

MULTNOMAH COUNTY, OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2013



About the Cover

Multnomah County's Central Library opened to the public in 1913, during the tenure of Head Librarian Mary Frances Isom. The building was designed by renowned Portland architect A.E. Doyle.

The photo on the cover is of the Central Library on the corner of SW 10th and Taylor in downtown Portland, taken at the time the construction was finished in 1913. The main entrance on 10th Avenue is visible on the right side of the photo. Several trees that have shed their leaves line the streets. A car is parked outside, facing south, as SW 10th was a two-way street at the time. This photo appeared in the dedication brochure produced for the Multnomah County Library upon Central's opening. Transcribed from the back of the photo: "Portland Public Library. Central Building. Doyle and Pattersen Archtc."

Additional information about the history of the Central Library is available on the library's web site at <https://multcolib.org/central-library-history>. Additional historical photographs are provided in the digital collection "Central Library: 100 years in photos", accessible at cdm16493.contentdm.oclc.org/cdm/landingpage/collection/p16493coll1.

Central Library: Historical Photographs, Multnomah County Library, Oregon.

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 COGEN
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*

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Comprehensive Annual Financial Report
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INTRODUCTORY SECTION

Department of County Management

MULTNOMAH COUNTY OREGON

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(503) 988-3292 fax**



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.

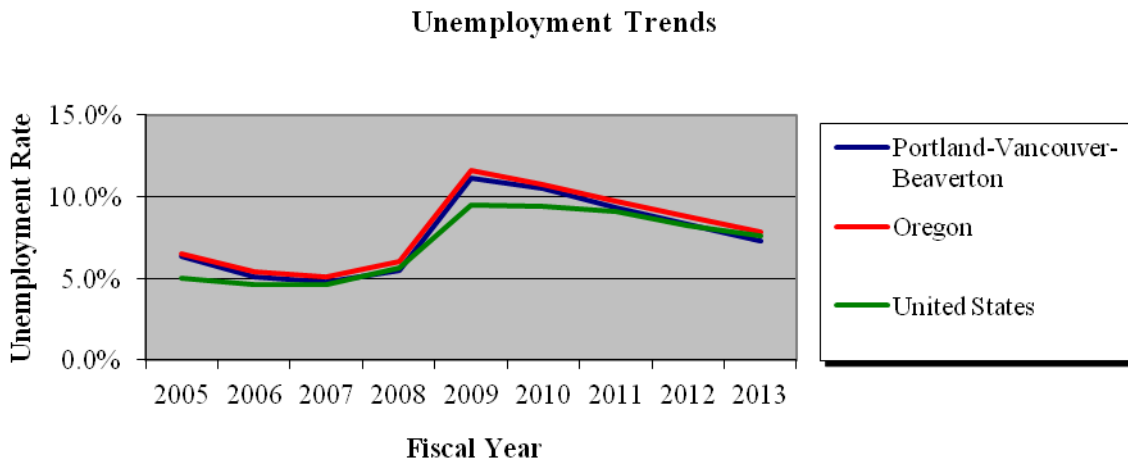
FACTORS AFFECTING FINANCIAL CONDITION

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.

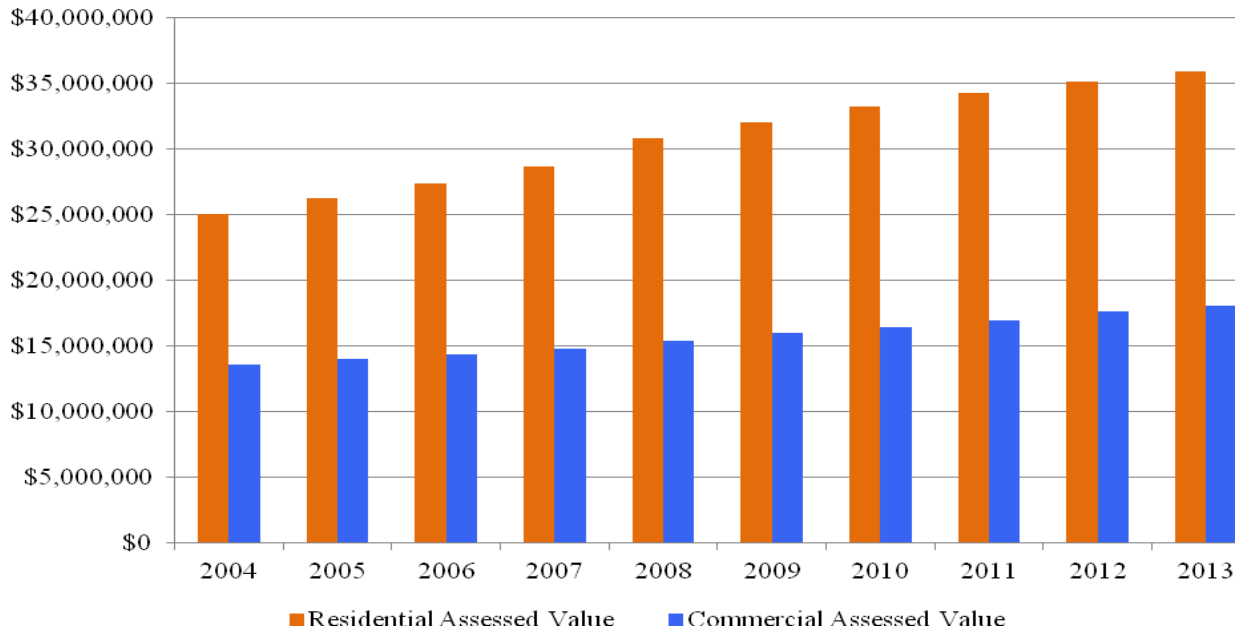
The current forecast assumes steady growth in employment and personal income over the next few years. Barring a recession or unexpected reductions in State or Federal funding, the General Fund should be able to provide funding at current service levels in fiscal year 2015. The current five year forecast 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

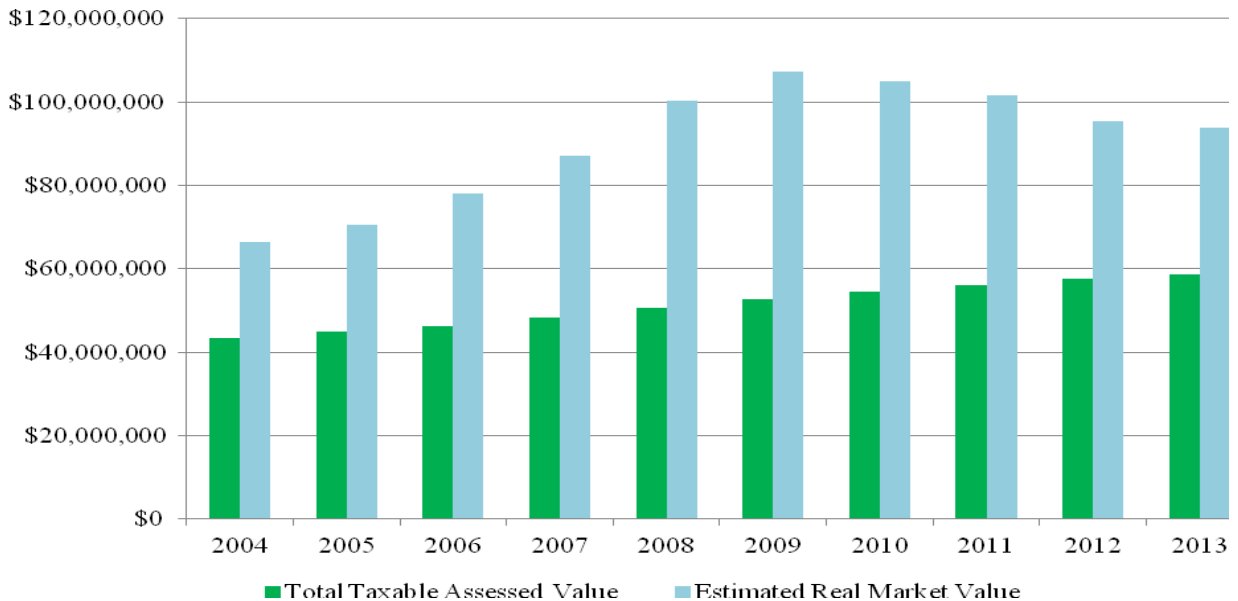
two state constitutional measures, Measure 5 and Measure 50, which set limits on the amount of tax that can be collected. In general, property taxable values cannot grow by more than 3% year over year. For fiscal year 2014, property tax collections are expected to be flat due to formation of the Library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

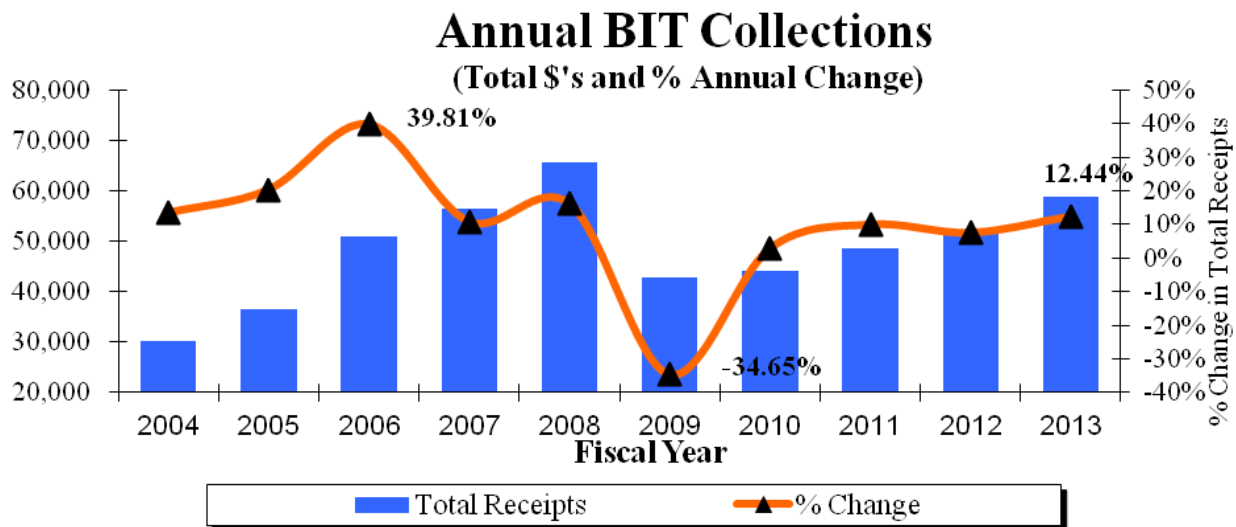


Assessed and Real Market Values of Taxable Property



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.

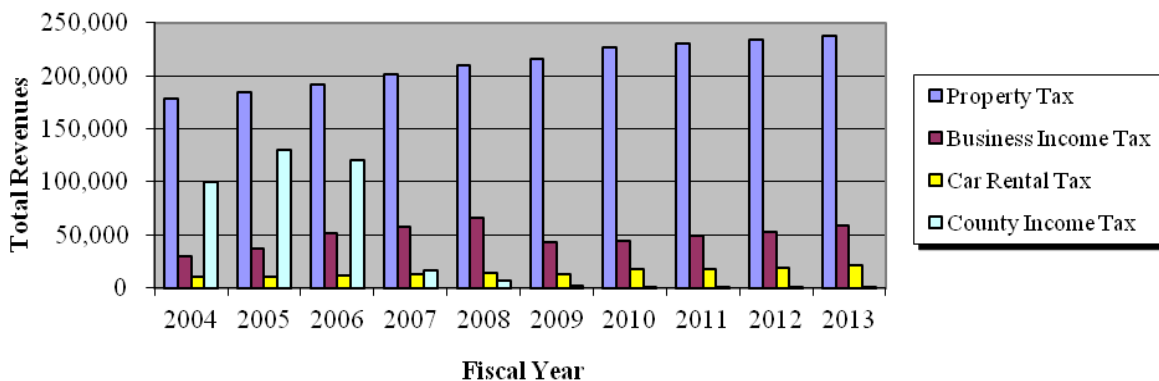
A number of years ago the County’s Budget Office identified a “structural deficit” in the General Fund. This represents the ongoing gap that exists before any Board actions required to balance revenues and expenditures. It is an estimate that takes into account the rate of inflation, growth in employee 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.

County General Fund Tax Revenues



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

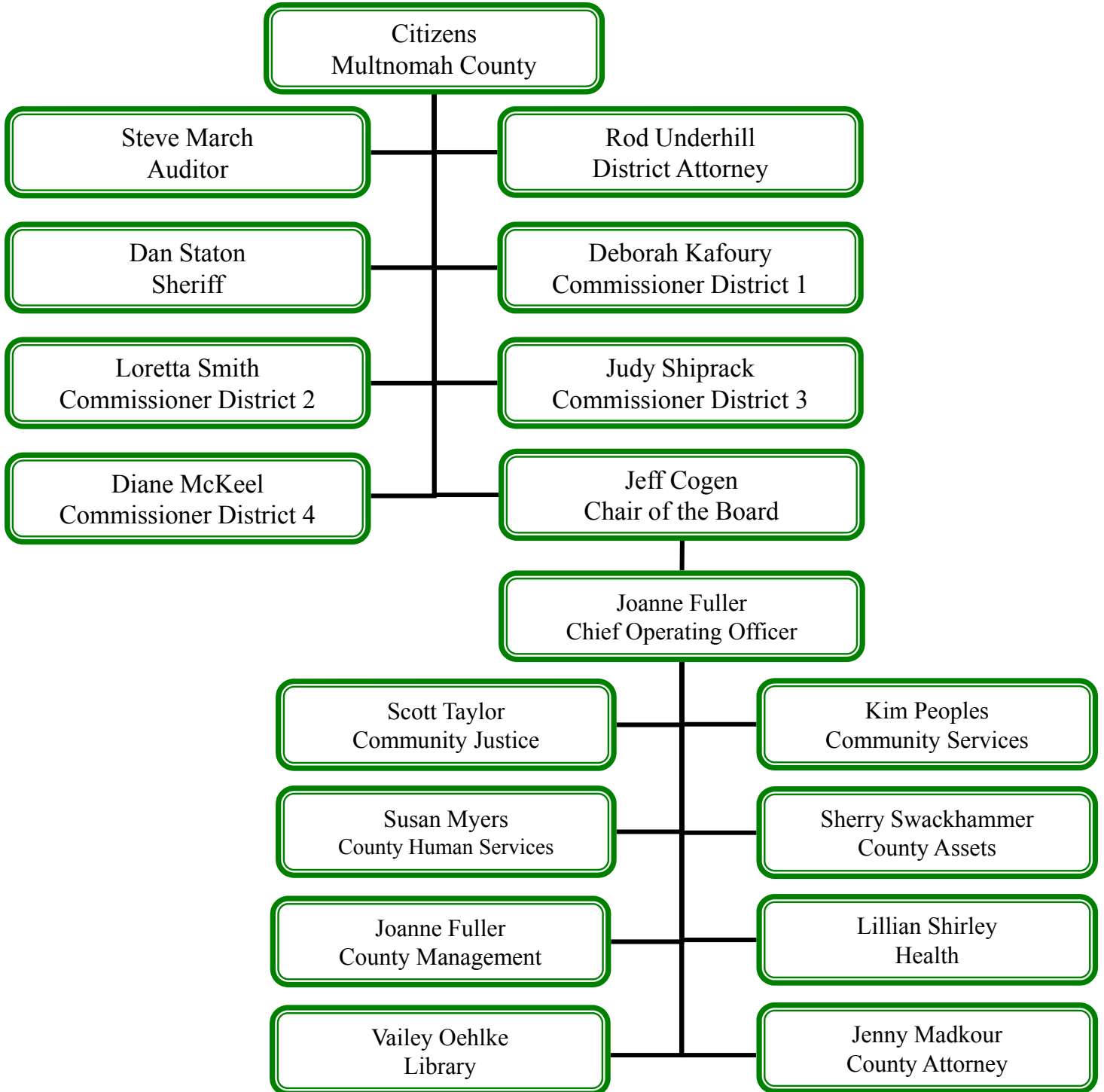
**Multnomah County
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

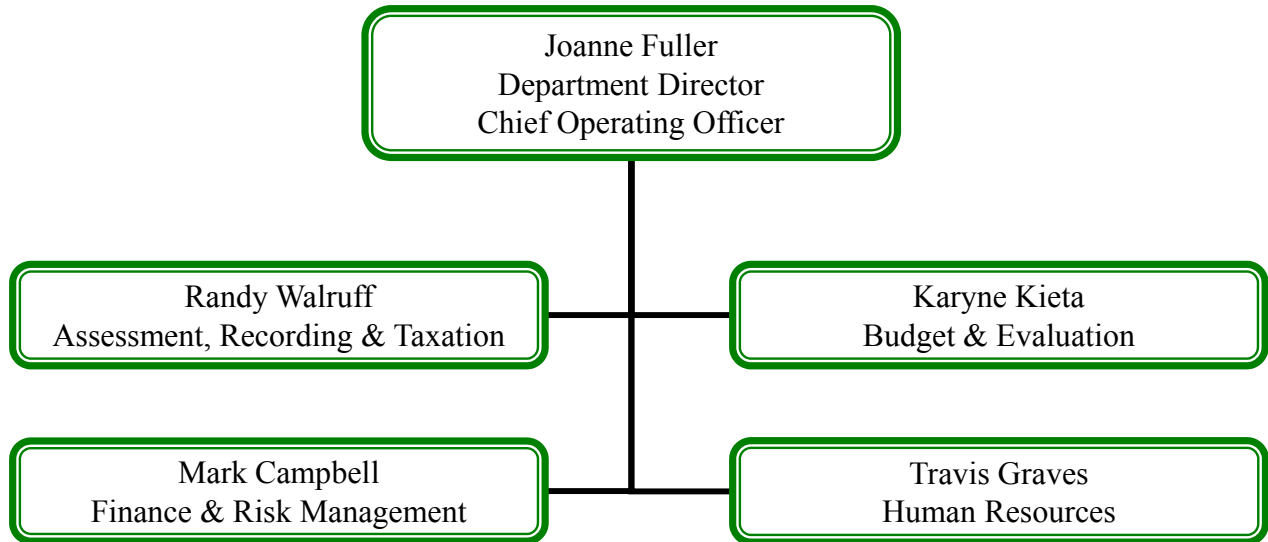
June 30, 2012

Executive Director/CEO

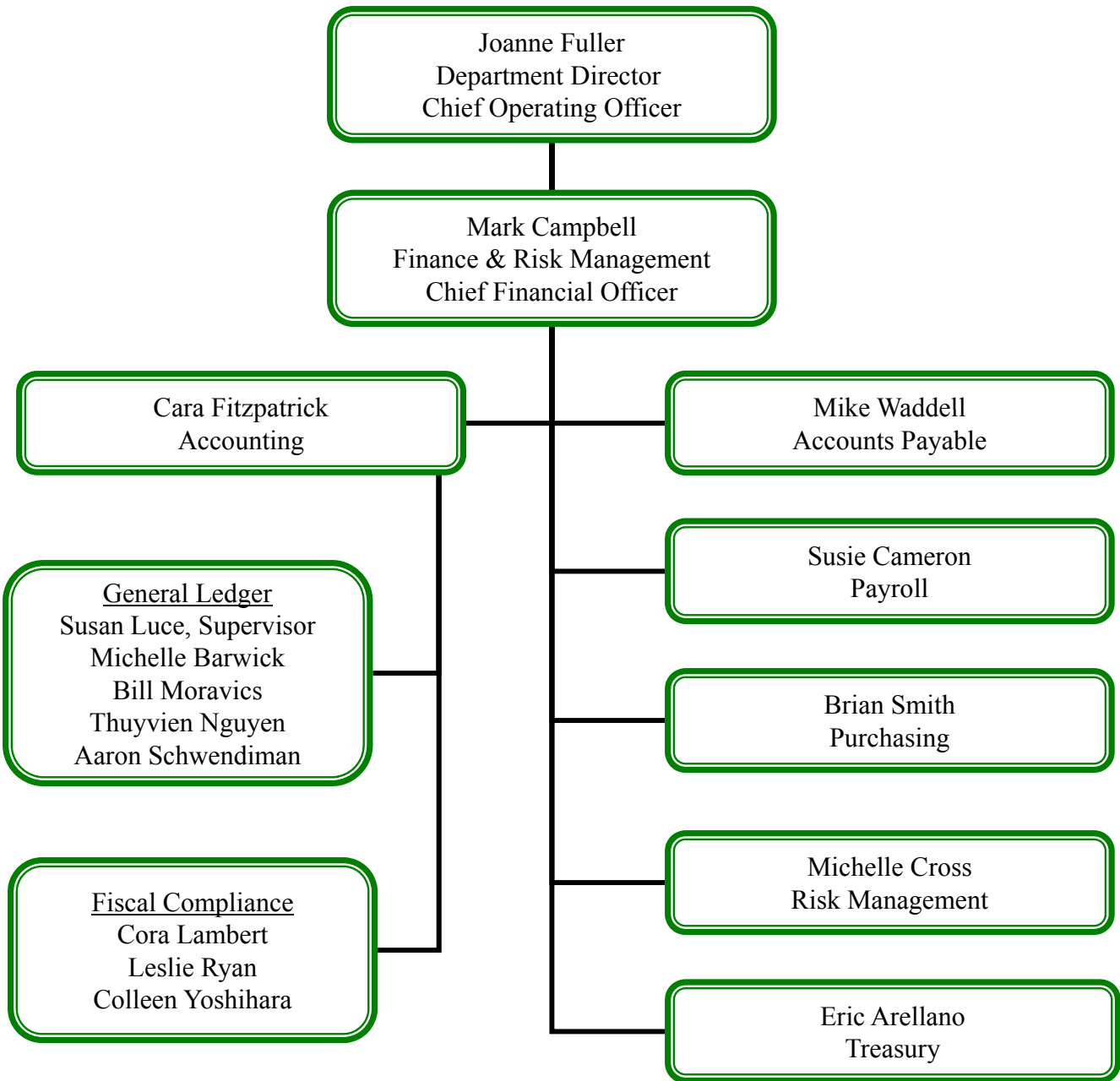
MULTNOMAH COUNTY, OREGON



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

Title	Name	Term Expires
<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

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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.

MOSS ADAMS_{LLP}

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.

MOSS ADAMS_{LLP}

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

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	<u>1,405,609</u>	<u>1,275,705</u>	<u>26,700</u>	<u>21,364</u>	<u>1,432,309</u>	<u>1,297,069</u>
Deferred outflows of resources	<u>1,684</u>	<u>1,944</u>	-	-	<u>1,684</u>	<u>1,944</u>
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	<u>606,148</u>	<u>485,594</u>	<u>4,787</u>	<u>4,210</u>	<u>610,935</u>	<u>489,804</u>
Deferred inflows of resources	<u>50</u>	<u>1,607</u>	-	-	<u>50</u>	<u>1,607</u>
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	<u>\$ 801,095</u>	<u>\$ 790,448</u>	<u>\$21,913</u>	<u>\$17,154</u>	<u>\$ 823,008</u>	<u>\$ 807,602</u>

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

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012 Restated</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012 Restated</u>
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	<u>856,656</u>	<u>841,907</u>	<u>44,288</u>	<u>46,032</u>	<u>900,944</u>	<u>887,939</u>
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	<u>846,009</u>	<u>820,185</u>	<u>39,529</u>	<u>49,932</u>	<u>885,538</u>	<u>870,117</u>
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 <i>GASB Statement No. 65</i>	-	(504)	-	-	-	(504)
Ending net position	<u>\$801,095</u>	<u>\$790,448</u>	<u>\$21,913</u>	<u>\$17,154</u>	<u>\$823,008</u>	<u>\$807,602</u>

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.

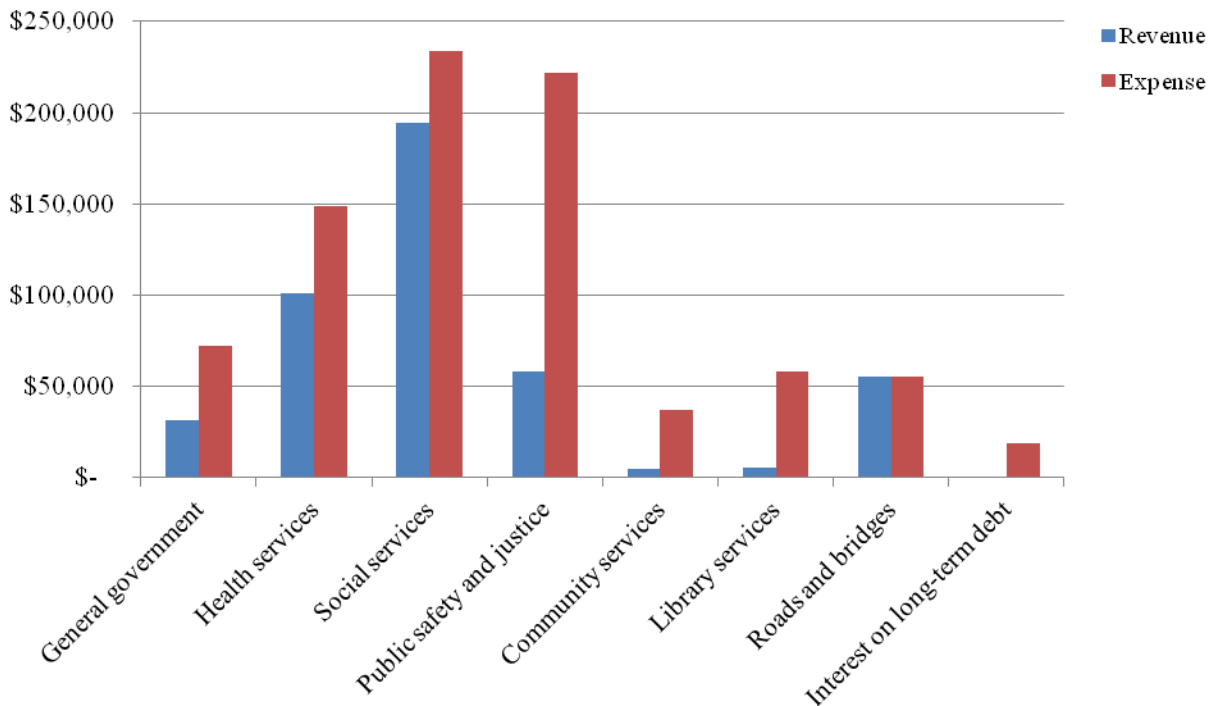
- Operating grants and contributions for Social Services increased by \$22,320 or 13% from 2012. One significant increase is noted in the Developmental Disabilities Services Division (DDSD) division for the Department of County Human Services. The State of Oregon increased DDSD funding by \$8,850 from 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.

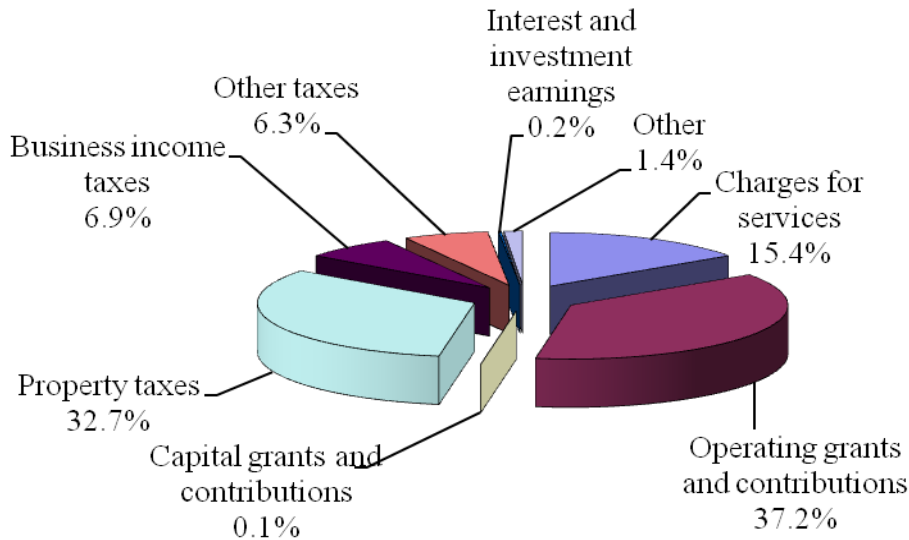
- Operating grants and contribution revenues for Roads and Bridges decreased by \$8,402 over the prior year, or (16%). The decrease is primarily due to two significant Federal awards received in fiscal year 2012 related to County bridge projects. The Sellwood Bridge construction project received \$10,791 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

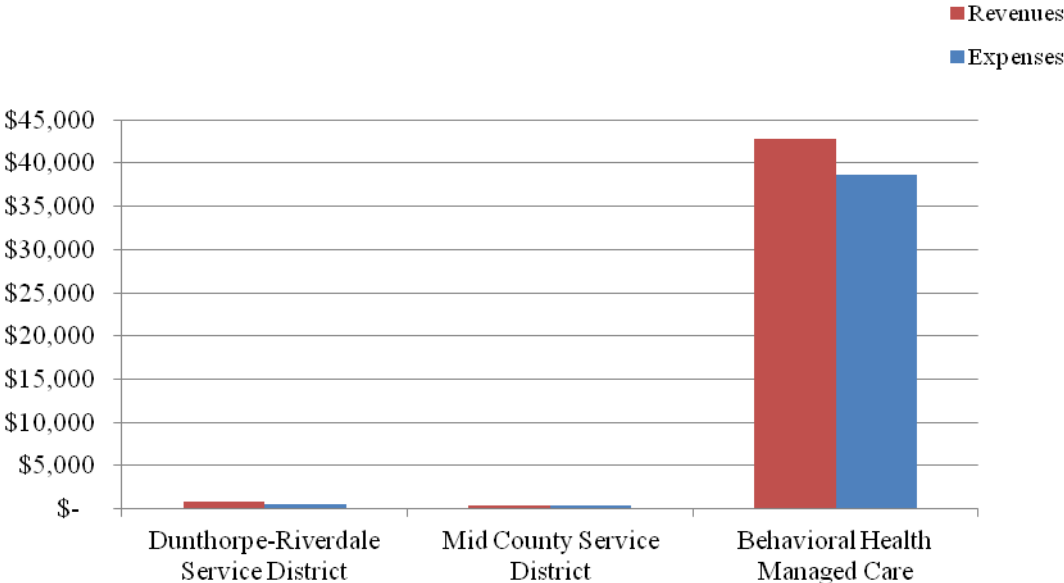


Business-type activities. Business-type activities increased the County's net position by \$4,759, compared to a decrease of (\$3,900) in the prior year. The primary reasons for the current year's increase are:

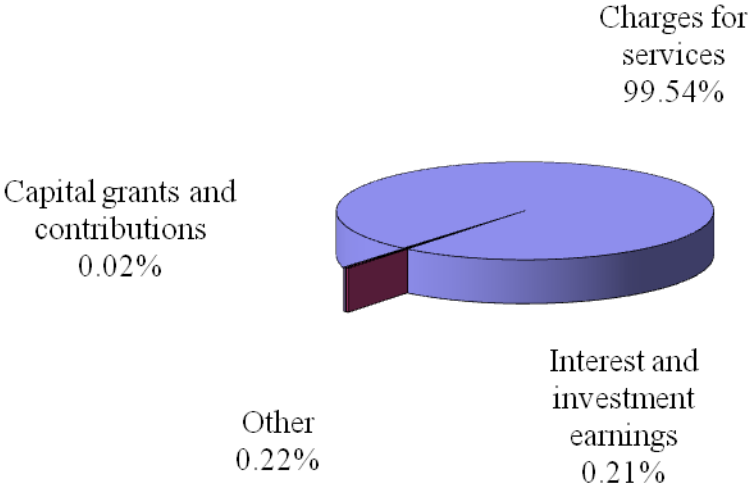
- In the Behavioral Health Managed Care Fund, State and local health care changes impacted the County's Medicaid mental health organization, Verity, in the Department of County Human Services (DCHS). Verity and its 95,000 members transitioned to Health Share/Multnomah Mental Health in September 2012; 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

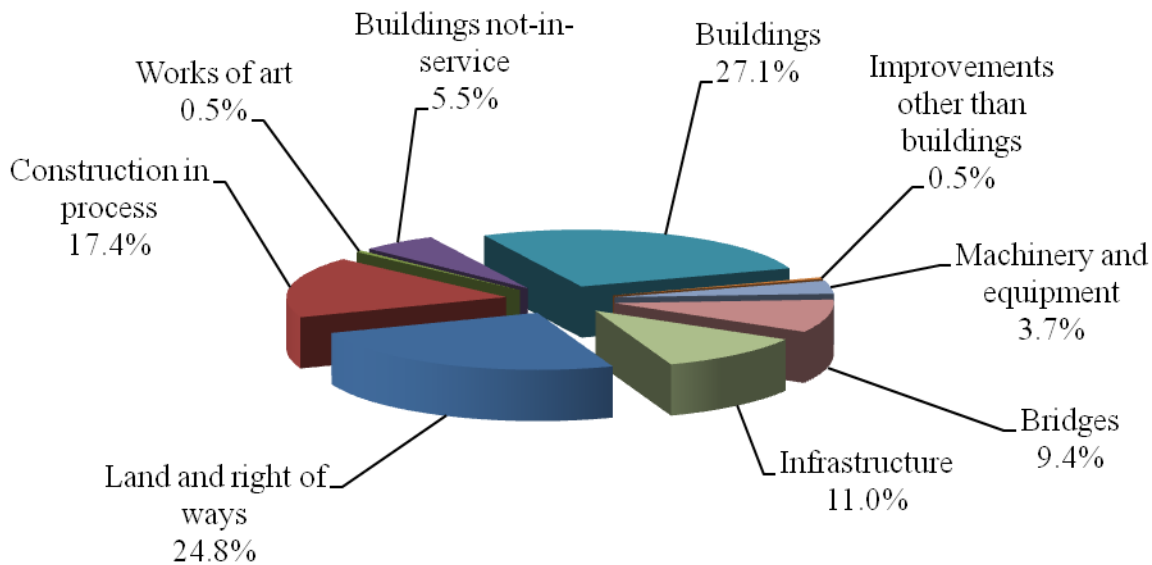
Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$855,268 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and improvements, machinery and equipment, 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.

Total Capital Assets



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
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

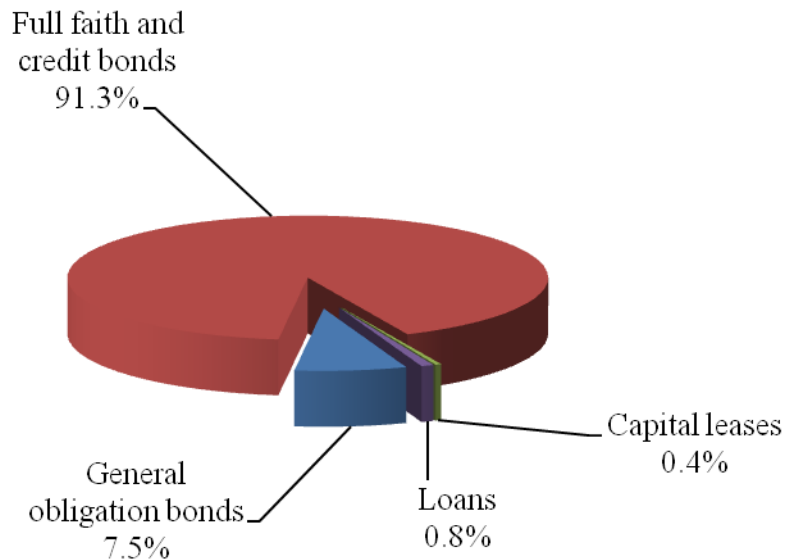
The County's total debt increased by \$113,045 or approximately 44% during the current fiscal year. In fiscal year 2013 the County issued full faith and credit obligation bonds for the Sellwood Bridge replacement project in the amount of \$128,000. In connection with this debt issue, the County repaid 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	\$ 307,500	\$ 86,350

- 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

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MULTNOMAH COUNTY, OREGON

Statement of Net Position

June 30, 2013

(amounts expressed in thousands)

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		The Library 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	<u>1,684</u>	<u>-</u>	<u>1,684</u>	<u>-</u>
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		Total	Component Unit
	Governmental Activities	Business-Type Activities		The Library 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	<u>50</u>	<u>-</u>	<u>50</u>	<u>-</u>
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	Program Revenues			
	Expenses	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	<u>846,009</u>	<u>131,646</u>	<u>318,956</u>	<u>68</u>
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	<u>39,529</u>	<u>44,086</u>	<u>-</u>	<u>10</u>
Total primary government	<u><u>\$ 885,538</u></u>	<u><u>\$ 175,732</u></u>	<u><u>\$ 318,956</u></u>	<u><u>\$ 78</u></u>
Component unit:				
The Library Foundation	<u><u>\$ 2,293</u></u>	<u><u>\$ 1,186</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
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)	-
<u>(395,339)</u>	<u>-</u>	<u>(395,339)</u>	<u>-</u>
-	298	298	-
-	(2)	(2)	-
-	4,271	4,271	-
-	4,567	4,567	-
<u>\$ (395,339)</u>	<u>\$ 4,567</u>	<u>\$ (390,772)</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,107)</u>
\$ 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	-
<u>405,986</u>	<u>192</u>	<u>406,178</u>	<u>1,956</u>
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
<u>\$ 801,095</u>	<u>\$ 21,913</u>	<u>\$ 823,008</u>	<u>\$ 17,224</u>

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

	<u>General Fund</u>	<u>Federal and State Special Revenue Fund</u>	<u>PERS Pension Bond Debt Service Fund</u>
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>

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

Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 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>

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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
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.</p>		
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)
<p>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</p>		
		900
<p>Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.</p>		
Bonds payable	(364,793)	
Capital leases payable	(1,468)	
Loans payable	<u>(3,133)</u>	(369,394)
Deferred charge on debt refunding		1,684
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>		
		(24,470)
<p>Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.</p>		
		(256)
Pollution remediation obligation		(28)
Net other post-employment benefits obligation		(110,700)
<p>Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.</p>		
Clinic fees	25,448	
Property taxes	15,399	
Personal income taxes	<u>328</u>	41,175
<p>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.</p>		
		<u>73,688</u>
Net Position of Governmental Activities	\$	<u><u>801,095</u></u>

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)

	<u>General Fund</u>	<u>Federal and State Special Revenue Fund</u>	<u>PERS Pension Bond Debt Service Fund</u>
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>

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

Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 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
(9,085)	(1,787)	(31,744)
<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>

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	<u>(29,104)</u>	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	<u>(7,331)</u>	(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	<u>1</u>	(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	<u>670</u>	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	<u>(88)</u>	(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	<u>99</u>	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.		<u>16,012</u>
Change in net position of Governmental Activities		<u>\$ 10,647</u>

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

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MAJOR GOVERNMENTAL FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures/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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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	<u>396,109</u>	<u>396,377</u>	<u>398,745</u>	<u>2,368</u>
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	<u>387,023</u>	<u>388,988</u>	<u>379,497</u>	<u>9,491</u>
Excess of revenues over expenditures	<u>9,086</u>	<u>7,389</u>	<u>19,248</u>	<u>11,859</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,450	3,450	3,002	(448)
Transfers out	<u>(26,387)</u>	<u>(26,387)</u>	<u>(19,820)</u>	<u>6,567</u>
Total other financing sources (uses)	<u>(22,937)</u>	<u>(22,937)</u>	<u>(16,818)</u>	<u>6,119</u>
Contingency	<u>(9,008)</u>	<u>(7,365)</u>	<u>-</u>	<u>7,365</u>
Net change in fund balances	<u>(22,859)</u>	<u>(22,913)</u>	<u>2,430</u>	<u>25,343</u>
Fund balances - beginning	54,923	54,977	67,526	12,549
Fund balances - ending	<u>\$ 32,064</u>	<u>\$ 32,064</u>	<u>69,956</u>	<u>\$ 37,892</u>

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	<u>(25,448)</u>

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	(2,924)	(5,062)	4,876	9,938
Fund balances - beginning	2,924	5,062	3,941	(1,121)
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>

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

PROPRIETARY FUNDS

The County utilizes eight Proprietary Funds made up of three Enterprise Funds and five Internal Service Funds. 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.

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	<u>1,349</u>	<u>385</u>	<u>21,294</u>	<u>23,028</u>	<u>87,785</u>
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	<u>2,274</u>	<u>1,398</u>	<u>-</u>	<u>3,672</u>	<u>8,320</u>
Total assets	<u>3,623</u>	<u>1,783</u>	<u>21,294</u>	<u>26,700</u>	<u>96,105</u>
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	<u>112</u>	<u>32</u>	<u>4,643</u>	<u>4,787</u>	<u>20,330</u>
Noncurrent liabilities:					
Compensated absences	-	-	-	-	53
Incremental leases payable	-	-	-	-	2,034
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,087</u>
Total liabilities	<u>112</u>	<u>32</u>	<u>4,643</u>	<u>4,787</u>	<u>22,417</u>
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	<u>\$ 3,511</u>	<u>\$ 1,751</u>	<u>\$ 16,651</u>	<u>\$ 21,913</u>	<u>\$ 73,688</u>

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				
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
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	<u>852</u>	<u>377</u>	<u>42,938</u>	<u>44,167</u>	<u>167,808</u>
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	<u>554</u>	<u>389</u>	<u>38,586</u>	<u>39,529</u>	<u>161,988</u>
Operating income (loss)	<u>298</u>	<u>(12)</u>	<u>4,352</u>	<u>4,638</u>	<u>5,820</u>
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	<u>6</u>	<u>18</u>	<u>87</u>	<u>111</u>	<u>302</u>
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	<u>304</u>	<u>16</u>	<u>4,439</u>	<u>4,759</u>	<u>16,012</u>
Total net position - beginning	3,207	1,735	12,212	17,154	57,676
Total net position - ending	<u>\$ 3,511</u>	<u>\$ 1,751</u>	<u>\$ 16,651</u>	<u>\$ 21,913</u>	<u>\$ 73,688</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 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	<u>18</u>	<u>35</u>	<u>5,302</u>	<u>5,355</u>	<u>7,370</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	10,798
Transfers out	-	-	-	-	(924)
Net cash provided by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,874</u>
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	<u>(52)</u>	<u>16</u>	<u>-</u>	<u>(36)</u>	<u>(3,238)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	6	2	87	95	322
Net cash provided by investing activities	<u>6</u>	<u>2</u>	<u>87</u>	<u>95</u>	<u>322</u>
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	<u>\$ 1,286</u>	<u>\$ 362</u>	<u>\$ 21,294</u>	<u>\$ 22,942</u>	<u>\$ 84,006</u>
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	<u>(280)</u>	<u>47</u>	<u>950</u>	<u>717</u>	<u>1,550</u>
Net cash provided by operating activities	<u>\$ 18</u>	<u>\$ 35</u>	<u>\$ 5,302</u>	<u>\$ 5,355</u>	<u>\$ 7,370</u>
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.

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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	183
Total assets	<u>83,579</u>
LIABILITIES	
Accounts payable	13,452
Due to other governmental units	59,376
Amounts held in trust	10,751
Total liabilities	<u>83,579</u>
NET POSITION	
Total net position	<u>\$ -</u>

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

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.

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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.

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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.

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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

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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.

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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.

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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.

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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

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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

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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.

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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.

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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

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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,

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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

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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

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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.

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
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,

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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.

<u>Uninsured Deposits by Depository</u>	<u>Cash Balance</u>	<u>Credit Risk</u>
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.

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Concentration of Credit Risk

Policies

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

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service or the equivalent rating by any nationally recognized statistical rating organization.
2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% 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.

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	Issuer Holdings Greater than Five Percent		
Investment Type / Issuer	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	379,596	100%	
	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%
	\$ 329	100.0%

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:

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<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>		144,084	109,108	96,300
Percentage			41%	31%	28%

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

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B. Receivables

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

	Governmental Activities						Business-type Activities	Total
	General Fund	Federal and State Program Fund	Sellwood Bridge Fund	Internal Service Funds	Non-major Funds	Total Governmental Activities		
Receivables:								
Taxes:								
Income	\$ 12,637	\$ -	\$ -	\$ -	\$ -	\$ 12,637	\$ -	\$ 12,637
Property	15,110	-	-	-	2,854	17,964	-	17,964
Other	5,284	-	-	-	2,359	7,643	-	7,643
Accounts	41,206	25,617	5,383	996	8,295	81,497	14	81,511
Loans	900	679	-	-	-	1,579	-	1,579
Interest	1,083	-	-	-	-	1,083	-	1,083
Special assessments	11	-	-	-	-	11	75	86
Contracts	961	-	-	67	-	1,028	-	1,028
Gross receivables	77,192	26,296	5,383	1,063	13,508	123,442	89	123,531
Less: allowance for discounts and uncollectible amounts	(13,456)	(851)	-	-	-	(14,307)	(3)	(14,310)
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>	<u>\$ 109,221</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:

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	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	\$ 41,225	\$ 8,942

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.

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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>

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During fiscal year 2005 the County finalized the construction of the Wapato Jail. Since the completion of the jail in 2005, the County has not funded an operating budget for the jail; therefore the jail has not been placed into service and is not 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.

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	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:

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

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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%	\$ 24,935

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	\$ 24,935	\$ 2,035
Premium on long-term debt	2,783	
Total	\$ 27,718	

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

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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%	\$ 313,429

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	313,429	\$ 443,373
Premium on long-term debt, net	23,646	
Total	\$ 337,075	

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

<u>Full faith and credit bonds</u>	<u>Long-term</u>	<u>Current</u>	<u>Total</u>
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:

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

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

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

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental</u>	
	<u>Principal</u>	<u>Interest</u>
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

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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%	\$ 3,134

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	\$ 3,133	\$ 921

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.

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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

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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:

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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
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	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	\$44,508	\$ 8,817	\$57,832	\$75,694	\$ 59,199	\$ 246,050

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

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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:

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

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<u>Year ended June 30</u>	
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.

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

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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	<u>105,187</u>
Net OPEB obligation - end of year	<u><u>\$ 110,700</u></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

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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
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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
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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:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
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.

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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.

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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)

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Debt Service Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
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)

	<u>Total Nonmajor Special Revenue Funds</u>	<u>Total Nonmajor Debt Service Funds</u>	<u>Total Nonmajor Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
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.

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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>

Willamette River Bridges	Library	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	Oregon Historical Society Special Levy	Video Lottery	Total
\$ 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>

Willamette River Bridges	Library	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	Oregon Historical Society Special Levy	Video Lottery	Total
\$ -	\$ 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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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)

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

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
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	<u>74</u>	<u>74</u>	<u>75</u>	<u>1</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 408</u>	<u>\$ 408</u>

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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Forest reserve yield	\$ -	\$ -	\$ 57	\$ 57
Intergovernmental	20	78	13	(65)
Charges for services	2	2	-	(2)
Total revenues	<u>22</u>	<u>80</u>	<u>70</u>	<u>(10)</u>
EXPENDITURES				
Nondepartmental	<u>24</u>	<u>82</u>	<u>70</u>	<u>12</u>
Net change in fund balances	(2)	(2)	-	2
Fund balances - beginning	<u>2</u>	<u>2</u>	<u>-</u>	<u>(2)</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
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	<u>2,285</u>	<u>2,285</u>	<u>1,888</u>	<u>(397)</u>
EXPENDITURES				
Community services	<u>553</u>	<u>553</u>	<u>233</u>	<u>320</u>
Excess of revenues over expenditures	<u>1,732</u>	<u>1,732</u>	<u>1,655</u>	<u>(77)</u>
OTHER FINANCING USES				
Transfers out	<u>(2,085)</u>	<u>(2,085)</u>	<u>(1,643)</u>	<u>442</u>
Total other financing uses	<u>(2,085)</u>	<u>(2,085)</u>	<u>(1,643)</u>	<u>442</u>
Contingency	<u>(338)</u>	<u>(338)</u>	<u>-</u>	<u>338</u>
Net change in fund balances	<u>(691)</u>	<u>(691)</u>	<u>12</u>	<u>703</u>
Fund balances - beginning	<u>691</u>	<u>691</u>	<u>582</u>	<u>(109)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 594</u>	<u>\$ 594</u>

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	<u>10,150</u>	<u>10,150</u>	<u>6,094</u>	<u>(4,056)</u>
EXPENDITURES				
Community services	<u>11,703</u>	<u>11,703</u>	<u>4,853</u>	<u>6,850</u>
Excess (deficiency) of revenues over (under) expenditures	(1,553)	(1,553)	1,241	2,794
Contingency	<u>(154)</u>	<u>(154)</u>	<u>-</u>	<u>154</u>
Net change in fund balances	(1,707)	(1,707)	1,241	2,948
Fund balances - beginning	<u>1,707</u>	<u>1,707</u>	<u>1,860</u>	<u>153</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,101</u></u>	<u><u>\$ 3,101</u></u>

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	<u>36,385</u>	<u>36,385</u>	<u>36,882</u>	<u>497</u>
EXPENDITURES				
Library	<u>58,804</u>	<u>58,804</u>	<u>56,795</u>	<u>2,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(22,419)</u>	<u>(22,419)</u>	<u>(19,913)</u>	<u>2,506</u>
OTHER FINANCING SOURCES				
Transfers in	<u>24,879</u>	<u>24,879</u>	<u>18,320</u>	<u>(6,559)</u>
Total other financing sources	<u>24,879</u>	<u>24,879</u>	<u>18,320</u>	<u>(6,559)</u>
Contingency	<u>(8,125)</u>	<u>(8,125)</u>	<u>-</u>	<u>8,125</u>
Net change in fund balances	<u>(5,665)</u>	<u>(5,665)</u>	<u>(1,593)</u>	<u>4,072</u>
Fund balances - beginning	<u>5,665</u>	<u>5,665</u>	<u>8,091</u>	<u>2,426</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>6,498</u>	<u>\$ 6,498</u>
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			<u>\$ 6,498</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Excise Tax Fund
For the Year Ended June 30, 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	<u>23,365</u>	<u>25,675</u>	<u>25,111</u>	<u>(564)</u>
EXPENDITURES				
Nondepartmental	<u>23,690</u>	<u>26,000</u>	<u>25,112</u>	<u>888</u>
Net change in fund balances	(325)	(325)	(1)	324
Fund balances - beginning	<u>325</u>	<u>325</u>	<u>316</u>	<u>(9)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 315</u>	<u>\$ 315</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 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	<u>1,409</u>	<u>1,409</u>	<u>1,637</u>	<u>228</u>
EXPENDITURES				
Community services	<u>1,320</u>	<u>1,320</u>	<u>1,055</u>	<u>265</u>
Excess of revenues over expenditures	89	89	582	493
Contingency	<u>(569)</u>	<u>(569)</u>	<u>-</u>	<u>569</u>
Net change in fund balances	(480)	(480)	582	1,062
Fund balances - beginning	480	480	703	223
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,285</u>	<u>\$ 1,285</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 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	1,219	1,283	1,283	-
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	7	7	21	14
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	3,210	3,312	3,312	-
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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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>

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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)

	<u>Revenue Bond</u>	<u>Capital Debt Retirement</u>	<u>General Obligation Bond</u>	<u>Total</u>
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	<u>-</u>	<u>8,427</u>	<u>8,124</u>	<u>16,551</u>
EXPENDITURES				
Current:				
General government	-	3	-	3
Debt service:				
Principal	-	8,873	6,860	15,733
Interest	-	3,153	1,303	4,456
Total expenditures	<u>-</u>	<u>12,029</u>	<u>8,163</u>	<u>20,192</u>
Deficiency of revenues under expenditures	<u>-</u>	<u>(3,602)</u>	<u>(39)</u>	<u>(3,641)</u>
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	<u>\$ -</u>	<u>\$ 4,457</u>	<u>\$ 7,714</u>	<u>\$ 12,171</u>

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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 307	\$ 307
Interest	85	85	11	(74)
Other - service reimbursements	14,734	14,734	8,109	(6,625)
Total revenues	<u>14,819</u>	<u>14,819</u>	<u>8,427</u>	<u>(6,392)</u>
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	<u>8,040</u>	<u>8,040</u>	<u>8,124</u>	<u>84</u>
EXPENDITURES				
Nondepartmental	<u>8,163</u>	<u>8,163</u>	<u>8,163</u>	<u>-</u>
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	<u>18,428</u>	<u>18,428</u>	<u>18,223</u>	<u>(205)</u>
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	<u>\$ 58,336</u>	<u>\$ 58,336</u>	<u>\$ 57,832</u>	<u>\$ (504)</u>

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)

	<u>Financed Projects</u>	<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
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	<u>\$ 3</u>	<u>\$ 484</u>	<u>\$ -</u>	<u>\$ 296</u>	<u>\$ 783</u>
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)

	<u>Financed Projects</u>	<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 18	\$ 18
Other - miscellaneous	-	-	526	526
Total revenues	<u>-</u>	<u>-</u>	<u>544</u>	<u>544</u>
EXPENDITURES				
County management	<u>3,531</u>	<u>3,531</u>	<u>99</u>	<u>3,432</u>
Net change in fund balances	(3,531)	(3,531)	445	3,976
Fund balances - beginning	<u>3,531</u>	<u>3,531</u>	<u>3,517</u>	<u>(14)</u>
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	<u>28,696</u>	<u>28,696</u>	<u>6,553</u>	<u>22,143</u>
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	<u>388</u>	<u>388</u>	<u>380</u>	<u>(8)</u>
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	<u>19,751</u>	<u>19,751</u>	<u>21,119</u>	<u>1,368</u>
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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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	<u>(3,930)</u>	<u>(3,930)</u>	<u>1,533</u>	<u>5,463</u>
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	<u>79,865</u>	<u>79,865</u>	<u>14,385</u>	<u>(65,480)</u>
EXPENDITURES				
Community services	<u>179,531</u>	<u>179,511</u>	<u>106,433</u>	<u>73,078</u>
Deficiency of revenues under expenditures	<u>(99,666)</u>	<u>(99,646)</u>	<u>(92,048)</u>	<u>7,598</u>
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	<u>(9,065)</u>	<u>(9,085)</u>	<u>(9,085)</u>	<u>-</u>
Total other financing sources (uses)	117,935	117,915	165,028	47,113
Contingency	<u>(24,390)</u>	<u>(24,390)</u>	<u>-</u>	<u>24,390</u>
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	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,694</u>	<u>\$ 75,694</u>

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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 Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
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><u>\$ 623</u></u>	<u><u>\$ 623</u></u>	<u>1,196</u>	<u><u>\$ 573</u></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><u>\$ 3,511</u></u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mid County Service District No. 14 Fund
For the Year Ended June 30, 2013
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
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><u>\$ 182</u></u>	<u><u>\$ 182</u></u>	<u><u>334</u></u>	<u><u>\$ 152</u></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><u>\$ 1,751</u></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	<u>44,270</u>	<u>44,270</u>	<u>38,586</u>	<u>5,684</u>
Excess (deficiency) of revenues over (under) expenditures	(1,980)	(1,980)	4,439	6,419
Contingency	<u>(13,256)</u>	<u>(13,256)</u>	-	<u>13,256</u>
Net change in fund balances	(15,236)	(15,236)	4,439	19,675
Fund balances - beginning	<u>15,236</u>	<u>15,236</u>	<u>12,212</u>	<u>(3,024)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,651</u>	<u>\$ 16,651</u>

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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	<u>64,424</u>	<u>4,762</u>	<u>10,234</u>	<u>1,183</u>	<u>7,182</u>	<u>87,785</u>
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	<u>-</u>	<u>2,817</u>	<u>5,398</u>	<u>11</u>	<u>94</u>	<u>8,320</u>
Total assets	<u>64,424</u>	<u>7,579</u>	<u>15,632</u>	<u>1,194</u>	<u>7,276</u>	<u>96,105</u>
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	<u>13,218</u>	<u>557</u>	<u>3,182</u>	<u>123</u>	<u>3,250</u>	<u>20,330</u>
Noncurrent liabilities:						
Compensated absences	53	-	-	-	-	53
Incremental leases payable	-	-	-	-	2,034	2,034
Total noncurrent liabilities	<u>53</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,034</u>	<u>2,087</u>
Total liabilities	<u>13,271</u>	<u>557</u>	<u>3,182</u>	<u>123</u>	<u>5,284</u>	<u>22,417</u>
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	<u>\$ 51,153</u>	<u>\$ 7,022</u>	<u>\$ 12,450</u>	<u>\$ 1,071</u>	<u>\$ 1,992</u>	<u>\$ 73,688</u>

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	<u>93,517</u>	<u>6,688</u>	<u>32,940</u>	<u>2,184</u>	<u>32,479</u>	<u>167,808</u>
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	<u>85,206</u>	<u>6,846</u>	<u>34,459</u>	<u>2,554</u>	<u>32,923</u>	<u>161,988</u>
Operating income (loss)	<u>8,311</u>	<u>(158)</u>	<u>(1,519)</u>	<u>(370)</u>	<u>(444)</u>	<u>5,820</u>
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)	<u>233</u>	<u>104</u>	<u>(65)</u>	<u>6</u>	<u>24</u>	<u>302</u>
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	<u>17,629</u>	<u>175</u>	<u>(144)</u>	<u>(680)</u>	<u>(968)</u>	<u>16,012</u>
Total net position - beginning	33,524	6,847	12,594	1,751	2,960	57,676
Total net position - ending	<u>\$ 51,153</u>	<u>\$ 7,022</u>	<u>\$ 12,450</u>	<u>\$ 1,071</u>	<u>\$ 1,992</u>	<u>\$ 73,688</u>

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					Total
	Risk	Fleet	Information	Mail /	Facilities	Internal
	Management	Management	Technology	Distribution	Management	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	<u>(446)</u>	<u>966</u>	<u>322</u>	<u>89</u>	<u>619</u>	<u>1,550</u>
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	<u>(198)</u>	<u>(198)</u>	<u>8,544</u>	<u>8,742</u>
OTHER FINANCING SOURCES				
Cash transfers in	9,065	9,085	9,085	-
Total other financing sources	9,065	9,085	9,085	-
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	<u>10,184</u>	<u>10,185</u>	<u>6,846</u>	<u>3,339</u>
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	<u>343</u>	<u>343</u>	<u>324</u>	<u>(19)</u>
Contingency	<u>(473)</u>	<u>(473)</u>	<u>-</u>	<u>473</u>
Net change in fund balances	<u>(3,381)</u>	<u>(3,381)</u>	<u>183</u>	<u>3,564</u>
Fund balances - beginning	<u>3,381</u>	<u>3,381</u>	<u>4,022</u>	<u>641</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,205</u>	<u>\$ 4,205</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			<u>2,817</u>	
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	(60)	(60)	(60)	-
Total other financing sources	<u>1,440</u>	<u>1,440</u>	<u>1,440</u>	<u>-</u>
Contingency	(1,089)	(1,089)	-	1,089
Net changes in fund balances	<u>(7,459)</u>	<u>(7,949)</u>	<u>(1,351)</u>	<u>6,598</u>
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			<u>5,398</u>	
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	<u>2,299</u>	<u>2,299</u>	<u>2,190</u>	<u>(109)</u>
EXPENDITURES				
County assets	<u>3,263</u>	<u>3,263</u>	<u>2,565</u>	<u>698</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(964)</u>	<u>(964)</u>	<u>(375)</u>	<u>589</u>
OTHER FINANCING SOURCES				
Transfers out	<u>(316)</u>	<u>(316)</u>	<u>(316)</u>	<u>-</u>
Total other financing sources	<u>(316)</u>	<u>(316)</u>	<u>(316)</u>	<u>-</u>
Contingency	<u>(189)</u>	<u>(189)</u>	<u>-</u>	<u>189</u>
Net changes in fund balances	<u>(1,469)</u>	<u>(1,469)</u>	<u>(691)</u>	<u>778</u>
Fund balances - beginning	1,469	1,469	1,751	282
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,060</u>	<u>\$ 1,060</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			<u>11</u>	
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)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
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	<u>40,277</u>	<u>40,277</u>	<u>32,651</u>	<u>(7,626)</u>
EXPENDITURES				
County management	41,104	41,484	32,932	8,552
Excess (deficiency) of revenues over (under) expenditures	<u>(827)</u>	<u>(1,207)</u>	<u>(281)</u>	<u>926</u>
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>	<u>1,898</u>	<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)

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
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)

	<u>Land</u>	<u>Right of Way</u>	<u>Work in Progress</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>
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

	<u>Outstanding June 30, 2012</u>		<u>2012-13 Transactions</u>			<u>Outstanding June 30, 2013</u>	
	<u>Matured</u>	<u>Unmatured</u>	<u>Issued</u>	<u>Matured</u>	<u>Refunded or Paid</u>	<u>Matured</u>	<u>Unmatured</u>
Dated March 31, 2010	\$ -	\$ 31,795	\$ -	\$ -	\$ 6,860	\$ -	\$ 24,935
	-	31,795	-	-	6,860	-	24,935

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 31, 2013	<u>\$ 1,303</u>
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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
	\$ 24,935	\$ 2,035	\$ 24,935	\$ 2,035

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Obligations
June 30, 2013
(amounts expressed in thousands)

CAPITALIZED LEASE OBLIGATIONS

Fiscal Year of Maturity	Sellwood Lofts		Sheriff Warehouse		Total	
	Dated 01/01/02		Dated 07/01/10			
	10.31%		4.00%			
	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		Total	
	Dated 09/04/08			
	3.98%			
	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>

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		Series 2003		Series 2004		Series 2010A	
	Dated 12/01/99		Dated 05/15/03		Dated 10/01/04		Dated 03/31/10	
	6.49 to 7.74%		1.50 to 3.25%		3.00 to 5.00%		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		Series 2012		Total	
Dated 12/14/10		Dated 12/13/12			
4.00 to 4.70%		3.00 to 5.00%			
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
\$ 15,000	\$ 9,194	\$ 128,000	\$ 61,417	\$ 313,429	\$ 443,373

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STATISTICAL INFORMATION SECTION (UNAUDITED)

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

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

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

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

	<u>2013</u>	<u>Restated 2012</u>	<u>2011</u>	<u>2010</u>
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	<u>24,375</u>	<u>74,009</u>	<u>81,502</u>	<u>(8,728)</u>
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	<u>18,241</u>	<u>13,402</u>	<u>17,442</u>	<u>13,600</u>
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	<u>42,616</u>	<u>87,411</u>	<u>98,944</u>	<u>4,872</u>
Total primary government net position	<u>\$ 823,008</u>	<u>\$ 807,602</u>	<u>\$ 790,284</u>	<u>\$ 732,712</u>

Source: Current and prior years' financial statements

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>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
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>

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$	21,936	\$ 21,721	\$ 23,703	\$ 25,531	\$ 20,486	\$ 16,394
	60,340	52,241	45,765	44,406	44,145	44,006
	1,125	1,615	1,309	1,210	1,175	1,805
	17,597	17,765	17,904	16,600	16,394	15,901
	10	10	31	8	1	4
	1,754	1,855	1,745	1,641	1,887	2,042
	1,227	2,141	1,962	1,784	1,867	1,880
	291,018	265,271	257,810	247,933	256,489	249,079
	3,831	10,505	5,594	5,272	34,149	9,809
	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>
	713	627	574	455	423	344
	264	268	306	294	289	235
	39,027	36,072	34,879	34,519	29,472	25,603
	-	-	-	-	-	435
	80	10	76	82	238	-
	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>
	<u>438,922</u>	<u>410,101</u>	<u>391,658</u>	<u>379,735</u>	<u>407,015</u>	<u>367,537</u>
	64,660	75,547	87,472	114,378	128,871	154,646
	133,751	125,355	118,380	112,201	106,551	110,968
	210,590	196,537	185,672	177,891	181,194	167,746
	217,215	208,253	199,850	196,167	192,005	182,941
	24,320	26,069	24,136	23,336	21,795	18,391
	55,181	52,087	47,872	43,530	41,357	40,843
	53,462	56,716	53,701	54,256	56,781	57,374
	14,041	16,443	16,954	21,822	18,058	19,543
	<u>773,220</u>	<u>757,007</u>	<u>734,037</u>	<u>743,581</u>	<u>746,612</u>	<u>752,452</u>
	458	476	405	407	487	355
	420	377	354	328	495	723
	32,720	37,803	34,221	33,640	29,480	25,787
	<u>33,598</u>	<u>38,656</u>	<u>34,980</u>	<u>34,375</u>	<u>30,462</u>	<u>26,865</u>
	<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)

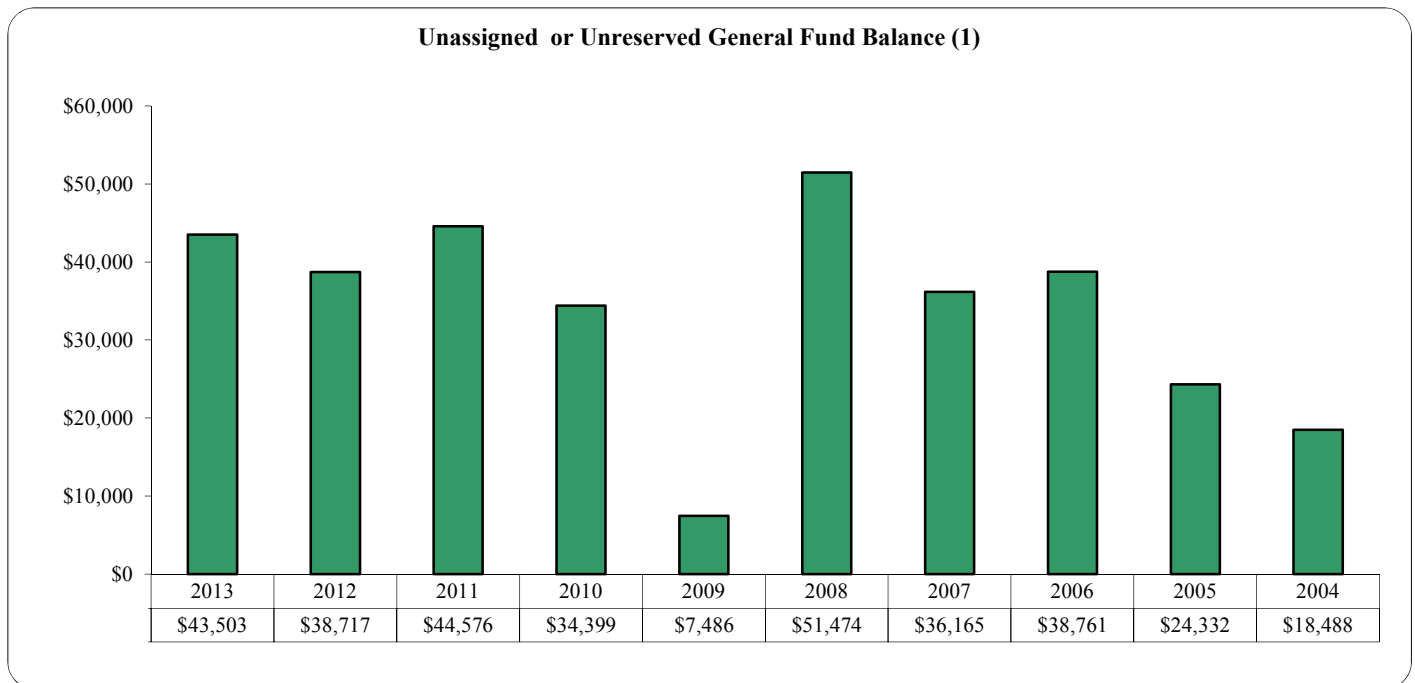
(continued)	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Expense				
Governmental activities	\$ (395,339)	\$ (375,901)	\$ (331,169)	\$ (355,735)
Business-type activities	4,567	(3,997)	2,772	4,088
Total primary government net expense	<u>(390,772)</u>	<u>(379,898)</u>	<u>(328,397)</u>	<u>(351,647)</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	4,759	(3,900)	3,758	4,223
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

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ (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	-
235	399	962	251	234	74
<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	-
124,420	20,513	12,040	(104,215)	80,874	49,541
6,721	(1,280)	1,817	1,226	194	(174)
<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)

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
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	<u>44,508</u>	<u>39,657</u>	<u>46,204</u>	<u>59,415</u>
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	<u>201,542</u>	<u>127,267</u>	<u>165,018</u>	<u>127,814</u>
Total governmental funds	<u>\$ 246,050</u>	<u>\$ 166,924</u>	<u>\$ 211,222</u>	<u>\$ 187,229</u>



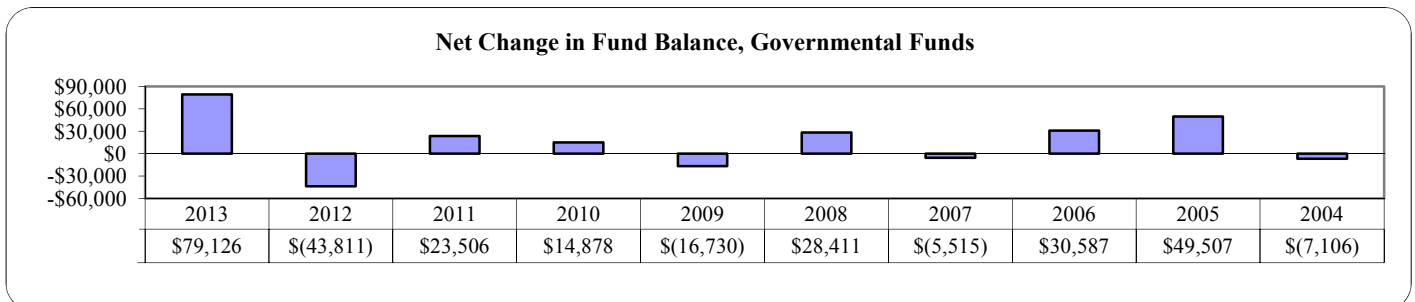
- (1) This schedule was modified with the implementation of GASB Statement #54, effective fiscal year 2011, which affected the categories used to report fund balances.
- (2) Reclassifications were made to amounts reported as Reserved and Unreserved in the General Fund for fiscal years 2000 - 2007 reported above in order to be consistent with the current reporting of amounts reserved for interfund receivables.

Source: Current and prior years' financial statements

2009	2008	2007	2006	2005	2004
\$ 23,891	\$ 20,139	\$ 24,053	\$ 16,203	\$ 18,084	\$ 1,004
7,486	51,474	36,165	38,761	24,332	18,488
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>31,377</u>	<u>71,613</u>	<u>60,218</u>	<u>54,964</u>	<u>42,416</u>	<u>19,492</u>
91,256	70,605	51,317	53,964	37,292	39,224
49,718	46,863	49,135	57,257	55,890	27,375
<u>140,974</u>	<u>117,468</u>	<u>100,452</u>	<u>111,221</u>	<u>93,182</u>	<u>66,599</u>
<u>\$ 172,351</u>	<u>\$ 189,081</u>	<u>\$ 160,670</u>	<u>\$ 166,185</u>	<u>\$ 135,598</u>	<u>\$ 86,091</u>

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

	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	<u>892,742</u>	<u>858,350</u>	<u>851,110</u>	<u>822,587</u>
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	<u>978,137</u>	<u>918,123</u>	<u>855,134</u>	<u>824,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(85,395)</u>	<u>(59,773)</u>	<u>(4,024)</u>	<u>(1,994)</u>
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)	<u>164,521</u>	<u>15,962</u>	<u>27,530</u>	<u>16,872</u>
Net change in fund balances	<u>\$ 79,126</u>	<u>\$ (43,811)</u>	<u>\$ 23,506</u>	<u>\$ 14,878</u>
Debt service as a percentage of noncapital expenditures	<u>8.9%</u>	<u>4.7%</u>	<u>4.3%</u>	<u>5.4%</u>



Source: Current and prior years' financial statements

	2009	2008	2007	2006	2005	2004
\$	350,296	\$ 375,044	\$ 356,682	\$ 441,579	\$ 422,212	\$ 375,204
	292,689	277,099	260,549	250,855	284,527	252,978
	14,806	15,441	15,934	16,025	14,743	14,760
	74,827	67,750	62,791	62,245	61,399	55,180
	4,391	9,557	10,837	8,347	4,134	1,960
	43,916	50,342	46,880	46,090	51,926	50,385
	<u>780,925</u>	<u>795,233</u>	<u>753,673</u>	<u>825,141</u>	<u>838,941</u>	<u>750,467</u>
	59,960	69,224	73,559	136,726	146,626	124,459
	138,941	128,914	122,029	115,778	112,562	111,745
	211,832	197,210	187,256	178,736	184,335	168,648
	219,797	209,119	202,477	198,774	198,608	197,251
	24,080	25,904	24,040	23,468	22,266	19,318
	50,872	48,051	44,411	46,228	44,546	42,753
	38,148	40,723	39,875	42,283	39,844	40,454
	20,783	27,367	31,589	22,150	9,288	11,968
	23,424	21,522	19,861	18,256	16,929	25,179
	13,989	16,394	16,958	18,235	17,928	19,543
	<u>801,826</u>	<u>784,428</u>	<u>762,055</u>	<u>800,634</u>	<u>792,932</u>	<u>761,318</u>
	<u>(20,901)</u>	<u>10,805</u>	<u>(8,382)</u>	<u>24,507</u>	<u>46,009</u>	<u>(10,851)</u>
	623	-	-	-	54,235	-
	-	-	-	-	-	-
	-	-	157	-	-	-
	-	-	-	-	5,089	-
	-	-	33	1,093	-	-
	-	14,219	35	1,988	5	425
	-	-	-	-	(58,847)	-
	61,978	29,266	26,996	47,004	29,907	32,641
	<u>(58,430)</u>	<u>(25,879)</u>	<u>(24,354)</u>	<u>(44,005)</u>	<u>(26,891)</u>	<u>(29,321)</u>
	<u>4,171</u>	<u>17,606</u>	<u>2,867</u>	<u>6,080</u>	<u>3,498</u>	<u>3,745</u>
\$	<u>(16,730)</u>	<u>\$ 28,411</u>	<u>\$ (5,515)</u>	<u>\$ 30,587</u>	<u>\$ 49,507</u>	<u>\$ (7,106)</u>
	<u>4.8%</u>	<u>5.0%</u>	<u>5.0%</u>	<u>4.7%</u>	<u>4.4%</u>	<u>6.0%</u>

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

Function/Program	2013	2012	2011	2010
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>

Source: Current and prior years' financial statements

<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 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
<u>398,838</u>	<u>373,124</u>	<u>355,823</u>	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>
713	627	574	455	423	344
344	278	382	376	527	235
39,027	36,072	34,879	34,519	29,472	26,038
<u>40,084</u>	<u>36,977</u>	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>
<u>\$ 438,922</u>	<u>\$ 410,101</u>	<u>\$ 391,658</u>	<u>\$ 379,735</u>	<u>\$ 407,015</u>	<u>\$ 367,537</u>

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

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
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

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)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
	Adjustments	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.

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2012 and December 31, 2003
(dollar amounts expressed in thousands)

<u>Taxpayer</u>	<u>December 31, 2012</u>			
	<u>Tax</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
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
Evraz 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>		

<u>Taxpayer</u>	<u>December 31, 2003</u>			
	<u>Tax</u>	<u>Real Property Assessed Valuation (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
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

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

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

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

Fiscal Year	Revenue Bonds						Coverage
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				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.

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	<u>1,874,708</u>	<u>1,907,089</u>	<u>2,031,187</u>	<u>2,100,214</u>
Less bonded debt at June 30	<u>24,935</u>	<u>31,795</u>	<u>38,620</u>	<u>45,175</u>
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.

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	<u>937,354</u>	<u>953,544</u>	<u>1,015,594</u>	<u>1,050,107</u>
Less bonded debt at June 30	<u>186,395</u>	<u>198,353</u>	<u>217,158</u>	<u>219,018</u>
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.

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	<u>4,686,771</u>	<u>4,767,722</u>	<u>5,077,968</u>	<u>5,250,536</u>
Less bonded debt at June 30	<u>127,034</u>	<u>131,513</u>	<u>142,223</u>	<u>151,373</u>
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

2009	2008	2007	2006	2005	2004
\$ 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%
\$ 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%
\$ 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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (thousands)</u>	<u>Per Capita Income (2)</u>	<u>PMSA* Unemployment Rate (3)</u>
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, Oregom 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

MULTNOMAH COUNTY, OREGON

Principal Employers

Current Year and Nine Years Ago

2012-13			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
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)		

2003-04			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
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

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MULTNOMAH COUNTY, OREGON
Full Time Equivalent County Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years

Function/Program	2013	2012	2011	2010
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	<u>4,324.0</u>	<u>4,338.5</u>	<u>4,418.0</u>	<u>4,370.5</u>
Business-type activities:				
Behavioral Health	4.5	8.0	6.0	6.0
Total business-type activities	<u>4.5</u>	<u>8.0</u>	<u>6.0</u>	<u>6.0</u>
Total primary government budgeted FTE	<u><u>4,328.5</u></u>	<u><u>4,346.5</u></u>	<u><u>4,424.0</u></u>	<u><u>4,376.5</u></u>
 MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	<u>678</u>	<u>675</u>	<u>764</u>	<u>716</u>
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 sheriffs 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	<u>3,688</u>	<u>3,721</u>	<u>3,742</u>	<u>3,753</u>
Temporary County employees	132	129	128	100
Total actual County employees	<u><u>4,498</u></u>	<u><u>4,525</u></u>	<u><u>4,634</u></u>	<u><u>4,569</u></u>

Source: Multnomah County payroll records

2009	2008	2007	2006	2005	2004
622.5	614.5	603.5	665.5	676.0	695.0
914.0	874.5	864.5	841.5	802.5	832.5
677.0	621.0	582.5	573.0	596.0	538.5
1,531.0	1,561.5	1,538.5	1,559.0	1,585.0	1,584.5
60.5	69.5	75.0	81.0	73.0	73.0
467.5	440.5	423.0	411.0	413.5	487.5
143.0	149.0	150.0	139.0	159.5	164.0
<u>4,415.5</u>	<u>4,330.5</u>	<u>4,237.0</u>	<u>4,270.0</u>	<u>4,305.5</u>	<u>4,375.0</u>
7.0	8.0	7.0	11.0	17.0	45.5
<u>7.0</u>	<u>8.0</u>	<u>7.0</u>	<u>11.0</u>	<u>17.0</u>	<u>45.5</u>
<u>4,422.5</u>	<u>4,338.5</u>	<u>4,244.0</u>	<u>4,281.0</u>	<u>4,322.5</u>	<u>4,420.5</u>
716	704	659	668	669	654
2,724	2,664	2,602	2,623	2,648	2,785
19	18	19	17	21	21
13	10	11	12	14	13
2	2	2	2	2	2
429	437	432	449	450	454
88	88	91	98	96	97
220	221	228	238	239	256
56	59	60	58	56	58
81	88	83	85	86	86
131	134	133	133	133	0
<u>3,763</u>	<u>3,721</u>	<u>3,661</u>	<u>3,715</u>	<u>3,745</u>	<u>3,772</u>
<u>72</u>	<u>103</u>	<u>114</u>	<u>91</u>	<u>109</u>	<u>92</u>
<u>4,551</u>	<u>4,528</u>	<u>4,434</u>	<u>4,474</u>	<u>4,523</u>	<u>4,518</u>

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)			

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

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

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

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.

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

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

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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

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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.

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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.



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	30000598	-	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>		<u>462,773</u>	<u>-</u>	<u>462,773</u>
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	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>			-	2,289,571	2,289,571
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>		39,216	63,745	102,961
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		-	841,159	841,159
20.205 *	Highway Planning and Construction	DEPARTMENT OF TRANSPORTATION	1936002309	-	932,129	932,129
*	<i>Total Highway Planning and Construction</i>			-	1,773,288	1,773,288
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		-	1,663	1,663
20.933 *	National Infrastructure Investments	OREGON 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-</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>		-	<u>2,266,181</u>	<u>2,266,181</u>
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>		-	<u>33,196</u>	<u>33,196</u>
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>		-	<u>340,997</u>	<u>340,997</u>
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>		-	<u>237,237</u>	<u>237,237</u>
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>		-	<u>79,182</u>	<u>79,182</u>
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

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)							
93.092		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
			<i>Total Injury Prevention and Control Research and State and</i>		<u>242,136</u>	<u>16,386</u>	<u>258,522</u>
93.137		Community Programs to Improve Minority Health Grant Program	CASCADE AIDS PROJECT		-	14,996	14,996
93.145		AIDS Education and Training Centers	UNIV OF WASHINGTON	654951	-	107,789	107,789
93.150		Projects for Assistance in Transition from Homelessness (PATH)	STATE DEPARTMENT OF OF HUMAN SERVICES		-	262,190	262,190
93.153		Coordinated Services and Access to Research for Women, Infants, Children, and Youth	DEPARTMENT OF HEALTH AND HUMAN SERVICES		305,447	-	305,447
93.217		Family Planning_Services	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	327,454	327,454
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	6H80CS00149-11-01	7,198,666	-	7,198,666
93.243		Substance Abuse and Mental Health Services_Projects of Regional and National Significance	STATE DIVISON OF PUBLIC HEALTH		-	145,600	145,600
93.243		Substance Abuse and Mental Health Services_Projects of Regional and National Significance	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	12,172	12,172
			<i>Total Substance Abuse and Mental Health Services</i>		<u>-</u>	<u>157,772</u>	<u>157,772</u>
93.268		Immunization Cooperative Agreements	DEPARTMENT OF HEALTH AND HUMAN SERVICES	1936002309	-	42,304	42,304
93.283		The Affordable Care Act: Centers for Disease Control and Prevention_Investigations and Technical Assistance	DEPARTMENT OF HEALTH AND HUMAN SERVICES		-	292,941	292,941

* 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)						
93.283	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
192 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

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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 Communitites 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 FNDDTN INSTIT	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>					-	523,339	523,339
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	UASI08/09/10	-	171,469	171,469
<i>Total Environmental Public Health and Emergency Response</i>					-	297,172	297,172
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:

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
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
<i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant Program/Grants to States and Territories</i>	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
<i>ARRA - Prevention and Wellness □ Communities Putting Prevention to Funding Opportunities Announcement (FOA)</i>	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 State; 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

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award year</i>	<i>Questioned Costs</i>
93.044	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

<i>CFDA Number</i>	<i>Federal Agency/Pass-through Entity - Program Name</i>	<i>Award Number</i>	<i>Award year</i>	<i>Questioned Costs</i>
	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.

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

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