

**Multnomah County, Oregon  
Countywide Cost Allocation Plan  
For the Fiscal Year Ended June 30, 2018**

Based on the Year Ending June 30, 2016  
Prepared in Accordance with  
OMB 2 CFR 200 (Uniform Guidance)



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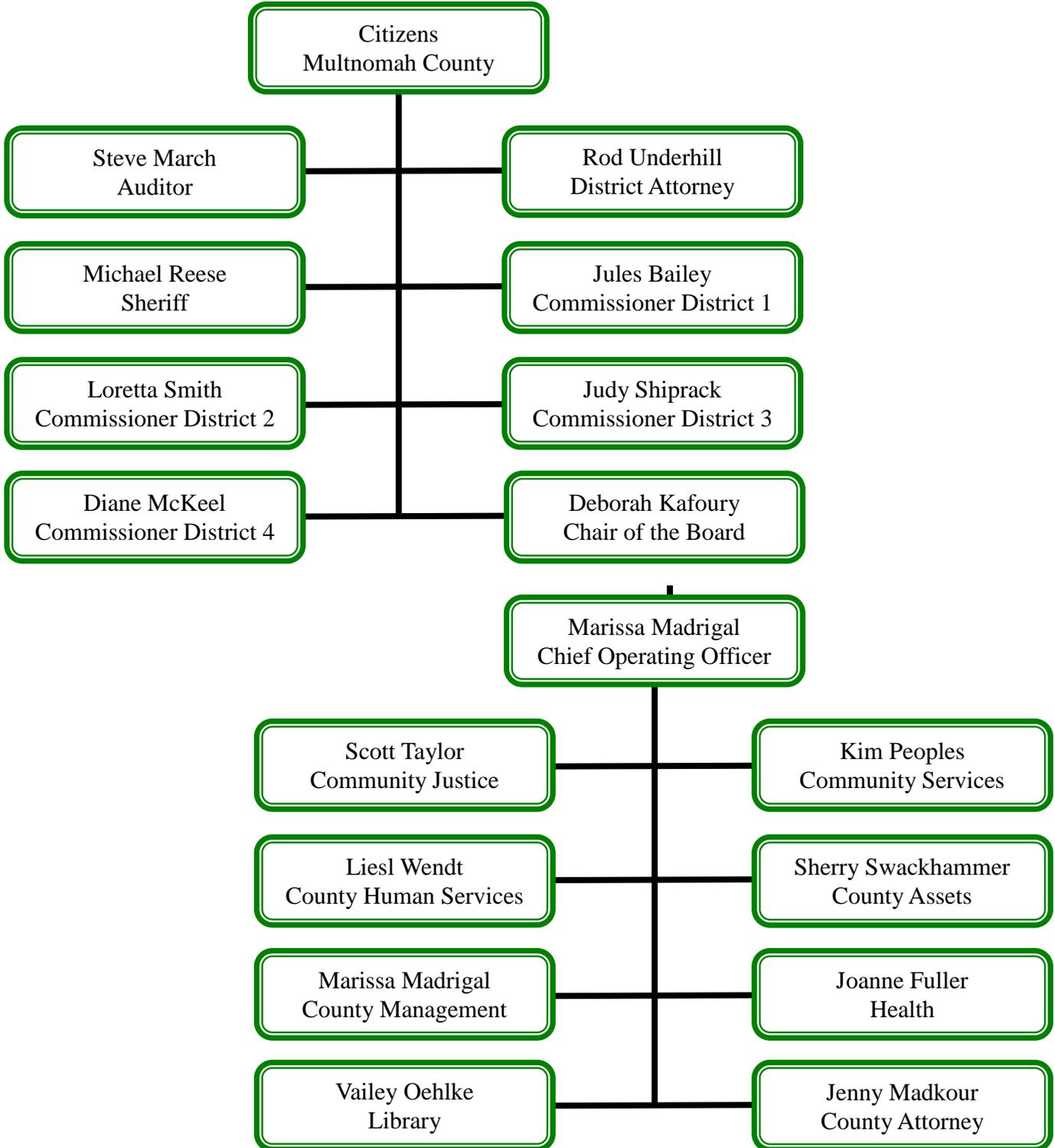
The rates contained in this document are applicable to grants in existence during the fiscal year beginning July 1, 2017 and ending June 30, 2018.

Questions regarding the contents of the proposal should be directed to Samina Gillum, Accounting Manager.

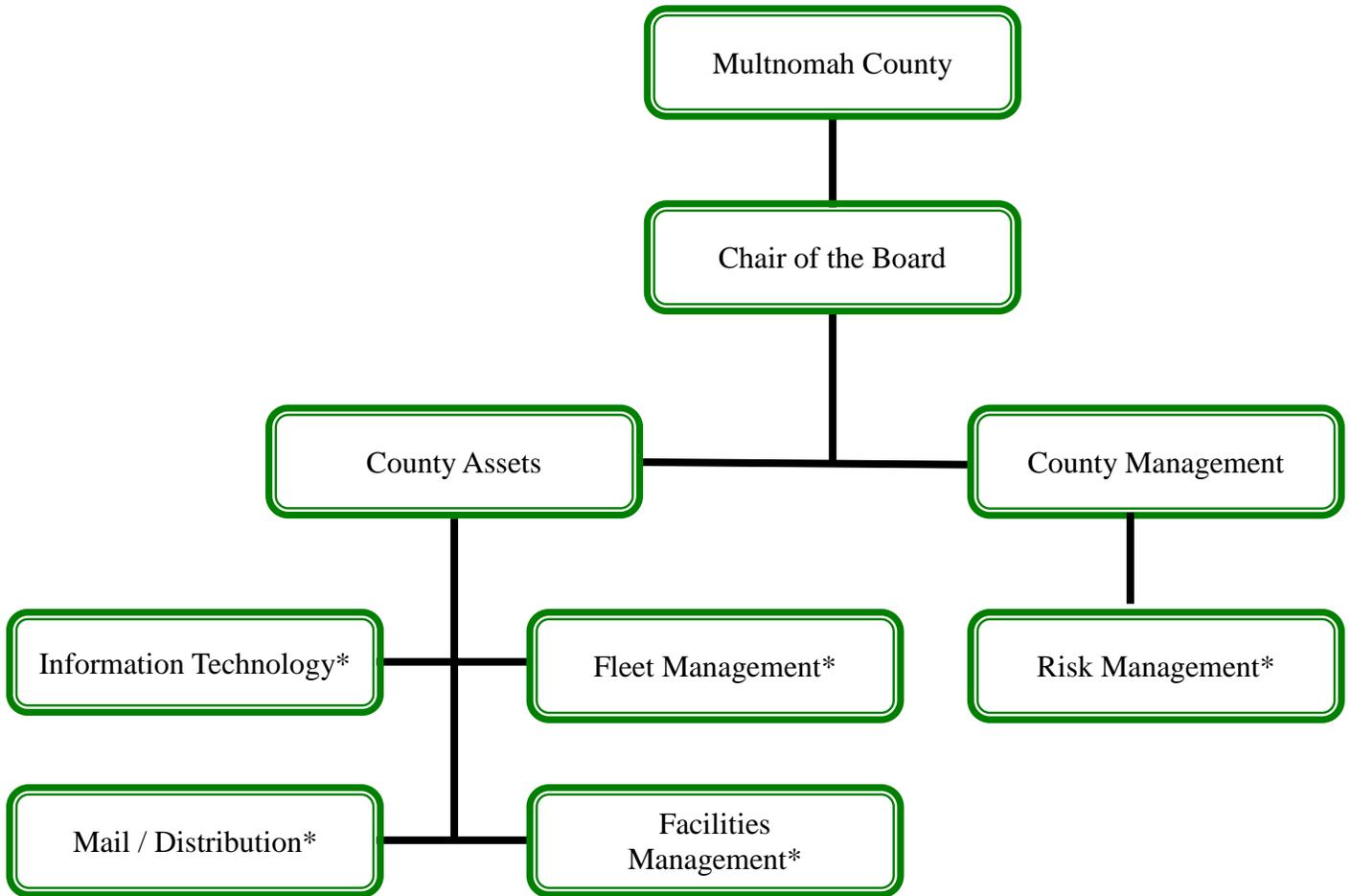
Multnomah County Finance  
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# Multnomah County, Oregon

## June 30, 2016



# Multnomah County, Oregon Internal Service Providers June 30, 2016



\* Indicates department / division is an Internal Service Provider of the County.

## **Section I: Indirect Cost Rates**

## **EXPLANATION OF THE INDIRECT COST RATES**

The Federal government recognizes that County organizations incur identifiable overhead costs in support of grants and contracts.

Costs are categorized in two ways. The first establishes support costs internal to individual departments within the County and the other identifies countywide support costs.

Department Indirect Cost Rates: Each department has a rate based on departmental administrative costs incurred within the organization. Only costs not charged directly to grants are included in the departmental rates.

Central Service Cost Allocation: The Central Service Cost Allocation Plan identifies and distributes the cost of services provided by County support organizations (e.g., Budget Office, Auditor) to those County departments (e.g., Health, Sheriff) awarded grants or contracts as a flat countywide central service rate.

Combined Indirect Cost Rates: These are the indirect rates that each department may charge to grants.

**2017-2018 SUMMARY OF OMB 2 CFR 200 (UNIFORM GUIDANCE)  
INDIRECT COST RATES**

**MULTNOMAH COUNTY**

<b>Department</b>	<b>Page</b>	<b>Central Indirect Cost Rate</b>	<b>Departmental Indirect Cost Rate</b>	<b>Combined Indirect Cost Rate</b>
County Human Services	15	2.69%	10.18%	12.87%
Community Justice	16	2.69%	11.92%	14.61%
Health Services	17	2.69%	9.47%	12.16%
District Attorney	18	2.69%	12.06%	14.75%
Sheriff's Office	19	2.69%	8.55%	11.24%
Community Services	20	2.69%	7.46%	10.15%
Library Services*		2.69%	0.00%	2.69%
Other County**		2.69%	0.00%	2.69%

\* The library does not have a departmental rate as the library is a special district with an intergovernmental agreement outside of the cost allocation plan that includes support service costs.

\*\* Other County represents miscellaneous non-departmental groups that primarily direct charge operations to grant awards or are not supported by federal dollars.

# **Central Service Allocations**

**SUMMARY OF CENTRAL SERVICE ALLOCATION**

<b>Central Service</b>	<b>Total</b>
Auditor	\$ 1,086,858
Budget Office	1,767,137
Finance	7,252,451
Human Resources	3,983,888
Strategic Sourcing	317,210
<b>Total Allocation</b>	<b>\$ 14,407,544</b>

$$\begin{array}{r}
 \text{Central Service Costs} \\
 \text{All Other Allowable Costs}
 \end{array}
 \begin{array}{r}
 \$ 14,407,544 \\
 \hline
 \$ 535,688,148
 \end{array}
 = 2.69\%$$

## AUDITOR

### DESCRIPTION OF SERVICES

The Auditor conducts performance and fiscal audits in conformance with the US GAO Government Auditing Standards. The annual audit schedule is based upon a risk analysis of County services, with the majority of office resources focused on performance audits to increase efficiency, effectiveness, and accountability. Activities of the Auditor may include examination of expenditure reports for discrepancies or variances, reviews of internal controls, and testing transactions for compliance with state and federal regulations.

In keeping with the standards, the Auditor emphasizes a coordinated audit approach with the external auditors, and with state and federal agencies. County audits are complementary and never duplicate the audit efforts of the other organizations. The Auditor's efforts help ensure that County financial and administrative policies are being followed throughout the organization, including federal programs, and are, therefore, deemed allowable.

Personnel costs of the County Auditor, an elected official, have been eliminated from the allocation.

<b>Expenditure Category</b>	<b>Actual FY14</b>	<b>Actual FY16</b>	<b>Roll forward Adjustment</b>	<b>Fixed FY18</b>
Personnel Services	\$ 1,056,451	\$ 1,154,081	\$ -	\$ -
Unallowable	(145,899)	(155,376)	-	-
<b>Total Allowable</b>	<b>\$ 910,552</b>	<b>\$ 998,705</b>	<b>\$ 88,153</b>	<b>\$ 1,086,858</b>

## BUDGET OFFICE

### DESCRIPTION OF SERVICES

The Budget Office is responsible for preparation of the County's budget and the monitoring of the budget once adopted. Included among the division's activities is the review of County programs to ensure compliance with local budget law in addition to independent evaluations of County programs, policies, and initiatives in various service areas.

Since all grant programs must comply with local budget law and the Budget Office provides oversight necessary for the successful operation of federal programs, the Budget Services allocation is deemed allowable.

<b>Expenditure Category</b>	<b>Actual FY14</b>	<b>Actual FY16</b>	<b>Roll forward Adjustment</b>	<b>Fixed FY18</b>
Personnel Services	\$ 1,313,989	\$ 1,540,563	\$ -	\$ -
Unallowable	-	-	-	-
<b>Total Allowable</b>	<b>\$ 1,313,989</b>	<b>\$ 1,540,563</b>	<b>\$ 226,574</b>	<b>\$ 1,767,137</b>

## FINANCE

### DESCRIPTION OF SERVICES

The Finance Division is responsible for assuring that the County's financial activities are accurately reflected in the accounting records and that the County's cash is properly managed.

Activities of this organization include providing administrative support for federal grants, performing centralized payroll functions, and paying vendors. Accounting and Treasury perform banking services and manage County cash. Purchasing provides central purchasing and supply services to all County organizations, procuring all supplies, materials, equipment, labor, and contractual services for the performance of professional, technical, or expert services. In addition, Purchasing oversees the solicitation and processing of bids for services and products of a specialized nature needed by the County.

Purchasing directly benefits federal programs to the extent that it procures supplies and services for use in those programs. Accounting and Treasury services are deemed necessary for the successful conduct of federal programs and are, therefore, also allowable.

<b>Expenditure Category</b>	<b>Actual FY14</b>	<b>Actual FY16</b>	<b>Roll forward Adjustment</b>	<b>Fixed FY18</b>
Personnel Services	\$ 4,996,353	\$ 6,124,402	\$ -	\$ -
Unallowable	-	-	-	-
<b>Total Allowable</b>	<b>\$ 4,996,353</b>	<b>\$ 6,124,402</b>	<b>\$ 1,128,049</b>	<b>\$ 7,252,451</b>

## HUMAN RESOURCES

### DESCRIPTION OF SERVICES

The Human Resources Division is responsible for classification of County positions, overall County personnel policy administration, and maintenance of personnel records. The Labor Relations Section is responsible for negotiating and administering labor contracts, representing the County in civil service hearings, and advising managers on disciplinary action. The Classification and Compensation Section and the Talent Development / County Training Section ensure that current employees are fairly compensated and provided the tools to do their jobs.

Human Resources uses various communication media to advertise for suitable candidates, in addition to directly contacting prospective candidates. Examinations are conducted, administered, and scored by Human Resources. Reliability and validation studies of tests are undertaken regularly.

Human Resources classifies all job positions in the County as to educational and experience requirements together with on-job performance duties and maintain personnel history records reflecting data pertaining to employees' work.

Labor Relations, Classification Compensation, and Talent Development each directly benefit grant programs through their work with employees and managers within those programs.

The variety of personnel services described above is judged allowable since the services benefit all organizations of the County. They benefit federal programs to the extent that County employees are used to carry out program activities.

The Office of Diversity and Equality (ODE) resides within the Human Resources Division. ODE assures that the County conforms to regulatory requirements for monitoring, reporting, planning, and implementing programs and strategies that provide creative solutions to workforce and service program diversity. The ODE helps assure compliance with various equal opportunity laws. The need for such services has increased due to new federal regulations, equal opportunity and ADA requirements contained in federal grant regulations and ongoing interpretation of regulatory requirements.

<b>Expenditure Category</b>	<b>Actual FY14</b>	<b>Actual FY16</b>	<b>Roll forward Adjustment</b>	<b>Fixed FY18</b>
Personnel Services	\$ 3,315,180	\$ 3,649,534	\$ -	\$ -
Unallowable	-	-	-	-
<b>Total Allowable</b>	<b>\$ 3,315,180</b>	<b>\$ 3,649,534</b>	<b>\$ 334,354</b>	<b>\$ 3,983,888</b>

## STRATEGIC SOURCING

### DESCRIPTION OF SERVICES

The Strategic Sourcing Department includes components of the Strategic Sourcing, Procurement and Contract Administration unit, which is part of the Department of County Assets' (DCA) Administrative Services Hub. This unit works collectively with the other DCA Administrative Service Hub units to deliver services to both departments and divisions supported by DCA as well as the entire County.

They also focus on the development, implementation, oversight, and direct delivery of the strategic sourcing practices across the County. This unit provides strategy, leadership, expertise, and analytical information to the County and its Departments relative to these strategic sourcing practices.

<b>Expenditure Category</b>	<b>Actual FY14</b>	<b>Actual FY16</b>	<b>Roll forward Adjustment</b>	<b>Fixed FY18</b>
Personnel Services	\$ 521,110	\$ 419,160	\$ -	\$ -
Unallowable	-	-	-	-
<b>Total Allowable</b>	\$ 521,110	\$ 419,160	\$ (101,950)	\$ 317,210

# **Department Indirect Allocations**

**COUNTY HUMAN SERVICES**

**Central Services**

Indirect            \$ 14,407,544            **2.69%**  
 Direct             \$535,688,148

**Departmental**

Indirect            \$ 5,599,492            **10.18%**  
 Direct             \$ 55,009,657

	<b>Department Total</b>	<b>Department Indirect Total</b>	<b>Department Direct Total</b>
Personnel Services	\$ 60,083,818	\$ 5,074,161	\$ 55,009,657
Roll forward	525,331	525,331	-
<b>Total</b>	<b>\$ 60,609,149</b>	<b>\$ 5,599,492</b>	<b>\$ 55,009.657</b>

<b>Roll forward Computation</b>	
Actual FY14	\$ 4,548,830
Actual FY16	5,074,161
Roll forward Adjustment	525,331
Fixed FY18	\$ 5,599,492

**COMMUNITY JUSTICE**

**Central Services**

Indirect      \$ 14,407,544  
 Direct        \$535,688,148  
**2.69%**

**Departmental**

Indirect      \$ 6,158,183  
 Direct        \$ 51,645,259  
**11.92%**

	<b>Department Total</b>	<b>Department Indirect Total</b>	<b>Department Direct Total</b>
Personnel Services	\$ 57,394,689	\$ 5,749,430	\$ 51,645,259
Roll forward	408,753	408,753	-
<b>Total</b>	<b>\$ 57,803,442</b>	<b>\$ 6,158,183</b>	<b>\$ 51,645,259</b>

<b>Roll forward Computation</b>	
Actual FY14	\$ 5,340,677
Actual FY16	5,749,430
Roll forward Adjustment	408,753
Fixed FY18	\$ 6,158,183

**HEALTH SERVICES**

**Central Services**

Indirect      \$ 14,407,544  
 Direct        \$535,688,148  
**2.69%**

**Departmental**

Indirect      \$ 13,286,505  
 Direct        \$140,315,328  
**9.47%**

	<b>Department Total</b>	<b>Department Indirect Total</b>	<b>Department Direct Total</b>
Personnel Services	\$151,860,556	\$ 11,545,228	\$140,315,328
Roll forward	1,741,277	1,741,277	-
<b>Total</b>	<b>\$153,601,833</b>	<b>\$ 13,286,505</b>	<b>\$140,315,328</b>

<b>Roll forward Computation</b>	
Actual FY14	\$ 9,803,951
Actual FY16	11,545,228
Roll forward Adjustment	1,741,277
Fixed FY18	\$ 13,286,505

**DISTRICT ATTORNEY**

**Central Services**

Indirect          \$ 14,407,544          **2.69%**  
 Direct        \$535,688,148

**Departmental**

Indirect          \$ 2,673,781          **12.06%**  
 Direct        \$ 22,173,982

	<b>Department Total</b>	<b>Department Indirect Total</b>	<b>Department Direct Total</b>
Personnel Services	\$ 24,950,014	\$ 2,776,032	\$ 22,173,982
Roll forward	(102,251)	(102,251)	-
<b>Total</b>	<b>\$ 24,847,763</b>	<b>\$ 2,673,781</b>	<b>\$ 22,173,982</b>

<b>Roll forward Computation</b>	
Actual FY14	\$ 2,878,282
Actual FY16	2,776,032
Roll forward Adjustment	(102,251)
Fixed FY18	\$ 2,673,781

**SHERIFF'S OFFICE**

**Central Services**

Indirect          \$ 14,407,544      **2.69%**  
 Direct        \$535,688,148

**Departmental**

Indirect          \$ 8,569,791      **8.55%**  
 Direct        \$ 100,219,728

	<b>Department Total</b>	<b>Department Indirect Total</b>	<b>Department Direct Total</b>
Personnel Services	\$107,191,985	\$ 6,972,257	\$100,219,728
Roll forward	1,597,534	1,597,534	-
<b>Total</b>	<b>\$108,789,519</b>	<b>\$ 8,569,791</b>	<b>\$ 100,219,728</b>

<b>Roll forward Computation</b>	
Actual FY14	\$ 5,374,723
Actual FY16	6,972,257
Roll forward Adjustment	1,597,534
Fixed FY18	\$ 8,569,791

**COMMUNITY SERVICES**

**Central Services**

Indirect          \$ 14,407,544      **2.69%**  
 Direct        \$535,688,148

**Departmental**

Indirect          \$ 1,462,316      **7.46%**  
 Direct        \$ 19,611,842

	<b>Department Total</b>	<b>Department Indirect Total</b>	<b>Department Direct Total</b>
Personnel Services	\$ 20,865,807	\$ 1,253,965	\$ 19,611,842
Roll forward	208,351	208,351	-
<b>Total</b>	<b>\$ 21,074,158</b>	<b>\$ 1,462,316</b>	<b>\$ 19,611,842</b>

<b>Roll forward Computation</b>	
Actual FY14	\$ 1,045,614
Actual FY16	1,253,965
Roll forward Adjustment	208,351
Fixed FY18	\$ 1,462,316

## **Section II: Internal Service Funds**

## 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 full accrual basis of accounting is used. Such differences relate primarily to the methods of accounting for depreciation and capital outlay. Noted below are the County's internal service funds along with a description of the methodology used to allocate the cost of the services, including how these costs or rates are determined. Rates for the internal service providers are posted on the County's public website at: <https://multco.us/budget/fy-2018-county-assets-cost-allocations>.

Pursuant to County policy, internal service charges may include a contingency or reserve amount not to exceed 10 percent of operational expenditures. Internal Service rates are tried up annually, thereby eliminating excess reserves. Unreserved fund balances are reported annually to the Board of County Commissioners by the County's Chief Financial Officer shortly following the issuance of the Comprehensive Annual Financial Report (CAFR).

**FLEET MANAGEMENT FUND** accounts for the County's Motor Pool and Fleet Operations.

### Rate Methodology

Fleet Operations creates four separate rates:

- 1) The Replacement Rate is a monthly charge per vehicle and equipment that is collected to fund eventual replacement. The charge varies by type and is based on the current purchase price divided by the anticipated life in months.
- 2) The Mileage Rate is made on a per mile basis for every mile driven. The charges are based on the historical average per mile cost by class of vehicle (subcompact car, compact pickup, cargo van, etc.) This only applies to standard light duty vehicles. Heavy duty or specialized vehicles are charged actual cost incurred.
- 3) Time and materials charges for work done on specialized equipment.
- 4) The Overhead Rate is a monthly fee charged per vehicle that covers all normal fleet program costs not included in the Replacement Rate and Mileage Rate.
  - a) Motor Pool determines its service charge based on an analysis of prior year actual costs, and current year budgeted costs.

### Fiscal year 2018 rates

- 1) Fleet uses six separate rates to account for its cost:
  - a) Replacement Charge - Varies by type of vehicle, cost to replace and estimated life.
  - b) Replacement Admin – A 5% administration fee.
  - c) Annual Base Charge – Varies by type of class.
  - d) Mileage Rate – Ranges from \$0.37 to \$0.82 per mile, shop rate for labor cost is \$100, fuel markup is 7% and parts markup is 25%.
  - e) Overhead Charge – Calculated at \$900 per vehicle per year and \$240 per equipment per year.
  - f) Specialized Equipment – Calculated at \$240 per year per piece of equipment.

- 2) Motor Pool charges \$7.50 per hour with a minimum charge of two hours a day. Enterprise CarShare is \$7.50 per hour with a minimum charge of one hour a day and up to a maximum of six and a half hours per day. Rental of specialized vehicles from commercial rental agencies are not included in this charge, but are charged at a daily rate of \$31.61 plus overhead and fuel.

**INFORMATION TECHNOLOGY (IT) FUND** accounts for the County's information technology services including business applications, desktop computing, helpdesk, networking, security, telecommunications, and enterprise system support services (SAP).

IT uses a cost allocation method that charges the cost of IT operations to each department based on an appropriate rate driver for each type of service provided. Costs are estimated based on prior year actual expenses and current year budgeted expenses. Rate drivers and the services allocated by each are:

- 1) Desktop and Server Device Count. Desktop Devices include laptops, personal computers, thin clients, and actual and virtual file servers. Services allocated by desktop device count by department are Help Desk, Network Security, Desktop Services, General Government & Open Source Applications, some GIS services, and some Server & Support Services.
- 2) Circuits. Network Services costs are allocated to each department based on wide-area network circuit counts by department.
- 3) Planview Data. Planview is a software tool in which IT staff account for all hours worked. Services allocated by Planview data are Application Support Services, Data & Reporting Services, and some GIS Services.
- 4) SAP employee count. SAP Support services are allocated based on the number of employees in each department.
- 5) Telecommunications services are allocated by phone number.
- 6) Mobile device costs are allocated by usage (minutes/data). Cost of program management is allocated by device at \$8.00 per month.

**MAIL AND DISTRIBUTION FUND** accounts for the County's Mail / Distribution and Records Management operations.

#### Rate Methodology

- 1) Mail/Distribution charges are based on the prior fiscal year's actual operating and maintenance costs. Mail/Distribution costs are billed to departments.
- 2) Record Management costs are allocated based on past activity in relation to record actions, boxes accessioned, and boxes stored. Department percentages in these three areas are averaged for an overall percentage of program usage.

#### Fiscal year 2018 rates

- 1) Distribution costs are charged to departments based on a department's mail volume, number of stops, and special delivery requests. Operational costs are allocated based on a fixed stop charge at \$3,942/year/stop point and a volume tier-based allocation. Special deliveries are charged at \$85 per hour. Pass Through (Postage, UPS, etc.) are billed on actual usage.
- 2) The Records program is allocated to departments as a percentage of overall program usage based on records action. Costs are allocated at 1/12 of the budgeted amount each month.

**FACILITIES MANAGEMENT FUND** accounts for the management of all County-owned and leased facilities and for Electronic Services.

Facilities uses a base allocation rate, which it charges to each department depending on the amount and type of space being occupied by each. The base rate accounts for the cost of annual operations and maintenance for the space being provided. It's calculated by analyzing prior year(s) costs, and current year budgeted costs. Facilities also calculates a shop rate differentiated by activity type to capture the direct cost of employees who perform services at facilities or for departments. The shop rate is also calculated via analyzing the prior year(s) costs, coupled with current year budgeted costs.

The base allocation rate varies from \$2.02 – \$11.71 per square foot per year, depending on the type and quantity of space being used by each department. The shop rate for labor costs varies by type of employee and ranges.

**RISK MANAGEMENT FUND** accounts for the County's risk management activities including insurance coverage for property, liability, unemployment, workers' compensation, and medical and dental coverage for active and retired employees. The Risk Management Fund also provides for workplace safety and wellness.

An analysis of historical claims data is used to determine the annual cost of most Risk Management Fund activities. Certain insurance premiums (i.e., Property and Hazard) are established through a competitive bid process based on the County's legal requirements. An appropriate level of funding is also included in the rate to account for incurred but not reported expenses as determined by an actuarial assessment. Medical and dental rates are also established based on an annual actuarial assessment of costs to be incurred.

Insurance rates vary by department based on workers' compensation and liability claims experience and range from 6.60% to 9.35% of payroll. In addition, departments are charged a flat rate for active employee healthcare.

Multnomah County is self-insured for the following activities:

- Liability
- Workers' Compensation
- Active Employee and Retiree Healthcare
- Long-Term and Short-Term Disability
- Unemployment

Reserves are allocated, first to the County's unfunded actuarial liability for retiree healthcare. The Financial Policies adopted annually by the Board of County Commissioners specify that the County will fund up to 30% of the retiree healthcare liability (commonly known as OPEB) by the end of fiscal year 2019; as of June 30, 2016 the County is funded at 25 percent. The liability is approximately \$152.6 million based on the most recent OPEB actuarial valuation (January 1, 2015).

## SELF-INSURANCE INFORMATION

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 has an established risk management program for liability, workers' compensation and medical/dental, whereby premiums are calculated on payroll expenditures in all County funds and are paid into the Risk Management 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. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. A discount factor of .931 and .958 was used to estimate the year-end workers' compensation component and the liability component, respectively. The County's excess insurance coverage policies cover claims in excess of \$1 million for workers' compensation and \$1 million for all liability claims.

In addition, costs associated with the County Attorney's Office, the bus pass benefit offered to active employees, unemployment, short/long term disability, and health promotion is included in the Risk Management Fund.

### **How Are Contributions Determined?**

An analysis of historical claims data is used to determine the annual budget for most Risk Management Fund activities. Certain insurance premiums (i.e., Property and Hazard) are established through a competitive bid process based on the County's legal requirements. An appropriate level of funding is established to account for excess claims and/or incurred but not reported expenses.

### **Description of the Procedures Used to Charge or Allocate Fund Contributions**

Departments are charged a percentage of payroll expense for the activities included in the Risk Management Fund. Medical and dental premiums are established based on an annual actuarial assessment which is performed by the County's benefit consultant. All departments pay a flat rate per employee for active employee healthcare costs. Rates for medical, dental, health promotion, and non-exempt employees' life insurance will be billed at the same dollar amount no matter what the individual level of coverage is.

For fiscal year 2018, the flat amounts are:

- \$15,600 for full-time employees
- \$11,700 for Local 88 three-quarter time employees

- \$8,904 for half-time employees.

**Self-Insurance/Risk Management Fund Reserve Level**

Multnomah County maintains a reserve that is considered adequate based on actuarial assessments for all self-insured risks including reported and adjudicated claims, reported but not adjudicated claims, and incurred but not reported claims.

**Actuarial and Insurance Reports**

Per code, Multnomah County receives an annual actuarial assessment every three years for workers’ compensation and outstanding liability for insurance risks. This report is kept on hand and is available for viewing upon request.

Changes in the balances of claims liabilities during the past two years are as follows (expressed in thousands):

	Fiscal Year Ended 6/30/16	Fiscal Year Ended 6/30/15
Unpaid claims, beginning of fiscal year	\$ 10,911	\$ 10,792
Incurred claims (including IBNRs)	25,290	27,907
Actuarial adjustment	(2,815)	(2,819)
Claim payments	(23,092)	(24,969)
Unpaid claims, end of fiscal year	<u>\$ 10,295</u>	<u>\$ 10,911</u>

**Fiscal Year 2016 Total Claims and IBNR Reserves by category:**

- Workers’ Comp \$4.2 million
- General Liability \$3.9 million
- Medical/Dental \$2.2 million

## FRINGE BENEFITS COSTS

### **Fringe Benefit Policy**

The County provides a comprehensive fringe benefits package to employees depending on the contract, position and employment status. Furthermore, most retired employees are also eligible for these benefits, though some restrictions may apply.

### **Description of the Procedures Used to Charge or Allocate Costs of Benefits**

Similar to the allocation of fund contributions in the Risk Management Fund, departments are charged a percentage of payroll expense for benefitted activities related to fringe benefits. Medical and dental premiums are established based on an annual actuarial assessment which is performed by the County's benefit consultant. All departments pay a flat rate per employee for active employee healthcare costs.

Additional information on the County's fiscal year 2018 budget process can be found on line at: <https://multco.us/budget/fy-2018-budget-manuals-forms-calendars-and-other-resources>

**PENSION AND POST-RETIREMENT BENEFITS**  
**(dollar amounts expressed in thousands)**

**Oregon Public Employees Retirement System (PERS)**

*Pension plan descriptions.* The County is a participating employer in the Oregon Public Employee Retirement System (OPERS), a cost-sharing multiple-employer defined benefit public employee pension plan. The County also maintains a defined contribution plan for the purpose of individual retirement savings through OPERS; the Individual Account Program (IAP). Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS is administered under Oregon Revised Statutes Chapter 238 and Internal Revenue Service 401(a) by the Public Employees Retirement Board (OPERS Board). OPERS, a component of the State of Oregon, issues a comprehensive annual financial report that can be obtained from Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281, or at: [http://www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

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

**Plan Benefits**

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

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

*Pension benefits.* The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at a minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has

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

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

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

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

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

#### OPSRP Pension Program (OPSRP DB)

*Pension benefits.* The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by formula for members who attain normal retirement age. For general service members, 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit. For police and fire members, 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members are age 60 or age 53 with 25 years of retirement credit. To be classified as a police and

fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

*Benefit changes after retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2016 and beyond will vary based on 1.25 percent on the first \$60 of annual benefit and 0.15 percent on annual benefits above \$60.

## **Contributions**

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. The County's contribution rates for the period were 11.27 percent for Tier One/Tier Two members, 7.66 percent for OPSRP General Service members, and 10.39 percent for OPSRP Police and Fire members. The County's total contributions for the year ended June 30, 2016 were \$36,661, excluding the IAP 6 percent "pick-up".

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

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

At June 30, 2016, the County reported a liability of \$206,128 for its proportionate share of the OPERS net pension asset/liability. The net pension asset/liability was measured as of June 30, 2015, using the actuarial valuation of December 31, 2013, rolled forward to June 30, 2015. The County's proportion of the net pension asset/liability was based on a projection of the County's

long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the June 30, 2015 measurement date, the County's proportion was 3.5902%.

For the year ended June 30, 2016 and 2015, the County recognized a total pension expense (income) of \$200,636 and \$(71,677) respectively. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Net difference between projected and actual experience	\$ 11,115	\$ -
Net difference between projected and actual earnings on investments	74,562	117,771
Changes in proportionate share	2,957	-
Changes in share of contributions	-	10,185
Contributions subsequent to measurement date	36,661	-
Total	<u>\$ 125,295</u>	<u>\$ 127,956</u>

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

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

## Actuarial Methods and Assumptions Used in Developing Total Pension Liability

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

### Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

## Sensitivity Analysis of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the County's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.75 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

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

## Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

## **Changes in Assumptions**

### Changes in Plan Provisions Subsequent to Measurement Date

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

### Changes in Plan Provisions Effecting the Roll Forward

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

A summary of key changes implemented since the December 31, 2013 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2014 Experience Study for the System, which was published on September 23, 2015, and can be found at: [https://www.oregon.gov/pers/docs/2014\\_experience\\_study\\_9-23-15.pdf](https://www.oregon.gov/pers/docs/2014_experience_study_9-23-15.pdf).

## **OPSRP Individual Account Program (OPSRP IAP)**

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

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

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

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

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

### **Deferred Compensation Plan**

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

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

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

### **Postemployment Benefits Other than Pensions**

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

*Single Employer Defined Benefit Healthcare - Plan description* The County also administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. In general, the plan states the County shall pay 50 percent of the monthly medical insurance premium on behalf of a County retiree and his/her

eligible dependents from the retiree’s 58<sup>th</sup> birthday or date of retirement, whichever is later, until the retiree’s 65<sup>th</sup> 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 58. The County’s postemployment medical plan does not issue a publicly available financial report.

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

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

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

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/13	\$11,980	54%	\$110,700
6/30/14	12,464	58	115,946
6/30/15	14,046	58	121,794
6/30/16	14,616	57	128,056

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

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

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

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

assumptions for medical inflation at 4.0 percent and annual payroll growth rate of 3.5 percent. The County's unfunded actuarial accrued liability is re-determined each valuation and amortized over a 30 year open period as a level percentage of payroll. The remaining amortization period at June 30, 2016 is 30 years.

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

**Government Activities - Internal Service Funds**

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

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

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

**MULTNOMAH COUNTY, OREGON**  
**Internal Service Funds Non-Operating Transfers In / Out**  
**For the Year Ended June 30, 2016**  
(amounts expressed in thousands)

	<u>Non-Operating Transfers In</u>			<b>Total Non-Operating Transfers Out</b>
	Internal Service Fleet Management Fund	Internal Service Information Technology Fund		
<b>Non-Operating Transfers Out</b>				
General Fund	\$ 250	\$ 3,250	\$	3,500
<b>Total Non-Operating Transfers In</b>	<u>\$ 250</u>	<u>\$ 3,250</u>	<u>\$</u>	<u>3,500</u>

# Appendices

**CERTIFICATE OF COST ALLOCATION PLAN**

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal for the fiscal year ended June 30, 2016 to establish cost allocations or billings for the fiscal year July 1, 2017 through June 30, 2018 are allowable in accordance with the requirements of the Code of Federal Regulations Title 2, Chapter I, Chapter II, Part 200, et al., "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the Federal awards to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Government Unit: Multnomah County

Signature: 

Name of Official: Mark Campbell

Title: Chief Financial Officer

Date of Execution: December 30, 2016

**CERTIFICATE OF INDIRECT COSTS**

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal for the fiscal year ended June 30, 2016 to establish billing or final indirect cost rates for the fiscal year July 1, 2017 through June 30, 2018 are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions of the Code of Federal Regulations Title 2, Chapter I, Chapter II, Part 200, et al., "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.

(2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal Government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Government Unit: Multnomah County  
Signature:   
Name of Official: Mark Campbell  
Title: Chief Financial Officer  
Date of Execution: December 30, 2016