Software – Significant Deficiency in Internal Control

During fiscal year 2013, management took a closer look at our processes to identify and capitalize internally developed and purchased software. As discussed with Moss Adams, management recognizes part of the solution is designing strong controls over our processes, implementing those controls and documenting those controls. Management has drafted internal control documentation over GASB 51 reporting and over the next year we will continue to identify areas where we can strengthen controls and provide evidence of an audit trail that allows Moss Adams to effectively test the control.

Some of our existing processes include identifying potential GASB 51 software projects at weekly IT Demand Planning meetings. In addition, projects are reviewed at quarterly IT planning meetings and are so noted in the meeting minutes. IT uses a software system, PlanView, to capture labor costs on IT projects. Labor costs captured in PlanView are being accurately tracked, sampled monthly against payroll records in SAP, and property capitalized. Personnel naming conventions in PlanView differ in some instances from those used in SAP (the payroll system) and those differences are being rationalized. Software costs recorded in SAP are being reviewed regularly in conjunction with General Ledger to identify software potentially capitalizable under GASB 51. These processes along with the controls that ensure we've properly accounted for GASB 51 capitalizable costs will be documented for audit testing in fiscal year 2014.

FINDING 2013-01 Cutoff – Significant Deficiency in Internal Control – Highway Planning and Construction

The circumstances and transactions encountered during the Morrison Bridge Deck Replacement project were unusual in nature and contributed to the lag in time to record expenses and revenues to the proper period on this project. Management considers this to be an isolated incident. However, this isolated incident did reveal a weakness in our internal controls.

As a result of the audit findings, Transportation Finance has reviewed and will revise the department's internal controls over recording expenditures and program revenues to ensure transactions are recorded timely and to the proper period.

To address the issue of expenses incurred in one fiscal year being reported in another fiscal year, we have strengthened the internal controls over expenditures. Project managers and engineers will promptly forward approved invoices to Transportation Finance upon their receipt of the invoice.

This allows Transportation Finance to review total project expenses and ensure transactions have been properly tracked and recorded in a timely manner. Additionally a fiscal year end review of all expenditures will be performed by Transportation Finance supervision and staff to ensure expenditures are recorded in the proper fiscal year.

To ensure prompt submittal of expenses to ODOT for reimbursement a project file will be created to track the status of DCS capital projects supported through external resources. On a quarterly basis, Transportation Finance supervision will review project revenue spreadsheets with staff to assess the status of eligible project costs and invoicing of those costs. This review is not intended to trigger the creation of the invoice, but rather to ensure that all invoices have been created in a timely manner.

DCS department internal control documents will be updated to reflect these planned changes and submitted to County Central Finance for review and comment.

In addition, to the internal control changes explained above, DCS staff have been counseled on the critical responsibilities they have regarding proper recording of transactions and the timely processing of invoices for both accounts payable and accounts receivable.

FINDING 2013-02 Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance – Aging Cluster

In the fiscal year 2013 Single Audit, Moss Adams noted two samples out of twenty-five where personal travel expenses were charged to the Federal grant program. The two personal travel transactions were the only items that were unallowable costs.

The Department of County Human Services (DCHS) Accounts Payable unit has reviewed the travel card reconciliation process, will continue monitoring all program expenditures related to this grant, and is updating the process to include an additional reconciliation step. In the event any personal expenses are part of the approved travel, those expenses will be posted directly to the County General Fund for reimbursement and the reconciliation will note the movement of these expenses. This exception is found to be a one-time-only incident and management expects given revised procedure that further unallowable charges will not occur.

FINDING 2013-03 Unallowed Costs – Significant Deficiency in Internal Control and Instances of Noncompliance – JAG Program Cluster

In response to this finding, the Department of Community Justice (DCJ) revised their time entry and time approval process to include a monthly review of time and attendance reports for employees charged to Federal awards. This process enables DCJ to ensure that all documents have been properly reviewed and approved by the employee's supervisor. Copies of time and attendance reports for the relevant employees are now being turned in to the Department Finance unit for review each month. Any discrepancies are reported for correction and the documentation is maintained as part of the grant file.

Department of County Management
MULTNOMAH COUNTY OREGON
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
(503) 988-3292 fax



**Summary Schedule of Prior Audit Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2012**

FINDING 2012-01 Capitalization of Software – Significant Deficiency in Internal Control

Condition: The County does not have an effective process in place to accurately capture capital related software development expenditures, and does not have a process to properly classify software development costs into the three categories specified by GASB 51.

Recommendation: Management should implement an effective process for properly identifying and capturing expenditures that meet the criteria for capitalization. This process should include consideration and documentation of the following elements: identification at project inception of whether the project is of a capital nature, development of a project budget, establishment of the likelihood the project will meet its intended objectives, establishment of the financial commitment to fund the project to completion, assessment of whether the project will have enough expenditures during the Application Development Stage to meet the County's capitalization threshold; use of SAP as a project or cost accounting mechanism to identify costs that are to be capitalized; reconciliation between the budgeted project costs to be capitalized and actual expenditures as recorded in SAP; and a set of internal controls over the process to ensure accuracy and timeliness of information.

Status of Finding: Management has responded to this finding in the corrective action plan to current year audit findings on page 203.

FINDING 2012-02 Eligibility – Significant Deficiency in Internal Controls

Federal Programs: Low-Income Energy Assistance, CFDA 93.568, Weatherization Assistance for Low-Income Persons, CFDA 81.042 and ARRA – Weatherization for Assistance for Low-Income Persons, CFDA 81.042

Condition: During testing procedures performed over the eligibility determination process, internal controls were found to be poorly designed and not effectively implemented. There was a lack of segregation of duties and no evidence of a formal review and approval process in place. Even though controls were found to be deficient, no instance of eligibility non-compliance was noted.

Recommendation: It is recommended that the County develop and implement a series of internal controls over the eligibility determination process to ensure all client applications are subject to review and approval, and that this process is thoroughly documented. It is also recommended that role assignments for personnel be restructured to increase segregation of duties as it pertains to eligibility determinations.

Status of Finding: Department of County Human Services (DCHS) management took additional steps to strengthen internal controls over the eligibility screening process. DCHS Community Services Division drafted and implemented procedures to address the eligibility review process. In Weatherization and the Energy Assistance programs, applications are reviewed for eligibility by someone other than the staff who originally processed the application

Appendix C

Book Entry Only System

(This page left blank intentionally)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

(This page left blank intentionally)

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated June 18, 2014 is executed and delivered by Multnomah County, Oregon (the "Issuer") in connection with the execution and delivery of the Issuer's \$22,530,000 aggregate principal amount of Full Faith and Credit Refunding Obligations, Series 2014 (the "Obligations"), which are dated June 18, 2014. The Obligations are authorized pursuant to Resolution No. 2014-030 adopted by the governing body of the Issuer on April 3, 2014 (the "Resolution"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist the Underwriter in complying with paragraph (b)(5) of Securities and Exchange Commission (the "SEC") Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the "Rule").

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as an "obligated person", hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB"), the financial information regarding the Issuer of the type set forth in the final official statement dated June 4, 2014 (the "Official Statement") under the following tables:

Outstanding Long-Term Debt

Taxable Property Values

Tax Collection Record

Major Taxpayers**

Governmental Activities - Statement of Net Assets**

Governmental Activities - Statement of Revenues, Expenses and Changes in Net Assets**

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance**

**Current (preceding fiscal year): no historical information will be provided

The annual financial information described above will be available no later than 270 days after the end of the preceding fiscal year, beginning with the Issuer's fiscal year ending June 30, 2014. Such information will include audited financial statements prepared in accordance with the laws of the State of Oregon as in effect from time to time; provided, however, that if audited financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

Certain items of annual financial information may be provided by way of cross-reference to other documents provided to the MSRB.

Section 3. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Obligations:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults, if material;

- c. unscheduled draws on debt service reserves reflecting financial difficulties;
- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- g. modifications to rights of security holders, if material;
- h. bond calls, if material, and tender offers;
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the securities, if material;
- k. rating changes;
- l. bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.)
- m. the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Obligations, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Timely Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 2 herein on or prior to the time set forth in Section 2 herein.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the "Dissemination Agent"). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer's obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Obligations, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 herein, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized bond counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to the MSRB, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of registered and beneficial holders of the Obligations and shall be enforceable by or on behalf of any such holder; provided that, the right of any holder of an obligation to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders of the Obligations representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an Event of Default under the obligation documents. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. The Issuer may amend this Certificate without the consent of holders of the Obligations under the following conditions:

- a. The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;
- b. This Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and
- c. The amendment (i) does not materially impair the interest of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as nationally recognized special counsel), or (ii) is approved by holders of the Obligations in the same manner as provided in the obligation documents with the consent of holders of the Obligations.

The financial information provided pursuant to Section 2 hereof will explain, in narrative form, the reasons for any amendment and the impact of the change in the type of operating data or financial information being provided.

Section 9. Form of Information. All information required to be provided under this Certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is www.emma.msrb.org.

Section 11. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

MULTNOMAH COUNTY, OREGON

By: _____

Authorized Representative

Appendix E

Form of Financing Agreement and Form of Escrow Agreement

(This page left blank intentionally)

TAX EXEMPT FINANCING AGREEMENT

between

U.S. BANK NATIONAL ASSOCIATION

“Escrow Agent”

and

MULTNOMAH COUNTY, OREGON

“County”

Relating to:

MULTNOMAH COUNTY, OREGON

**\$22,530,000
FULL FAITH AND CREDIT REFUNDING OBLIGATIONS
SERIES 2014**

DATED: JUNE 18, 2014

HAWKINS DELAFIELD & WOOD LLP

TABLE OF CONTENTS

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION.....	1
Section 1.1 Recitals.....	1
Section 1.2 Definitions.....	1
Section 1.3 Rules of Construction.....	2
ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DISTRICT AND ESCROW AGENT	2
Section 2.1 Representations, Warranties and Covenants of County.....	2
Section 2.2 Representations, Warranties and Covenants of Escrow Agent.....	3
Section 2.3 Tax Covenants.....	3
ARTICLE III. THE FINANCING AND THE PAYMENTS	3
Section 3.1 The Financing.....	3
Section 3.2 The Payments and Additional Charges.....	4
Section 3.3 Prepayment.....	4
Section 3.4 Nature of County’s Obligations.....	5
Section 3.5 Estoppel.....	5
ARTICLE IV. ASSIGNMENT.....	6
Section 4.1 By the Escrow Agent.....	6
Section 4.2 By the County.....	6
ARTICLE V. TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS	6
Section 5.1 Title.....	6
Section 5.2 Future Encumbrances and Parity Obligations.....	6
Section 5.3 Maintenance; Modification; Taxes; Insurance and Other Matters.....	6
Section 5.4 Substitution.....	6
ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES.....	7
Section 6.1 Events of Default Defined.....	7
Section 6.2 Remedies on Default.....	7
ARTICLE VII. MISCELLANEOUS.....	8
Section 7.1 Notices.....	8
Section 7.2 Binding Effect.....	8
Section 7.3 Severability.....	8
Section 7.4 Amendments.....	8
Section 7.5 Applicable Law.....	8
Section 7.6 Headings.....	8
Section 7.7 Execution in Counterparts.....	9

EXHIBIT A – Financing Payment Schedule

EXHIBIT B – Prepayment Provisions

TAX EXEMPT FINANCING AGREEMENT

THIS TAX-EXEMPT FINANCING AGREEMENT is dated as of June 18, 2014, and is entered into by and between **U.S. BANK, NATIONAL ASSOCIATION**, having corporate trust offices in Portland, Oregon, and being qualified to accept and administer the trusts hereby created, as escrow agent (the "Escrow Agent"), and the **MULTNOMAH COUNTY, OREGON** (the "County"). The parties hereby agree as follows:

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

The County recites:

(a) The County is authorized to finance real and personal property by means of a financing agreement pursuant to ORS 271.390, ORS 287A.105 and ORS 287A.360, and executes this Financing Agreement to refinance the Project pursuant to that statute.

(b) The County and the Escrow Agent recite:

(i) The Escrow Agent desires to finance the Financing Amount to the County to refinance the Project, but only from the proceeds of the Obligations.

(ii) The County desires to borrow the Financing Amount from the Escrow Agent to refinance the Project, subject to the terms and conditions of and for the purposes set forth herein.

Section 1.2 Definitions.

All capitalized terms not defined in this Financing Agreement shall have the meanings defined for those terms in the Escrow Agreement. Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

"Additional Charges" means the amounts specified as such pursuant to Section 3.2(d) of this Financing Agreement.

"Agreements" means this Financing Agreement and the Escrow Agreement as defined herein.

"Escrow Agreement" means the Escrow Agreement relating to the County's Full Faith and Credit Refunding Obligations, Series 2014, which is dated June 18, 2014, between the County and the Escrow Agent, as it may be amended or supplemented.

"Financing Agreement" means this Tax-Exempt Financing Agreement, including the exhibits, and any amendments to this Financing Agreement and its exhibits.

"Financing Amount" means the sum of the principal components of the Financing Payments, as shown in Exhibit A, attached hereto.

"Financing Payments" means the installment payments of principal and interest which the County is required to make under this Financing Agreement to repay the Financing Amount. "Financing Payments" includes both the scheduled payments as shown in Exhibit A, attached hereto, of this Financing Agreement and any permitted prepayments of those scheduled payments as shown in Exhibit B, attached hereto, of this Financing Agreement.

"Obligations" means the County's Full Faith and Credit Refunding Obligations, Series 2014.

"Payment Account" means the Full Faith and Credit Refunding Obligations, Series 2014 Payment Account established pursuant to Section 3.1 of the Escrow Agreement.

"Payment Date" means each August 1 and February 1, as provided in Exhibit A, attached hereto, or the date on which any Financing Payment will be prepaid in accordance with the Escrow Agreement and this Financing Agreement.

"Project" means the real and personal property refinanced by the Refundable Obligations.

"Refundable Obligations" means the County's Full Faith and Credit Refunding Obligations, Series 2004.

"Resolution" means Resolution No. 2014-030 adopted by the Board of County Commissioners on April 3, 2014, as it may be amended.

Section 1.3 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF DISTRICT AND ESCROW AGENT

Section 2.1 Representations, Warranties and Covenants of County.

The County represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

(a) The County is Multnomah County, Oregon, a political subdivision of the State of Oregon.

(b) The County is authorized under ORS 271.390, ORS 287A.300, ORS 287A.105 and the Resolution to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.

(c) The County represents, covenants and warrants that all required action has been taken to ensure the enforceability of this Financing Agreement (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights or contractual obligations generally).

(d) All Financing Payments and deposits required by Section 3.2(b) herein and the Additional Charges required by Section 3.2(c)(ii) and Section 3.2(c)(iii) herein shall be paid to the Escrow Agent at its corporate trust office in Portland, Oregon.

Section 2.2 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the County as follows:

(a) The Escrow Agent is a banking corporation duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

(b) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Escrow Agent or any agreement to which the Escrow Agent is a party.

(c) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.3 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment due under this Financing Agreement, the County covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the County agrees to comply with any covenants of the County related to the tax-exempt status of the interest components of Financing Payments which is contained in any of the certificates or other documents executed by the County in connection with delivery of the Financing Agreement and the Obligations. The County also agrees to not take any action or omit to take any action necessary to maintain the tax-exempt status of the interest components of the Financing Payments. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain such exclusion.

ARTICLE III. THE FINANCING AND THE PAYMENTS

Section 3.1 The Financing.

The Escrow Agent agrees to finance for the County an amount equal to the Financing Amount, but solely from the proceeds of sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. This financing to the County will be deemed to have been made when the Escrow Agent makes the deposits and transfers to the County as specified in Section 3.3 of the Escrow Agreement. The County agrees to borrow the Financing Amount from the Escrow Agent and to repay that principal amount in installments, with interest, by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date all Financing Payments and Additional Charges that the County is required to pay under this Financing Agreement have been paid or defeased in accordance with the provisions set forth in the Escrow Agreement. The Escrow Agent is not selling, arranging for sale or establishing the terms of the Obligations.

Section 3.2 The Payments and Additional Charges.

(a) The County agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the financing made under this Financing Agreement, the Financing Payments and the Additional Charges.

(b) The County shall pay the Financing Payments to the Escrow Agent three (3) Business Days preceding the scheduled payment dates shown in Exhibit A, attached hereto, as those amounts may be reduced by any prepayment of the Financing Payments.

(i) To secure the performance of its obligation to pay Financing Payments, the County shall deposit an amount equal to each scheduled Financing Payment with the Escrow Agent three (3) Business Days preceding the scheduled Payment Date. Each deposit made under this Section 3.2(b) shall be applied toward Financing Payments due from the County as provided in the Escrow Agreement.

(ii) In making deposits under this Section 3.2(b), the County shall be credited on each deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payment for which such deposit is being made and the County shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

(c) In addition to the Financing Payments, the County covenants to pay the following Additional Charges, as and when the same become due and payable:

(i) all applicable rebate payments due in connection with this Financing Agreement and the Obligations which are required to be paid under Section 148(f) of the Code;

(ii) to the extent permitted by law, all costs and expenses which the Escrow Agent may incur because of any default by the County under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement; and

(iii) the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement, and the reasonable fees, costs and expenses of any successor Escrow Agent.

(d) Additional Charges shall be paid by County when due, unless such payment may be delayed without penalty or interest, or within thirty (30) days after notice in writing from the Escrow Agent to the County stating the amount of Additional Charges then due and payable and the purpose thereof. Additional Charges described in Section 3.2(c)(i) shall be paid to the United States. Additional Charges described in Section 3.2(c)(i) and Section 3.2(c)(iii) herein shall be paid to the Escrow Agent.

Section 3.3 Prepayment.

(a) The Financing Payments are not subject to prepayment solely as provided in Exhibit B, attached hereto. The County may prepay the deposits as required by Section 3.2(c)(i) herein at any time and may defease the Obligations pursuant to the provisions set forth in the Escrow Agreement.

(b) The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 5 business days before the notice of prepayment is required to be made. The notice shall state the date of the prepayment and the amount of the principal component to be prepaid. The Registrar

will select the Obligations to be prepaid thereby pursuant to Section 2.10 of the Escrow Agreement. If the prepayment date is other than a Payment Date, the accrued portion of the interest component of Financing Payments due on the prepayment date shall be equal to the interest owed on the prepayment date with respect to the Obligations selected by the Registrar for prepayment.

(c) If the principal component of a Financing Payment is prepaid, the schedule of Financing Payments in the attached Exhibit A shall be revised to reflect the prepayment.

Section 3.4 Nature of County's Obligations.

(a) The County hereby pledges its full faith and credit and all or any portion of the County's legally available revenues, taxes and other funds to pay amounts due under the Financing Payments.

(b) To the extent permitted by law, the County hereby covenants to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under this Financing Agreement.

(c) The County hereby covenants to use all taxing power available to the County under the law that is necessary to generate funds sufficient to permit the County to make Financing Payments, subject only to the limitations provided in Sections 11 and 11b, Article XI of the Oregon Constitution.

(d) The County hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

- (i) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (ii) any insolvency, bankruptcy, reorganization or similar proceedings by the County;
- (iii) abatement through damage, destruction or non-availability of the Project; or
- (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

Section 3.5 Estoppel.

The County hereby certifies, recites and declares that all things, conditions and acts required by the constitution and statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the County which is enforceable against the County in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

ARTICLE IV. ASSIGNMENT

Section 4.1 By the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

Section 4.2 By the County.

The rights and obligations of County under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the County, or any entity into which the County may be merged, but only if the assignee or transferee assumes all of the County's obligations under this Financing Agreement. The rights and obligations of County under this Financing Agreement shall not otherwise be assigned or transferred.

ARTICLE V. TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS

Section 5.1 Title.

The Escrow Agent agrees that the County shall be entitled to exclusive possession and enjoyment of the Project while this Financing Agreement is in effect, without interference from the Escrow Agent or the Owners. THE ESCROW AGENT SHALL HAVE NO MORTGAGE, SECURITY INTEREST OR OTHER RIGHT TO THE PROJECT.

Section 5.2 Future Encumbrances and Parity Obligations.

The Obligations are not secured by any interest in the Project and the County reserves the right to sell, lease or grant other interests in the Project, subject only to the County's obligations under Section 2.1 herein. The County reserves the right to commit its full faith and credit and available general funds for other purposes without limitation.

Section 5.3 Maintenance; Modification; Taxes; Insurance and Other Matters.

The County will pay, or cause to be paid, all taxes, insurance and other governmental charges that are lawfully assessed or levied against the Project. The County will also pay, when due, all utility charges incurred in the operation, maintenance, use occupancy and upkeep of the Project.

The County has the sole responsibility to maintain, repair and make improvements or additions to the Project.

The Escrow Agent shall have no obligation to maintain or modify the Project, or to pay any taxes, fees or charges associated with the Project or to obtain insurance coverage for the Project, or to take any action related to the Project except actions specifically required by this Financing Agreement or the Escrow Agreement.

Section 5.4 Substitution.

The County may substitute for any item of property constituting a portion of the Project acquired under this Financing Agreement another item of real or personal property provided such substitution will not adversely affect the exemption of the interest component of Financing Payments from federal income

taxation. The County shall be responsible for all costs and expenses, including counsel fees, of the Trustee in connection with any such substitution.

ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default Defined.

(a) The following shall be events of default under this Financing Agreement and the terms “events of default” and “default” shall mean, whenever they are used in this Financing Agreement, any one or more of the following events:

- (i) The County’s failure to pay the Financing Payments, when due;
- (ii) The County’s failure to comply with any other covenant, condition or agreement of the County under the Agreements for a period of sixty (60) days after written notice thereof from the Escrow Agent absent an extension of time by the Escrow Agent;
- (iii) The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors, or the taking of any action by the County in furtherance of any of the foregoing; or
- (iv) Any statement, representation or warranty made by the County in or pursuant to the Financing Agreement or Escrow Agreement shall have proven to be false, incorrect, misleading or breached in any material respect on the date when made.

Section 6.2 Remedies on Default.

(a) Whenever any event of default referred to in Section 6.1 herein shall have happened and be continuing, the Escrow Agent shall have the right, at its sole option without any further demand or notice, to exercise any remedy described in Section 9.2 of the Escrow Agreement.

(b) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 6.2 is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of an event of default shall constitute a waiver of any other or subsequent event of default.

ARTICLE VII. MISCELLANEOUS

Section 7.1 Notices.

(a) All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given via mail or via facsimile to the following addressees (unless the addressee has previously notified the other party in writing of a change in address):

If to the Escrow Agent:	If to the County
U.S. Bank National Association Global Corporate Trust Services 555 SW Oak Street, PD-OR-P7TD Portland, Oregon 97204	Multnomah County 501 SE Hawthorne Blvd., Suite 531 Portland, Oregon 97214-3501 Attn: Chief Financial Officer
Telephone: (503) 464-3756 Facsimile: (503) 464-4122	Telephone: (503) 988-3312 Facsimile: (503) 988-5725

(b) All notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via facsimile or mailed by registered mail (return receipt requested), postage prepaid.

Section 7.2 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the County and their respective successors and assigns.

Section 7.3 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 7.4 Amendments.

This Financing Agreement may be amended only as provided in the Escrow Agreement.

Section 7.5 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the Multnomah County, Oregon.

Section 7.6 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to Sections, and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

Section 7.7 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the County has caused this Financing Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

MULTNOMAH COUNTY, OREGON,
as County

By: _____
Mark Campbell, Chief Financial Officer

EXHIBIT A**BOND DEBT SERVICE**

Multnomah County, Oregon
Tax-Exempt Current Refunding of 2004 FFCO
Final Numbers

Dated Date 06/18/2014
Delivery Date 06/18/2014

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
08/01/2014			123,625	123,625	
02/01/2015			517,500	517,500	641,125
08/01/2015	3,785,000	5.000%	517,500	4,302,500	
02/01/2016			422,875	422,875	4,725,375
08/01/2016	4,570,000	5.000%	422,875	4,992,875	
02/01/2017			308,625	308,625	5,301,500
08/01/2017	4,820,000	5.000%	308,625	5,128,625	
02/01/2018			188,125	188,125	5,316,750
08/01/2018	4,575,000	3.000%	188,125	4,763,125	
02/01/2019			119,500	119,500	4,882,625
08/01/2019	4,780,000	5.000%	119,500	4,899,500	4,899,500
	22,530,000		3,236,875	25,766,875	25,766,875

EXHIBIT B**PREPAYMENT PROVISIONS**

MULTNOMAH COUNTY, OREGON

FULL FAITH AND CREDIT REFUNDING OBLIGATIONS
SERIES 2014

FINANCING AMOUNT: \$22,530,000

Prepayment Provisions

Optional Prepayment. The Obligations are not subject to optional prepayment prior to maturity.

(This page left blank intentionally)

ESCROW AGREEMENT

between

U.S. BANK NATIONAL ASSOCIATION

“Escrow Agent”

and

MULTNOMAH COUNTY, OREGON

“County”

Relating to:

MULTNOMAH COUNTY, OREGON

**\$22,530,000
FULL FAITH AND CREDIT REFUNDING OBLIGATIONS
SERIES 2014**

DATED: JUNE 18, 2014

HAWKINS DELAFIELD & WOOD LLP

TABLE OF CONTENTS

ARTICLE I.	DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS.....	1
Section 1.1	Definitions.....	1
Section 1.2	Recitals.....	3
ARTICLE II.	THE SERIES 2014 FULL FAITH AND CREDIT REFUNDING OBLIGATIONS	4
Section 2.1	Authorization, Delivery and Terms of Obligations.....	4
Section 2.2	Payment of Obligations.....	4
Section 2.3	Book-Entry Only System.	4
Section 2.4	Form of Obligations.	5
Section 2.5	Execution.	5
Section 2.6	Registration of Transfer and Exchange.....	6
Section 2.7	Mutilated, Lost, Destroyed or Stolen Obligations.	6
Section 2.8	Execution of Documents.	6
Section 2.9	Obligation Register.	7
Section 2.10	Prepayment.....	7
Section 2.11	Provisions for Printed Obligations.	8
ARTICLE III.	ACCOUNTS	8
Section 3.1	Obligation Payment Account.	8
Section 3.2	Additional Charges.	9
Section 3.3	Deposits at Closing.	9
ARTICLE IV.	MONEYS IN FUNDS; INVESTMENT	9
Section 4.1	Moneys and Investments Held in Escrow.....	9
Section 4.2	Investments Authorized.	10
Section 4.3	Accounting.	10
Section 4.4	Allocation of Earnings.	10
Section 4.5	Disposition of Investments.....	10
Section 4.6	Deposit and Investment of Moneys in Accounts.	11
ARTICLE V.	THE ESCROW AGENT	11
Section 5.1	Compensation of the Escrow Agent.....	11
Section 5.2	Removal of Escrow Agent.	11
Section 5.3	Resignation of Escrow Agent.	12
Section 5.4	Merger or Consolidation.	12
Section 5.5	Acceptance of Appointment by Successor Escrow Agent.....	12
Section 5.6	Duties and Responsibilities of the Escrow Agent Prior to and During Default.....	12
Section 5.7	Protection and Rights of the Escrow Agent.	13
Section 5.8	Indemnification	14
ARTICLE VI.	CONCERNING THE OBLIGATION OWNERS.....	15
Section 6.1	Evidence of Action Taken by Owners.	15
Section 6.2	Action Taken by Owners Irrevocable.	15
Section 6.3	Certain Obligations Disregarded.....	15
ARTICLE VII.	MODIFICATION OF ESCROW AGREEMENT.....	16
Section 7.1	Limitations.	16
Section 7.2	Supplemental Escrow Agreement Without Consent of Owners.	16
Section 7.3	Supplemental Escrow Agreement with Consent of the Owners.	16
Section 7.4	Effect of Supplemental Escrow Agreement.....	17
Section 7.5	Amendments to Financing Agreement Not Requiring Consent of Owners.....	17
Section 7.6	Amendments to Financing Agreement Requiring Consent of the Owners.....	18

ARTICLE VIII. COVENANTS; NOTICES	18
Section 8.1 Compliance With and Enforcement of Financing Agreement	18
Section 8.2 Notice in Event of Late Financing Payment	18
Section 8.3 Notice of Default.....	19
Section 8.4 Tax Covenants.....	19
Section 8.5 Prosecution and Defense of Suits.....	19
Section 8.6 Further Assurances.....	19
ARTICLE IX. EVENTS OF DEFAULT	19
Section 9.1 Events of Default.	19
Section 9.2 Remedies on Default.....	20
Section 9.3 No Remedy Exclusive.....	20
Section 9.4 Agreement to Pay Attorneys' Fees and Expenses.....	20
Section 9.5 No Additional Waiver Implied by One Waiver.	20
Section 9.6 Application of Moneys Upon Default.....	21
Section 9.7 Action by Owners.	21
ARTICLE X. LIMITATION OF LIABILITY	21
Section 10.1 Limited Liability of County.	21
Section 10.2 No Liability of County for Escrow Agent Performance.	22
Section 10.3 No Liability of Escrow Agent for Financing Payments by County.	22
Section 10.4 Opinion of Counsel; Experts.....	22
Section 10.5 Limitation of Rights to Parties and Owners.....	22
ARTICLE XI. MISCELLANEOUS.....	22
Section 11.1 Defeasance.	22
Section 11.2 Notices.	23
Section 11.3 Applicable Law.....	24
Section 11.4 Partial Invalidity.....	24
Section 11.5 Binding Effect; Successors.	24
Section 11.6 Headings.....	24
Section 11.7 Execution in Counterparts.....	24

EXHIBIT A - Form of Full Faith and Credit Refunding Obligation
EXHIBIT B – Prepayment Provisions

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of June 18, 2014, is entered into by and between **U.S. BANK NATIONAL ASSOCIATION**, having corporate trust offices in Portland, Oregon and being qualified to accept and administer the trusts hereby created, as escrow agent (the “Escrow Agent”), and the **MULTNOMAH COUNTY, OREGON** (the “County”). The parties hereby agree as follows:

ARTICLE I. DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS

Section 1.1 Definitions.

Unless the context clearly requires otherwise, capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement. Capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings, unless the context clearly requires otherwise:

“Additional Charges” means the amounts specified as such pursuant to Section 3.2 of the Financing Agreement.

“Beneficial Owner” means the Beneficial Owner of the Obligations as described in Section 2.3(c) herein.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Escrow Agent is authorized by law to remain closed.

“Closing Date” means June 18, 2014

“Code” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“County” means Multnomah County, Oregon, or its successors.

“County’s Representative” means the Chief Financial Officer, or his designee, to act under this Escrow Agreement or the Financing Agreement.

“Defeasance Obligations” means direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Escrow Agent” means the entity serving as escrow agent under this Escrow Agreement, which as of the date of this Escrow Agreement, is U.S. Bank National Association.

“Escrow Agreement” means this Escrow Agreement, as it may be amended and supplemented.

“Event of Default” has the meaning defined for that term in Section 9.1 of this Escrow Agreement.

“Financing Agreement” means the Tax-Exempt Financing Agreement for the Project which is dated as of June 18, 2014 and is signed by the Escrow Agent and the County, including the exhibits attached thereto, as it may be amended and supplemented.

“Financing Payments” means the installment payments of principal and interest which the County is required to make under the Financing Agreement to repay the Financing Amount. “Financing Payments” includes both the scheduled payments and any permitted prepayments of those scheduled payments.

“Fiscal Year” means each year beginning on July 1 and ending on the following June 30.

“Obligation Register” or “Register” means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.9 herein.

“Obligations” means the Full Faith and Credit Refunding Obligations, Series 2014 authorized by Section 2.1 herein.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

- (i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;
- (ii) Obligations for the payment or prepayment of which funds or Defeasance Obligations in the necessary amount have previously been deposited with the Escrow Agent (whether upon or prior to the maturity or prepayment date of such Obligations); and,
- (iii) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.7 herein.

“Owner” means the person in whose name an Outstanding Obligation is registered as of the Record Date.

“Payment Account” means the Full Faith and Credit Refunding Obligations, Series 2014 Payment Account established pursuant to Section 3.1 herein.

“Payment Date” means each August 1 and February 1, as provided in Exhibit A to the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

“Project” means the refinancing of the real and personal property refinanced by the Refundable Obligations.

“Qualified Investments” means the investments in which the County may invest surplus funds pursuant to Oregon Revised Statutes Section 294.035, as amended from time to time.

“Record Date” means the fifteenth day of the month preceding a month in which a Payment Date occurs, whether or not such date is a Business Day.

“Refundable Obligations” means the County’s Full Faith and Credit Refunding Obligations, Series 2014.

“Registered Owner” means the Registered Owner as described in Section 2.3 herein.

“Registrar” means the Escrow Agent, serving as Escrow Agent and Paying Agent hereunder.

“Resolution” means Resolution No. 2014-030 adopted by the Board of County Commissioners on April 3, 2014, as it may be amended.

“Special Counsel” means Hawkins Delafield & Wood LLP, or other nationally recognized bond counsel appointed by the County.

Section 1.2 Recitals.

(a) County’s Recitals.

(i) The County is authorized by ORS 271.390, ORS 287A.360 and ORS 287A.105 to enter into financing agreements to finance or refinance any real or personal property that the Board of Commissioners of the County (the “Board”) determines is needed.

(ii) The County Board adopted its authorizing Resolution and has determined that the Project being financed is needed, and the Escrow Agent and the County have entered into the Financing Agreement in which the Escrow Agent has agreed to finance certain amounts to the County, and the County has agreed to borrow those amounts from the Escrow Agent to finance the Project.

(iii) The County enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from Financing Payments the County makes under the Financing Agreement.

(b) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations and responsibilities under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the County’s Full Faith and Credit Refunding Obligations, Series 2014 evidencing proportionate interests in the Financing Payments. The Escrow Agent further recites that it is not in violation of any provision of its charter or bylaws, any applicable law or regulation, any order of a court or administrative body, or any agreement or other instrument to which it is a party or by which it presently is bound.

(c) The County and the Escrow Agent hereby agree that the following rights shall be held in escrow exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

(i) all rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent’s right to payment from Additional Charges), and,

(ii) all rights of the Escrow Agent and the County to amounts in the Payment Account.

ARTICLE II. THE SERIES 2014 FULL FAITH AND CREDIT REFUNDING OBLIGATIONS

Section 2.1 Authorization, Delivery and Terms of Obligations.

(a) The Obligations shall be dated, shall mature on the dates and in the stated principal amounts, and shall bear interest as shown in Exhibit A to the Financing Agreement. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(b) The Escrow Agent is hereby authorized to register, execute, authenticate and deliver the Obligations in substantially the form shown in Exhibit A, attached hereto, to DTC. The Obligations shall be numbered serially and shall be signed by manual or facsimile signature of an authorized officer of the Escrow Agent. The Escrow Agent agrees to apply the Financing Payments as provided in this Escrow Agreement.

Section 2.2 Payment of Obligations.

(a) Each Obligation represents an ownership interest in and a right to receive:

(i) a proportionate share of the principal component of the Financing Payments due on the maturity date of that Obligation, plus

(ii) a proportionate share of the interest components of the Financing Payments which are allocable to that principal component.

(b) The County shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall transfer the Financing Payments to the Owners as provided in Section 2.2(c) below.

(c) While the Obligations are held in book-entry form, the Escrow Agent shall transfer Financing Payments to the Owners as set forth in the rules and procedures of The Depository Trust Company (the "Depository"). If the Obligations cease to be a book-entry only issue, the Escrow Agent shall transfer Financing Payments on such Payment Date by check or draft mailed to such Owner at the address as it appears on the obligation register or at such address as is furnished to the Escrow Agent in writing by such Owner or, at the written request to the Escrow Agent of any Registered Owner of Obligations in the aggregate principal amount of at least \$100,000, by electronic transfer in immediately available funds, such request to be signed by such Owner, containing the name of the bank (which shall be in the continental United States), its address, its ABA routing number and the account number to which credit shall be made and be filed with the Escrow Agent no later than ten (10) Business Days before the applicable Record Date preceding such Payment Date. If payment is due on a day that is not a Business Day, payment will be made on the next succeeding Business Day with the same effect as if made on the day payment was due.

Section 2.3 Book-Entry Only System.

(a) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Owners in accordance with the blanket letter of representations the County has filed with the Depository. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of the Depository.

(b) If the Depository determines not to continue to act as securities depository for the Obligations, or the County determines that the Depository shall no longer so act, then the County will

discontinue the book-entry-only system with the Depository. If the County fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry-only system, the Obligations shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Escrow Agent in the name of the Owner as appearing on the Obligation Register and thereafter in the name or names of the Owners of the Obligations transferring or exchanging Obligations in accordance with the provisions of this Section 2.3. The Escrow Agent shall authenticate and deliver printed Obligations to such Owners at the expense of the County.

(c) While the Obligations are in book entry form, the County and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any Beneficial Owner for:

(i) the accuracy of the records of the depository, its nominee or any participant, correspondent or Beneficial Owner with respect to any ownership interest in the Obligations;

(ii) the delivery to any participant, correspondent, Beneficial Owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice or consent with respect to the Obligations, including any notice of prepayment;

(iii) the selection by the depository of the beneficial interest in Obligations to be prepaid if the County prepays the Obligations in part; or

(iv) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

(d) Notwithstanding the book-entry-only system, the County and the Escrow Agent may treat and consider the person in whose name each Obligation is registered in the registration books maintained by the Escrow Agent as the absolute owner of such Obligation for the purpose of payment of principal, premium, if any, and interest with respect to such Obligation, or for the purpose of giving notices of prepayment and other matters with respect to such Obligation, or for the purpose of registering transfers with respect to such Obligation, or for all other purposes whatsoever. The County shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners, as shown in the registration books maintained by the Escrow Agent and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid.

Section 2.4 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit A, attached hereto. The Obligations shall be numbered beginning with R-1.

Section 2.5 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent and shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the form set forth in Exhibit A, attached hereto, and which have been manually authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

Section 2.6 Registration of Transfer and Exchange.

The provisions of this Section 2.6 apply only if the Obligations cease to be a book-entry only issue. The registration of any Obligation may, in accordance with its terms, be transferred upon the Obligation Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Escrow Agent and duly executed by the Owner or his or her authorized attorney. Obligations may be exchanged at the office of the Escrow Agent for a like aggregate principal amount of Obligations or other authorized denominations of the same maturity. The Escrow Agent may require the Obligation Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Obligation or Obligations shall be surrendered for registration of transfer or exchange, the Escrow Agent shall execute and deliver a new Obligation or Obligations of the same maturity, for like aggregate principal amount; provided that the Escrow Agent shall not be required to register transfers or make exchanges of:

- (a) Obligations for a period of fifteen (15) days next preceding any selection of the Obligations to be prepaid;
- (b) any Obligations chosen for prepayment; or
- (c) Obligations for a period of fifteen days prior to any Payment Date.

Section 2.7 Mutilated, Lost, Destroyed or Stolen Obligations.

(a) If any Obligation becomes mutilated, the Escrow Agent, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor and maturity but bearing a different number in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Escrow Agent of the Obligation so mutilated. Every mutilated Obligation so surrendered to the Escrow Agent shall be canceled by it.

(b) If any Obligation is lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Escrow Agent and, if such evidence is satisfactory to the Escrow Agent and, if an indemnity satisfactory to the Escrow Agent shall be given, the Escrow Agent, at the expense of the Owner of the Obligation in question, shall execute and deliver a new Obligation of like tenor and maturity and numbered as the Escrow Agent shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen.

(c) The Escrow Agent may require payment of an appropriate fee for each new Obligation delivered under this Section 2.7 and of the expenses which may be incurred by the Escrow Agent in carrying out the duties under this Section 2.7.

Section 2.8 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

Section 2.9 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall be open to inspection by the County during regular business hours upon reasonable notice.

Section 2.10 Prepayment.

- (a) Terms of Prepayment.

The Obligations are not subject to prepayment as provided in Exhibit B to this Escrow Agreement and Exhibit B to the Financing Agreement and notice shall be given by the County pursuant to Section 3.3(b) of the Financing Agreement.

- (b) Selection of Obligations for Prepayment.

If Obligations are selected for prepayment and less than all the Outstanding Obligations will be prepaid, the Escrow Agent, unless otherwise directed by the County, shall select such Obligations for prepayment from each remaining maturity pro rata in proportion to the principal amount of Obligations in each such maturity. The Escrow Agent shall select Obligations for prepayment within a maturity by lot. The Escrow Agent shall promptly notify the County in writing of the Obligations so selected for prepayment.

- (c) Notice of Prepayment (No Depository).

The provisions of this Section 2.10(c) shall apply only if the Obligations cease to be a book-entry-only issue. The Escrow Agent shall give to the Obligation Owners notice of prepayment ("Notice of Prepayment") of the Obligations at the expense of the County. Each Notice of Prepayment shall state (a) the prepayment date, (b) the place or places of prepayment (including the name and address of any prepayment agent), (c) if only a portion of the Obligations are being prepaid, the distinctive number of the Obligations of such maturity to be prepaid, (d) the Obligations or designated portions thereof (in the case of prepayment of the Obligations in part but not in whole), (e) the prepayment price, (f) the CUSIP numbers (if any) assigned to the Obligations to be prepaid and (g) the dated date of the Obligations, the interest rate and stated maturity date with respect to each Obligation to be prepaid in whole or in part. Each such Notice of Prepayment shall also state that on said date there shall become due and payable on each of said Obligations the principal amount with respect thereto (or a portion thereof in the case of an Obligation to be redeemed in part only), together with interest accrued with respect thereto to the prepayment date, and that from and after such prepayment the interest thereon shall cease to accrue, and shall require that such Obligations be then surrendered. Notice of Prepayment shall be given by mailing, first class, postage prepaid, not more than sixty (60) days nor less than thirty (30) days prior to said prepayment date, copies thereof to the County and the Owners of the Obligations whose Obligations or a portion thereof are to be prepaid.

- (d) Notice of Prepayment (Depository).

The Escrow Agent shall notify the Depository of any prepayment not less than twenty (20) days nor more than 60 days prior to the prepayment, and shall provide such information in connection therewith as required by the blanket issuer letter of representations the County has filed with the Depository Trust Company.

- (e) Notice of Prepayment Required by Continuing Disclosure Certificate.

In addition to the other notices of prepayment required by this Escrow Agreement, the Escrow Agent shall give notices of redemption or prepayment which are required to be provided by the County to the entities listed in the Continuing Disclosure Certificate for the Obligations.

(f) Partial Prepayment of Obligations.

Upon surrender of any Obligation which is not in book-entry form and is prepaid in part only, the Escrow Agent shall execute and deliver to the Owner thereof, at the expense of that Owner, a new Obligation or Obligations of authorized denominations equal in aggregate principal amount to the portion of the surrendered Obligation which is not prepaid and with the same stated interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the County, the Escrow Agent and the Escrow Agent shall be released and discharged from all liability to the extent of such payment.

(g) Effect of Prepayment.

If notice of prepayment has been given as provided in this Section 2.10, and the moneys for the prepayment (including the interest to the applicable date of prepayment) have been set aside in the Payment Account, the Obligations shall become due and payable on the date of prepayment upon presentation and surrender thereof at the office or offices specified in said notice, and interest with respect to the Obligations shall cease to accrue after the date fixed for prepayment. All moneys held by or on behalf of the Escrow Agent for the prepayment of Obligations shall be held in trust for the account of the Owners of the Obligations so to be prepaid. All Obligations paid at maturity or prepaid prior to maturity pursuant to the provisions of this Section 2.10, if any, shall be canceled upon surrender thereof.

Failure to give notice or any defect in notices shall not affect the validity of the proceedings for the prepayment of the Obligations or portions thereof with respect to which no such failure or defect has occurred.

Section 2.11 Provisions for Printed Obligations.

If the County discontinues use of the book-entry only system or termination thereof occurs without designation of a new qualified securities depository, then the provisions of this Section 2.11 shall apply to the Obligations. Upon receipt of a printed Obligation, the Beneficial Owner shall become the Registered Owner. The principal with respect to such Obligations shall be payable upon presentation at the office of the Escrow Agent.

ARTICLE III. ACCOUNTS

Section 3.1 Obligation Payment Account.

The Escrow Agent shall establish a special account designated as the "Full Faith and Credit Refunding Obligations, Series 2014 Payment Account" which is defined in this Escrow Agreement as the "Payment Account." The Escrow Agent shall keep the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

(a) To secure the payment of Financing Payments, three (3) Business Days preceding each Payment Date, the County shall transfer the deposits described in Section 3.2(b)(i) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits in the Payment Account.

(b) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date, but solely from moneys on deposit in the Payment Account.

(c) Subject to the provisions of Section 9.6 hereof, if on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available therefor, the Escrow Agent shall pay to the Owners the moneys on hand, and the Escrow Agent shall apply such money first to the payment of the interest component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary, and second, to the payment of the principal component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary.

(d) Any amounts in the Payment Account in excess of the amount necessary to pay the principal and interest components of the Financing Payments shall be retained in the Payment Account and upon written direction of the County, shall be invested until needed for payment of the Obligations; the excess and any earnings thereon shall be credited against the deposits due from the County as provided in Section 3.2(b)(ii) of the Financing Agreement. The Escrow Agent shall provide the County, not less than thirty (30) days before each date a deposit is required under Section 3.2(b) of the Financing Agreement, an invoice which sets forth the amount of the next deposit.

(e) Any surplus remaining in the Payment Account after payment of all Financing Payments and all Obligations Outstanding and payment of any applicable fees and expenses of the Escrow Agent, or provision for such prepayment or payment of all Financing Payments having been made to the satisfaction of the Escrow Agent in accordance with Section 11.1 herein, shall be remitted to the County.

Section 3.2 Additional Charges.

If the Escrow Agent receives Additional Charges pursuant to the Financing Agreement, such Additional Charges shall be applied by the Escrow Agent solely to the payment of any costs in respect of which such Additional Charges were received, and shall not be commingled in any way with any other funds received by the Escrow Agent pursuant to the Financing Agreement or this Escrow Agreement, except as provided above.

Section 3.3 Deposits at Closing.

Proceeds of the Obligations received by the County will be deposited with the County and used for costs relating to the issuance of the Obligations and for refunding the Refundable Obligations. The County hereby agrees to establish a system for tracking such funds and such funds shall be invested in accordance with County investment policies.

ARTICLE IV. MONEYS IN FUNDS; INVESTMENT

Section 4.1 Moneys and Investments Held in Escrow.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in escrow for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the County, the Escrow Agent or any Owner.

Section 4.2 Investments Authorized.

(a) Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments as directed in writing by the County. If the County notifies the Escrow Agent verbally, the County shall promptly confirm its notification and instructions in writing. In the event the Escrow Agent does not receive written direction regarding investments, then the deposits will be invested in a U.S. Bank Money Market interest bearing account.

(b) Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the County.

(c) The Escrow Agent may purchase or sell from itself or any affiliate, as principal or agent, investments authorized by this Section 4.2 and which shall be entitled to its customary fee. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

(d) The County acknowledges that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of the security transactions as they occur. The County specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Escrow Agent which will detail all investment transactions.

Section 4.3 Accounting.

The Escrow Agent shall furnish to the County, at least annually, an accounting of each fund and account and of all investments made by the Escrow Agent. Except as provided in Section 5.6 herein, the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

Section 4.4 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the County, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

Section 4.5 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for prepayment, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Payment Account, and, except as provided in Section 5.6 herein, the Escrow Agent shall not be liable or responsible for any loss resulting from the disposition of such investment. The County may instruct the Escrow Agent at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited.

Section 4.6 Deposit and Investment of Moneys in Accounts.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding such commingling by the Escrow Agent.

ARTICLE V. THE ESCROW AGENT

Section 5.1 Compensation of the Escrow Agent.

The County shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable expenses and fees of its counsel and agents), except any such expense, disbursement or advance as may arise from its negligence or bad faith. Fees for the Escrow Agent's services shall be those specified in the contract between the County and the Escrow Agent. The Escrow Agent shall also be entitled to receive extraordinary fees and its extraordinary expenses if it is requested to render services in connection with a default or under circumstances not provided for in this Escrow Agreement.

Section 5.2 Removal of Escrow Agent.

(a) The Escrow Agent may be removed and a successor Escrow Agent appointed:

(i) by the County at any time if, in the good faith opinion of the County, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or

(ii) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

(b) Any successor Escrow Agent appointed pursuant to the provisions of this section shall:

(i) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority,

(ii) have substantial prior experience as an Escrow Agent for the benefit of the owners of municipal debt securities; and,

(iii) be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000) and subject to supervision or examination by federal or state authority.

Section 5.3 Resignation of Escrow Agent.

(a) The Escrow Agent or any successor may at any time resign by giving written notice to the County and by giving notice by first-class mail to the Owners of its intention to resign and of the proposed date of resignation, which shall be a date not less than sixty (60) days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

(b) Upon receiving such notice of resignation, the County shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the County fails to appoint a successor Escrow Agent within thirty (30) days following receipt of such written notice of resignation, the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within thirty (30) days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

(c) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

Section 5.4 Merger or Consolidation.

Any company or national banking association into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 5.2(b) of this Agreement, shall be the successor to such Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 5.5 Acceptance of Appointment by Successor Escrow Agent.

(a) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the County and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the County and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

(b) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

Section 5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

(a) The Escrow Agent undertakes, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Event of Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and

powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(i) Prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(ii) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(iii) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(iv) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Escrow Agent may execute any of the duties or powers hereof and perform any of its duties by and through attorneys, agents, or receivers not affiliated with the Escrow Agent if selected with reasonable care, and shall be entitled to advice of counsel concerning all matters or duties hereunder, and may in all cases pay such reasonable compensation to such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Escrow Agent may act upon the opinion or advice of counsel approved by the Escrow Agent in the exercise of reasonable care. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith or reliance upon such opinion or advice.

Section 5.7 Protection and Rights of the Escrow Agent.

(a) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any ordinance, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the

Escrow Agent or satisfactory evidence of the ownership of such Obligation shall be furnished to the Escrow Agent. The Escrow Agent may consult with counsel, who may be counsel to the County, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Escrow Agent's representative or the County's Representative and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the County with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the County contained in this Escrow Agreement or in the Obligations shall be taken and construed as made by and on the part of the County, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Escrow Agent shall have no responsibility with respect to any information, statement, or recital in an offering memorandum, official statement or other disclosure material prepared or distributed with respect to the Obligations.

(e) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(f) The Escrow Agent shall not be required to take notice or be deemed to have notice of any default hereunder, except failure of the County to make Financing Payments to the Escrow Agent or any default of which the Escrow Agent has actual knowledge, unless the Escrow Agent shall have received written notice of such default from the County or from the Owners of twenty-five percent (25%) of the unpaid principal component of Financing Payments.

Section 5.8 Indemnification

(a) To the extent permitted by law, the County covenants and agrees to indemnify and save the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the County under this Section 5.8 shall survive the resignation or removal of the Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed

against the County shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(b) Before taking any action under ARTICLE IX, Section 9.2 and Section 9.3 hereof or Section 5.3 of the Financing Agreement, the Escrow Agent may require payment of its fees and expenses, including reasonable attorney's fees, and upon receipt of indemnity satisfactory to it be furnished by Owners of the Obligations for the reimbursement of all further expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

ARTICLE VI. CONCERNING THE OBLIGATION OWNERS

Section 6.1 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

(a) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or

(b) by the record of the Owners voting in favor thereof at any meeting of Owners, or

(c) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

Section 6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the County, the Escrow Agent and the Owners of all the Obligations.

Section 6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the County or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly

controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

ARTICLE VII. MODIFICATION OF ESCROW AGREEMENT

Section 7.1 Limitations.

This Escrow Agreement may be modified or amended only in accordance with this ARTICLE VII.

Section 7.2 Supplemental Escrow Agreement Without Consent of Owners.

The County and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

(a) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement; provided that such action shall not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners;

(b) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the Supplemental Escrow Agreement;

(c) To modify, alter, amend or supplement this Escrow Agreement in any other respect which is not materially adverse to the Owners and which does not involve a change described in Section 7.3(a)(i), Section 7.3(a)(ii), Section 7.3(a)(iii), Section 7.3(a)(iv) herein and which, in the judgment of the Escrow Agent, is not to the prejudice of the Escrow Agent;

Before the Escrow Agent and the County shall enter into any Supplemental Escrow Agreement pursuant to this Section, the County shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the County in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

Section 7.3 Supplemental Escrow Agreement with Consent of the Owners.

(a) Any amendment to this Escrow Agreement which is not described in Section 7.2 herein requires the consent of the County, the Escrow Agent and the Owners of not less than sixty (60) percent in aggregate principal amount of the Obligations then Outstanding. However, the consent of all affected Owners of all the Obligations then Outstanding is required for:

(i) a change in the terms of the payment or prepayment of any portion of the Financing Payments, or

(ii) the creation of a claim or lien upon, or a pledge of the security ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or

(iii) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(iv) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6 herein, for any modification, alteration, amendment or supplement to the Financing Agreement.

(b) If at any time the County shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first-class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the County may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

(c) If the Owners of not less than the percentage of Obligations then Outstanding required by this Section 7.3 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the County from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 7.4 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7.4, this Escrow Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the County and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

Section 7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

(a) The County, with the consent of the Escrow Agent but without the consent of or notice to the Owners, may amend, change or modify the Financing Agreement as may be required:

(i) By the provisions of the Financing Agreement and this Escrow Agreement,

(ii) To cure any ambiguity, formal defect or omission in the Financing Agreement,

(iii) To make any other change to the Financing Agreement which, in the reasonable judgment of the County, does not materially and adversely affect the Owners.

(b) Before the County shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.5 or Section 7.6 herein, there shall have been delivered to the Escrow Agent and the County an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

Section 7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

(a) Any amendment to the Financing Agreement which is not described in Section 7.5 herein requires the consent of the County, the Escrow Agent and the Owners of not less than sixty (60) percent in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.6. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the payments under the said agreement or any change in the provisions relating to the payments thereunder.

(b) If at any time the County shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 herein, the Escrow Agent shall cause notice to be given of such proposed amendment, change or modification in the same manner as provided by Section 7.3 herein with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners at any time during reasonable business hours and upon reasonable prior notice. The County may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 herein with respect to supplemental Escrow Agreements, provided the County has obtained the opinion of Special Counsel which is described in Section 7.5 herein.

ARTICLE VIII. COVENANTS; NOTICES

Section 8.1 Compliance With and Enforcement of Financing Agreement.

(a) The County covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

(b) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such Agreement against the County in accordance with its terms, subject to the rights of the County therein as provided in this Escrow Agreement and the Financing Agreement.

Section 8.2 Notice in Event of Late Financing Payment.

If the Escrow Agent does not receive any Financing Payment deposit within one (1) Business Day after the date on which it is due (which date is three (3) Business Days before the Payment Date) in accordance with the Financing Agreement, the Escrow Agent shall give prompt written and telephonic notice of such fact to the County.

Section 8.3 Notice of Default.

If an Event of Default occurs the Escrow Agent shall give written notice of such default to the Owners of the Obligations then Outstanding. Such notice shall specify that an Event of Default has occurred, and shall contain a brief description of the Event of Default. Any failure to give this notice shall not affect any rights of Owners. This shall be mailed by first class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of default. However, except for an Event of Default described in Section 9.1(a) herein, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations.

Section 8.4 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment, the County has covenanted in the Financing Agreement to comply with the applicable provisions of the Code. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain such exclusion.

Section 8.5 Prosecution and Defense of Suits.

The County shall promptly take such action as may be necessary to cure any defect in the title to the Project or any part thereof, or the perfection of security interests in the Project, whether now existing or hereafter developing, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Section 8.6 Further Assurances.

The Escrow Agent and the County will make, execute and deliver any and all such further ordinances, instruments and assurances as the Escrow Agent may deem reasonably necessary or proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

ARTICLE IX. EVENTS OF DEFAULT

Section 9.1 Events of Default.

The occurrence of one or more of the following shall constitute Events of Default:

(a) The County's failure to pay the Financing Payments, when due;

(b) The County's failure to comply with any other covenant, condition or agreement of the County under the Agreements for a period of sixty (60) days after written notice thereof from the Escrow Agent absent an extension of time by the Escrow Agent;

(c) The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors, or the taking of any action by the County in furtherance of any of the foregoing; or

(d) Any statement, representation or warranty made by the County in or pursuant to the Financing Agreement or Escrow Agreement shall have proven to be false, incorrect, misleading or breached in any material respect on the date when made.

Section 9.2 Remedies on Default.

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall proceed to take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law; provided, however, that upon an EVENT OF DEFAULT THE ESCROW AGENT SHALL NOT HAVE THE RIGHT TO DECLARE THE UNPAID PRINCIPAL COMPONENTS OF THE FINANCING PAYMENTS IMMEDIATELY DUE AND PAYABLE.

The Escrow Agent may exercise the rights and powers conferred by this ARTICLE IX as the Escrow Agent in its discretion being advised by its Counsel shall deem most expedient and in the interests of the Owners.

Section 9.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9.3 or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses.

If any party to this Escrow Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

Section 9.5 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Moneys Upon Default.

If at any time after an Event of Default has occurred the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

(i) First: To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent.

(ii) Second: To the payment to the persons entitled thereto of the interest components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular interest component of a Financing Payment, then to the payment ratably, according to the amounts due on such interest portion, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations;

(iii) Third: To the payment of the persons entitled thereto of the principal components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular principal component of a Financing Payment, then to the payment ratably, according to the amounts due on such principal portion, to the persons entitled thereto, without discrimination or preference; and,

(iv) Fourth: To the County, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

Section 9.7 Action by Owners.

If the Escrow Agent fails to take any action to eliminate an occurrence of an Event of Default, the Owners of more than fifty (50%) percent in aggregate principal amount of Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Escrow Agent shall have been given written notice of such default (unless such default shall consist of a failure to make a Financing Payment when due) and the continuance thereof and if such percentage of Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent sixty (60) days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

ARTICLE X. LIMITATION OF LIABILITY

Section 10.1 Limited Liability of County.

Except for the payment of Financing Payments and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the County

contained in the Financing Agreement and this Escrow Agreement, the County shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of Financing Payments to the Owners by the Escrow Agent.

Section 10.2 No Liability of County for Escrow Agent Performance.

The County shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon it under this Escrow Agreement.

Section 10.3 No Liability of Escrow Agent for Financing Payments by County.

The Escrow Agent shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the County when due, or with respect to the performance by the County of any other covenant made by it in the Financing Agreement.

Section 10.4 Opinion of Counsel; Experts.

(a) Before being required to take any action, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

(b) If an Event of Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Escrow Agent), as it may deem necessary to carry out any of its obligations hereunder. The County shall reimburse the Escrow Agent for its reasonable expenses in so doing. The Escrow Agent shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Escrow Agent.

(c) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

Section 10.5 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the County, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Escrow Agent and the Owners.

ARTICLE XI. MISCELLANEOUS

Section 11.1 Defeasance.

(a) All or any portion of the Outstanding Obligations may be paid and discharged in any one or more of the following ways:

(i) By paying or causing to be paid the Financing Payments attributable to such Obligations as and when the same become due and payable;

(ii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, before maturity, money which, together with the amounts then on deposit in the Payment Account, is fully sufficient to pay all Financing Payments attributable to such Obligations; or

(iii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, Defeasance Obligations in such amount which will, together with the interest to accrue thereon, be sufficient to pay all Financing Payments attributable to such Obligations, as and when the same become due and payable, as evidenced by a verification report, and providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest component of Financing Payments to be includable in gross income under federal income tax laws.

(b) All obligations of the Escrow Agent and the County under this Escrow Agreement with respect to such Obligations which are paid or deemed paid hereunder shall cease and terminate, except for the obligation of the County to pay the Additional Charges specified in Section 3.2 of the Financing Agreement and to pay Financing Payments from the amount so deposited, and of the Escrow Agent to apply amounts on deposit to the payment of the Financing Payments.

(c) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the County and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable prior notice. Upon written notice, the Escrow Agent shall promptly make such records available to the County, any Owner, or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

Section 11.2 Notices.

(a) All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given via mail or via facsimile. Notices to be mailed shall be sent to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

If to the Escrow Agent:

U.S. Bank National Association
Global Corporate Trust Services
555 SW Oak Street, PD-OR-P7TD
Portland, Oregon 97204

Telephone: (503) 464-3756
Facsimile: (503) 464-4122

If to the County

Multnomah County
501 SE Hawthorne Blvd., Suite 531
Portland, Oregon 97214-3501
Attn: Chief Financial Officer

Telephone: (503) 988-3312
Facsimile: (503) 988-5725

(b) All notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via facsimile or mailed by registered mail (return receipt requested), postage prepaid.

Section 11.3 Applicable Law.

This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the Multnomah County, Oregon.

Section 11.4 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

Section 11.5 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

Section 11.6 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

Section 11.7 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Escrow Agent has executed this Escrow Agreement in its corporate name by its duly authorized officer and the County has caused this Escrow Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent

By: _____
Authorized Officer

MULTNOMAH COUNTY, OREGON
as County

By: _____
Mark Campbell, Chief Financial Officer

EXHIBIT A

(Form of Full Faith and Credit Refunding Obligation)

No. R-__ \$__,000

**FULL FAITH AND CREDIT REFUNDING OBLIGATION
SERIES 2014**

Evidencing a Proportionate Interest of the Owner Hereof in Certain Financing Payments
to be Made Under a Tax-Exempt Financing Agreement between

MULTNOMAH COUNTY, OREGON
as County

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

DATED DATE	PRINCIPAL COMPONENT INTEREST RATE PER ANNUM	PRINCIPAL COMPONENT MATURITY DATE	CUSIP NUMBER
June 18, 2014	____%	August 1	_____
REGISTERED OWNER: -----CEDE & CO.-----			
PRINCIPAL AMOUNT: ----- THOUSAND DOLLARS-----			

This Obligation is executed and delivered by U.S. Bank National Association pursuant to an Escrow Agreement, dated as of June 18, 2014, by and between U.S. Bank National Association, as escrow agent (the "Escrow Agent"), and Multnomah County, Oregon (the "County"). The Escrow Agent and the County have entered into that certain Tax-Exempt Financing Agreement, dated as of June 18, 2014 (the "Financing Agreement"), pursuant to which the County is legally required to make financing payments (the "Financing Payments"). The County has assigned to the Escrow Agent all of its right, title and interest in the Financing Payments for the benefit of the Owners of the Obligations under the Escrow Agreement.

This Obligation is entitled proportionately to receipt of the principal component of Financing Payments in the amount set forth as Principal Amount above due on the Principal Component Maturity Date set forth above and is entitled proportionately to receipt of an amount of the interest component of Financing Payments each Payment Date attributable to the interest accruing on said principal component at the principal component interest rate set forth above.

ADDITIONAL PROVISIONS OF THIS OBLIGATION APPEAR ON THE REVERSE SIDE
HEREOF AND ON SUBSEQUENT PAGES; THESE PROVISIONS HAVE THE SAME EFFECT AS
IF THEY WERE PRINTED HEREIN.

U.S. Bank National Association, in Portland, Oregon, as the Escrow Agent and Registrar (the "Registrar"), shall pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the above Principal Component Maturity Date together with interest thereon from the dated date indicated above at the Principal Component Interest Rate per annum indicated above, but solely from amounts received from the County pursuant to the Financing Agreement and Escrow Agreement. Interest is payable semiannually on August 1 and February 1 of each year until maturity, commencing on August 1, 2014 (the "Payment Date") to the Owners of record as of the Record Date. Principal components of, and interest components of the Financing Payments on this Obligation shall be received by Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), or its registered assigns in same-day funds on each Payment Date. Such payments shall be made payable to the order of "Cede & Co.". All terms used in this Obligation and not otherwise defined herein shall have the respective meanings assigned thereto in the Financing Agreement and Escrow Agreement. The Obligations are payable from the Payment Account as provided in the Escrow Agreement.

This Obligation is one of a series of Full Faith and Credit Refunding Obligations, Series 2014 (the "Obligations"), being executed and delivered in the aggregate principal amount of \$22,530,000. The County is authorized to enter into the Financing Agreement and the Escrow Agreement by Resolution No. 2014-030 adopted by the Board of Commissioners of the County (the "Board") on April 3, 2014 (the "Resolution").

The Obligations are not subject to optional and mandatory prepayment as provided in the Financing Agreement and Escrow Agreement. If this Obligation is called for prepayment and payment is duly provided therefor as specified in the Escrow Agreement, interest on this Obligation shall cease to accrue beginning on the date fixed for prepayment. Notice of prepayment shall be given by the Escrow Agent to DTC as required by the rules and procedures of DTC.

The Financing Payments are payable from the general non-restricted revenues of the County and other funds which may be available for that purpose, including taxes levied within the restrictions of Section 11b, Article XI of the Constitution of the State of Oregon. The obligation of the County to make Financing Payments is a full faith and credit obligation of the County, and is not subject to appropriation. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The Obligations are initially issued as a Book-Entry System issue with no certificates provided to the Owners. Records of Obligation ownership will be maintained by the Escrow Agent and DTC and its participants.

THE ESCROW AGENT HAS NO OBLIGATION OR LIABILITY TO THE OWNERS OF OBLIGATIONS FOR THE PAYMENT OF THE INTEREST OR PRINCIPAL PORTIONS PERTAINING TO THE OBLIGATION; THE ESCROW AGENT'S ONLY OBLIGATIONS ARE TO ADMINISTER, FOR THE BENEFIT OF THE DISTRICT AND THE OWNERS OF OBLIGATIONS, THE VARIOUS ACCOUNTS ESTABLISHED IN THE ESCROW AGREEMENT AND ONLY SUCH DUTIES AS SET FORTH IN THE ESCROW AGREEMENT.

IN WITNESS WHEREOF, the Escrow Agent has caused this Obligation to be executed by the manual or facsimile signature of an authorized officer as of the date set forth above.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

Date of Authentication: June 18, 2014.

CERTIFICATE OF AUTHENTICATION

This is one of the \$22,530,000 Full Faith and Credit Refunding Obligations, Series 2014, which represents an interest in the Financing Payments due under the Financing Agreement described herein, and is properly registered and authenticated pursuant to the Escrow Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____.

(Please insert social security or other identifying number of assignee) this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common
OREGON CUSTODIANS use the following:
____ CUST UL OREG _____ MIN as custodian for
(as custodian for) (name of minor)
OR UNIF TRANS MIN ACT (under the Oregon Uniform Transfer to Minors Act)

Additional abbreviations may also be used though not in the list above.

EXHIBIT B
PREPAYMENT PROVISIONS
MULTNOMAH COUNTY, OREGON
FULL FAITH AND CREDIT REFUNDING OBLIGATIONS
SERIES 2014
FINANCING AMOUNT: \$22,530,000

Prepayment Provisions

Optional Prepayment. The Obligations are not subject to optional prepayment prior to maturity.