

\$164,110,000
Multnomah County, Oregon
Full Faith and Credit Obligations, Series 2017

DATED: December 14, 2017 (estimated "Date of Delivery")

DUE: June 1, as shown on the inside cover

PURPOSE— The \$164,110,000 Full Faith and Credit Obligations, Series 2017 (the "Obligations") are being issued by Multnomah County, Oregon (the "County"). The Obligations are being issued to finance capital costs for the County, and to pay the costs of issuance of the Obligations. See "Purpose and Use of Proceeds" herein.

MOODY'S AND S&P GLOBAL RATINGS— "Aaa" and "AAA". See "Ratings" herein.

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

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

PRINCIPAL AND INTEREST PAYMENTS— The Obligations evidence and represent undivided proportionate interests of the Owners thereof (as hereinafter defined) in the Financing Payments (as hereafter defined) to be made by the County pursuant to the Financing Agreement. The interest component of the Financing Payments evidenced and represented by the Obligations is payable on June 1, 2018 and semiannually thereafter on December 1 and June 1 of each year to the maturity or earlier prepayment of the Obligations. The principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable by the County's paying agent, registrar and escrow agent, initially U.S. Bank National Association (the "Escrow Agent"), to DTC which, in turn, will remit such principal and interest components to the DTC participants for subsequent disbursement to the Beneficial Owners (as defined in the rules and procedures of DTC) of the Obligations at the address appearing upon the registration books on the 15th day (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE— See inside front cover.

PREPAYMENT— The Obligations are subject to optional Prepayment prior to their stated maturities as further described herein.

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

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

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

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

Multnomah County, Oregon

Full Faith and Credit Obligations, Series 2017

DATED: Date of Delivery

DUE: June 1, as shown below

MATURITY SCHEDULE –

Due June 1	Amounts	Interest Rates	Yields	CUSIP® 625506	Due June 1	Amounts	Interest Rates	Yields	CUSIP® 625506
2018	\$ 3,610,000	5.000%	1.160%	NQ9	2031	\$ 5,185,000	5.000%	2.450% ⁽¹⁾	PD6
2019	7,960,000	5.000	1.470	NR7	2032	5,450,000	4.000	2.800 ⁽¹⁾	PE4
2020	8,345,000	5.000	1.550	NS5	2033	5,665,000	3.000	3.120	PF1
2021	8,770,000	5.000	1.610	NT3	2034	5,835,000	3.000	3.170	PG9
2022	9,205,000	5.000	1.690	NU0	2035	6,015,000	3.000	3.220	PH7
2023	9,670,000	5.000	1.800	NV8	2036	6,190,000	3.000	3.250	PJ3
2024	10,145,000	5.000	1.880	NW6	2037	6,375,000	4.000	3.100 ⁽¹⁾	PK0
2025	3,875,000	5.000	1.970	NX4	2038	3,305,000	3.125	3.300	PL8
2026	4,065,000	5.000	2.060	NY2	2039	3,405,000	4.000	3.140 ⁽¹⁾	PM6
2027	4,270,000	5.000	2.150	NZ9	2040	3,545,000	4.000	3.150 ⁽¹⁾	PN4
2028	4,480,000	5.000	2.250 ⁽¹⁾	PA2	2041	3,685,000	4.000	3.160 ⁽¹⁾	PP9
2029	4,710,000	5.000	2.320 ⁽¹⁾	PB0	2042	3,830,000	4.000	3.170 ⁽¹⁾	PQ7
2030	4,940,000	5.000	2.390 ⁽¹⁾	PC8	2043	3,985,000	4.000	3.180 ⁽¹⁾	PR5
\$17,595,000 4.000% Term Obligation due June 1, 2047 @ 3.250% Yield ⁽¹⁾ ; CUSIP No. 625506PS3									

(1) Yield based on pricing to the first Optional Redemption date of June 1, 2027.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by S&P Capital IQ, a division of S&P Global Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the County nor the Purchaser take any responsibility for the accuracy of such CUSIP numbers.

No website mentioned in this Official Statement is part of this Official Statement, and readers should not rely upon any information presented on any such website in determining whether to purchase the Obligations. Any references to any website mentioned in this Official Statement are not hyperlinks and do not incorporate such websites by reference.

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

The Obligations have not been registered under the Securities Act of 1933, as amended, and the Financing Agreement and Escrow Agreement have not been qualified under the Trust Indenture Act of 1939, as amended, in reliance upon exemptions contained in such acts. The registration or qualification of the Obligations in accordance with applicable provisions of securities laws of the States in which the Obligations have been registered or qualified and the exemption from the registration or qualification in other states cannot be regarded as a recommendation thereof. Neither these states nor any of their agencies have passed upon the merits of the Obligations or the accuracy or completeness of this Official Statement. Any representation to the contrary may be a criminal offense.

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

Board of Commissioners

Deborah Kafoury	Chair
Sharon Meieran	Commissioner, District 1
Loretta Smith	Commissioner, District 2
Jessica Vega Pederson	Commissioner, District 3
Lori Stegmann	Commissioner, District 4

Administrative Staff

Mark Campbell	Chief Financial Officer
Marissa Madrigal	Chief Operating Officer and Director of County Management
Michael Jaspin	Budget Officer

Special Counsel

Hawkins Delafield & Wood LLP
Portland, Oregon
(503) 402-1320

Municipal Advisor

Piper Jaffray & Co.
Portland, Oregon
(503) 275-8300

Escrow Agent

U.S. Bank National Association
Global Corporate Trust Services
Portland, Oregon
(503) 464-3756

This page left blank intentionally.

Table of Contents

	<u>Page</u>
Changes from the Preliminary Official Statement.....	1
Description of the Obligations	1
Financing Amount, Date, Interest Rates and Maturities	1
Disbursement Features	2
Prepayment Provisions.....	2
Defeasance.....	3
Events of Default	3
Remedies.....	4
Authorization for Issuance.....	4
Purpose and Use of Proceeds.....	4
Purpose	4
Sources and Uses of Funds.....	5
Security for the Obligations.....	5
General.....	5
Bonded Indebtedness	6
Debt Limitation	6
Outstanding Long-Term Debt.....	8
Projected Debt Service Requirements	9
Summary of Overlapping Debt	10
Debt Ratios	11
Debt Payment Record	11
Future Financings	11
The County	11
General Description.....	11
Component Units	12
Key Administrative Officials.....	12
Staff.....	13
Revenue Sources	13
County Funding.....	13
Property Taxes	13
Taxable Property Values.....	15
Fiscal Year 2018 Representative Levy Rate	17
Tax Collection Record ⁽¹⁾	17
Major Taxpayers	18
Federal Funding.....	18
Other Taxes.....	18
Local Government Fees.....	19
Vehicle Registration Fee	19
Grants and Contributions.....	19
State of Oregon Funding.....	19
Financial Factors	20
Financial Reporting and Accounting Policies.....	20
Auditing.....	20
Governmental Activities - Statement of Net Assets.....	21
Governmental Activities - Statement of Revenues, Expenses and Changes in Net Assets.....	22
General Fund Balance Sheet.....	23
General Fund Statement of Revenues, Expenditures and Changes in Fund Balance.....	24
Budgetary Process	25
General Fund Adopted Budget.....	26
Investments	26
Pension System	27
Other Postemployment Benefits	32
Risk Management.....	33
Demographic Information.....	34
The Initiative and Referendum Process	37
Referendum.....	38
Initiative Process.....	38
Home Rule Charter	39
Legal Matters and Litigation.....	39
Legal Matters.....	39
Litigation.....	39

Table of Contents, Continued

	<u>Page</u>
Tax Matters	40
Opinion of Special Counsel	40
Certain Ongoing Federal Tax Requirements and Covenants	40
Certain Collateral Federal Tax Consequences	40
Original Issue Discount	41
Bond Premium	41
Information Reporting and Backup Withholding	41
Miscellaneous	42
Continuing Disclosure	42
Municipal Advisor	43
Ratings	43
Purchaser of the Obligations	43
Certificate with Respect to Official Statement	43
Appendices:	
Form of Special Counsel Opinion	Appendix A
Financial Statements	Appendix B
Book-Entry Only System	Appendix C
Form of Continuing Disclosure Certificate	Appendix D
Form of Financing Agreement and Form of Escrow Agreement	Appendix E

OFFICIAL STATEMENT
Multnomah County, Oregon

\$164,110,000

Full Faith and Credit Obligations, Series 2017

Multnomah County, Oregon (the "County"), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of \$164,110,000 aggregate principal amount of Full Faith and Credit Obligations, Series 2017 (the "Obligations"), dated as of the date of delivery (December 14, 2017, the "Date of Delivery"). This Official Statement, which includes the cover page, inside cover page, and appendices, provides information concerning the County and the Obligations.

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

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

Changes from the Preliminary Official Statement

The following section of this Official Statement has been updated to reflect the release of the Public Employees Retirement System ("PERS") actuarial valuation report and the Multnomah County PERS actuarial valuation, both as of December 31, 2016: Financial Factors – Pension System.

Description of the Obligations

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

Financing Amount, Date, Interest Rates and Maturities

The sum of the principal components of the Financing Payments evidenced and represented by the Obligations will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and bear interest from the Date of Delivery. The principal components of the Financing Payments will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The interest components of the Financing Payments ("Interest") are payable semiannually on June 1 and December 1 of each year, commencing June 1, 2018, until the maturity or earlier Prepayment of the Obligations and will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Disbursement Features

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

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

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the County is unable to retain a qualified successor to DTC, or the County has determined that it is in the best interest of the County not to continue the book-entry system of transfer, the County will cause the Escrow Agent to authenticate and deliver to the Owners of the Obligations or their nominees, replacement Obligations in fully registered form, in the denomination of \$5,000 or any integral multiple thereof within a maturity. Thereafter, the principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable and transferable as provided in the Escrow Agreement.

Prepayment Provisions

Optional Prepayment. The Obligations maturing in years 2018 through 2027, inclusive, are not subject to optional prepayment prior to maturity. The County reserves the right to redeem all or any portion of the Obligations maturing on or after June 1, 2028 at the option of the County on June 1, 2027 and on any date thereafter in whole or in part, in any order of maturity and within a maturity in accordance with DTC’s procedures or by lot (with maturities selected by the County), at a price of par, plus accrued interest to the date of prepayment. A Term Obligation subject to optional prepayment and prepaid in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for prepayment, the selection of Obligations within a maturity to be prepaid shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the Obligations are no longer held in book-entry only form, then the Escrow Agent would select Obligations for prepayment by lot.

Mandatory Prepayment. If not previously prepaid under the provisions for optional prepayment, the Term Obligation maturing on June 1, 2047 is subject to mandatory prepayment (in such manner as the Escrow Agent and DTC will determine or by lot by the Escrow Agent) on June 1 of the following years in the following principal amounts, at a price of par, without premium, plus accrued interest to the date of prepayment.

2047 Term Bond	
Due June 1	Amount
2044	\$ 4,145,000
2045	4,310,000
2046	4,480,000
2047 ⁽¹⁾	4,660,000
	<u>\$ 17,595,000</u>

(1) Final Maturity.

Notice of Prepayment (Book-Entry). So long as the Obligations are in book-entry only form and unless DTC consents to a shorter period, the Escrow Agent shall notify DTC of an early prepayment not less than 20 days and not more than 60 days prior to prepayment, and shall provide such information in connection therewith as required by the blanket issuer letter of representations the County has filed with DTC. Official written notice of

prepayment will be given by the County to the Escrow Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC. The County reserves the right to rescind any prepayment notice as allowed in the Escrow Agreement.

Notice of Prepayment (No Book-Entry). During any period in which the Obligations are not in book-entry-only form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of the Obligations shall be given by the Escrow Agent on behalf of the County by mailing a copy of an official redemption notice, in a form generally accepted in the municipal bond markets, by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Owners, as defined in the Escrow Agreement, to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Escrow Agent. Official written notice of prepayment will be given by the County to the Escrow Agent at least five calendar days prior to the date the notice is scheduled to be sent to DTC.

Conditional Notice. Any notice of optional Prepayment to the Escrow Agent or to the Owners pursuant to the Escrow Agreement may state that the optional prepayment is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the prepayment price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such Prepayment price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected Owners as promptly as practicable.

Defeasance

The County may defease the Obligations by (a) paying or causing to be paid the Financing Payments attributable to such Obligations as and when the same become due and payable; (b) irrevocably depositing with the Escrow Agent or an independent escrow agent, before maturity, money which, together with the amounts then on deposit in the Payment Account, as defined in the Escrow Agreement, is fully sufficient to pay all Financing Payments attributable to such Obligations; or (c) irrevocably depositing with the Escrow Agent or an independent escrow agent, Defeasance Obligations in such amount which will, together with the interest to accrue thereon, be sufficient to pay all Financing Payments attributable to such Obligations, as and when the same become due and payable, as evidenced by a verification report, and providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest component of Financing Payments to be includable in gross income under federal income tax laws. Obligations which have been defeased pursuant to this section shall cease and terminate, except for the obligation of the County to pay Additional Charges, as defined in the Escrow Agreement, and to pay Financing Payments from the amount so deposited, and of the Escrow Agent to apply amounts on deposit to the payment of the Financing Payments.

Events of Default

The occurrence of one or more of the following shall constitute an Event of Default, as defined in the Financing Agreement and Escrow Agreement (the "Agreements"):

- a. Failure by the County to pay the Financing Payments, when due;
- b. Failure by the County to comply with any other covenant, condition or agreement of the County under the Agreements for a period of 60 days after written notice thereof from the Escrow Agent absent an extension of time by the Escrow Agent; or
- c. The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors or the taking of any action by the County in furtherance of any of the foregoing.

Remedies

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding shall proceed to take whatever action may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners by the Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Escrow Agreement or in aid of the exercise of any power granted in the Escrow Agent or for the enforcement of any other legal or equitable right vested in the Escrow Agent by the Escrow Agreement or by law. Provided, however, that upon an Event of Default the Escrow Agent will not have the right to declare the unpaid principal components of the Financing Payments immediately due and payable.

Authorization for Issuance

The County is authorized pursuant to the Constitution and laws of the State, namely, Oregon Revised Statutes (“ORS”) Section 271.390, to enter into financing agreements to finance or refinance real or personal property.

The Obligations are being issued pursuant to Resolution No. 2017-080 (the “Resolution”) adopted by the County’s Board of Commissioners (the “Board”) on September 28, 2017 that authorized the County to enter into the Financing Agreement, Escrow Agreement and a purchase agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people.

Pursuant to the Financing Agreement, the County has pledged to pay the Financing Payments from the general non-restricted revenues of the County and other funds which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon (“Article XI, Sections 11 and 11b”).

Purpose and Use of Proceeds

Purpose

The proceeds from the sale of the Obligations will be used to finance real or personal property related to the replacement of the Multnomah County Central Courthouse (“MCCH”), replacement of the Health Department administrative offices and downtown clinics (“HDHQ”), replacement of the Enterprise Resource Planning system (“ERP”), and improvements to County-owned facilities that house parole and probation services (“DCJ Campus” and collectively with MCCH, HDHQ, and ERP, the “Project”) and to pay the costs of issuance of the Obligations.

Specifics on the Project include:

All of the elements of the Project are currently underway and at various stages of completion as the County has employed a “pay-go” strategy over the past few years using other available resources. This has enabled the County to postpone and consolidate the issuance of long-term debt for each Project element, reducing the overall debt issuance costs for the Project.

The County’s central courthouse was completed in 1914, and the increased use of the courthouse by a population that has since tripled, combined with significant seismic and other safety concerns, have rendered the courthouse structurally and functionally obsolete. Formal MCCH design work began in December 2015; construction commenced in January 2017, and the building is scheduled for occupancy by spring 2020. The estimated cost is \$325 million, with sources as follows:

- \$15M - State of Oregon (XI-Q bonds issued March 2015)
- \$17.4M - State of Oregon (XI-Q bonds issued February 2017)
- \$69.3M - Funds previously set aside by County
- \$85M - The Obligations
- \$92.6M - State of Oregon (XI-Q bonds anticipated to be issued Spring 2019)

- \$45.2M - Anticipated Fiscal Year 2019 County bond issuance (see "Future Financings," herein)

The County Health Department, which serves all county residents and is the largest safety net provider of health care in Oregon, has been seeking a new facility ever since outgrowing its current headquarters facility more than ten years ago. Formal HDHQ design work began in November 2015; construction commenced in January 2017, and the building is scheduled for occupancy by spring 2019. The total HDHQ budget is \$94 million, and the County anticipates using approximately \$43.5 million of the proceeds from the sale of the Obligations for HDHQ completion.

The County implemented its current Enterprise Resource Planning system in 1999 and the County anticipates using approximately \$41 million from the sale of the Obligations for its replacement.

The County Department of Community Justice identified an opportunity to consolidate four separate sites into a single County-owned campus in order to improve operational efficiency, align departmental points of service with their client base, and eliminate financial exposure to increasing lease rates. The County purchased the site in October 2016, and is finalizing renovation and design options. The current DCJ Campus budget is \$12 million, and the County has already spent or secured \$6.5 million. The County anticipates using approximately \$5.5 million of the proceeds from the sale of the Obligations for DCJ Campus completion. However, the County is in the process of reevaluating the DCJ Campus budget and estimated costs of the project may increase. If the estimated costs do increase, the County may fund these additional costs with additional borrowings or cash on hand.

Sources and Uses of Funds

The proceeds of the Obligations are estimated to be applied as follows:

Estimated Sources and Uses of Funds

Sources of Funds	
Par Amount of Obligations	\$ 164,110,000.00
Original Issue Premium/ (Discount)	16,715,089.30
Total Sources of Funds	<u>\$ 180,825,089.30</u>
Uses of Funds	
Available for the Project	\$ 180,004,809.30
Underwriting, Credit Enhancement (if any) and Issuance Costs	820,280.00
Total Uses of Funds	<u>\$ 180,825,089.30</u>

Security for the Obligations

General

The Obligations evidence and represent undivided proportionate ownership interests in the installment payments of principal and interest due (the "Financing Payments") from the County under the Financing Agreement. Under the Financing Agreement, the Financing Payments are payable from the County's general non-restricted revenues and other funds that may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the County to pay the Financing Payments is a full faith and credit obligation of the County, and is not subject to appropriation.

The County has covenanted to budget and appropriate in each Fiscal Year, as defined in the Escrow Agreement, to the extent permitted by law, sums sufficient to pay when due the Financing Payments and other amounts due under the Financing Agreement.

The Financing Agreement is not a general obligation of the County, the State of Oregon or any other political subdivision. The Obligations are secured solely by the Financing Payments and any sums realized in

connection with the remedies available upon the occurrence of an Event of Default all as provided in the Financing Agreement.

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

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

- (1) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (2) any insolvency, bankruptcy, reorganization or similar proceedings by the County;
- (3) abatement through damage, destruction or nonavailability of the Project; or
- (4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

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

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

Bonded Indebtedness

Debt Limitation

Full Faith and Credit Obligations/Limited Tax Obligations. Local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations" in addition to pledging the full faith and credit for voter approved general obligation bonds. Except for pension bonds, a county may not have limited tax full faith and credit obligations outstanding in an amount that exceeds one percent of the Real Market Value (as hereafter defined) of all taxable properties within the county. Full faith and credit obligations can take the form of certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b of the Constitution of the State of Oregon. **The Obligations are limited tax obligations that are subject to the one percent debt limitation.**

**Multnomah County, Oregon
Debt Capacity**

Taxable Real Market Value (Fiscal Year 2018) ⁽¹⁾ :		<u>\$ 158,551,847,377</u>				
	Debt Limit (% of RMV)	Total Debt Capacity	Outstanding Debt Subject to Limit	Remaining Legal Capacity	Percent of Capacity Issued	
General Obligation Bonds ⁽²⁾	2.0%	\$ 3,171,036,948	\$ -	\$ 3,171,036,948	0.00%	
Limited Tax Pension Bonds ⁽³⁾	5.0%	\$ 7,927,592,369	\$ 94,263,370	\$ 7,833,328,999	1.19%	
Limited Tax Bonds ⁽⁴⁾	1.0%	\$ 1,585,518,474	\$ 305,112,000	\$ 1,280,406,474	19.24%	

- (1) Value represents the Real Market Value of taxable properties on January 1, 2017, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors. The County’s fiscal year commences July 1 and ends on June 30 of the following year (the “Fiscal Year”). *Source: Multnomah County Division of Assessment, Reporting, and Taxation.*
- (2) Represents voter-approved, unlimited-tax general obligations of the County.
- (3) Includes the County’s pension bonds.
- (4) Includes the County’s limited-tax obligations and capital leases, including the Obligations.

Source: Multnomah County, and this issue.

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

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

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

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding ⁽¹⁾
<i>Full Faith and Credit Obligations:</i>				
Series 2010B Obligations	12/14/10	06/01/30	\$ 15,000,000	\$ 15,000,000
Series 2012 Obligations	12/13/12	06/01/33	128,000,000	110,910,000
Series 2014 Refunding Obligations	06/18/14	08/01/19	22,530,000	14,175,000
Series 2017 Obligations ⁽²⁾	12/14/17	06/01/47	164,110,000	164,110,000
Total Full Faith and Credit Obligations				304,195,000
<i>Limited-Tax Pension Obligation Bonds⁽³⁾:</i>				
Series 1999	12/01/99	06/01/30	184,548,160	94,263,370
<i>Capital Leases:</i>				
Sellwood Library	01/15/02	12/31/32	1,093,000	876,000
Gresham Women's Shelter - Capital Lease	06/20/16	06/30/18	138,000	41,000
				917,000
<i>Loans:</i>				
Oregon Transportation Infrastructure Bank	09/01/08	09/01/25	3,200,000	1,966,451
Total Governmental Activities Debt				\$ 401,341,821

(1) As of Date of Delivery.

(2) This issue.

(3) Also secured by the full faith and credit of the County.

Source: Multnomah County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2016.

**Full Faith and Credit Obligations
Projected Debt Service Requirements**

Fiscal Year	Outstanding Obligations		The Obligations		Total Debt Service
	Principal	Interest	Principal	Interest	
2018	\$ 9,595,000	\$ 5,904,788	\$ 3,610,000	\$ 3,335,700	\$ 22,445,488
2019	9,590,000	5,476,913	7,960,000	7,010,231	30,037,144
2020	10,045,000	5,038,038	8,345,000	6,612,231	30,040,269
2021	6,880,000	4,655,288	8,770,000	6,194,981	26,500,269
2022	7,185,000	4,324,788	9,205,000	5,756,481	26,471,269
2023	7,505,000	3,975,888	9,670,000	5,296,231	26,447,119
2024	7,840,000	3,607,688	10,145,000	4,812,731	26,405,419
2025	8,195,000	3,221,448	3,875,000	4,305,481	19,596,929
2026	8,565,000	2,816,123	4,065,000	4,111,731	19,557,854
2027	8,955,000	2,387,118	4,270,000	3,908,481	19,520,599
2028	9,290,000	2,012,695	4,480,000	3,694,981	19,477,676
2029	9,645,000	1,624,453	4,710,000	3,470,981	19,450,434
2030	10,010,000	1,221,538	4,940,000	3,235,481	19,407,019
2031	8,665,000	803,550	5,185,000	2,988,481	17,642,031
2032	8,925,000	543,600	5,450,000	2,729,231	17,647,831
2033	9,195,000	275,850	5,665,000	2,511,231	17,647,081
2034	-	-	5,835,000	2,341,281	8,176,281
2035	-	-	6,015,000	2,166,231	8,181,231
2036	-	-	6,190,000	1,985,781	8,175,781
2037	-	-	6,375,000	1,800,081	8,175,081
2038	-	-	3,305,000	1,545,081	4,850,081
2039	-	-	3,405,000	1,441,800	4,846,800
2040	-	-	3,545,000	1,305,600	4,850,600
2041	-	-	3,685,000	1,163,800	4,848,800
2042	-	-	3,830,000	1,016,400	4,846,400
2043	-	-	3,985,000	863,200	4,848,200
2044	-	-	4,145,000	703,800	4,848,800
2045	-	-	4,310,000	538,000	4,848,000
2046	-	-	4,480,000	365,600	4,845,600
2047	-	-	4,660,000	186,400	4,846,400
	<u>\$ 140,085,000</u>	<u>\$ 47,889,760</u>	<u>\$ 164,110,000</u>	<u>\$ 87,397,726</u>	<u>\$ 439,482,486</u>

Summary of Overlapping Debt
(As of October 2, 2017)

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
Burlington Water District	100.00%	\$ 1,370,776	\$ 1,370,776
City of Fairview	100.00%	526,335	526,335
City of Gresham	100.00%	69,434,315	28,237,315
City of Troutdale	100.00%	7,813,000	7,813,000
Corbett Water District	100.00%	1,007,624	1,007,624
Lusted Water District	100.00%	730,000	730,000
Multnomah Cty Drainage District 1	100.00%	50,000	50,000
Multnomah Cty RFPD 10	100.00%	3,560,538	3,560,538
Multnomah Cty SD 3 (Parkrose)	100.00%	56,902,143	56,902,143
Multnomah Cty SD 39 (Corbett)	100.00%	1,926,944	1,926,944
Multnomah Cty SD 40 (David Douglas)	100.00%	85,332,481	85,332,481
Multnomah Cty SD 7 (Reynolds)	100.00%	213,095,539	211,095,539
Rockwood Water PUD	100.00%	4,920,000	-
Valley View Water District	100.00%	1,621,692	1,621,692
City of Portland	99.69%	659,607,959	153,580,223
Multnomah Cty SD 1J (Portland)	99.44%	1,069,857,503	1,069,857,503
Multnomah ESD	98.15%	27,676,975	-
Multnomah Cty SD 51J (Riverdale)	94.69%	17,281,021	17,281,021
Pleasant Home Water District	94.33%	1,485,729	1,485,729
Multnomah Cty SD 28J (Centennial)	93.00%	20,582,517	20,582,517
Mt Hood Community College	83.48%	48,214,430	19,396,229
Multnomah Cty SD 10J (Gresham-Barlow)	80.86%	250,097,967	250,097,967
Metro	51.87%	104,509,566	94,536,636
Portland Community College	50.58%	196,888,097	152,797,424
Port of Portland	48.27%	29,978,952	-
Columbia Cty SD 1J (Scappoose)	22.78%	6,327,562	6,327,562
City of Lake Oswego	5.24%	8,973,873	481,492
Tualatin Valley Fire & Rescue District	1.65%	805,628	805,628
City of Milwaukie	0.71%	120,683	95,613
Northwest Regional ESD	0.59%	26,559	-
Washington Cty SD 48J (Beaverton)	0.39%	4,127,532	4,127,532
Clackamas Cty SD 7J (Lake Oswego)	0.31%	766,642	766,642
Clackamas Cty RFPD 1	0.17%	72,948	44,792
Clackamas Cty ESD	0.06%	12,825	12,825
Washington Cty SD 1J (Hillsboro Bd)	0.00%	176	176
Washington Cty SD 1J (Hillsboro)	0.00%	10,271	10,271
		\$ 2,895,716,802	\$ 2,192,462,169

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

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

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

Debt Ratios

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

Debt Ratios

Total Real Market Value (Fiscal Year 2018)	\$ 192,936,606,995	
Estimated Population	803,000	
Per Capita Real Market Value	\$ 240,270	
	Gross Direct	Net Direct
Debt Information	Debt⁽¹⁾	Debt⁽²⁾
County Direct Debt ⁽³⁾	\$ 401,341,821	\$ 401,341,821
Overlapping Direct Debt	2,895,716,802	2,192,462,169
Total Direct Debt ⁽³⁾	<u>\$ 3,297,058,623</u>	<u>\$ 2,593,803,990</u>
Bonded Debt Ratios⁽³⁾		
County Direct Debt to Real Market Value	0.21%	0.21%
Total Direct Debt to Real Market Value	1.71%	1.34%
Per Capita County Direct Debt	\$ 500	\$ 500
Per Capita Total Direct Debt	\$ 4,106	\$ 3,230

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

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

(3) Includes the Obligations.

Sources: Portland State University Population Research Center; Debt Management Division, The Office of the State Treasurer as of October 2, 2017 and Multnomah County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2016.

Debt Payment Record

The County has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due.

Future Financings

Capital Projects. The State of Oregon share of the MCCH was authorized in 2017 to be \$93 million, to be provided from the sale of State bonds during the 2017-19 biennium. The County anticipates issuing approximately \$110,000,000 in late 2018 in advance of receiving State funds. The County anticipates State funds will support the majority of the planned 2018 issuance.

Short-term Notes. The County does not anticipate issuing short-term debt within the next twelve months.

The County

General Description

The County, incorporated in 1854, is located in northwestern Oregon at the confluence of the Columbia and Willamette Rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles and serves an estimated population of 803,000. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

Component Units

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

Form of Government

The County is governed according to its Home Rule Charter, which became effective January 1967 and as subsequently amended. The County is governed by a Board of Commissioners consisting of five non-partisan members elected from designated districts within the County and the Chair of the Board, who is elected at large. The Chair is the chief executive officer of the County, and the Board of Commissioners conducts all legislative business of the County. The current members of the Board of Commissioners follow:

Board of Commissioners

Name	Position	Service Began	Term Expires
Deborah Kafoury	Chair	June 20, 2014	December 31, 2018
Sharon Meieran	Commissioner, District 1	January 1, 2017	December 31, 2020
Loretta Smith	Commissioner, District 2	January 1, 2011	December 31, 2018
Jessica Vega Pederson	Commissioner, District 3	January 1, 2017	December 31, 2020
Lori Stegmann	Commissioner, District 4	January 1, 2017	December 31, 2020

Source: *Multnomah County, Oregon.*

Key Administrative Officials

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

Mark Campbell, Chief Financial Officer. Mark Campbell was appointed Chief Financial Officer for the County in May 2012. He has been a member of the County's finance team for 28 years, having originally been hired in 1989 as a Strategic Planning Analyst in the central Budget Office. Previously he served as Assistant to the City Manager of Fort Collins, Colorado from 1985 to 1989. Mr. Campbell holds a Masters in Public Administration with a concentration in Financial Management from the State University of New York at Albany. He is a member of GFOA and its Oregon affiliate.

Marissa Madrigal, Chief Operating Officer and Director of County Management. Marissa Madrigal was appointed Chief Operating Officer and Director of County Management in June 2014, having served as interim Multnomah County Chair since September 2013. She first joined the County in 2007 as Chief of Staff to Commissioner Jeff Cogen. Ms. Madrigal holds a Bachelor's degree in Zoology from the University of Washington.

Michael Jaspin, Budget Officer. Mike Jaspin has served as the County's Budget Director since September 2015. Prior to that he filled the roles of County Economist and Deputy Budget Director for the County beginning in 2008. He has been a member of the County's budget and finance team for 19 years since joining the County's Budget Office as a Senior Budget Analyst in 1998. Prior to working for the County, he served as an Economic Analyst with Northwest Economic Associates. Mr. Jaspin holds a Masters in Environmental & Natural Resource Economics from Oregon State University and a Bachelor's degree in Environmental Biology and Management from the University of California at Davis. He is a member of GFOA and its Oregon affiliate.

Staff

The County has budgeted for 4,813 full-time employees and 528 part-time employees for Fiscal Year 2018.

Bargaining Units

Bargaining Unit	Current Contract Term	Major Duties	Number of Employees
IUOE Local 701	7/1/17 - 6/30/22	Facilities Maintenance & Repair	15
IUPAT Local 1094	7/1/16 - 6/30/21	Sign Painters	1
MCPAA	Under Negotiation	Prosecuting Attorneys	75
AFSCME Local 88 JCSS	4/6/17 - 6/30/18	Juvenile Custody Workers	138
AFSCME Local 88	Under Negotiation	General Employees	3,200
MCCDA	Under Negotiation	Correctional Officers	416
ONA	7/1/15 - 6/30/18	Nurses	274
FOPPO	Under Negotiation	Probation and Parole Officers	130
MCDSA	6/4/15 - 6/30/18	Deputy sheriffs	113
IBEW Local 48	7/1/16 - 6/30/21	Electrical Workers	24
Physicians Local 88-4	7/20/17 - 6/30/20	Physicians	26
Mgmt./Executive Employees ⁽¹⁾			749
Tax/Elect Off/El Staff ⁽¹⁾			70

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

Revenue Sources

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

County Funding

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

Property Taxes

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

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

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years. Multnomah County does not use Local Option Levies to fund operating expenses.

The County administers a Local Option Levy that funds the Oregon Historical Society, which is not a component unit of the County. The Oregon Historical Society operations levy of \$0.05 per \$1,000 of assessed value was first approved by County voters in November 2010, and renewed by County voters in May 2016. The five year levy will expire in Fiscal Year 2021. The County may not use revenues generated by the Oregon Historical Society to fund the County's operations.

Prior to Fiscal Year 2014, the County used a combination of its general fund resources and a Local Option Levy to fund the operating expenses for the Multnomah County Library (the "Library"). In the five Fiscal Years before 2014, the County transferred between \$13.9 million and \$18.3 million of County general fund resources to the Library. Voters approved the creation of a Library district as a new local government with an Operating Tax Rate Limit of \$1.24 per \$1,000, and the Library began operating as a local government on July 1, 2013. The Library remains a component unit of the County, and the Library's operating expenses are funded entirely by its current Permanent Rate of \$1.18 per \$1,000. The County may not use revenues generated by the Library district to fund the County's operations.

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

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

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

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

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

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

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

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for

Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2018, there was \$12,107,016 of compression of the County’s Permanent Rate due to the tax rate limitation.

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

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

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

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

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

The following tables represent historical tax information for the County.

Taxable Property Values

Fiscal Year	Total Real Market Value	Taxable Real Market Value ⁽¹⁾	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates ⁽²⁾
2018	\$ 192,936,606,995	\$ 158,551,847,377	\$ 79,551,601,326	\$ 7,438,667,311	\$ 72,112,934,015
2017	169,905,432,056	139,355,901,407	75,636,627,007	6,804,941,684	68,831,685,323
2016	145,847,206,241	119,581,740,451	72,222,759,453	6,080,696,726	66,142,062,727
2015	132,783,802,994	108,173,728,101	69,210,609,494	5,690,908,219	63,519,701,275
2014	121,683,655,699	98,078,710,048	66,174,664,135	5,552,059,852	60,622,604,283
2013	117,198,491,832	93,735,420,370	64,001,093,024	5,323,183,349	58,677,909,675
2012	118,231,242,014	95,354,431,618	62,692,645,695	5,151,161,165	57,541,484,530

- (1) Value represents the Real Market Value of taxable properties on January 1, 2017, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Assessed value of property in the County on which the Permanent Rate is applied to derive *ad valorem* property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

Source: Multnomah County Division of Assessment, Reporting, and Taxation.

Property Tax Exemption Programs. Oregon statutes authorize a wide variety of full and partial property tax exemptions, including exemptions for property owned or used by cities, counties, schools and other local

governments, property of the federal government, property used by religious and charitable entities, property used for low-income housing, historical property and transit oriented property.

The Oregon Enterprise Zone program is a State of Oregon economic development program that allows for property tax exemptions for three to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by State statutes and the local sponsor.

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

GASB 77. Beginning with the Fiscal Year 2017 financial statements, GASB 77 requires local governments to disclose information related to tax abatement programs and amounts abated. Tax abatements result from agreements entered into by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government’s tax revenues. For Fiscal Year 2017, the County estimates such tax abatements reduced property tax revenues by approximately two percent. Such estimate is unaudited, preliminary and subject to change.

Natural and Economic Forces. Natural and economic forces can affect the assessed value of taxable property in the County and the County’s collection of revenues. The County is located in the Pacific Northwest, a region subject to periodic significant earthquakes. Such an earthquake and/or tsunami could cause extensive damage to structures and infrastructure along the Pacific coast and could disrupt transportation, communications, water and sewer systems, power and gas delivery and fuel supplies along the Pacific coast and within the County. The County cannot predict how such seismic activity could impact its revenue sources, including property taxes. Other natural or man-made disasters, such as flood, fire, toxic dumping or acts of terrorism, could also cause a reduction in the assessed value of taxable property within the County or adversely affect the County’s revenues. Economic and market forces, such as a downturn in the economy generally, can also affect assessed values. In addition, the total assessed value can be reduced through the reclassification of taxable property to a class exempt from taxation, whether by ownership or use (such as exemptions for property owned by State and local agencies and property used for qualified educational, hospital, charitable or religious purposes).

Tax Rates and Collections. The following table presents the Fiscal Year 2017 tax rates for the County and other taxing jurisdictions within the County. The County’s Operating Tax Rate Limit is \$4.3434per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

**Fiscal Year 2018 Representative Levy Rate
(Rates per \$1,000 of Assessed Value)**

General Government	Permanent Rate	Bond Levy or UR Special Rate	Local Option Rate⁽¹⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate⁽²⁾
Port of Portland	\$ 0.0701	\$ 0.0000	\$ 0.0000	\$ 0.0701	\$ 0.0069
City of Portland	4.5770	2.9040	0.4026	7.8836	0.8051
Metro	0.0966	0.2162	0.0960	0.4088	0.0311
East Multnomah Soil and Water	0.1000	0.0000	0.0000	0.1000	0.0081
Multnomah County	4.3434	0.0000	0.0500	4.3934	0.5688
Multnomah County Library	1.1800	0.0000	0.0000	1.1800	0.0299
Portland Urban Renewal Special Levy	0.0000	0.2283	0.0000	0.2283	0.0000
Total General Government	10.3671	3.3485	0.5486	14.2642	1.4499
Education					
Multnomah County Education Service D	0.4576	0.0000	0.0000	0.4576	0.0489
Portland Community College	0.2828	0.3222	0.0000	0.6050	0.0671
Portland School District	5.2781	2.4182	1.9900	9.6863	0.8811
Total Education	6.0185	2.7404	1.9900	10.7489	0.9971
Total Tax Rate	\$ 16.3856	\$ 6.0889	\$ 2.5386	\$ 25.0131	\$ 2.4470

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

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of overlapping jurisdictions' Permanent Rates (see "Property Taxes - Tax Rate Limitation - Measure 5" herein).
- (2) A portion of a taxing district's consolidated rate is diverted to Prosper Portland (formerly known as the Portland Development Commission) through tax increment financing.

Source: Multnomah County Division of Assessment, Reporting, and Taxation. Note that there are 124 tax codes in the County and Tax Code 201 has the highest property value of these tax codes. Total tax levies in the County range from \$11.2869 to \$25.4001 per \$1,000 of assessed property value.

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

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2017⁽³⁾
2017	98.07%	98.07%
2016	97.82%	98.75%
2015	97.65%	99.03%
2014	97.40%	99.23%
2013	97.26%	99.42%
2012	96.89%	99.37%

- (1) Percentage of total tax levy collection in Multnomah County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2017.

Source: Multnomah County Division of Assessment, Reporting, and Taxation.

Major Taxpayers
(As of Fiscal Year 2018)
Multnomah County, Oregon

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Port of Portland	Airport, Marine, Property Mgmt.	\$ 13,426,229	\$ 604,908,860	0.76%
Comcast Corporation	Telecommunications	8,594,034	491,284,500	0.62%
Portland General Electric Co.	Electrical Utility	8,594,034	497,683,570	0.63%
Alaska Airlines Inc.	Airline	6,777,210	415,491,700	0.52%
Weston Investment Co LLC	Real Estate	6,692,737	279,032,610	0.35%
Pacificorp (PP&L)	Electrical Utility	6,090,004	344,862,000	0.43%
Evraz Inc. NA	Oregon Steel Mills	4,255,388	230,607,780	0.29%
Fred Meyer Stores Inc.	Retail	4,238,217	192,343,960	0.24%
AT&T, Inc.	Telecommunications	4,040,591	228,048,100	0.29%
111 SW 5th Avenue	Real Estate	3,955,626	158,300,410	0.20%
Subtotal - ten of County's largest taxpayers			3,442,563,490	4.33%
All other County's taxpayers			76,109,037,836	95.67%
Total County			<u>\$ 79,551,601,326</u>	<u>100.00%</u>

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

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

Source: *Multnomah County Division of Assessment, Reporting, and Taxation.*

Note: Comcast and Dish have outstanding property value appeals within the County. While the contested value is included on the tax rolls, the County is billing but not collecting the amount owed on the value that is being appealed. Therefore, if the appeal is decided in the favor of the appellant, the overlapping municipal entities will not be required to repay taxes on the contested value, but the assessed value could decline. A favorable ruling to any or all of the appellants is not expected to have a material adverse impact on the County's finances. House Bill 2407, signed by the Governor in July 2017, allows County Assessors to bill and collect such contested taxes in future property tax years. The counties would segregate such funds and interest earned would go to the prevailing party at the conclusion of the litigation. Thus, the legislation would also not have a material impact on the County's finances.

Federal Funding

Federal Direct Payments. The County issued the Full Faith and Credit Obligations, Series 2010B on December 14, 2010, and elected to receive subsidy payments ("Direct Payments") from the federal government. The Direct Payments are used to pay interest due on the County's Full Faith and Credit Obligations, Series 2010B. The County's Direct Payments in Fiscal Year 2016 were reduced by 6.8 percent due to mandatory sequestration cuts and the County used the General Fund to cover the shortfall. The United States Office of Management and Budget has stated that qualified tax credit bond subsidy payments in federal Fiscal Year 2017 will be cut by 6.9 percent and the County has budgeted for these cuts. Congress has approved legislation that extends sequestration cuts through federal Fiscal Year 2025 but the annual reduction rate is subject to change and the County cannot predict the amount of future cuts.

Other Taxes

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

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

The County currently imposes a business income tax, motor vehicle rental tax, transient lodging tax, and gas tax. In Fiscal Year 2017 the County received \$84.5 million from the business income tax, \$28.9 million from the motor vehicle rental tax, \$38,000 from the transient lodging tax, and \$7 million from the gas tax.

Local Government Fees

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

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

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

Vehicle Registration Fee

The 2009 Legislative Assembly authorized the county to enact a Vehicle Registration Fee (the “VRF”) to be used exclusively to finance the design and construction of the Sellwood Bridge over the Willamette River in the City of Portland.

The Board enacted Ordinance 1151 on January 7, 2010, with an effective date of September 1, 2010, establishing the County’s vehicle registration fee at a rate of \$19 per year for all types of vehicles with the exception of trailers. The County entered into an intergovernmental agreement with the Oregon Department of Motor Vehicles to collect the fee. The County subsequently issued bonds in December 2012 for \$128 million that are secured by VRF revenues. The construction of the Sellwood Bridge was completed in 2017.

Historical Vehicle Registration Fee collections and related debt service amounts are as follows:

Fiscal Year	Collections (\$Millions)	Debt Service (\$Millions)
2017	\$12.1	\$9.47
2016	12.1	9.47
2015	11.6	9.47
2014	11.2	9.47
2013	11.1	2.53
2012	10.9	N/A

Grants and Contributions

Operating grants and contributions represented approximately 34.9 percent of the County’s total governmental activities revenues in Fiscal Year 2016. Grants and contributions are generally dedicated to specific purposes.

State of Oregon Funding

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

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

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

Financial Factors

Financial Reporting and Accounting Policies

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

Additional information on the County's accounting methods is available in the County's audited financial statements. A copy of the County's audited financial report for Fiscal Year 2016 is attached hereto as Appendix B.

Auditing

Each Oregon political subdivision must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Political subdivisions having annual expenditures of less than \$750,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing political subdivisions.

The County audits for the Fiscal Years 2012 through 2016 ("County Audited Financial Statements") were performed by Moss-Adams LLP, CPA, Eugene, Oregon (the "Auditor"). The audit report for Fiscal Year 2016 indicates the financial statements, in all material respects, fairly present the County's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The County has contracted with the Auditor to audit its financial statements for Fiscal Year 2017. The audit review began in October 2017. The Auditor was not requested to review this Official Statement.

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

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

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

Assets	2012	2013	2014	2015	2016
Current assets:					
Cash and investments	\$ 252,279	\$ 260,951	\$ 259,386	\$ 279,433	\$ 312,035
Receivables (net of uncollectibles):					
Taxes	24,932	25,948	25,577	26,128	28,056
Accounts	72,499	79,486	41,023	48,644	42,994
Loans	1,103	1,579	-	-	-
Interest	857	1,083	991	1,096	937
Special assessments	11	11	11	11	11
Contracts	3,126	1,028	693	529	354
Due from other funds	-	-	-	-	-
Inventories	2,313	2,202	1,842	1,793	1,540
Prepaid items	2,848	3,338	2,982	3,283	4,343
Restricted assets	1,535	77,398	151,830	164,166	-
Non-current assets:					
Capital assets:					
Land and construction in progress	297,781	360,855	451,998	502,810	-
Works of art, not depreciating	-	4,430	4,430	4,430	-
Buildings-not in service, not depreciating	51,164	47,409	47,109	46,164	615,743
Other capital assets (net of depreciation)	458,117	438,902	421,331	414,406	419,915
Unamortized pension asset	-	-	94,837	76,712	-
Other assets, net of amortization	107,644	100,989	-	-	-
Total Assets	<u>1,276,209</u>	<u>1,405,609</u>	<u>1,504,040</u>	<u>1,569,605</u>	<u>1,425,928</u>
Deferred Outflows of Resources					
Pension Plan	-	-	-	29,412	123,728
Deferred Charge on Refunding	-	1,684	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>1,684</u>	<u>-</u>	<u>29,412</u>	<u>123,728</u>
Liabilities					
Current Liabilities:					
Accounts payable	69,668	65,486	40,914	43,713	44,482
Claims and judgments payable	11,384	12,839	10,792	10,911	10,295
Accrued salaries and benefits	8,106	7,905	5,845	6,061	6,278
Accrued interest payable	1,798	1,886	1,810	1,448	1,286
Unearned revenue	6,554	8,986	920	1,585	563
Due within one year:					
Compensated absences	7,149	26,837	27,454	28,736	29,385
Bonds payable	20,642	26,360	18,500	18,670	35,755
Capital leases payable	129	135	142	148	443
Loans payable	287	214	194	203	1,212
Pollution remediation obligation	33	28	60	38	27
Noncurrent Liabilities:					
Due in more than one year:					
Compensated absences	19,122	53	115	273	1,352
Bonds payable	213,995	338,433	311,718	287,549	252,520
Capital leases payable	1,468	1,333	1,191	1,044	2,034
Loans payable	17,884	2,919	2,725	2,520	2,308
Deferred lease obligation	1,851	2,034	1,799	1,500	1,190
Net other postemployment benefits obligation	105,187	110,700	115,946	121,794	128,056
Net pension liability	-	-	-	-	203,524
Liabilities payable from restricted assets:					
Accounts payable	-	-	28,292	30,681	38,288
Accrued salaries and benefits	-	-	2,711	3,130	3,641
Unearned revenue	-	-	12,709	11,445	12,967
Due within one year - Bonds payable	-	-	6,155	5,665	-
Due in more than one year - Bonds payable	-	-	891	726	-
Total Liabilities	<u>485,257</u>	<u>606,148</u>	<u>590,883</u>	<u>577,840</u>	<u>775,606</u>
Deferred Inflows of Resources					
Pension Plan	-	-	-	150,564	127,819
Deferred received before time requirements met	-	50	340	90	911
Total Deferred Inflow of Resources	<u>-</u>	<u>50</u>	<u>340</u>	<u>150,654</u>	<u>128,730</u>
Net Position					
Invested in capital assets, net of related debt	686,874	670,483	705,519	768,977	850,159
Restricted	29,565	-	99,882	100,186	81,351
Unrestricted	74,513	130,612	107,416	1,360	(130,430)
Total Net Position	<u>\$ 790,952</u>	<u>\$ 801,095</u>	<u>\$ 912,817</u>	<u>\$ 870,523</u>	<u>\$ 801,080</u>

Source: County Audited Financial Statements.

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

Revenues:	2012	2013	2014	2015	2016
Program Revenues:					
Charges for services	135,053	131,646	179,903	218,190	217,190
Operating grants and contributions	308,392	318,956	340,367	350,767	383,728
Capital grants and contributions	839	68	60,776	20,455	10,364
General Revenues:					
Taxes:					
Property taxes, levied for general purposes ⁽¹⁾	272,299	271,664	303,871	323,898	342,128
Property taxes, levied for debt service ⁽¹⁾	8,842	8,067	6,999	6,116	6,075
Personal income taxes ⁽²⁾	235	77	16	32	15
Business income taxes ⁽³⁾	52,250	58,750	61,800	73,825	80,710
Other taxes ⁽⁴⁾	48,777	52,934	58,456	67,192	74,594
Payments in lieu of taxes	697	1,019	821	659	486
State government shared unrestricted revenues	10,108	9,090	9,198	9,534	9,998
Grants and contributions not restricted	10	15	24	-	13
Interest and investment earnings	2,604	1,638	2,119	2,363	3,016
Miscellaneous	1,194	2,613	2,302	2,713	2,304
Gains on sale of capital assets	607	119	279	189	(2,005)
Total Revenues	841,907	856,656	1,026,931	1,075,933	1,128,616
Expenses:					
General government	65,813	72,049	97,325	101,137	271,016
Health services	150,421	148,528	152,854	147,909	242,366
Social services	224,975	233,990	245,233	244,858	227,737
Public safety and justice	217,842	221,744	228,463	200,669	255,904
Community services	34,511	36,895	39,182	53,731	54,495
Library	61,641	58,488	64,708	60,150	63,640
Roads and bridges	54,287	55,383	66,622	50,327	64,539
Interest on long-term debt	10,695	18,932	20,822	19,785	18,362
Total Expenses	820,185	846,009	915,209	878,566	1,198,059
Increase (decrease) in net position	21,722	10,647	111,722	197,367	(69,443)
Cumulative effect of change in accounting principle	-	790,952	-	-	-
Net position- July 1	769,230	(504)	801,095	673,156	870,523
Total Net Position	\$ 790,952	\$ 801,095	\$ 912,817	\$ 870,523	\$ 801,080

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

Source: County Audited Financial Statements.

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

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

Assets	2012	2013	2014	2015	2016	Estimated 2017 ⁽¹⁾
Cash and investments	\$ 54,538	\$ 50,242	\$ 53,968	\$ 75,592	\$ 89,229	\$ 73,853
Receivables						
Taxes	19,659	20,735	21,585	21,599	23,529	24,877
Accounts	33,267	40,046	38,530	46,848	41,577	36,622
Interest	857	1,083	991	1,096	937	718
Special assessments	11	11	11	11	11	11
Contracts	1,228	961	693	529	354	186
Due from other funds	-	-	400	250	-	4,278
Inventory	329	500	592	785	390	372
Prepays	168	218	205	370	229	309
Restricted	-	-	1,197	807	3,620	
Cash and investments						6,821
Accounts, net						5,074
Loans						3,663
Total Assets and Other Debits	<u>110,057</u>	<u>113,796</u>	<u>118,172</u>	<u>147,887</u>	<u>159,876</u>	<u>156,784</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts payable	\$ 23,984	\$ 25,363	26,937	27,577	27,227	16,497
Payroll payable	4,025	4,056	4,174	4,436	4,664	11,399
Deferred revenue	42,391	38,733	-	-	-	-
Unearned revenue	-	1,136	879	1,537	509	339
Restricted accounts	-	-	-	631	193	7,518
Total Liabilities:	<u>70,400</u>	<u>69,288</u>	<u>31,990</u>	<u>34,181</u>	<u>32,593</u>	<u>35,753</u>
Deferred Inflows of Resources:						
Resources not yet available	-	-	40,796	49,337	52,881	44,774
Resources received before time requirements met	-	-	33	24	1,054	974
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>40,829</u>	<u>49,361</u>	<u>53,935</u>	<u>45,748</u>
Fund Balances:						
Nonspendable	364	576	622	781	619	682
Restricted	534	429	254	176	3,427	19,271
Committed	42	-	-	-	-	-
Unreserved	38,717	43,503	44,477	63,388	69,302	55,330
Total Fund Balances	<u>39,657</u>	<u>44,508</u>	<u>45,353</u>	<u>64,345</u>	<u>73,348</u>	<u>75,283</u>
Total Liabilities and Fund Balance	<u>\$ 110,057</u>	<u>\$ 113,796</u>	<u>\$ 118,172</u>	<u>\$ 147,887</u>	<u>\$ 159,876</u>	<u>\$ 156,784</u>

(1) Preliminary, subject to change.

Source: County and County Audited Financial Statements.

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

Revenues	2012	2013	2014	2015	2016	Estimated 2017 ⁽¹⁾
Taxes	\$ 305,273	\$ 318,538	\$ 322,889	\$ 353,553	\$ 377,052	\$ 393,600
Payments in lieu of taxes						568
Intergovernmental	11,301	11,388	13,084	12,374	13,125	13,124
Licenses and permits	10,215	10,964	10,178	11,548	12,304	13,906
Charges for services	30,943	38,526	34,338	33,372 ⁽²⁾	59,964 ⁽²⁾	62,828
Interest	466	521	1,047	1,067	508	1,127
Other	18,393	21,229	25,771	30,366	44,854	37,185
Total Revenues	<u>376,591</u>	<u>401,166</u>	<u>407,307</u>	<u>442,280</u>	<u>507,807</u>	<u>522,338</u>
Expenditures						
Current:						
General government	57,162	65,884	68,689	73,098	77,333	103,276
Health and social services	131,490	133,837	143,879	153,459 ⁽³⁾	183,893 ⁽³⁾	185,863
Public safety and justice	174,553	179,477	182,848	187,535	198,693	203,140
Capital outlay	336	299	1,868	1,837	3,555	1,596
Debt Service						
Principal	-	-	-	-	-	68
Interest	31	-	-	-	-	2
Total Expenditures	<u>363,572</u>	<u>379,497</u>	<u>397,284</u>	<u>415,929</u>	<u>463,474</u>	<u>493,945</u>
Excess (deficiency) of revenues over expenditures	<u>13,019</u>	<u>21,669</u>	<u>10,023</u>	<u>26,351</u>	<u>44,333</u>	<u>28,393</u>
Other Financing Sources (Uses)						
Issuance of capital lease	-	-	-	10	9	-
Operating transfers in	1,931	3,002	2,614	1,770	1,658	1,657
Operating transfers out	(21,010)	(19,820)	(11,792)	(9,139)	(36,997)	(31,927)
Proceeds from sale of capital assets	-	-	-	-	-	3,812
Total Other Financing Sources (Uses)	<u>(19,079)</u>	<u>(16,818)</u>	<u>(9,178)</u>	<u>(7,359)</u>	<u>(35,330)</u>	<u>(26,458)</u>
Change in fund balance	(6,060)	4,851	845	18,992	9,003	1,935
Fund balance at beginning of year	<u>45,717</u>	<u>39,657</u>	<u>44,508</u>	<u>45,353</u>	<u>64,345</u>	<u>73,348</u>
Prior period adjustment						
Ending fund balance	<u>\$ 39,657</u>	<u>\$ 44,508</u>	<u>\$ 45,353</u>	<u>\$ 64,345</u>	<u>\$ 73,348</u>	<u>\$ 75,283</u>

(1) Preliminary, subject to change.

(2) The increase in charges from Fiscal Year 2015 to Fiscal Year 2016 was created by several unrelated items, the largest of which was an increase in health care and mental health reimbursements resulting from Medicaid expansion and the expansion of County health and mental health clinic services. In addition, in Fiscal Year 2016, the County settled its lawsuit against the Mortgage Electronic Registration System and also saw an increase in sale proceeds from the sale of a high number of tax-foreclosed properties. Lastly, GAAP requires that certain clinic revenues be characterized as deferred inflows and recognized as revenue in the subsequent year, and the GAAP reconciliation resulted in a greater downward adjustment (i.e., the amount of revenues reclassified as deferred inflows from the current year exceeded the amount of deferred inflows from the prior year that were recognized as revenues) in Fiscal Year 2016.

(3) The increase in expenses from Fiscal Year 2015 to Fiscal Year 2016 resulted from Medicaid expansion and the expansion of County health and mental health clinic services.

Source: County and County Audited Financial Statements.

Budgetary Process

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

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

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

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

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

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

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

General Fund Adopted Budget
(Fiscal Years)

Resources	2017	2018
Beginning Working Capital	\$ 87,215,150	\$ 84,613,454
Taxes	387,164,177	407,116,591
Intergovernmental	12,955,440	15,143,480
Licenses & Permits	12,697,528	14,828,938
Service Charges	53,443,940	50,422,041
Interest	1,338,260	1,487,559
Other Sources	9,070,484	9,098,730
Service Reimbursement	29,013,488	31,471,769
Cash Transfers	1,755,000	2,202,000
Total Resources	\$ 594,653,467	\$ 616,384,562
Requirements		
Nondepartmental	\$ 45,151,896	\$ 55,334,735
District Attorney	23,745,691	24,808,237
Human Services	48,477,141	50,848,520
Health	140,645,621	138,192,981
Community Justice	63,806,180	66,199,520
Sheriff	120,740,665	125,501,468
County Management	45,881,385	40,202,909
County Assets	6,769,548	7,257,345
Community Services	15,711,809	16,062,764
Cash Transfers	31,229,456	37,388,141
Contingency	12,639,092	12,722,943
Unappropriated Balance	39,854,983	41,864,999
Total Expenditures	\$ 594,653,467	\$ 616,384,562

Source: County Adopted Fiscal Year 2017 and 2018 Budgets.

Investments

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

Political subdivisions are also authorized to invest approximately \$48.3 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at [http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx).

Pension System

General. The County participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System (“PERS” or the “System”). After six full months of employment, all County employees are required to participate in PERS. Contributions to the System are divided into those that must be paid by employers, and those that may be paid by employees, or employers on their behalf, depending on the individual contract negotiated between the two. See “Employer Contribution Rates” herein.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the “Tier 1” and “Tier 2” pension programs (the “T1/T2 Pension Programs”). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Since January 1, 2004, six percent of each employee’s salary is contributed to fund individual retirement accounts under a separate defined contribution program known as the Individual Account Program (the “IAP”). For the T1/T2 Pension Programs, the County is pooled with State agencies, a majority of Oregon local governments and community college public employers (the “State and Local Government Rate Pool” or SLGRP”).

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan (“OPSRP”) unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a defined benefit pension plan, but also provides access to the IAP.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. PERS’ current actuary is Milliman, Inc. (“Milliman”) which replaced the prior actuary, Mercer (US), Inc. in January 2012. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Oregon Public Employees Retirement System Board (the “PERB”) establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program (“RHIA”) described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of odd-number years (such as 2015) used to set payroll contribution rates and valuations as of even-numbered years (such as 2016) used for advisory purposes only.

Actuarial valuations are performed for the entire System (the “System Valuation”), and for each participating employer, including the County (the “County Valuation”). Valuations are released nine to eleven months after the valuation date. Current payroll rates are based on the 2015 System Valuation, and those rates will extend through June 30, 2019.

Valuation Date	Release Date	Rates Effective
December 31, 2013	September 2014	July 1, 2015 – June 30, 2017
December 31, 2014	November 2015	Advisory only
December 31, 2015	September 2016	July 1, 2017 – June 30, 2019
December 31, 2016	December 2017	Advisory only

Valuations are based on complex models which utilize assumptions on rates of return, payroll growth rates and demographic trends. Should those assumptions prove inaccurate, liabilities of the System may be higher or lower than calculated. Any increases or decreases in liabilities will be absorbed into future payroll rates assessed against employer payrolls.

Actuarial Assumptions – 2013 System Valuation. Significant actuarial assumptions and methods used in the 2013 System Valuation, which covered payroll rates paid through June 30, 2017, included (a) the Entry Age Normal method, (b) asset valuation method based on market value, (c) the assumed earnings rate (the “Assumed Rate”) on the investment of present and future assets of 7.75 percent, (d) payroll growth rate of 3.75 percent, (e) consumer price inflation of 2.75 percent per year, (f) UAL amortization method of a level percentage of payroll over 20 years (fixed) for all T1/T2 UALs derived from the 2013 System Valuation and thereafter, and through 2033 for all T1/T2 UALs derived from the 2007, 2009 and 2011 valuations, and 16 years (fixed) from the date of the first rate-setting valuation at which the UAL is recognized for OPSRP, and (g) a rate collar to limit

increases or decreases in employer contribution rates from biennium to biennium (the “Rate Collar”) (see “Contribution Rate Collar” below).

Actuarial Assumptions – 2014 and 2015 System Valuations. At their July 31, 2015 Board meeting, the PERB adopted revisions to its actuarial assumptions and methods based upon recommendations from Milliman. These changes included: (a) lowering the Assumed Rate from 7.75 percent to 7.50 percent; (b) reducing the payroll growth rate from 3.75% to 3.50%; and (c) updating the mortality assumptions to increase projections of life expectancy. The revised assumptions were incorporated into the December 31, 2014 (advisory only) and December 31, 2015 (rate-setting for 2017-19 biennium) actuarial valuations.

Actuarial Assumptions – 2016 and 2017 System Valuations. On July 28, 2017, the PERB approved lowering the Assumed Rate to 7.20 percent. This action, in combination with certain other changes to actuarial assumptions, is expected to cause the System’s total unfunded liabilities to increase by approximately \$3.5 billion and System average employer contribution rates to increase by 1.9% of payroll. However, because of the contribution rate stabilization method (the “Rate Collar”) utilized by PERS, such increases in the employer contribution rate are not expected to take effect before the 2021-23 biennium. Detailed information regarding the impact on the System’s UAL, funded status and projected payroll rates was presented in the 2016 Summary Valuation Report (the “2016 Summary Valuation Report”) by the System’s actuaries at the September 29, 2017 PERB meeting, as shown in the “2016 Summary Valuation Report” section below.

2015 System Valuation. The December 31, 2015 Valuation (the “2015 System Valuation”) was released on September 27, 2016. The 2015 System Valuation indicated that the System-wide funded status decreased from approximately 76 percent at December 31, 2014 to 71 percent as of December 31, 2015, without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts (see “Pension Bonds and Side Accounts” herein). The System-wide unfunded actuarial liability (“UAL”) increase from approximately \$17.9 billion as of December 31, 2014 to \$21.8 billion as of December 31, 2015 is largely attributable to actual investment returns of two percent during 2015, substantially less than the 7.5 percent Assumed Rate.

2016 System Valuation. The December 31, 2016 Valuation (the “2016 System Valuation”) was released on December 6, 2017. The 2016 System Valuation indicated that the System-wide funded status decreased from approximately 71 percent at December 31, 2015 to 69 percent as of December 31, 2016, without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts (see “Pension Bonds and Side Accounts” herein). The funded ratio for the SLGRP decreased from approximately 72 percent at December 31, 2015 to 69 percent as of December 31, 2016, without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts. The System-wide unfunded actuarial liability (“UAL”) increase from approximately \$21.8 billion as of December 31, 2015 to \$25.3 billion as of December 31, 2016 and the total UAL for the SLGRP increased from \$10.7 billion as of December 31, 2015 to \$12.3 billion as of December 31, 2016 is largely attributable to the decision by the PERB at their meeting on July 28, 2017 to reduce the Assumed Rate from 7.50% to 7.20% and the impact of the rate collar (See “Rate Collar” herein) on prior employer contributions. The 2016 System Valuation is advisory only and will not be used to set payroll rates. Payroll rates for the 2019-21 biennium will be set by the 2017 System Valuation, which is expected to be released in September, 2018. See “Actuarial Assumptions – 2016 and 2017 System Valuations” herein.

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer’s UAL is equal to the excess of the actuarially determined present value of the employer’s benefit obligations to employees over the existing assets available to pay those benefits. The SLGRP’s UAL is allocated among all SLGRP members.

County UAL. The County’s portion of the SLGRP’s UAL is based on the County’s proportionate share of the SLGRP’s pooled payroll (the “County Allocated T1/T2 UAL”). Changes in the County’s relative growth in payroll will cause the County Allocated T1/T2 UAL to shift. The County Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

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

in the County's relative growth in payroll will cause the County Allocated OPSRP UAL to shift. According to the 2016 Summary Valuation Report, as of December 31, 2016, the OPSRP funded status was 64 percent without taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand in side accounts, which is the same funded level as in the 2015 System Valuation. See "Actuarial Assumptions - 2016 and 2017 System Valuations" herein.

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

The County has established a debt service reserve for the pension bonds in order to smooth the annual impact to the County of the pension bond's escalating payments. Because the pension bonds are not subject to early prepayment, the County used a portion of the excess reserves to make a \$25,000,000 lump-sum payment to PERS to create a side account in January 2017. The payment was deposited in the PERS fund to reduce a portion of the County Allocated T1/T2 UAL and County Allocated OPSRP UAL over the period beginning July 1, 2017, and ending December 31, 2035. For Fiscal Year 2018, the County's contribution rates were reduced by 0.55%, and the rate reduction will be adjusted on each biennial rate setting actuarial valuation through December 31, 2035. The County anticipates examining whether similar lump-sum payments can be made in the future as a way to mitigate future PERS rate increases while continuing to maintain appropriate pension bond debt service reserves.

The County's net unfunded pension UAL is the total of the County Allocated T1/T2 UAL and County Allocated OPSRP UAL. The County's net unfunded pension UAL as reported in the County's actuarial valuation report as of December 31, 2013 (the "2013 County Valuation"), as reported in the County's actuarial valuation report as of December 31, 2015 (the "2015 County Valuation"), and as reported in the County's actuarial valuation report as of December 31, 2016 (the "2016 County Valuation") is shown in the following table.

Multnomah County - Net Unfunded Pension Liability

	2013 Valuation ⁽¹⁾	2015 Valuation ⁽²⁾	2016 Valuation ⁽³⁾
Allocated pooled SLGRP T1/T2 UAL	\$ 215,433,204	\$ 632,950,824	\$ 734,440,379
Allocated pre-SLGRP pooled liability/(surplus)	(54,893,342)	(54,327,615)	(51,539,153)
Transition liability/(surplus)	(91,456,554)	(85,758,014)	(81,345,141)
Allocated pooled OPSRP UAL	20,090,066	46,983,751	58,650,410
County Side Account ⁽⁴⁾	<u>0</u>	<u>0</u>	<u>0</u>
Net unfunded pension actuarial accrued liability/(surplus)	<u>\$ 89,173,374</u>	<u>\$ 539,848,946</u>	<u>\$ 660,206,495</u>

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

- (1) Takes into account certain legislative changes related to reductions in annual COLA during the 2013 Legislative Session. Most of these changes were later reversed by the Supreme Court.
- (2) Takes into account a Supreme Court ruling reversing most of the legislative changes made during the 2013 Legislative Session and the changes in the actuarial assumptions made by the PERB at its July 31, 2015 meeting, see "Actuarial Assumptions - 2014 and 2015 System Valuations." herein.
- (3) Advisory only for the 2019-21 Biennium.
- (4) The County's 2017 \$25 million lump-sum payment to create a side account will be reflected in the County's actuarial valuation report as of December 31, 2017.

Source: 2013, 2015 and 2016 County Valuations.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERB and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225, all participating

employers are required to make their contribution to PERS based on the employer contribution rates set by the PERB. Employees are required to contribute six percent of their annual salary to the IAP. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The County has elected to make the employee contribution because increasing wages six percent would increase the County's payroll, thereby increasing the County Allocated T1/T2 UAL and the County Allocated OPSRP UAL.

Rate Collar. The PERB uses the Rate Collar to limit increases in employer contribution rates from biennium to biennium to smooth the impact of significant increases or decreases from one valuation to the next. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA. Under normal conditions, the Rate Collar is the greater of three percent of payroll (the "3% parameter") or 20 percent of the current base rate (the "20% parameter"). If the funded status of an employer or the pool in which the employer participates is below 70 percent (or above 130 percent), the Rate Collar increases (or decreases) by 0.3 percent of payroll if under the 3% parameter, or two percent of the current base rate if under the 20 percent parameter, for every percentage point under the 70 percent (or above 130 percent) funded level (the "Collar Ramp") until it reaches six percent of payroll, or 40 percent of the current rate base at the 60 percent (or above 140 percent) funded level (the "Double Rate Collar"). According to the 2016 Summary Valuation Report, the funded status for both the SLGRP (69%) and the School District Pool (68%) is below the 70% funded status, thus causing the Rate Collar to widen.

If the projected rate necessary to fully fund the system (the "Uncollared Rate") causes an increase or decrease in rates that exceeds the Rate Collar, the excess increase or decrease is deferred to future rate cycles. The Rate Collar is currently in effect; see "Financial Factors - Pension System - 2016 Summary Valuation Report" above.

County Contribution Rates. The 2015-17 biennial employer contribution rates for the Pension Programs incorporate the impacts of the legislative changes, primarily related to the reduction of annual cost of living adjustments in retirement benefits, that were approved by the 2013 Legislature. Many of these changes were later reversed by the Supreme Court. The 2015-17 rates were not revised as a result of the Supreme Court's actions; however rate increases that took effect on July 1, 2017 do reflect these decisions.

The County's contribution rates for the 2015-17 biennium under the 2013 County Valuation, current contribution rates for the 2017-19 biennium under the 2015 County Valuation, and advisory rates for the 2019-21 biennium under the 2016 County Valuation are provided in the following table.

Multnomah County - Pension Contribution Rates

	<u>2015-17 Biennium⁽¹⁾</u>			<u>2017-19 Biennium⁽²⁾</u>			<u>2019-21 Biennium⁽³⁾</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	13.97%	7.33%	11.44%	16.21%	8.02%	12.79%	16.47%	8.49%	13.22%
T1/T2 UAL rate	4.50	4.50	4.50	6.03	6.03	6.03	10.67	10.67	10.67
OPSRP UAL rate	0.61	0.61	0.61	1.27	1.27	1.27	1.56	1.56	1.56
Pre-SLGRP pooled liability rate	(1.81)	(1.81)	(1.81)	(1.73)	(1.73)	(1.73)	(1.68)	(1.68)	(1.68)
Transition liability/(surplus) rate	(3.01)	(3.01)	(3.01)	(2.73)	(2.73)	(2.73)	(2.65)	(2.65)	(2.65)
Side account rate relief	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Retiree Healthcare rate (RHIA) ⁽⁴⁾	<u>0.53</u>	<u>0.45</u>	<u>0.45</u>	<u>0.50</u>	<u>0.43</u>	<u>0.43</u>	<u>0.49</u>	<u>0.42</u>	<u>0.42</u>
Total net contribution rate	<u>14.79%</u>	<u>8.07%</u>	<u>12.18%</u>	<u>19.55%</u>	<u>11.29%</u>	<u>16.06%</u>	<u>24.86%</u>	<u>16.81%</u>	<u>21.54%</u>

- (1) Takes into account certain legislative changes related to reductions in annual COLA during the 2013 Legislative Session. Most of these changes were later reversed by the Supreme Court.
- (2) Takes into account a Supreme Court ruling reversing most of the legislative changes made during the 2013 Legislative Session and the changes in the actuarial assumptions made by the PERB at its July 31, 2015 meeting. See "Actuarial Assumptions - 2014 and 2015 System Valuations" herein.
- (3) Advisory only rates for 2019-21 Biennium.
- (4) Contribution rates to fund RHIA benefits are included in the total County employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits - Retirement Health Insurance Account" below.

Source: 2013, 2015 and 2016 County Valuations.

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

**Multnomah County - Pension Contributions
(\$ in thousands)**

Fiscal Year	County Contribution ⁽¹⁾
2017 ⁽²⁾	\$ 60,900
2016	56,100
2015	48,900
2014	47,800
2013	48,259
2012	48,570

- (1) County's contribution to PERS which includes the employee contribution and is net of the side account rate credit draw.
- (2) Estimated.

Source: Multnomah County, and County Audited Financial Statements.

GASB 67 and GASB 68. In June 2012, the GASB approved Statements No. 67 and No. 68 that modify the accounting and financial reporting of pensions by state and local governments and pension plans. Statement No. 67 ("GASB 67"), Financial Reporting for Pension Plans, addresses financial reporting for state and local government pension plans. Statement No. 68 ("GASB 68"), Accounting and Financial Reporting for Pensions, establishes new accounting and financial reporting requirements for governments that provide their employees with pensions. The System is subject to GASB 67; each participating employer, including the County is subject to GASB 68. The guidance contained in these statements changes how governments calculate and report the costs and obligations associated with pensions. GASB 67 was effective for Fiscal Year 2014 and GASB 68 was effective for Fiscal Year 2015. GASB 68 was incorporated in the County's financial statements beginning in Fiscal Year 2015. PERS contracted with Milliman to provide information for local governments to use in their financial statements.

Under GASB 68, for Fiscal Year 2016, the County reported a net pension liability of \$206,127,590 and a pension expense of \$202,596,337. PERS has provided the County with the information to be reported in the Fiscal Year 2017 financial statements and the net pension liability increased to \$526,780,834 due to System-wide increases in UAL due to investment returns of two percent during 2015. The pension expense to recognize is \$92,172,411. See Appendix B “Financial Statements” for more information regarding the County and GASB 68.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program’s assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2015 System Valuation, this program had a UAL of approximately \$46.3 million. The County’s allocated share of the RHIA program’s assets and liabilities is based on the County’s proportionate share of the program’s pooled payroll. According to the 2015 County Valuation, the County’s allocated share of the RHIA program’s UAL was \$1,604,746.

Single Employer Defined Benefit Healthcare - 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 percent of the monthly medical insurance premium on behalf of a County retiree and his/her eligible dependents from the retiree’s 58th birthday or date of retirement, whichever is later, until the retiree’s 65th birthday, death or eligibility for Medicare, whichever is earlier, if the retiree has: five years of continuous County service immediately preceding retirement at or after age fifty-eight years; or ten years of continuous County service immediately preceding retirement prior to age 58. The County’s postemployment medical plan does not issue a publicly available financial report.

The County is contractually obligated by collective bargaining agreements to cover 50 percent of the annual premium costs which is 2 percent of annual covered payroll to fund the retiree benefit. For Fiscal Year 2017, the County contributed \$6.288 million to the plan as shown in the below table. Of this amount, \$2.759 million was explicitly contributed as part of the contractual obligation described above. The remaining \$3.529 million represents the implicit subsidy derived from active employee contributions.

Life Insurance - All County employees, who at the time of separation from the County are eligible for Oregon PERS/OPSRP pension benefits, and satisfy the years of County service requirement, in accordance with the County Personnel Ruse Section 4-30-060, or their bargaining unit agreement, are enrolled in the County Retiree Life Insurance Program. The life insurance amount is generally \$2,000; certain groups of employees receive \$5,000. The County pays the monthly premium on the County Retirement Life Insurance Policy. The premium payment represents an explicit subsidy.

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

Annual Required Contribution
(\$ in thousands)

	2012	2013	2014	2015	2016	2017
Annual required contribution	\$ 14,725	\$ 11,805	\$ 12,279	\$ 13,853	\$ 14,413	\$ 10,728
Interest on prior net OPEB obligation	3,896	3,681	3,875	4,058	4,263	4,841
Adjustment to annual required contribution	(3,361)	(3,506)	(3,690)	(3,865)	(4,060)	(4,438)
Annual OPEB cost (expense)	15,260	11,980	12,464	14,046	14,616	11,131
Contributions ⁽¹⁾	(7,476)	(6,467)	(7,218)	(8,198)	(8,354)	(6,288)
Increase in net obligation	7,784	5,513	5,246	5,848	6,262	4,843
Net OPEB obligation - beginning of Fiscal Year	97,403	105,187	110,700	115,946	121,794	128,056
Net OPEB obligation - end of Fiscal Year	\$ 105,187	\$ 110,700	\$ 115,946	\$ 121,794	\$ 128,056	\$ 132,899
% of Annual OPEB Cost Contributed	49%	54%	58%	58%	57%	56%

(1) Includes County contributions related to implicit and explicit subsidies (both Medical and Insurance Premiums).

Source: County Audited Financial Statements and County Actuarial Valuation as of January 1, 2017.

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

Unfunded Actuarial Accrued Liability
(\$ in thousands)

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Percentage of Covered Payroll
1/1/2017	\$ -	\$ 116,510	\$ 116,510	0%	\$ 352,178	33%
1/1/2015	-	152,624	152,624	0%	334,264	46%
1/1/2013	-	134,712	134,712	0%	277,407	49%
1/1/2011	-	154,498	154,498	0%	273,983	56%
1/1/2009	-	122,605	122,605	0%	263,090	47%
1/1/2007	-	122,905	122,905	0%	238,386	52%

Source: County Audited Financial Statements and County Actuarial Valuation as of January 1, 2017.

See Note C "Postemployment Benefits Other than Pension" of the County's audited financial statements for Fiscal Year 2016 for more information on the County's liability under GASB 45.

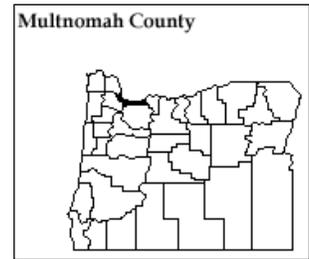
Risk Management

The County is exposed to various risks of loss. A description of the risks is provided in the County's audited financial statements. The audited financial statement for Fiscal Year 2016 is attached hereto as Appendix B.

Demographic Information

General

The County is located in the northwestern part of the State and is included in the Portland-Beaverton-Vancouver Primary Metropolitan Statistical Area (hereinafter, the “Portland PMSA”). The City of Portland, with an estimated population of 639,100, is the County seat and the largest city in Oregon.



The Portland PMSA includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark and Skamania County in the state of Washington.

Historical data has been collected from generally accepted standard sources, usually from public bodies. This section includes information on the County and the Portland PMS.

Population

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

Population

	State of Oregon	Multnomah County	City of Portland	City of Gresham
July 1⁽¹⁾				
2017	4,141,100	803,000	639,100	109,820
2016	4,076,350	790,670	627,395	108,150
2015	4,013,845	777,490	613,355	107,065
2014	3,962,710	765,775	601,510	106,455
2013	3,919,020	756,530	592,120	106,180
2012	3,883,735	748,445	587,865	105,970
2011	3,857,625	741,925	585,845	105,795
April 1⁽²⁾				
2010	3,831,074	735,334	583,776	105,594
2000	3,421,399	660,486	529,121	90,205
1990	2,842,321	583,887	438,802	68,249

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

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

Economic Overview

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

Currently, transportation and utilities accounts for 18.2 percent of the total non-farm employment in the Portland PMSA, while professional and business services accounts for 15.9 percent, government 15.3 percent, education and health services 14.9 percent, and leisure and hospitality 11.4 percent.

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

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

Year	Multnomah County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2017 ⁽¹⁾	N/A	N/A	N/A	N/A	\$ 190,993,137	\$ 37,889,545	\$ 45,977	\$ 9,121
2016	\$ 41,194,678	\$ 8,113,630	\$ 51,508	\$ 10,145	185,839,645	36,782,728	45,399	8,986
2015	39,603,666	7,985,343	50,187	10,119	178,432,319	36,120,266	44,335	8,975
2014	36,717,974	7,291,930	47,247	9,383	165,816,558	33,237,250	41,785	8,376
2013	34,284,408	6,692,326	44,766	8,738	155,147,986	30,515,672	39,521	7,773
2012	33,288,008	6,578,408	43,854	8,666	152,489,633	30,281,325	39,109	7,766

Note: Dollar estimates are in current dollars (not adjusted for inflation).

(1) As of second quarter, preliminary and subject to change.

Source: U.S. Department of Commerce, Bureau of Economic Analysis, November 16, 2017.

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

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

	2012	2013	2014	2015	2016	2017 ⁽²⁾	2017 Change from				
							2012	2013	2014	2015	2016
Civilian Labor Force	404,357	399,526	420,359	427,659	446,379	464,917	60,560	65,391	44,558	37,258	18,538
Unemployment	31,342	27,822	25,484	21,350	19,128	17,562	-13,780	-10,260	-7,922	-3,788	-1,566
Percent of Labor Force	7.8%	7.0%	6.1%	5.0%	4.3%	3.8%	xx	xx	xx	xx	xx
Total Employment	373,015	371,704	394,875	406,309	427,251	447,355	74,340	75,651	52,480	41,046	20,104

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2012	2013	2014	2015	2016	2017 ⁽²⁾	2017 Change from				
							2012	2013	2014	2015	2016
Total Nonfarm Payroll Employment	447,400	457,100	471,300	472,000	499,900	510,700	63,300	53,600	39,400	38,700	10,800
Total Private	373,300	383,200	394,900	393,800	420,000	432,500	59,200	49,300	37,600	38,700	12,500
Mining, logging, and construction	17,100	18,600	20,200	19,400	20,800	24,200	7,100	5,600	4,000	4,800	3,400
Manufacturing	33,500	32,800	34,000	34,400	35,300	34,600	1,100	1,800	600	200	-700
Trade, transportation, and utilities	81,200	83,800	85,000	85,700	89,300	93,200	12,000	9,400	8,200	7,500	3,900
Information	9,900	10,600	10,600	10,500	11,300	11,600	1,700	1,000	1,000	1,100	300
Financial activities	29,200	29,300	30,400	30,500	32,500	33,800	4,600	4,500	3,400	3,300	1,300
Professional and business services	67,300	70,200	74,100	74,400	78,900	81,300	14,000	11,100	7,200	6,900	2,400
Educational and health services	68,800	69,600	70,000	69,200	75,400	76,300	7,500	6,700	6,300	7,100	900
Leisure and hospitality	48,900	50,900	52,800	51,900	75,400	58,200	9,300	7,300	5,400	6,300	-17,200
Other services	17,400	17,400	17,900	17,800	19,900	19,300	1,900	1,900	1,400	1,500	-600
Government	74,200	74,000	76,500	78,200	79,900	78,200	4,000	4,200	1,700	0	-1,700

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Data for month of September 2017; preliminary and subject to change.

(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, October 2017.

Major Employers in the Portland PMSA

Company	Service	Location	No. Employees
State Government	Government	Regional	19,800 ⁽²⁾
Intel Corporation	Semiconductor integrated circuits	Hillsboro	19,300 ⁽¹⁾
U.S. Government	Government	Regional	18,300 ⁽²⁾
Providence Health System	Health care services	Portland	17,543 ⁽¹⁾
Oregon Health & Science University	Education and health care	Portland	16,200 ⁽¹⁾
Legacy Health System	Health Care	Portland	12,955 ⁽¹⁾
Nike, Inc. ⁽³⁾	Sports shoes and apparel	Beaverton	12,000 ⁽¹⁾
Fred Meyer Stores	Grocery/retail	Portland	10,637 ⁽¹⁾
City of Portland	Government	Portland	7,043 ⁽¹⁾
Portland Public Schools	Education	Portland	6,780 ⁽¹⁾
Multnomah County	Government	Portland	6,266 ⁽¹⁾
Beaverton School District	Education	Beaverton	5,207 ⁽¹⁾
Vancouver Public Schools	Education	Vancouver	4,600 ⁽¹⁾
PeaceHealth	Health Care	Vancouver	4,448 ⁽¹⁾
U.S. Bank	Finance	Portland	4,242 ⁽¹⁾
Wells Fargo	Finance	Portland	4,100 ⁽¹⁾
U.S. Postal Service	Mail services	Regional	3,838 ⁽¹⁾
Portland Community College	Education	Portland	3,804 ⁽¹⁾
New Seasons Market	Grocery/retail	Regional	3,585 ⁽¹⁾
Portland State University	Education	Portland	3,512 ⁽¹⁾
U.S. Department of Veterans Affairs	Federal agency	Regional	3,437 ⁽¹⁾
Tri-Met	Mass Transit	Portland	2,958 ⁽¹⁾
Daimler Trucks NA (Freightliner Corporation)	Heavy duty trucks	Portland	2,800 ⁽¹⁾
Hillsboro School District	Education	Hillsboro	2,329 ⁽¹⁾
The Standard	Insurance	Portland	2,329 ⁽¹⁾
Oregon Department of Human Services	Social Services	Regional	2,277 ⁽¹⁾
Clackamas County	Government	Oregon City	2,269 ⁽¹⁾
Portland General Electric	Utility	Regional	2,170 ⁽¹⁾
North Clackamas Schools	Education	Milwaukie	2,120 ⁽¹⁾
Comcast	Telecommunications	Beaverton	1,953 ⁽¹⁾
Washington County	Government	Hillsboro	1,947 ⁽¹⁾
Goodwill Industries of the Columbia Willamette	Retail	Portland	1,930 ⁽¹⁾
Adidas America Inc.	Sports shoes and apparel	Portland	1,717 ⁽¹⁾
Cambia Health Solutions	Health insurance	Portland	1,715 ⁽¹⁾
David Douglas School District	Education	Portland	1,591 ⁽¹⁾
The Boeing Co	Manufacturing	Portland	1,500 ⁽¹⁾

(1) Source: Portland Business Journal "The List: Largest Metro-Area Employers" published July 14, 2017.

(2) Source: Oregon Employment Department; data for June 2017; may include part-time, seasonal and temporary employees.

(3) Nike announced it expected to lay off 490 employees by the end of September as part of a company-wide restructure. Source: Portland Business Journal, September 8, 2017.

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

**Multnomah County
Residential Building Permits**

Year	New Single Family		New Multi Family			Total
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost
2017 ⁽¹⁾	796	\$ 217,928,219	187	4,688	\$ 689,048,849	\$ 906,977,068
2016	1,109	303,000,628	182	4,079	581,205,212	884,205,840
2015	1,082	286,826,925	150	3,750	481,613,371	768,440,296
2014	864	222,133,721	121	4,226	554,894,452	777,028,173
2013	851	203,817,573	106	3,004	287,252,929	491,070,502
2012	721	168,021,755	1	1,656	166,739,286	334,761,041

(1) As of September 2017.

Source: U.S. Census Bureau, November 2017.

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

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

Higher Education. Institutions of higher learning in the area include independent institutions such as Reed College, Lewis and Clark College, Pacific University, and church-affiliated institutions such as the University of Portland, Warner Pacific College, Concordia University, and Columbia Pacific College. Portland State University, which is part of the Oregon University System of Higher Education, and the Oregon Health and Science University are also located in the County. Portland Community College, Mt. Hood Community College, and Clackamas Community College are part of the State’s community college system.

Superfund. Superfund sites are listed on the National Priorities List (“NPL”) upon completion of hazard ranking system screening, public solicitation of comments about the proposed site, and after all comments have been addressed. The identification of a site for the NPL is intended primarily to guide the U.S. Environmental Protection Agency (EPA) in determining which sites warrant further investigation, identifying remedial actions, notifying the public, and serving notice to potentially responsible parties. Inclusion of a site on the NPL does not in itself reflect a judgment of the activities of its owner or operator. There are two superfund sites inside the County.

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

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a

proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

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

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

Referendum

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

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

On October 16, 2017, the Oregon Secretary of State reported that the Oregon Healthcare Insurance Premiums Tax for Medicaid Referendum ("Measure 101" or "M101") had qualified for the January 2018 ballot. M101 is a referendum that, if passed, would uphold five sections of House Bill 2391, which was enacted by the 2017 Oregon Legislature to address healthcare funding in the State. Specifically, passage of M101 would uphold certain assessments on premiums and premium equivalents of health insurance companies, the Public Employees' Benefit Board, and managed care organizations in Oregon. If M101 fails to pass, these assessments would be blocked, resulting in an underfunded State budget, forcing the Legislature to re-allocate budget dollars to make up for the shortfall. The County cannot predict the outcome of the election nor the extent of the financial impact on the County's operations of the failure of the Measure. The County does not anticipate that failure of the Measure would have a material impact on the County's ability to repay the Bonds.

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years.

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

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

Recent Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2008	8	0
2010	4	2
2012	7	2
2014	4	2
2016	4	3

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

Home Rule Charter

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

Legal Matters and Litigation

Legal Matters

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

Litigation

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

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

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed \$706,000, for causes of action arising on or after July 1, 2017, and before July 1, 2018. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence may not exceed \$1.412 million, for causes of action arising on or after July 1, 2017, and before July 1, 2018.

Property Damage or Destruction Claim. The liability limits of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2017: (a) \$115,1800, adjusted as described below, to any single claimant, and (b) \$579,000, adjusted as described below, to all claimants.

For causes of action arising on or after July 1, 2017, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase

or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed three percent for any year.

Tax Matters

Opinion of Special Counsel

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

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

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

Certain Ongoing Federal Tax Requirements and Covenants

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

Certain Collateral Federal Tax Consequences

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

Prospective owners of the Obligations should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to

purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

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

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

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

Bond Premium

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

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Obligations. In general, such requirements are satisfied if the Interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means

that the payor is required to deduct and withhold a tax from the Interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

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

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, could adversely affect the tax-exempt status of Interest under federal or state law or otherwise prevent beneficial owners of the Obligations from realizing the full current benefit of the tax status of such Interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) or such decisions could affect the market price or marketability of the Obligations.

For example, the Tax Cuts and Jobs Act (“H.R. 1”), which was passed by the United States House of Representatives on November 16, 2017, would, if enacted into law in its current form, include in gross income the interest on (i) any “qualified” private activity bond and (ii) any advance refunding bond. Such amendments would only apply to bonds issued after December 31, 2017. H.R. 1 would also impact (and generally lower) the current income tax rates for individuals and corporations. On November 21, 2017, the Senate Finance Committee released legislative text which would also prohibit the issuance of tax-exempt advance refunding bonds after December 31, 2017, but would not change the current tax treatment of qualified private activity bonds. Both the House and the Senate proposals would modify the current provisions relative to the alternative minimum tax on individuals and corporations for tax years beginning after December 31, 2017 (eliminating such tax on corporations and suspending it temporarily in respect of individuals). The future of the tax reform legislative efforts is uncertain at this time.

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

Continuing Disclosure

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

Prior Undertakings. The County currently has outstanding its Full Faith and Credit Obligations, Series 2010B; Full Faith and Credit Obligations, Series 2012; Full Faith and Credit Refunding Obligations, Series 2014; and Limited Tax Pension Obligation Revenue Bonds, Series 1999 (Federally Taxable) (“Outstanding Debt”) in which the County is an obligated party pursuant to the respective Continuing Disclosure undertakings (collectively, the “Disclosure Undertakings”). The County’s Disclosure Undertakings require its annual financial information filing within 270 days of the end of the Fiscal Year (usually March 27). With respect to the outstanding Disclosure Undertakings, the County has not failed to comply in the past five years under the Rule.

On June 5, 2014, the County filed a Failure to File notice on their Limited Tax Pension Obligation Revenue Bonds, Series 1999, with regards to rating changes of insurer MBIA Insurance Corp (now National Public Finance Guarantee Corp) that occurred on May 21, 2013 and May 21, 2014. However, the County’s underlying rating on the bonds was at the time of the insurer rating change, and is currently rated higher than the

insurance. Therefore, no filing of the insurance rating change was required per the County's Disclosure Undertaking and no failure to file actually occurred.

The County has five issues which terminated within the past five years and to which the County was the obligated party: Revenue Bonds, Series 1998 (Regional Children's Campus, Inc.); Full Faith and Credit Refunding Obligations, Series 2003; Full Faith and Credit Refunding Obligations, Series 2004; Full Faith and Credit Obligations, Series 2010; and General Obligation Refunding Bonds, Series 2010, (the "Terminated Disclosure Undertakings"). The County failed to make its Continuing Disclosure filing for Fiscal Years 2012 prior to the deadline on its Revenue Bonds, Series 1998 (Regional Children's Campus, Inc.). The County subsequently made its filings on April 2, 2013.

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

Municipal Advisor

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

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

Ratings

As noted on the cover page of this Official Statement, Moody's Investors Service and S&P Global Ratings, a Division of Standard & Poor's Financial Services LLC, have assigned their underlying ratings of "Aaa" and "AAA" to the Obligations. There is no assurance that the ratings will be retained for any given period of time or that the ratings will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Obligations.

Purchaser of the Obligations

The Obligations are being purchased by Citigroup Global Markets Inc. and they will receive an underwriter's discount of \$492,330.00. The purchaser of the Obligations may offer and sell the Obligations to certain dealers (including dealers depositing the Obligations into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

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

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Obligations, the County will deliver a certificate of its authorized representative to the effect that he has examined this Official Statement and the financial and other data concerning the County contained herein and that to the best of his knowledge and belief, (i) the

Official Statement, both as of its date and as of the date of delivery of the Obligations, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Obligations there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the County except as set forth in or contemplated by the Official Statement.

Appendix A

Form of Special Counsel Opinion

(This page left blank intentionally)

December 14, 2017

Multnomah County
501 SE Hawthorne Blvd.
Portland, OR 97214

Re: *Multnomah County, Oregon*
\$164,110,000 Full Faith and Credit Obligations, Series 2017

Ladies and Gentlemen:

We have acted as special counsel to Multnomah County, Oregon (the “County”) in connection with the Tax-Exempt Financing Agreement (the “Financing Agreement”) by and between the County and U.S. Bank National Association as escrow agent (the “Escrow Agent”), dated as of December 14, 2017. The Financing Agreement and an Escrow Agreement (the “Escrow Agreement”) by and between the County and the Escrow Agent, dated as of December 14, 2017 authorize the Full Faith and Credit Obligations, Series 2017 (the “Obligations”), which are dated December 14, 2017, and which are in the aggregate principal amount of \$164,110,000. The Obligations represent undivided proportional interests in the Financing Payments to be made by the County pursuant to the Financing Agreement. The Financing Agreement is issued pursuant to Oregon Revised Statutes Sections 271.390 and 287A and Resolution No. 2017-080 adopted by the County Board of Commissioners on September 28, 2017 (the “Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Escrow Agreement.

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

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

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

A. The Financing Agreement and the Escrow Agreement have been legally authorized, executed and delivered by the County under and pursuant to the constitution and statutes of the State of Oregon and the Resolution, and are valid and legally binding obligations of the County enforceable against the County in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent

conveyance, reorganization, moratorium and other laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the County.

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

C. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) the portion of the Financing Payments designated as and constituting interest received by the holders of the Obligations ("Interest") is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. Special Counsel further is of the opinion that, for any Obligations having original issue discount (a "Discount Obligation"), original issue discount that has accrued and is properly allocable to the owners of the Discount Obligations under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other Interest. In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County and others in connection with the Obligations, and we have assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of Interest from gross income under Section 103 of the Code.

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

On the date of delivery of the Obligations, the County will execute a Tax Certificate (the "Tax Certificate") containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the County covenants that it will comply with the provisions and procedures set forth therein and that they will do and perform all acts and things necessary or desirable to assure that Interest will, for federal income tax purposes, be excluded from gross income.

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

D. Interest is exempt from State of Oregon personal income tax.

Except as stated in paragraphs C and D above, we express no opinion as to any other federal, state or local tax consequences arising with respect to the Obligations or the ownership or disposition thereof. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for federal income tax purposes of Interest or under state and local tax laws.

We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, for any facts or circumstances or for any other reason. We express no opinion as to the consequence of any change in law or interpretation thereof, or otherwise, that may hereafter be enacted, arise or occur, and we note that such changes may take place or be proposed from time to time.

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

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

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

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

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

Very truly yours,

(This page left blank intentionally)

Appendix B

Financial Statements

The County's Auditor has not performed any further review of the County's financial statements since the date of the audit contained herein. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of its report on the 2016 Fiscal Year.

(This page left blank intentionally)

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



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

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016
Table of Contents

INTRODUCTORY SECTION		Required Supplementary Information:	
Letter of Transmittal.....	1	I. Postemployment benefits other than pensions:	
GFOA Certificate of Achievement.....	11	Other Postemployment Healthcare Benefits -	
Elected Officials.....	12	Schedule of Funding Progress.....	100
Principal Officers.....	13	II. Employee retirement systems, pension plan:	
Organizational Charts.....	14	Schedule of Proportionate Share of	
		Net Pension (Asset) Liability.....	101
		Schedule of Pension Contributions.....	101
FINANCIAL SECTION		III. Notes to Required Supplementary Information.....	102
Report of Independent Auditors.....	17		
Management's Discussion and Analysis.....	20		
		Combining and Individual Fund Statements and Schedules -	
		Governmental Funds:	
Basic Financial Statements:		Nonmajor Governmental Funds:	
Government-wide Financial Statements:		Combining Balance Sheet.....	104
Statement of Net Position.....	36	Combining Statement of Revenues, Expenditures,	
Statement of Activities.....	38	and Changes in Fund Balances.....	105
Fund Financial Statements:		Nonmajor Special Revenue Funds:	
Governmental Funds:		Combining Balance Sheet.....	106
Balance Sheet.....	39	Combining Statement of Revenues, Expenditures,	
Reconciliation of the Balance Sheet to the		and Changes in Fund Balances.....	109
Statement of Net Position.....	41	Schedules of Revenues, Expenditures and Changes	
Statement of Revenues, Expenditures, and		in Fund Balances - Budget and Actual:	
Changes in Fund Balance.....	42	Road Fund.....	112
Reconciliation of the Statement of Revenues,		Bicycle Path Construction Fund.....	113
Expenditures, and Changes in Fund Balances		Recreation Fund.....	114
to the Statement of Activities.....	44	County School Fund.....	115
Schedules of Revenues, Expenditures, and		Animal Control Fund.....	116
Changes in Fund Balances - Budget and Actual:		Willamette River Bridges Fund.....	117
General Fund.....	45	Library Fund.....	118
Federal/State Program Fund.....	46	Special Excise Tax Fund.....	119
Proprietary Funds:		Land Corner Preservation Fund.....	120
Statement of Net Position.....	47	Inmate Welfare Fund.....	121
Statement of Revenues, Expenses, and		Justice Services Special Operations Fund.....	122
Changes in Fund Net Position.....	48	Oregon Historical Society Levy Fund.....	123
Statement of Cash Flows.....	49	Video Lottery Fund.....	124
		Library District Fund.....	125
Agency Funds:		Debt Service Funds:	
Statement of Fiduciary Net Position.....	50	Combining Balance Sheet.....	126
		Combining Statement of Revenues, Expenditures,	
Notes to Basic Financial Statements:		and Changes in Fund Balances.....	127
I. Summary of significant accounting policies.....	51	Schedules of Revenues, Expenditures and Changes	
II. Stewardship, compliance, and accountability.....	64	in Fund Balances - Budget and Actual:	
III. Detailed notes.....	66	Capital Debt Retirement Fund.....	128
IV. Other information.....	87	General Obligation Bond Sinking Fund.....	129
		PERS Pension Bond Sinking Fund (major fund).....	130

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016
Table of Contents (continued)

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2016
Table of Contents (continued)

Capital Projects Funds:		Other Financial Schedules:	
Combining Balance Sheet.....	131	Property Tax Collections and Outstanding Balances.....	156
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	133	General Obligation Bonds and Bond Interest Coupon Transactions.....	157
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		General Obligation Bonds Outstanding.....	158
Downtown Courthouse Capital Construction Fund...	135	Capitalized Lease Obligations.....	159
Asset Replacement Revolving Fund.....	136	Loans Outstanding.....	160
Financed Projects Fund.....	137	Full Faith and Credit Bonds Outstanding.....	161
Library Capital Construction Fund.....	138		
Capital Improvement Fund.....	139	STATISTICAL INFORMATION SECTION	
Asset Preservation Fund.....	140	Financial Trends:	
Health Department HQ Fund.....	141	Net Position by Component.....	163
Sellwood Bridge Replacement Fund (major fund)....	142	Changes in Net Position.....	165
		Fund Balances, Governmental Funds.....	169
		Changes in Fund Balances, Governmental Funds.....	171
Combining and Individual Fund Statements and Schedules -			
Proprietary Funds:		Revenue Capacity:	
Enterprise Funds:		Program Revenues by Function/Program.....	173
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		Tax Revenues by Source, Governmental Funds.....	175
Dunthorpe-Riverdale Service District No. 1 Fund....	143	Assessed Valuation and Actual Values of Taxable Property	176
Mid County Service District No. 14 Fund.....	144	Property Tax Levies and Collections.....	177
Behavioral Health Managed Care Fund.....	145	Property Tax Rates - Direct and Overlapping Governments.	178
		Principal Taxpayers.....	179
Internal Service Funds:		Debt Capacity:	
Combining Statement of Net Position.....	146	Ratio of Outstanding Debt by Type.....	180
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position.....	147	Ratios of General Bonded Debt Outstanding.....	181
Combining Statement of Cash Flows.....	148	Pledged-Revenue Coverage.....	182
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:		Legal Debt Margin Information.....	183
Risk Management Fund.....	149	Computation of Direct and Overlapping Debt.....	185
Fleet Management Fund.....	150		
Information Technology Fund.....	151	Demographic and Economic Information:	
Mail Distribution Fund.....	152	Demographic and Economic Statistics.....	186
Facilities Management Fund.....	153	Principal Employers.....	187
		Full Time Equivalent County Employees by Function/Program and Bargaining Unit.....	188
Combining and Individual Fund Statements and Schedules -		Operating Information:	
Fiduciary Funds:		Operating Indicators by Function/Program.....	190
Agency Funds:		Capital Asset and Infrastructure Statistics by Function/Program.....	194
Combining Statement of Fiduciary Net Position.....	154		
Combining Statement of Changes in Assets and Liabilities	155		

AUDIT COMMENTS AND DISCLOSURES	
Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Oregon Minimum Auditing Standards</i>	196
FEDERAL GRANT PROGRAMS	
Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	198
Report of Independent Auditors on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance.....	200
Schedule of Expenditures of Federal Awards.....	202
Notes to Schedule of Expenditures of Federal Awards.....	209
Schedule of Findings and Questioned Costs.....	210

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



December 21, 2016

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

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

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

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

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

INTRODUCTORY SECTION

INTRODUCTORY SECTION

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

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

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

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

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

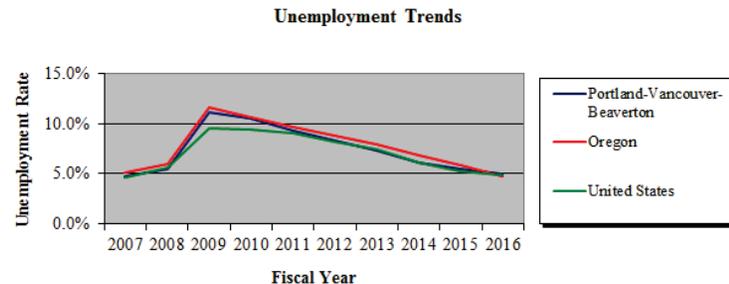
Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. The General Fund and Federal/State Program Special Revenue Fund budget to actual comparisons are provided on pages 45-46 as part of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

FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

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

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

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



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

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

FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

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

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

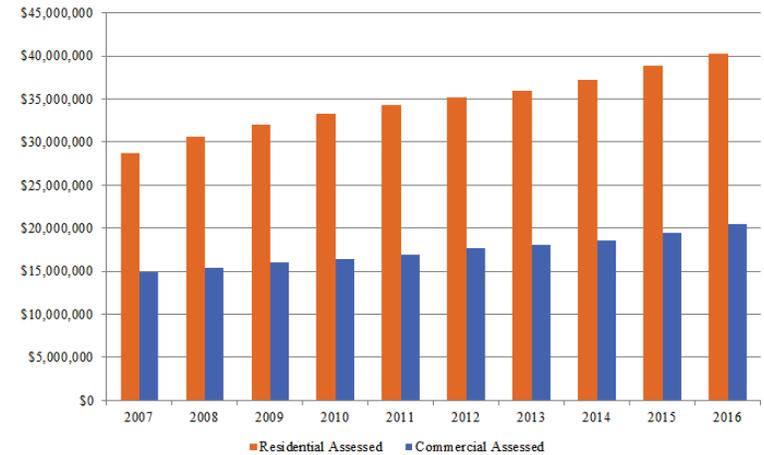
The forecasted OPERS rate increases are manageable and the County has taken proactive measures to limit their impact on ongoing operations. For example, the fiscal year 2017 budget increased rates charged to departments by 2.3 percent to begin addressing the significant OPERS rate increases and unfunded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

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

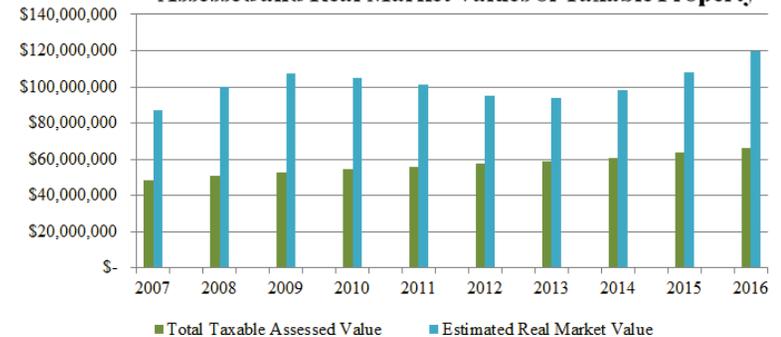
The chart on the following page highlights the County’s residential and commercial assessed (taxable) values over the past ten years. Residential property has experienced a 40.4 percent increase in taxable property value over a ten year period compared to a 38 percent increase for commercial property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

FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

Assessed Values of Taxable Property



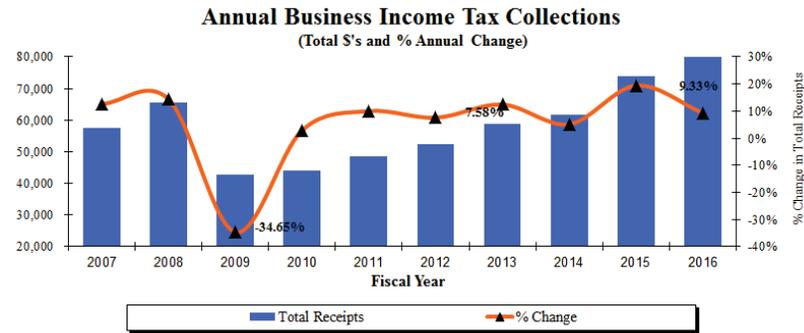
Assessed and Real Market Values of Taxable Property



FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

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

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



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

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

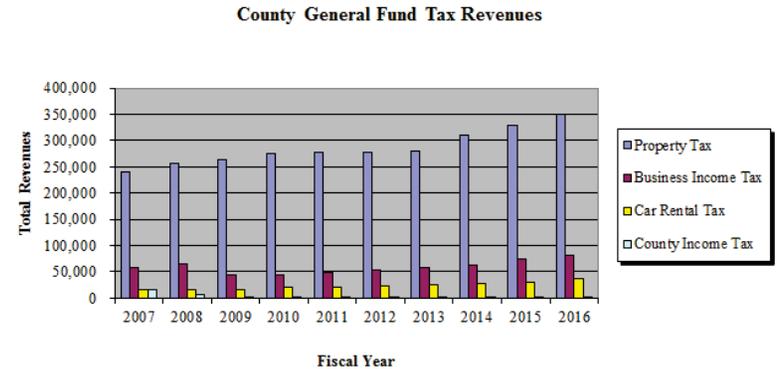
FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

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

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

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

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



Financial and budget policies. The County has established financial and budget policies which are reviewed and adopted annually by the Board of County Commissioners in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the County’s ongoing financial commitments and the continuing revenues available to the County, and to leverage local dollars with Federal and State funding grants. Consistent application of these financial policies has helped ensure that the County has appropriately recorded and accounted for transactions in our financial statements. The County’s adopted financial and budget policies generally provide for the County to use one-time-only resources for costs that will not recur in future years. However, the policies allow the use of one-time-only resources when, in the short term, it would be more beneficial to allocate such resources to the highest priority public services than to restrict them to non-recurring costs.

FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

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

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

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

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

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

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

FACTORS AFFECTING FINANCIAL CONDITION
(amounts expressed in thousands)

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

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

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

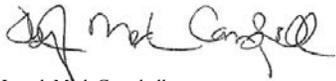
AWARDS AND ACKNOWLEDGEMENTS
(amounts expressed in thousands)

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

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

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

Respectfully Submitted,



Joseph Mark Campbell
Chief Financial Officer



Samina S. Gillum
Accounting Manager



ELECTED OFFICIALS — MULTNOMAH COUNTY OREGON



Jules Bailey
Commissioner District 1



Deborah Kafoury
Chair



Loretta Smith
Commissioner District 2



Judy Shiprack
Commissioner District 3



Diane McKeel
Commissioner District 4



Steve March
Auditor



Michael Reese
Sheriff

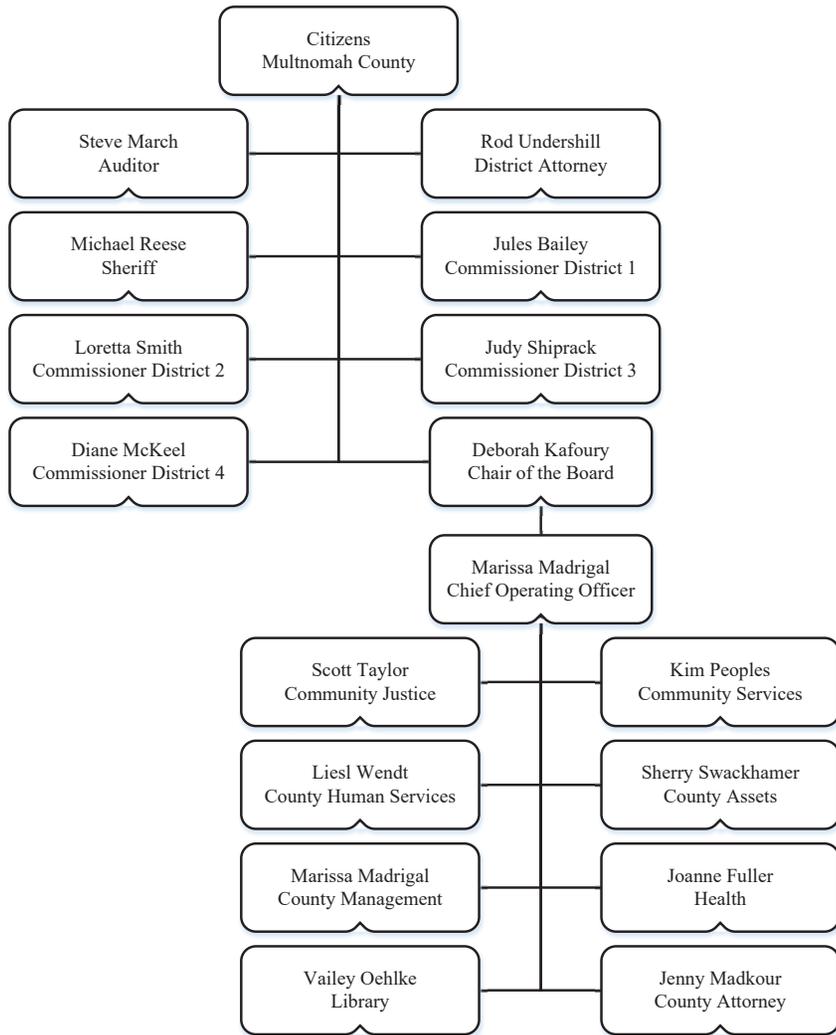


Rod Underhill
District Attorney

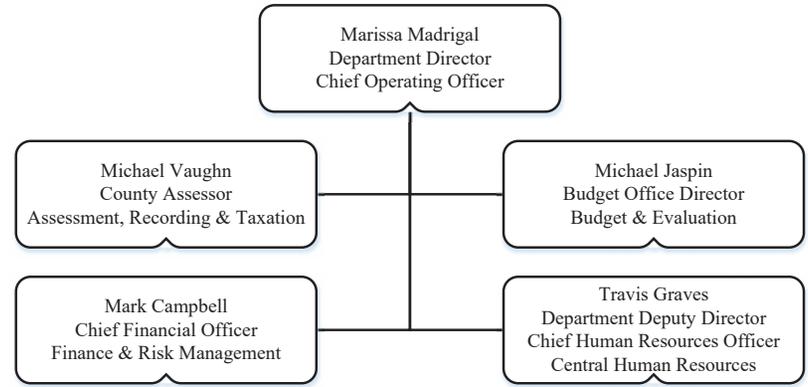
MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2016
Principal Officers

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

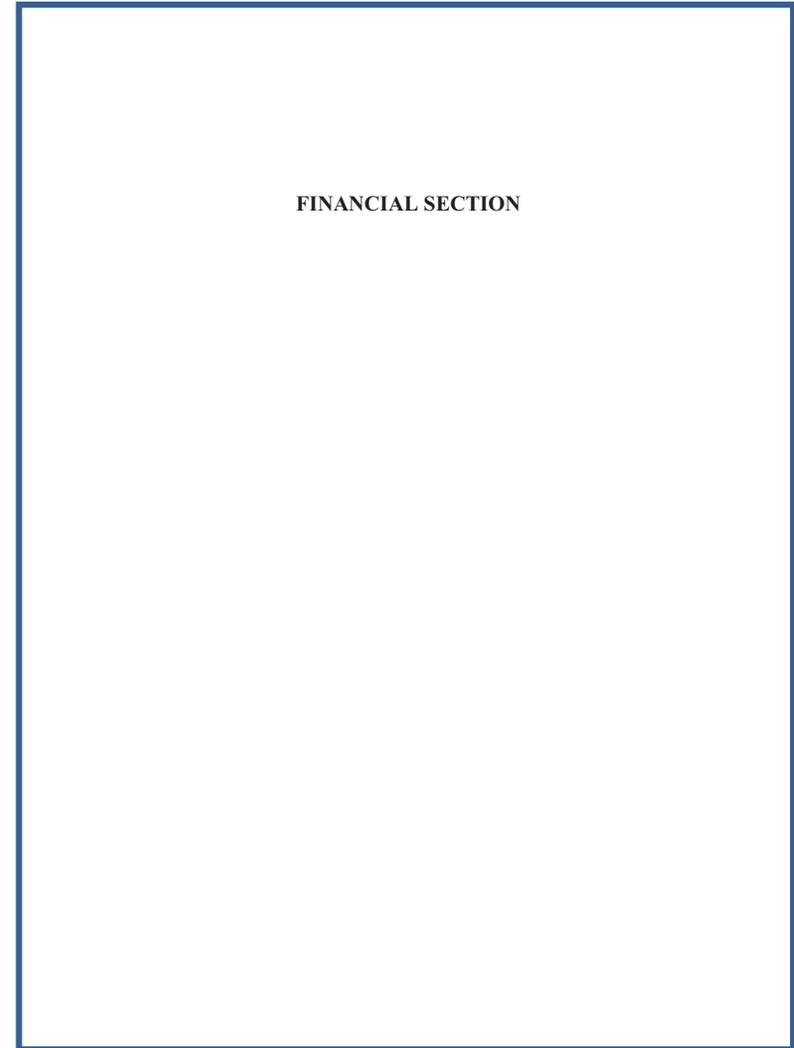
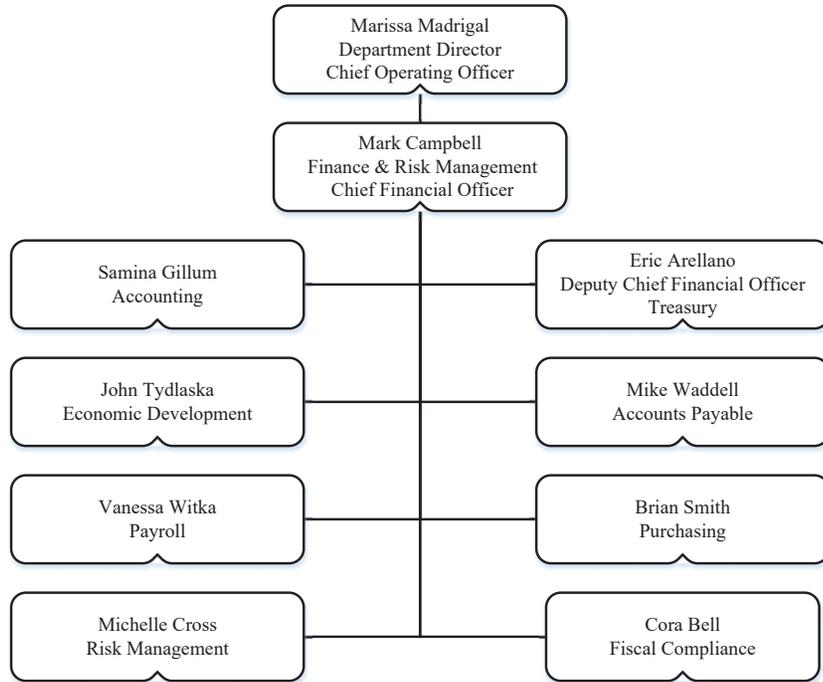
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



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



FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

The Board of Commissioners
 Multnomah County, Oregon

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

REPORT OF INDEPENDENT AUDITORS (continued)

Opinions

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

Other Matters

Required Supplementary Information

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

Supplementary Information

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

MOSS ADAMS LLP

REPORT OF INDEPENDENT AUDITORS (continued)

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

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

Reports on Other Legal and Regulatory Requirements**Other Reporting Required by Minimum Standards for Audits of Oregon Municipal Corporations**

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



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

Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
(503) 988-3292 fax



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

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

Financial Highlights

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

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

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

Multnomah County's Net Position

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

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

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

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

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

Multnomah County's Change in Net Position

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

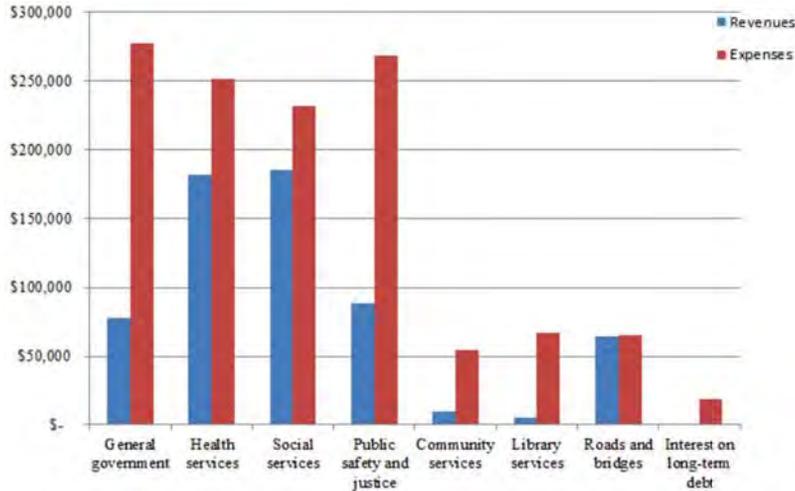
Governmental activities. Governmental activities decreased the County's net position by \$69,443; listed are noteworthy reasons for the change from prior year:

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

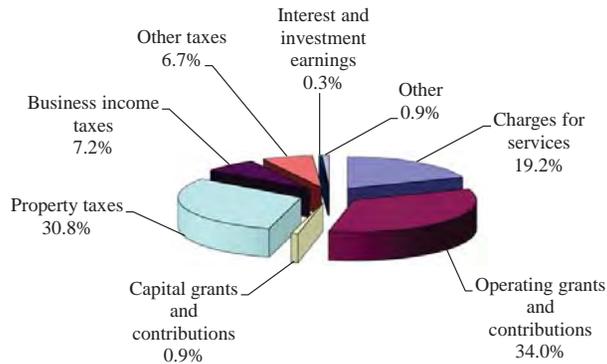
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)
(dollar amounts expressed in thousands)

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities



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

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

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

Financial Analysis of the Government's Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

General Fund Budgetary Highlights

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

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

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

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

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

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

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

Capital Assets and Debt Administration

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

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

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

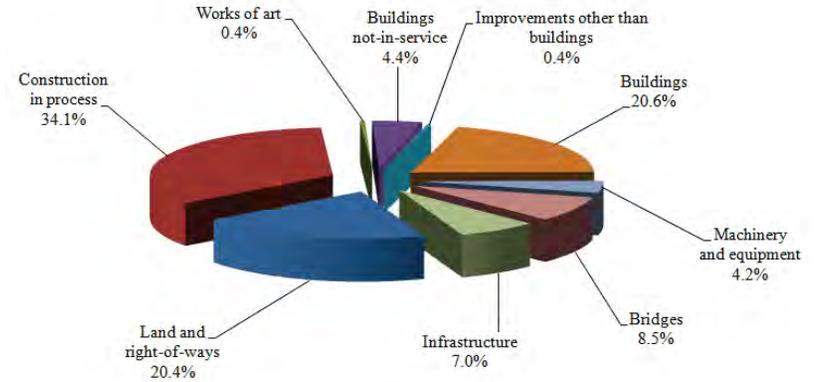
Multnomah County's Capital Assets
(Net of depreciation, where applicable)

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

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

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

Total Capital Assets, Net of Depreciation



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

Multnomah County's Outstanding Debt

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

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

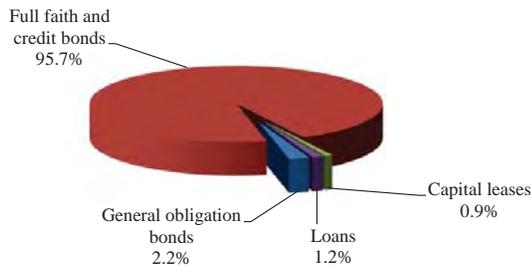
The County's total debt decreased by \$22,252 approximately 7 percent, during the current fiscal year. The County issued a new Tax-Exempt Non-Revolving Credit Facility and Bond of no more than \$25,000, of which \$1,000 has been drawn as of June 30, 2016. No other debt was issued in fiscal year 2016.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

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

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

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

Total Outstanding Long-Term Debt



Key Economic Factors and Budget Information for Next Year

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

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

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

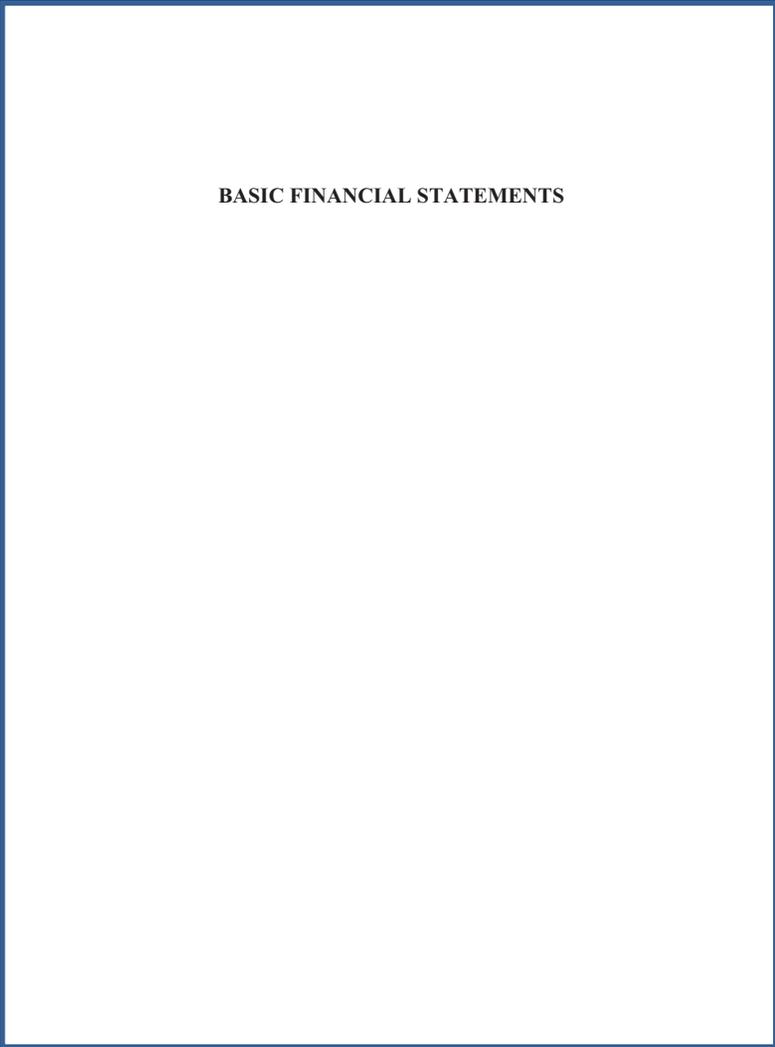
All of these factors were considered in preparing the County's budget for fiscal year 2017.

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

Requests for Information

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

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



GOVERNMENT-WIDE FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

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

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

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

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

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Unit
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 271,016	\$ 62,857	\$ 4,796	\$ 10,361	\$ (193,002)	\$ -	\$ (193,002)	\$ -
Health services	242,366	100,720	80,616	-	(61,030)	-	(61,030)	-
Social services	227,737	624	184,173	-	(42,940)	-	(42,940)	-
Public safety and justice	255,904	30,080	58,123	-	(167,701)	-	(167,701)	-
Community services	54,495	7,406	1,984	3	(45,102)	-	(45,102)	-
Library	63,640	2,189	3,285	-	(58,166)	-	(58,166)	-
Roads and bridges	64,539	13,314	50,751	-	(474)	-	(474)	-
Interest on long-term debt	18,362	-	-	-	(18,362)	-	(18,362)	-
Total governmental activities	1,198,059	217,190	383,728	10,364	(586,777)	-	(586,777)	-
Business-type activities:								
Danforth-Riverdale Service District No. 1	607	896	-	-	-	289	289	-
Mid County Service District No. 14	329	453	-	-	-	124	124	-
Behavioral health managed care	79,420	61,700	-	-	-	(17,220)	(17,220)	-
Total business-type activities	80,356	43,049	-	-	-	(17,307)	(17,307)	-
Total primary government	\$ 1,278,415	\$ 280,239	\$ 383,728	\$ 10,364	\$ (586,777)	\$ (17,307)	\$ (604,084)	\$ -
Component unit:								
The Library Foundation	\$ 2,407	\$ -	\$ 1,637	\$ -	\$ -	\$ -	\$ -	\$ (770)
General revenues:								
Taxes:								
Property taxes, levied for general purposes					342,128	-	342,128	-
Property taxes, levied for debt service					6,075	-	6,075	-
Personal income taxes					15	-	15	-
Business income taxes					80,710	-	80,710	-
Selective excise and use taxes					74,594	-	74,594	-
Payments in lieu of taxes					486	-	486	-
State government shared unrestricted revenues					9,998	-	9,998	-
Grants and contributions not restricted to specific programs					13	-	13	608
Interest and investment earnings					3,016	100	3,116	(611)
Miscellaneous					2,304	726	3,030	-
Gain (loss) on disposal of capital assets					(2,005)	-	(2,005)	-
Total general revenues					517,334	826	518,160	(3)
Change in net position					(69,443)	(16,481)	(85,924)	(773)
Net position - beginning					870,523	23,225	893,748	18,635
Net position - ending					\$ 801,080	\$ 6,844	\$ 807,924	\$ 17,862

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

FUND FINANCIAL STATEMENTS

(This page intentionally left blank.)

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

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

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

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

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

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

(This page intentionally left blank.)

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

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

	General Fund	Federal/State Program Special Revenue Fund	PERS Pension Bond Sinking Debt Service Fund	Sellwood Bridge Replacement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 376,535	\$ -	\$ -	\$ -	\$ 127,210	\$ 503,745
Payments in lieu of taxes	517	-	-	-	-	517
Intergovernmental	13,125	300,342	-	7,114	56,354	376,935
Licenses and permits	12,304	1,174	-	12,060	4,521	30,059
Charges for services	59,964	51,781	-	-	17,461	129,206
Interest	508	1	529	236	624	1,898
Non-governmental grants	8,897	4,571	-	-	3,122	16,590
Service reimbursements	34,490	-	21,131	-	25,325	80,946
Miscellaneous	1,467	425	-	-	412	2,304
Total revenues	<u>507,807</u>	<u>358,294</u>	<u>21,660</u>	<u>19,410</u>	<u>235,029</u>	<u>1,142,200</u>
EXPENDITURES						
Current:						
General government	77,333	-	-	-	-	77,333
Health services	131,898	125,819	-	-	42	257,759
Social services	51,995	185,090	-	-	-	237,085
Public safety and justice	198,693	45,913	-	-	16,720	261,326
Community services	-	1,462	-	-	51,465	52,927
Library services	-	-	-	-	65,206	65,206
Roads and bridges	-	-	-	10,649	44,643	55,292
Capital outlay	3,555	1,114	-	46,949	34,832	86,450
Debt service:						
Principal	-	-	6,845	-	15,592	22,437
Interest expense	-	-	13,342	-	7,443	20,785
Total expenditures	<u>463,474</u>	<u>359,398</u>	<u>20,187</u>	<u>57,598</u>	<u>235,943</u>	<u>1,136,600</u>
Revenues over (under) expenditures	<u>44,333</u>	<u>(1,104)</u>	<u>1,473</u>	<u>(38,188)</u>	<u>(914)</u>	<u>5,600</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	1,658	-	-	-	104,535	106,193
Transfers out	(36,997)	-	-	-	(72,695)	(109,692)
Proceeds from issuance of debt	-	-	-	-	1,000	1,000
Proceeds from sale of capital assets	9	-	-	-	-	9
Total other financing sources (uses)	<u>(35,330)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,840</u>	<u>(2,490)</u>
Net change in fund balances	9,003	(1,104)	1,473	(38,188)	31,926	3,110
Fund balances - beginning	<u>64,345</u>	<u>6,451</u>	<u>84,279</u>	<u>56,821</u>	<u>79,666</u>	<u>291,562</u>
Fund balances - ending	<u>\$ 73,348</u>	<u>\$ 5,347</u>	<u>\$ 85,752</u>	<u>\$ 18,633</u>	<u>\$ 111,592</u>	<u>\$ 294,672</u>

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

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

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

MAJOR GOVERNMENTAL FUNDS

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

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

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Taxes:				
Property	\$ 263,743	\$ 263,743	\$ 267,597	\$ 3,854
Business income	74,460	74,460	80,710	6,250
Personal income	-	-	15	15
Motor vehicle rental	26,240	26,240	28,180	1,940
Transient lodging	-	-	33	33
Payments in lieu of taxes	437	437	517	80
Intergovernmental	12,714	12,752	13,125	373
Licenses and permits	10,949	10,949	12,304	1,355
Charges for services	52,490	58,847	62,264	3,417
Interest	1,191	1,191	508	(683)
Other:				
Non-governmental grants	4,597	4,646	8,897	4,251
Service reimbursements	33,014	34,654	34,490	(164)
Miscellaneous	1,284	1,284	1,464	180
Total revenues	<u>481,119</u>	<u>489,203</u>	<u>510,104</u>	<u>20,901</u>
EXPENDITURES				
Current:				
Community justice	62,541	62,327	60,382	1,945
Community services	14,636	15,136	13,359	1,777
County assets	6,250	6,250	6,102	148
County management	41,177	45,877	34,687	11,190
District attorney	22,648	22,697	22,524	173
Health services	134,734	135,725	131,952	3,773
Human services	51,902	53,711	52,067	1,644
Nondepartmental	26,966	26,966	26,039	927
Sheriff	118,090	118,635	116,360	2,275
Contingency	9,825	9,529	-	9,529
Total expenditures	<u>488,769</u>	<u>496,853</u>	<u>463,472</u>	<u>33,381</u>
Revenues over (under) expenditures	<u>(7,650)</u>	<u>(7,650)</u>	<u>46,632</u>	<u>54,282</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,755	1,755	1,658	(97)
Transfers out	(36,997)	(36,997)	(36,997)	-
Proceeds from sale of capital assets	-	-	9	9
Total other financing sources (uses)	<u>(35,242)</u>	<u>(35,242)</u>	<u>(35,330)</u>	<u>(88)</u>
Net change in fund balances	<u>(42,892)</u>	<u>(42,892)</u>	<u>11,302</u>	<u>54,194</u>
Fund balances - beginning	<u>80,422</u>	<u>80,422</u>	<u>99,087</u>	<u>18,665</u>
Fund balances - ending	<u>\$ 37,530</u>	<u>\$ 37,530</u>	<u>110,389</u>	<u>\$ 72,859</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	(34,742)
Current year revenues unavailable	(11,811)
Unavailable in prior year, recognized in current year	9,512

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

\$ 73,348

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

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

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

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

PROPRIETARY FUNDS

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

Enterprise Funds:

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

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

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

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

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

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

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

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

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

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

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

FIDUCIARY FUNDS

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

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

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

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

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

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

NOTES TO THE
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

Note I. Summary of significant accounting policies

A. Reporting entity

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

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

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

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

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

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

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

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

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

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

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

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

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

Cash and investments

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

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

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

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

Accounts receivables

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

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

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

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

Inventories and prepaid items

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

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

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

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

Fund balances / net position

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

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

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

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

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

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

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

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

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

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

Capital assets

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

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

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

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

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

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

Net pension asset / liability

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

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

Deferred outflows / inflows of resources

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

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

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

Unearned revenues

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

Compensated absences

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

Long-term obligations

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

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

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

Net other postemployment benefits obligation (net OPEB obligation)

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

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

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

Pollution remediation obligations

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

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

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

Contributions

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

Estimates

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

Reclassifications

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

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

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

E. Adoption of new accounting pronouncements and standards

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

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

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

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

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

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

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

F. Future adoption of accounting pronouncements and standards

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

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

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

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

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

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

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

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

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

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

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

Note II. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

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

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

B. Expenditures in excess of appropriations

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

C. Deficit net position:

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

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

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

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

Note III. Detailed notes

A. Cash and investments

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

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

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

Deposit risk

Policies

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

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

Custodial risk

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

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

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

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

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

Investment risk

Policies

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

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

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

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

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

Custodial risk

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

Concentration of credit risk

Policies

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

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

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

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

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

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

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

Investment Type	Fair Value	Risk Concentration	Weighted Average Maturity (in months)
US Treasuries	\$ 205,327	63.79%	3.2
US Agencies	99,447	30.89%	3.9
Corporate Debt	17,122	5.32%	<1
Total unrestricted cash and investments	\$ 321,896	100.00%	
Portfolio weighted average maturity			7.7

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

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

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

Interest rate risk

Policies

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

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

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

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

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

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

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

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

B. Receivables

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

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

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

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

C. Deferred outflows and inflows of resources and unearned revenues

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

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

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

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

D. Operating leases

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

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

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

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

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

E. Interfund receivables, payables, and transfers

Due from / to other funds

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

Interfund transfers

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

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

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

Interfund loans

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

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

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

F. Capital assets

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

Primary government

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

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

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

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

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

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

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

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

G. Long-term debt

General obligation bonds

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

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

Purpose	Interest Rates	Amount
Governmental activities	3.00-5.00%	\$ 5,905

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

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

Full faith and credit bonds

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

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

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

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

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

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

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

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	\$ 261,938

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

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

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

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

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

Capital leases

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

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

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

Purpose	Interest Rates	Amount
Governmental activities	2.50-4.90%	\$ 2,477

Future minimum lease payments are as follows:

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

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

Loans payable

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

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

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

Purpose	Interest Rates	Amount
Governmental activities	3.98%	\$ 3,520

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

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

Pollution remediation obligations

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

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

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

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

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

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

Changes in long-term liabilities

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

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

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

Conduit financing

Multnomah County Conduit Financing

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

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

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

Hospital Facilities Authority of Multnomah County Conduit Financing

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

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

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

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

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

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

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

H. Fund balances, governmental funds

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

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

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

Note IV. Other information

A. Risk management

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

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

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

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

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

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

B. Commitments and contingent liabilities

Grants

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

Lawsuits

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

Construction contracts

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

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

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

Labor agreements

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

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

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

C. Postemployment benefits other than pensions

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Plan Benefits

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

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

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

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

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

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

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

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

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

OPSRP Pension Program (OPSRP DB)

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

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

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

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

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

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

Contributions

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

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

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

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

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

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

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

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

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

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

Actuarial methods and assumptions used in developing total pension liability

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

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

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

Discount rate

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

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

Sensitivity analysis of the County's proportionate share of the net pension liability to changes in the discount rate

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

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

Long-term expected rate of return

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

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

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

Changes in Assumptions

Changes in Plan Provisions Subsequent to Measurement Date

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

Changes in Plan Provisions Effecting the Roll Forward

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

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

OPSRP Individual Account Program (OPSRP IAP)

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

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

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

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

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

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

Deferred Compensation Plan

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY
INFORMATION

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

I. Postemployment benefits other than pensions

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

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

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

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

II . Employee retirement systems, pension plan

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

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

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

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

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

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

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

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

Changes in benefit terms

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

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

Changes in assumptions

A summary of key changes implemented since the December 31, 2011 valuation are described briefly below. Additional detail and a comprehensive list of changes in methods and assumptions can be found in the 2012 Experience Study Oregon Public Employees Retirement System for the System, which was published on September 18, 2013, and can be found at: <http://www.oregon.gov/pers/docs/2012%20Exp%20Study%20Updated.pdf>

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

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

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

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

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

Changes in Economic Assumptions

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

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

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

Changes in Demographic Assumptions

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

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

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

Changes in Salary Increase Assumptions

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

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

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

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

COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES
GOVERNMENTAL FUNDS

General Fund*

Special Revenue Funds

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

Debt Service Funds

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

Capital Project Funds

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

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

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

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

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

NONMAJOR SPECIAL REVENUE FUNDS

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

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

(This page intentionally left blank.)

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

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

	Animal Control	Willamette River Bridges	Library	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations
	\$ -	\$ 1,261	\$ 8,641	\$ 1,426	\$ -	\$ 63	\$ 34
	-	-	814	3,712	-	-	-
	7	4	16	-	-	-	449
	-	-	254	-	-	-	-
	-	4	660	-	-	-	-
	555	6,125	-	-	2,924	11	268
	-	-	-	-	8	-	1
	-	1,459	-	-	2	-	115
	<u>\$ 562</u>	<u>\$ 8,853</u>	<u>\$ 10,385</u>	<u>\$ 5,138</u>	<u>\$ 2,934</u>	<u>\$ 74</u>	<u>\$ 867</u>
	\$ -	\$ -	\$ 1,585	\$ 5,100	\$ -	\$ 63	\$ 29
	-	-	797	-	-	-	55
	27	403	-	-	25	-	24
	2	97	-	-	19	11	57
	-	-	-	-	-	-	-
	-	3,000	-	-	-	-	-
	<u>29</u>	<u>3,500</u>	<u>2,382</u>	<u>5,100</u>	<u>44</u>	<u>74</u>	<u>165</u>
	-	-	758	-	-	-	-
	-	-	-	-	-	-	-
	-	-	758	-	-	-	-
	-	4	660	-	-	-	-
	526	4,084	-	-	2,890	-	303
	-	-	-	38	-	-	22
	7	1,265	6,585	-	-	-	377
	<u>533</u>	<u>5,353</u>	<u>7,245</u>	<u>38</u>	<u>2,890</u>	<u>-</u>	<u>702</u>
	<u>\$ 562</u>	<u>\$ 8,853</u>	<u>\$ 10,385</u>	<u>\$ 5,138</u>	<u>\$ 2,934</u>	<u>\$ 74</u>	<u>\$ 867</u>

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

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

(This page intentionally left blank.)

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

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

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

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

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

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

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
REVENUES				
Taxes	\$ 6,870	\$ 6,870	\$ 7,301	\$ 431
Intergovernmental	41,330	41,330	35,898	(5,432)
Licenses and permits	70	70	76	6
Charges for services	103	103	2	(101)
Interest	45	45	75	30
Service reimbursements	259	259	-	(259)
Miscellaneous	46	46	30	(16)
Total revenues	<u>48,723</u>	<u>48,723</u>	<u>43,382</u>	<u>(5,341)</u>
EXPENDITURES				
Current:				
Community services	51,879	51,879	43,109	8,770
Total expenditures	<u>51,879</u>	<u>51,879</u>	<u>43,109</u>	<u>8,770</u>
Net change in fund balances	<u>(3,156)</u>	<u>(3,156)</u>	<u>273</u>	<u>3,429</u>
Fund balances - beginning	<u>3,156</u>	<u>3,156</u>	<u>3,971</u>	<u>815</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,244</u>	<u>\$ 4,244</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, 2016
(amounts expressed in thousands)

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

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

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

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

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

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Licenses and permits	\$ 1,725	\$ 1,725	\$ 1,529	\$ (196)
Charges for services	55	55	97	42
Interest	-	-	4	4
Non-governmental grants	190	190	148	(42)
Total revenues	<u>1,970</u>	<u>1,970</u>	<u>1,778</u>	<u>(192)</u>
EXPENDITURES				
Current:				
Community services	751	751	446	305
Contingency	323	323	-	323
Total expenditures	<u>1,074</u>	<u>1,074</u>	<u>446</u>	<u>628</u>
Revenues over (under) expenditures	896	896	1,332	436
OTHER FINANCING SOURCES (USES)				
Transfers out	(1,755)	(1,755)	(1,658)	97
Total other financing sources (uses)	<u>(1,755)</u>	<u>(1,755)</u>	<u>(1,658)</u>	<u>97</u>
Net change in fund balances	(859)	(859)	(326)	533
Fund balances - beginning	859	859	859	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 533</u>	<u>\$ 533</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, 2016
(amounts expressed in thousands)

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

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

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 36,827	\$ 39,127	\$ 39,166	\$ 39
Interest	5	5	7	2
Total revenues	<u>36,832</u>	<u>39,132</u>	<u>39,173</u>	<u>41</u>
EXPENDITURES				
Current:				
Nondepartmental	37,146	39,446	39,148	298
Total expenditures	<u>37,146</u>	<u>39,446</u>	<u>39,148</u>	<u>298</u>
Net change in fund balances	(314)	(314)	25	339
Fund balances - beginning	314	314	13	(301)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 38</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, 2016
(amounts expressed in thousands)

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

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

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

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

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

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Taxes	\$ 2,107	\$ 2,407	\$ 2,325	\$ (82)
Interest	3	3	-	(3)
Total revenues	<u>2,110</u>	<u>2,410</u>	<u>2,325</u>	<u>(85)</u>
EXPENDITURES				
Current:				
Nondepartmental	2,122	2,422	2,326	96
Total expenditures	<u>2,122</u>	<u>2,422</u>	<u>2,326</u>	<u>96</u>
Net change in fund balances	(12)	(12)	(1)	11
Fund balances - beginning	12	12	14	2
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, 2016
(amounts expressed in thousands)

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 71,406	\$ 71,406	\$ 72,027	\$ 621
Intergovernmental	115	115	310	195
Licenses and permits	115	115	115	-
Charges for services	1,391	1,391	1,353	(38)
Interest	50	50	129	79
Non-governmental grants	2,131	2,131	1,878	(253)
Miscellaneous	-	-	16	16
Total revenues	<u>75,208</u>	<u>75,208</u>	<u>75,828</u>	<u>620</u>
EXPENDITURES				
Current:				
Library	74,134	74,134	71,002	3,132
Contingency	7,420	7,420	-	7,420
Total expenditures	<u>81,554</u>	<u>81,554</u>	<u>71,002</u>	<u>10,552</u>
Net change in fund balances	(6,346)	(6,346)	4,826	11,172
Fund balances - beginning	6,346	6,346	6,434	88
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>11,260</u>	<u>\$ 11,260</u>

Reconciliation to GAAP Basis:

Reimbursements to the Library Fund are reported as Transfers Out on the GAAP Basis, rather than as Library District Expenditures

Library District Expenditures	(71,002)
Transfers Out	<u>71,002</u>

Fund balance as reported on the Combining Statement of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds

\$ 11,260

DEBT SERVICE FUNDS

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

Major Fund

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

Nonmajor Funds

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

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

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

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

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

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

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

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

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

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Interest	\$ 320	\$ 320	\$ 529	\$ 209
Service reimbursements	20,286	20,286	21,131	845
Total revenues	<u>20,606</u>	<u>20,606</u>	<u>21,660</u>	<u>1,054</u>
EXPENDITURES				
Current:				
Nondepartmental	20,188	20,188	20,187	1
Total expenditures	<u>20,188</u>	<u>20,188</u>	<u>20,187</u>	<u>1</u>
Net change in fund balances	418	418	1,473	1,055
Fund balances - beginning	76,565	76,565	84,279	7,714
Fund balances - ending	<u>\$ 76,983</u>	<u>\$ 76,983</u>	<u>\$ 85,752</u>	<u>\$ 8,769</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 sale of County property, revenue bond proceeds, and library and public safety general obligation bond proceeds. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

Major Fund

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

Nonmajor Funds

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

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

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

	<u>Capital Improvement</u>	<u>Asset Preservation</u>	<u>Health Department HQ</u>	<u>Total</u>
Cash and investments	\$ 7,377	\$ 11,158	\$ 6,400	\$ 29,912
Receivables:				
Accounts, net	45	-	-	45
Inventories	28	-	-	28
Restricted:				
Cash and investments	-	-	5,691	41,285
Receivables:				
Accounts, net	-	-	-	3,207
Total assets	<u>\$ 7,450</u>	<u>\$ 11,158</u>	<u>\$ 12,091</u>	<u>\$ 74,477</u>
Liabilities payable from unrestricted assets:				
Accounts payable	\$ 333	\$ 442	\$ -	\$ 1,026
Liabilities payable from restricted assets:				
Accounts payable	-	-	754	3,878
Total liabilities	<u>333</u>	<u>442</u>	<u>754</u>	<u>4,904</u>
Nonspendable	28	-	-	28
Restricted	-	-	4,937	40,614
Committed	7,089	10,716	6,400	27,956
Assigned	-	-	-	975
Total fund balances	<u>7,117</u>	<u>10,716</u>	<u>11,337</u>	<u>69,573</u>
Total liabilities and fund balances	<u>\$ 7,450</u>	<u>\$ 11,158</u>	<u>\$ 12,091</u>	<u>\$ 74,477</u>

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

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

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

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

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

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 3	\$ 3
Total revenues	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
EXPENDITURES				
Current:				
County assets	406	406	-	406
Total expenditures	<u>406</u>	<u>406</u>	<u>-</u>	<u>406</u>
Revenues over (under) expenditures	(406)	(406)	3	409
OTHER FINANCING SOURCES (USES)				
Transfers in	35	35	35	-
Total other financing sources (uses)	<u>35</u>	<u>35</u>	<u>35</u>	<u>-</u>
Net change in fund balance	(371)	(371)	38	409
Fund balances - beginning	371	371	374	3
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412</u>	<u>\$ 412</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, 2016
(amounts expressed in thousands)

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

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

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

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

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

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

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

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

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 16,900	\$ 16,900	\$ -	\$ (16,900)
Interest	-	-	77	77
Miscellaneous	-	-	30	30
Total revenues	<u>16,900</u>	<u>16,900</u>	<u>107</u>	<u>(16,793)</u>
EXPENDITURES				
Current:				
County assets	45,139	45,139	2,800	42,339
Total expenditures	<u>45,139</u>	<u>45,139</u>	<u>2,800</u>	<u>42,339</u>
Revenues over (under) expenditures	<u>(28,239)</u>	<u>(28,239)</u>	<u>(2,693)</u>	<u>25,546</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	13,739	13,739	-	(13,739)
Total other financing sources (uses)	<u>13,739</u>	<u>13,739</u>	<u>-</u>	<u>(13,739)</u>
Net change in fund balance	(14,500)	(14,500)	(2,693)	11,807
Fund balances - beginning	14,500	14,500	14,030	(470)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,337</u>	<u>\$ 11,337</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, 2016
(amounts expressed in thousands)

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

**COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES
PROPRIETARY FUNDS**

Enterprise Funds

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

Internal Service Funds

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

PROPRIETARY FUNDS
COMBINING & INDIV FUND
STMTS & SCHEDULES

MAJOR ENTERPRISE FUNDS*

The County's Enterprise Funds are listed below.

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

*See statements for Proprietary Funds Reported in Fund Financial Statements

ENTERPRISE FUNDS

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

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

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

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

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

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

NONMAJOR INTERNAL SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**COMBINING AND INDIVIDUAL STATEMENTS AND SCHEDULES
FIDUCIARY FUNDS**

Agency Funds

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

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

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

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

FIDUCIARY FUNDS
COMBINING & INDIVIDUAL FUND
STATEMENTS & SCHEDULES

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

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

OTHER FINANCIAL SCHEDULES

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

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

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

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2016

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

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

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

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

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 31, 2010	<u>\$ 350</u>
----------------------	---------------

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

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

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

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

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

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

(This page intentionally left blank.)

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

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

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

**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.

STATISTICAL SECTION

(This page intentionally left blank.)

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

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

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

Source: Current and prior years' financial statements

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Program Revenues										
Governmental activities:										
Fees, fines and charges for services:										
General government	\$ 62,857	\$ 83,516	\$ 71,664	\$ 26,466	\$ 27,239	\$ 27,789	\$ 22,843	\$ 21,936	\$ 21,721	\$ 23,703
Health services	100,720	89,951	72,286	68,943	72,910	77,276	70,455	60,340	52,241	45,765
Social services	624	3,604	2,038	1,064	1,568	1,321	1,902	1,125	1,615	1,309
Public safety and justice	30,080	19,472	15,473	17,167	16,809	16,056	17,490	17,597	17,765	17,904
Community services	7,406	5,120	3,779	3,514	2,914	2,325	-	10	10	31
Library	2,189	3,126	1,652	1,639	1,747	1,759	1,757	1,754	1,855	1,745
Roads and bridges	13,314	13,401	13,011	12,853	11,866	9,131	1,107	1,227	2,141	1,962
Operating grants and contributions	383,728	350,767	340,367	318,956	308,392	316,218	299,735	291,018	265,271	257,810
Capital grants and contributions	10,364	20,455	60,776	68	839	16,415	2,885	3,831	10,505	5,594
Total governmental activities program revenues	<u>611,282</u>	<u>589,412</u>	<u>581,046</u>	<u>450,670</u>	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>
Business-type activities:										
Charges for services:										
Dunthorpe-Riverdale Service Dist. No. 1	896	893	877	852	837	816	809	713	627	574
Mid County Service Dist. No. 14	453	454	452	377	380	363	341	264	268	306
Behavioral Health	61,700	71,149	53,112	42,857	44,712	46,110	42,931	39,027	36,072	34,879
Capital grants and contributions	-	-	-	10	6	36	133	80	10	76
Total business-type activities program revenues	<u>63,049</u>	<u>72,496</u>	<u>54,441</u>	<u>44,096</u>	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>
Total primary government program revenues	<u>674,331</u>	<u>661,908</u>	<u>635,487</u>	<u>494,766</u>	<u>490,219</u>	<u>515,615</u>	<u>462,388</u>	<u>438,922</u>	<u>410,101</u>	<u>391,658</u>
Expenses										
Governmental activities:										
General government	271,016	101,137	97,325	72,049	65,813	58,642	59,572	64,660	75,547	87,472
Health services	242,366	147,909	152,854	148,528	150,421	151,327	137,615	133,751	125,355	118,380
Social services	227,737	244,858	245,233	233,990	224,975	222,515	224,928	210,590	196,537	185,672
Public safety and justice	255,904	200,669	228,463	221,744	217,842	216,403	210,079	217,215	208,253	199,850
Community services	54,495	53,731	39,182	36,895	34,511	26,683	22,796	24,320	26,069	24,136
Library	63,640	60,150	64,708	58,488	61,641	60,343	56,548	55,181	52,087	47,872
Roads and bridges	64,539	50,327	66,622	55,383	54,287	51,772	49,571	53,462	56,716	53,701
Interest on long-term debt	18,362	19,785	20,822	18,932	10,695	11,774	12,800	14,041	16,443	16,954
Total governmental activities expenses	<u>1,198,059</u>	<u>878,566</u>	<u>915,209</u>	<u>846,009</u>	<u>820,185</u>	<u>799,459</u>	<u>773,909</u>	<u>773,220</u>	<u>757,007</u>	<u>734,037</u>
Business-type activities:										
Dunthorpe-Riverdale Service Dist. No. 1	607	622	573	554	507	486	516	458	476	405
Mid County Service Dist. No. 14	329	404	420	389	411	427	403	420	377	354
Behavioral Health	79,420	69,242	53,156	38,586	49,014	43,640	39,207	32,720	37,803	34,221
Total business-type activities expenses	<u>80,356</u>	<u>70,268</u>	<u>54,149</u>	<u>39,529</u>	<u>49,932</u>	<u>44,553</u>	<u>40,126</u>	<u>33,598</u>	<u>38,656</u>	<u>34,980</u>
Total primary government expenses	<u>1,278,415</u>	<u>948,834</u>	<u>969,358</u>	<u>885,538</u>	<u>870,117</u>	<u>844,012</u>	<u>814,035</u>	<u>806,818</u>	<u>795,663</u>	<u>769,017</u>

(continued)

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

(continued)

	2016	2015	2014	2013
Net Revenue (Expense)				
Governmental activities	\$ (586,777)	\$ (289,154)	\$ (334,163)	\$ (395,339)
Business-type activities	(17,307)	2,228	292	4,567
Total primary government net expense	<u>(604,084)</u>	<u>(286,926)</u>	<u>(333,871)</u>	<u>(390,772)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	342,128	323,898	303,871	271,664
Debt service	6,075	6,116	6,999	8,067
Personal income taxes	15	32	16	77
Business income taxes	80,710	73,825	61,800	58,750
Selective excise and use taxes	74,594	67,192	58,456	52,934
Payments in lieu of taxes	486	659	821	1,019
State government shared revenues	9,998	9,534	9,198	9,090
Grants and contributions not restricted to specific programs	13	-	24	15
Interest and investment earnings	3,016	2,363	2,119	1,638
Miscellaneous	2,304	2,713	2,302	2,613
Gain (loss) on sale of capital assets	(2,005)	189	279	119
Total governmental activities	<u>517,334</u>	<u>486,521</u>	<u>445,885</u>	<u>405,986</u>
Business-type activities:				
Interest and investment earnings	100	119	102	95
Miscellaneous	726	100	10	97
Total business-type activities	<u>826</u>	<u>219</u>	<u>112</u>	<u>192</u>
Total primary government	<u>518,160</u>	<u>486,740</u>	<u>445,997</u>	<u>406,178</u>
Change in Net Position				
Governmental activities	(69,443)	197,367	111,722	10,647
Cumulative effect of correction of error	-	-	-	-
Cumulative effect of change in accounting principle	-	-	-	-
Total governmental activities	<u>(69,443)</u>	<u>197,367</u>	<u>111,722</u>	<u>10,647</u>
Business-type activities	(16,481)	2,447	404	4,759
Total primary government change in net position	<u>\$ (85,924)</u>	<u>\$ 199,814</u>	<u>\$ 112,126</u>	<u>\$ 15,406</u>

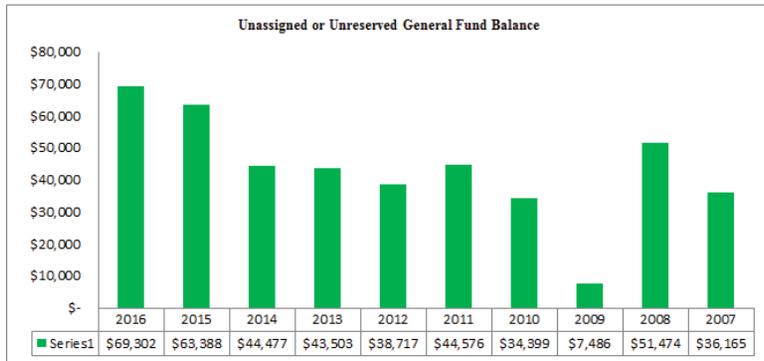
Source: Current and prior years' financial statements

	2012	2011	2010	2009	2008	2007
Governmental activities	\$ (375,901)	\$ (331,169)	\$ (355,735)	\$ (374,382)	\$ (383,883)	\$ (378,214)
Business-type activities	(3,997)	2,772	4,088	6,486	(1,679)	855
Total primary government net expense	<u>(379,898)</u>	<u>(328,397)</u>	<u>(351,647)</u>	<u>(367,896)</u>	<u>(385,562)</u>	<u>(377,359)</u>
Governmental activities:						
Taxes:						
Property and other local taxes levied for:						
General purposes	272,299	268,605	266,294	258,200	249,446	231,073
Debt service	8,842	8,246	9,001	8,227	9,077	9,249
Personal income taxes	8,842	8,246	9,001	8,227	9,077	9,249
Business income taxes	235	683	-	(5,341)	2,748	21,237
Selective excise and use taxes	52,250	48,570	44,150	42,900	65,650	57,399
Payments in lieu of taxes	48,777	46,167	42,692	39,161	42,812	39,582
State government shared revenues	697	1,500	1,305	1,516	1,537	1,738
Grants and contributions not restricted to specific programs	10,108	7,423	7,768	8,562	9,613	9,517
Interest and investment earnings	10	1	27	14	10	6
Miscellaneous	2,604	2,946	2,589	5,767	11,887	13,454
Gain (loss) on sale of capital assets	1,194	667	1,665	1,797	1,410	6,771
Total governmental activities	<u>397,623</u>	<u>384,983</u>	<u>375,719</u>	<u>361,431</u>	<u>404,396</u>	<u>390,254</u>
Business-type activities:						
Interest and investment earnings	97	115	128	235	398	495
Miscellaneous	-	871	7	-	1	467
Total business-type activities	<u>97</u>	<u>986</u>	<u>135</u>	<u>235</u>	<u>399</u>	<u>962</u>
Total primary government	<u>397,720</u>	<u>385,969</u>	<u>375,854</u>	<u>361,666</u>	<u>404,795</u>	<u>391,216</u>
Governmental activities	21,722	53,814	19,984	(12,951)	20,513	12,040
Cumulative effect of change in accounting principle	-	-	-	137,371	-	-
Total governmental activities	<u>(504)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Business-type activities	21,218	53,814	19,984	124,420	20,513	12,040
Total primary government change in net position	<u>(3,900)</u>	<u>3,758</u>	<u>4,223</u>	<u>6,721</u>	<u>(1,280)</u>	<u>1,817</u>
	<u>\$ 17,318</u>	<u>\$ 57,572</u>	<u>\$ 24,207</u>	<u>\$ 131,141</u>	<u>\$ 19,233</u>	<u>\$ 13,857</u>

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

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

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



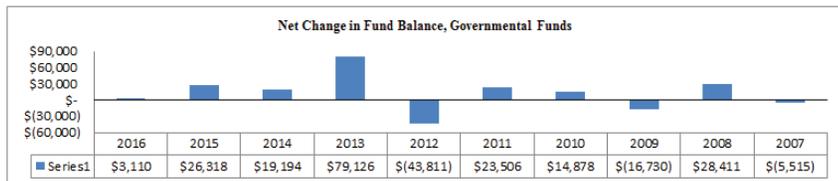
- (1) This schedule was modified with the implementation of GASB Statement No. 54, effective fiscal year 2011, which affected the categories used to report fund balances.
- (2) Reclassifications were made to amounts reported as Reserved and Unreserved in the General Fund for fiscal years 2000 - 2007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

Source: Current and prior years' financial statements

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

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

	2012	2011	2010	2009	2008	2007
Revenues						
Taxes	\$ 379,334	\$ 373,435	\$ 364,080	\$ 348,780	\$ 373,507	\$ 354,944
Payments in lieu of taxes	697	1,500	1,305	1,516	1,537	1,738
Intergovernmental	312,588	317,944	300,963	292,689	277,099	260,549
Licenses and permits	27,727	23,535	14,722	14,806	15,441	15,934
Charges for services	80,001	68,875	85,603	74,827	67,750	62,791
Interest	1,180	1,486	1,796	4,391	9,557	10,837
Miscellaneous	56,823	64,335	54,118	43,916	50,342	46,880
Total revenues	858,350	851,110	822,587	780,925	795,233	753,673
Expenditures						
Current:						
General government	61,380	62,951	58,971	59,960	69,224	73,559
Health services	156,344	158,283	145,555	138,941	128,914	122,029
Social services	226,460	223,815	227,257	211,832	197,210	187,256
Public safety and justice	221,094	220,279	215,442	219,797	209,119	202,477
Community services	34,137	26,283	22,458	24,080	25,904	24,040
Library	55,088	54,223	52,118	50,872	48,051	44,411
Roads and bridges	43,623	40,790	37,540	38,148	40,723	39,875
Capital Outlay	80,888	32,804	21,481	20,783	27,367	31,589
Debt service:						
Principal	28,526	23,947	30,762	23,424	21,522	19,861
Interest	10,583	11,759	12,997	13,989	16,394	16,958
Total expenditures	918,123	855,134	824,581	801,826	784,428	762,055
Revenues over (under) expenditures	(59,773)	(4,024)	(1,994)	(20,901)	10,805	(8,382)
Other Financing Sources (Uses)						
Proceeds from issuance of debt	15,101	16,282	11,309	623	-	-
Proceeds from issuance of refunding bonds	-	-	45,175	-	-	-
Premium on short-term debt	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	157
Issuance of capital lease	-	-	5,443	-	-	-
Proceeds from sale of capital assets	-	815	-	-	-	33
Payment to escrow agent - refunded debt	1,713	24	10	-	14,219	35
Transfers in	-	-	(49,710)	-	-	-
Transfers out	37,351	33,521	47,360	61,978	29,266	26,996
Total other financing sources (uses)	(38,203)	(23,112)	(42,715)	(58,430)	(25,879)	(24,354)
Net change in fund balances	\$ (43,811)	\$ 27,530	\$ 16,872	\$ 4,171	\$ 17,606	\$ 2,867
Debt service as a percentage of noncapital expenditures	4.7 %	4.3 %	5.4 %	4.8 %	5.0 %	5.0 %



Source: Current and prior years' financial statements

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

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

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

Source: Current and prior years' financial statements

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

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

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Assessed Valuation and Actual Values of Taxable Property
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Public Utility Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (1)</u>	<u>Estimated Real Market Value</u>
2007	\$ 28,695,852	\$ 14,825,459	\$ 2,376,350	\$ 2,328,560	\$ 48,226,221	\$ 5.12	\$ 87,070,081
2008	30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763
2009	32,075,253	15,987,533	2,390,005	2,362,074	52,814,865	5.21	107,381,958
2010	33,268,838	16,437,414	2,545,964	2,297,087	54,549,303	5.20	105,010,710
2011	34,269,351	16,954,346	2,569,318	2,194,393	55,987,408	5.10	101,559,353
2012	35,156,964	17,653,597	2,641,653	2,089,271	57,541,485	5.01	95,354,432
2013	35,929,873	18,050,498	2,599,627	2,097,912	58,677,910	4.89	93,735,420
2014	37,261,960	18,518,408	2,718,961	2,123,276	60,622,604	5.27	98,078,710
2015	38,871,143	19,435,231	3,004,706	2,208,621	63,519,701	5.34	108,173,728
2016	40,298,453	20,452,051	3,095,038	2,296,521	66,142,063	5.43	119,581,740

(1) See Property Tax Rates - Total Direct on page 160

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Property Tax Levies and Collections
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
2008	265,938	(8,394)	257,544	250,542	94.21	6,942	257,484	96.82
2009	275,133	(8,519)	266,614	257,497	93.59	9,013	266,510	96.87
2010	283,349	(8,894)	274,455	266,292	93.98	6,995	273,287	96.45
2011	285,605	(8,600)	277,005	269,609	94.40	6,050	275,659	96.52
2012	288,355	(8,686)	279,669	270,714	93.88	6,504	277,218	96.14
2013	287,384	(8,212)	279,172	271,302	94.40	5,403	276,705	96.28
2014	253,024	(7,092)	245,932	239,352	94.60	3,536	242,888	95.99
2015	269,118	(7,620)	261,498	255,164	94.81	2,602	257,766	95.78
2016	284,628	(8,129)	276,499	270,282	94.96	-	270,282	94.96

Source: Current and prior years' financial statements, Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Property Tax Rates - Direct and Overlapping Governments (1)
Last Ten Fiscal Years
(Per \$1,000 of Assessed Valuation)
(unaudited)

Year	Multnomah County Direct Rates				Overlapping Rates						
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
2007	\$ 4.28	\$ 0.64	\$ 0.20	\$ 5.12	\$ 6.61	\$ 0.55	\$ 6.56	\$ 0.01	\$ 0.08	\$ 1.55	\$ 20.48
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72
2009	4.27	0.78	0.16	5.21	6.35	0.70	7.18	0.01	0.08	1.81	21.34
2010	4.27	0.76	0.17	5.20	6.62	0.75	7.25	0.01	0.07	2.00	21.90
2011	4.24	0.71	0.15	5.10	6.56	0.73	7.23	0.01	0.07	2.02	21.72
2012	4.21	0.64	0.16	5.01	6.39	0.62	7.45	0.01	0.08	1.97	21.53
2013	4.16	0.59	0.14	4.89	6.39	0.64	7.41	0.01	0.08	1.97	21.39
2014	4.03	1.12	0.12	5.27	6.30	0.67	8.24	0.01	0.08	2.05	22.62
2015	4.10	1.14	0.10	5.34	6.41	0.67	8.29	0.01	0.08	2.02	22.82
2016	4.17	1.17	0.09	5.43	6.46	0.61	8.41	0.01	0.08	1.99	22.99

(1) These are average rates and are stated in dollars and cents.

Source: Current and prior years' financial statements, Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
Current Calendar Year and Nine Years Ago
(dollar amounts expressed in thousands)
(unaudited)

Taxpayer	December 31, 2015			
	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 12,277	\$ 571,027	1	0.90 %
Comcast Corporation	9,568	469,303	2	0.74
Portland General Electric Co	6,983	423,066	3	0.67
Pacificorp (PP&L)	5,619	335,313	4	0.53
Alaska Airlines Inc	4,588	277,695	5	0.44
Weston Investment Co LLC	5,953	267,709	6	0.42
Evraz Inc NA	3,874	218,465	7	0.34
Centurylink	3,302	197,090	8	0.31
AT&T, Inc	3,212	191,761	9	0.30
Capref Lloyed Center LLC	3,088	173,304	10	0.27
	<u>\$ 58,464</u>	<u>\$ 3,124,733</u>		<u>4.92 %</u>
Total Assessed Valuation		<u>\$ 63,519,701</u>		
Taxpayer	December 31, 2006			
	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Portland General Electric	\$ 5,575	\$ 347,235	1	0.68 %
Port of Portland	6,249	308,375	2	0.60
QWEST Corporation	4,793	298,636	3	0.58
Pacificorp (PP&L)	3,837	240,248	4	0.47
Boeing Co	2,837	174,307	5	0.34
Oregon Steel Mills	3,207	163,511	6	0.32
Northwest Natural Gas	2,496	153,345	7	0.30
LC Portland LLC	2,901	143,836	8	0.28
United Airlines	2,239	132,003	9	0.26
One Eleven Tower LLC	2,261	112,303	10	0.22
	<u>\$ 36,395</u>	<u>\$ 2,073,799</u>		<u>4.03 %</u>
Total Assessed Valuation		<u>\$ 51,433,028</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2015-16 and 2006-07 respectively.

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds (2)	Capitalized Lease Obligations	Full Faith and Credit Bonds (2)	Revenue Bonds	Loans Payable			
2007	\$ 69,380	\$ 16,620	\$ 246,413	\$ 5,880	\$ 362	\$ 338,655	1.20 %	\$ 477
2008	63,125	13,604	234,688	5,320	242	316,979	1.07	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.04	406
2010	45,175	1,020	219,018	2,845	2,132	270,190	0.92	367
2011	38,620	1,719	217,158	2,430	3,414	263,341	0.85	355
2012	31,795	1,597	198,353	-	18,164	249,909	0.76	334
2013	24,935	1,468	313,429	-	3,133	342,965	1.10	458
2014	17,725	1,333	294,587	-	2,919	316,564	0.97	418
2015	11,570	1,191	278,348	-	2,723	293,832	0.88	384
2016	5,905	2,477	261,938	-	3,520	273,840	0.74	349

Note: 2015 - 2016 percentages calculated using 2014 personal income data, which is the most recent available.

(1) See population and personal income data on Demographic and Economic Statistics schedule

(2) Amounts do not include associated discounts or premiums

MULTNOMAH COUNTY, OREGON
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)
(unaudited)

Fiscal Year	General Obligation Bonds (3)	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2007	\$ 69,380	\$ (8,433)	\$ 60,947	0.22 %	0.13 %	\$ 86
2008	63,125	(8,569)	54,556	0.18	0.11	76
2009	56,570	(7,643)	48,927	0.17	0.09	68
2010	45,175	(7,611)	37,564	0.13	0.07	51
2011	38,620	(7,454)	31,166	0.10	0.06	42
2012	31,795	(7,753)	24,042	0.08	0.04	32
2013	24,935	(7,714)	17,221	0.06	0.03	23
2014	17,725	(6,578)	11,147	0.06	0.02	14
2015	11,570	(5,947)	5,623	0.02	0.01	7
2016	5,905	(5,905)	-	-	-	-

Note: 2015 and 2016 percentages calculated using 2014 personal income data, which is the most recent available.
(1) See taxable assessed value schedule on Assessed Valuation and Actual Values of Taxable Property schedule
(2) See population and personal income data on Demographic and Economic Statistics schedule
(3) Amounts do not include associated discounts or premiums

Source: Current and prior year financial statements, Multnomah County Division of Assessment and Taxation, Center for Population Research and Census at Portland State University, and US Department of Commerce-Bureau of Economic Analysis

MULTNOMAH COUNTY, OREGON
Pledged-Revenue Coverage
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

Fiscal Year	Revenue Bonds						Coverage
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2007	\$ 335	\$ 12	\$ 323	\$ 540	\$ 292	0.39 %	
2008	80	-	80	560	268	0.10	
2009	33	8	25	2,080	208	0.01	
2010	35	-	35	395	152	0.06	
2011	36	5	31	415	133	0.06	
2012	39	1	38	2,430	78	0.02	
2013	-	-	-	-	-	-	
2014	-	-	-	-	-	-	
2015	-	-	-	-	-	-	
2016	-	-	-	-	-	-	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

ORS 287A.100 provides a debt limit on general obligation bonds of 2 percent of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.054.

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Real market value	\$ 119,581,740	\$ 108,173,728	\$ 98,078,710	\$ 93,735,420
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	2,391,635	2,163,475	1,961,574	1,874,708
Less bonded debt at June 30	5,905	11,570	17,725	24,935
Legal debt margin	<u>\$ 2,385,730</u>	<u>\$ 2,151,905</u>	<u>\$ 1,943,849</u>	<u>\$ 1,849,773</u>

Total net debt applicable to the limit as a percentage of debt limit.

0.25 % 0.53 % 0.90 % 1.33 %

ORS 287A.105 provides a debt limit on full faith and credit bonds of 1 percent of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.053.

Real market value	\$ 119,581,740	\$ 108,173,728	\$ 98,078,710	\$ 93,735,420
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,195,817	1,081,737	980,787	937,354
Less bonded debt at June 30	150,690	160,255	172,025	186,395
Legal debt margin	<u>\$ 1,045,127</u>	<u>\$ 921,482</u>	<u>\$ 808,762</u>	<u>\$ 750,959</u>

Total net debt applicable to the limit as a percentage of debt limit.

12.60 % 14.81 % 17.54 % 19.89 %

ORS 238.694 provides a debt limit on revenue bonds to finance pension liabilities of 5 percent of the real market value of all taxable property within the County's boundaries.

Real market value	\$ 119,581,740	\$ 108,173,728	\$ 98,078,710	\$ 93,735,420
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	5,979,087	5,408,686	4,903,936	4,686,771
Less bonded debt at June 30	111,248	118,093	122,562	127,034
Legal debt margin	<u>\$ 5,867,839</u>	<u>\$ 5,290,593</u>	<u>\$ 4,781,374</u>	<u>\$ 4,559,737</u>

Total net debt applicable to the limit as a percentage of debt limit.

1.86 % 2.18 % 2.50 % 2.71 %

Source: Current and prior years' financial statements, Multnomah County Division of Assessment and Taxation

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
	1,907,089	2,031,187	2,100,214	2,147,639	2,006,055	1,741,402
	31,795	38,620	45,175	56,570	63,125	69,380
	<u>\$ 1,875,294</u>	<u>\$ 1,992,567</u>	<u>\$ 2,055,039</u>	<u>\$ 2,091,069</u>	<u>\$ 1,942,930</u>	<u>\$ 1,672,022</u>

1.67 % 1.90 % 2.15 % 2.63 % 3.15 % 3.98 %

	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
	953,544	1,015,594	1,050,107	1,073,820	1,003,028	870,701
	198,353	217,158	219,018	222,988	234,688	246,413
	<u>\$ 755,191</u>	<u>\$ 798,436</u>	<u>\$ 831,089</u>	<u>\$ 850,832</u>	<u>\$ 768,340</u>	<u>\$ 624,288</u>

20.80 % 21.38 % 20.86 % 20.77 % 23.40 % 28.30 %

	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
	4,767,722	5,077,968	5,250,536	5,369,098	5,015,138	4,353,504
	131,513	142,223	151,373	159,113	165,583	170,908
	<u>\$ 4,636,209</u>	<u>\$ 4,935,745</u>	<u>\$ 5,099,163</u>	<u>\$ 5,209,985</u>	<u>\$ 4,849,555</u>	<u>\$ 4,182,596</u>

2.76 % 2.80 % 2.88 % 2.96 % 3.30 % 3.93 %

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
For the Year Ended June 30, 2016
(dollar amounts expressed in thousands)
(unaudited)

<u>Overlapping District (1)</u>	<u>Gross (2) Property-tax Backed Debt</u>	<u>Net (3) Property-tax Backed Debt</u>	<u>Percent (4) Overlapping</u>	<u>Total Overlapping Debt</u>
Burlington Water District	\$ 1,425	\$ 1,425	100.00 %	\$ 1,425
City of Fairview	526	526	100.00	526
City of Gresham	79,707	34,908	100.00	34,908
City of Lake Oswego	181,370	13,550	5.64	764
City of Milwaukie	8,653	4,938	0.81	40
City of Portland	663,338	194,581	99.67	193,946
City of Troutdale	9,378	9,378	100.00	9,378
Clackamas County ESD	22,961	22,961	0.06	14
Clackamas County RFPD #1	34,345	16,700	0.22	37
Clackamas County SD 7J (Lake Oswego)	96,023	96,023	0.33	318
Columbia County SD 1J (Scappoose)	29,095	29,095	20.34	5,919
Corbett Water District	1,107	1,107	100.00	1,107
Lusted Water District	765	765	100.00	765
Metro	228,690	199,855	50.94	101,797
Mt Hood Community College	62,843	23,735	83.00	19,700
Multnomah County Drainage Dist No 1	1,345	65	100.00	65
Multnomah County RFPD 10	3,561	3,561	100.00	3,561
Multnomah County SD 10J (Gresham-Barlow)	75,331	75,331	80.67	60,768
Multnomah County SD 1 (Portland)	710,094	710,094	99.40	705,868
Multnomah County SD 28J (Centennial)	24,642	24,642	93.24	22,977
Multnomah County SD 3 (Parkrose)	58,703	58,703	100.00	58,703
Multnomah County SD 39 (Corbett)	1,987	1,987	100.00	1,987
Multnomah County SD 40 (David Douglas)	90,977	90,977	100.00	90,977
Multnomah County SD 51J (Riverdale)	18,374	18,374	94.80	17,419
Multnomah County SD 7 (Reynolds)	217,867	217,867	100.00	217,867
Multnomah ESD	29,870	-	-	-
Northwest Regional ESD	4,340	-	-	-
Pleasant Home Water District	1,650	1,650	93.94	1,550
Port of Portland	63,761	-	-	-
Portland Community College	426,855	335,095	49.31	165,239
Rockwood Water PUD	5,425	-	-	-
Tualatin Valley Fire & Rescue District	53,000	52,000	1.72	896
Valley View Water District	1,622	1,622	100.00	1,622
Washington County SD 1J (Hillsboro 7 Bd)	4,583	4,583	-	-
Washington County SD 1J (Hillsboro)	269,460	269,460	-	13
Washington County SD 48J (Beaverton)	808,154	808,154	0.40	3,193
Subtotal, overlapping debt	\$ 4,291,827	\$ 3,323,712		\$ 1,723,349
Multnomah County direct debt	\$ 294,272	\$ 160,510	100.00	160,510
Total direct and overlapping debt				\$ 1,883,859

- (1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2016.
(2) Gross Property-tax Backed Debt includes all General Obligation (GO) bonds and Full Faith & Credit bonds, including premiums, capital lease obligations, and loans payable.
(3) Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited Tax GO and less Self-supporting Full Faith & Credit debt.
(4) Percent overlapping equals the RMV of the overlapping area of the overlapping district divided by the RMV of the County.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)
(unaudited)

<u>June 30,</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Income (2)</u>	<u>PMSA* Unemployment Rate (3)</u>
2007	710,025	\$ 28,234,192	\$ 40,462	4.9 %
2008	717,880	29,687,197	41,638	5.6
2009	724,680	28,192,097	38,740	11.3
2010	736,785	29,424,258	39,899	10.0
2011	741,925	31,161,157	41,658	8.9
2012	748,445	32,715,802	43,089	7.9
2013	756,530	33,376,029	43,564	7.3
2014	765,775	36,588,018	47,106	6.1
2015	777,490	N/A	N/A	5.4
2016	777,490 (4)	N/A	N/A (5)	5.4

N/A: Data was not available for this calendar year.
* Portland Metropolitan Statistical Area
(1) Population Research Center, PSU
(2) US BEA, Dept of Commerce, Bureau of Economic Analysis
(3) OLMIS, Oregon Labor Market Information System
(4) Population data as of July 1, 2016 not available at this time
(5) Most recent information available is 2014

Source: US Department of Commerce-Bureau of Economic Analysis, US Department of Labor-Bureau of Labor Statistics

MULTNOMAH COUNTY, OREGON
Principal Employers
Current Year and Nine Years Ago
(unaudited)

<u>Employer</u>	<u>2015-16</u>		<u>Percentage of Total PMSA* Employment</u>
	<u>Employees</u>	<u>Rank</u>	
Intel Corporation	19,500	1	1.70 %
Providence Health System	17,378	2	1.52
Oregon Health and Science University	15,424	3	1.35
Fred Meyer Stores	11,200	4	0.98
Kaiser Permanente Northwest	10,269	5	0.90
Legacy Health System	9,300	6	0.81
Nike, Inc.	8,500	7	0.74
Portland Public Schools	7,678	8	0.67
Multnomah County	6,189	9	0.54
City of Portland	5,667	10	0.49
	<u>111,105</u>		<u>9.70 %</u>
Total PMSA* employment	<u>1,145,200</u> (1)		

(This page intentionally left blank.)

<u>Taxpayer</u>	<u>2006-07</u>		<u>Percentage of Total PMSA* Employment</u>
	<u>Employees</u>	<u>Rank</u>	
State of Oregon	21,000	1	1.84 %
U.S. Government	18,000	2	1.58
Intel Corporation	16,740	3	1.47
Precision Castparts	15,384	4	1.35
Providence Health System	14,639	5	1.28
Oregon Health and Science University	11,500	6	1.01
Fred Meyer Stores	8,500	7	0.75
Kaiser Foundation Health Plan	8,221	8	0.72
Legacy Health System	8,196	9	0.72
City of Portland	8,104	10	0.71
	<u>130,284</u>		<u>11.43 %</u>
Total PMSA* employment	<u>1,140,650</u>		

* Portland Metropolitan Statistical Area
(1) As of June 30, 2016

MULTNOMAH COUNTY, OREGON
Full Time Equivalent (FTE) County Employees
by Function/Program and Bargaining Unit
(dollar amounts expressed in thousands)
(unaudited)

	2016	2015	2014	2013
Function/Program				
Governmental activities:				
General government	679	654	653	618
Health services	1,411	1,039	973	969
Social services	682	846	760	672
Public safety and justice	1,531	1,532	1,443	1,424
Community services	78	73	69	69
Library	504	514	502	434
Roads and bridges	128	130	136	140
Total governmental activities	5,013	4,788	4,535	4,324
Business-type activities:				
Behavioral health	3	3	5	5
Total business-type activities	3	3	5	5
Total primary government budgeted FTE	5,016	4,791	4,540	4,329
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	778	740	694	678
Bargaining units:				
Multnomah County Employees Union - Local 88 and Physicians Unit - Local 88-4, AFSCME AFL-CIO	3,217	3,013	2,893	2,729
International Brotherhood of Electrical Workers (IBEW) - Local 48, AFL-CIO	19	19	19	17
International Union of Operating Engineers - Local 701, AFL-CIO	14	13	14	13
International Union of Painters and Allied Trades - District Council 5, Local 1094, AFL-CIO	1	1	1	1
Multnomah County Corrections Deputy Association (MCCDA)	433	429	413	415
Multnomah County Deputy Sheriff's Association (MCDSA)	110	89	92	90
Oregon Nurses Association (ONA)	229	196	188	192
Multnomah County Employees Union - Juvenile Custody Services Specialists Unit (JCSS) - Local 88, AFSCME AFL-CIO	62	70	58	51
Multnomah County Prosecuting Attorneys Association	77	78	74	69
Federation of Oregon Parole and Probation Officers (FOPPO)	129	128	114	111
Total bargaining units	4,291	4,036	3,866	3,688
Temporary County employees	1,119	1,215	1,213	132
Total actual County employees	6,188	5,991	5,773	4,498

Source: Multnomah County payroll records

	2012	2011	2010	2009	2008	2007
Governmental activities:						
General government	614	637	614	623	615	604
Health services	955	967	916	914	875	865
Social services	660	650	662	677	621	583
Public safety and justice	1,445	1,476	1,504	1,531	1,562	1,539
Community services	62	63	61	61	70	75
Library	461	480	477	468	441	423
Roads and bridges	144	146	138	143	149	150
Total governmental activities	4,339	4,418	4,371	4,416	4,331	4,237
Business-type activities:						
Behavioral health	8	6	6	7	8	7
Total business-type activities	8	6	6	7	8	7
Total primary government budgeted FTE	4,347	4,424	4,377	4,423	4,339	4,244
MULTNOMAH COUNTY EMPLOYEES						
Management and exempt	675	764	716	716	704	659
Bargaining units:						
Multnomah County Employees Union - Local 88 and Physicians Unit - Local 88-4, AFSCME AFL-CIO	2,750	2,771	2,740	2,724	2,664	2,602
International Brotherhood of Electrical Workers (IBEW) - Local 48, AFL-CIO	19	19	18	19	18	19
International Union of Operating Engineers - Local 701, AFL-CIO	12	13	13	13	10	11
International Union of Painters and Allied Trades - District Council 5, Local 1094, AFL-CIO	1	1	1	2	2	2
Multnomah County Corrections Deputy Association (MCCDA)	421	411	420	429	437	432
Multnomah County Deputy Sheriff's Association (MCDSA)	88	87	92	88	88	91
Oregon Nurses Association (ONA)	189	199	216	220	221	228
Multnomah County Employees Union - Juvenile Custody Services Specialists Unit (JCSS) - Local 88, AFSCME AFL-CIO	54	52	52	56	59	60
Multnomah County Prosecuting Attorneys Association	73	68	78	81	88	83
Federation of Oregon Parole and Probation Officers (FOPPO)	115	121	123	131	134	133
Total bargaining units	3,721	3,742	3,753	3,763	3,721	3,661
Temporary County employees	129	128	100	72	103	114
Total actual County employees	4,525	4,634	4,569	4,551	4,528	4,434

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

FUNCTION/PROGRAM	2016	2015	2014
Governmental Activities:			
General Government			
Number of property tax accounts - residential	243,358	243,036	242,721
Number of property tax accounts - personal	65,070	64,215	62,437
Number of property tax accounts - commercial	33,574	33,682	33,785
Number of marriage licenses issued	7,899	7,766	7,045
Health Services			
Total clinic visits	312,735	309,484	307,137
County residents who rate their health good or better	85%	83%	84%
Environmental health inspections	13,425	12,850	14,263
Women, infants, and children (WIC) served in the WIC program	25,706	28,400	29,072
Flu vaccinations at health clinics	18,052	25,127	26,154
Social Services			
Households that have received assistance with energy bills	21,169	17,340	16,286
Clients with developmental disabilities served	5,566	5,383	4,921
Senior and physically disabled clients served	N/A	60,753	62,877
Alcohol and drug treatment clients	2,450	2,266	3,638
Early childhood mental health clients	5,564	5,485	5,410
Families served in early childhood programs	1,291	1,218	801
Students enrolled in extended day school activities	31,589	24,270	21,108
Public Safety and Justice			
Sheriff			
Responses to calls for services (a)	59,063	54,350	48,975
Number of arrests (parts 1, 2 and 3 crimes)	3,136	N/A	2,712
Corrections			
Number of inmates booked	34,421	35,952	39,731
Average daily jail population	1,193	1,145	1,220
Average length of jail stay in days	13	12	12
Number of transports to courthouse	19,035	19,200	19,196
Juvenile			
Youth admitted to detention center	1,504	1,508	1,453
Average length of stay in days in youth detention center	11.6	13.4	10.3
Community service hours completed	3,780	4,446	3,107
Average number of youth on supervision/probation (b)	343	350	324

(continued)

N/A: Data was not available for this fiscal year.

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, current and prior year financial statements

(a) Beginning in 2012, substantial increase due to equipment upgrades allowing for greater number of serving civil documents

(b) Beginning in 2013, switched from probation to supervision per month

2013	2012	2011	2010	2009	2008	2007
242,566	242,228	242,210	241,771	240,212	234,567	225,597
62,085	61,876	62,125	63,075	63,086	63,279	64,126
33,895	34,042	34,063	34,161	34,226	34,210	34,152
6,608	6,306	6,201	6,276	6,257	6,383	6,542
314,940	339,794	362,546	384,762	358,692	330,105	312,661
85%	85%	85%	90%	89%	89%	87%
12,793	13,109	13,371	12,572	11,873	11,672	10,130
30,424	31,277	32,107	31,542	31,179	30,850	30,339
24,755	22,687	20,982	15,597	13,140	9,600	6,148
17,249	17,160	17,383	19,292	22,129	14,606	13,676
4,704	4,485	4,336	4,465	4,270	3,950	3,780
61,602	N/A	39,136	37,470	N/A	N/A	N/A
4,576	4,255	N/A	6,824	4,617	10,503	10,829
5,874	5,327	4,025	4,511	4,869	4,726	7,700
504	472	505	615	693	718	768
19,529	19,958	19,127	17,669	14,773	15,041	17,052
49,105	46,749	40,655	40,835	36,848	N/A	41,601
2,652	2,812	2,776	2,850	3,037	2,938	2,708
39,162	37,166	36,557	38,634	32,992	35,533	37,113
1,264	1,240	1,187	1,274	1,378	1,559	1,641
12	13	13	13	17	18	18
17,846	18,280	17,536	16,748	10,898	11,737	11,632
1,554	1,566	1,638	1,758	2,112	2,021	1,992
10.2	9.8	8.7	7.8	7.9	8.3	11.7
3,766	2,180	3,277	4,353	6,521	6,623	10,894
337	339	378	478	567	533	523

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years
(unaudited)

FUNCTION/PROGRAM	2016	2015	2014
Public Safety and Justice (continued)			
<u>Adult</u>			
Community service hours completed	59,580	73,787	N/A
Adults participating in educational classes	225	450	689
Clients receiving GED's	27	14	125
Average no. adults on probation & post-prison supervision/month	8,666	8,823	9,351
<u>District Attorney</u>			
Cases of adult criminal activity prosecuted	15,111	16,273	25,880
Juvenile delinquency cases prosecuted	808	666	491
Hours of Community Court community service completed	3,589	7,471	11,930
Community Services			
Number of registered voters	466,964	441,157	434,898
Number of votes cast in last general election (a)	302,584	302,584	367,992
Percent of registered voters who voted in last general election	69 %	69 %	85%
Animal control - total intake - dogs and cats	5,728	6,433	6,894
Library			
New library cards issued annually	59,026	66,884	60,715
Books circulated (total circulation) (b)	19,221,448	20,268,163	19,486,176
Borrowers who used their cards in last three years	436,476	444,231	432,685
Library satisfaction (c)	97.0 %	96.8 %	97.0 %
Web site visits/hits	4,810,497	N/A	N/A
Catalog visits	N/A	N/A	N/A
Website visits, including catalog	N/A	5,476,348	6,230,998
Business-type Activities:			
Dunthorpe-Riverdale Service District No. 1			
Sewage disposal - number of accounts	595	563	563
Mid County Service District No. 14			
Lighting - number of accounts	7,934	7,952	7,942

	2013	2012	2011	2010	2009	2008	2007
Public Safety and Justice (continued)							
<u>Adult</u>							
Community service hours completed	89,204	98,240	101,392	141,732	123,442	82,429	80,131
Adults participating in educational classes	689	801	710	705	639	588	481
Clients receiving GED's	93	85	78	79	60	38	62
Average no. adults on probation & post-prison supervision/month	8,300	8,284	8,278	7,896	8,793	9,261	9,619
<u>District Attorney</u>							
Cases of adult criminal activity prosecuted	26,932	26,137	24,241	25,932	27,149	27,377	21,415
Juvenile delinquency cases prosecuted	528	550	476	651	869	1,064	817
Hours of Community Court community service completed	10,380	14,295	13,869	17,552	17,004	16,742	15,477
Community Services							
Number of registered voters	437,729	451,659	408,126	407,541	426,567	380,298	380,298
Number of votes cast in last general election (a)	370,142	284,104	284,104	367,540	367,540	262,628	262,628
Percent of registered voters who voted in last general election	83 %	70 %	70 %	86 %	86 %	69 %	69%
Animal control - total intake - dogs and cats	6,740	7,563	8,606	8,320	8,096	8,886	9,879
Library							
New library cards issued annually	57,592	69,198	73,566	71,809	74,677	71,843	67,379
Books circulated (total circulation) (b)	21,984,923	24,794,942	23,939,091	22,715,292	21,513,255	20,394,496	19,900,816
Borrowers who used their cards in last three years	441,505	444,618	436,949	425,749	421,199	440,311	431,429
Library satisfaction (c)	96.9 %	98.4 %	91.5 %	90.1 %	90.4 %	91.3 %	92.4%
Web site visits/hits	N/A						
Catalog visits	N/A	N/A	N/A	6,710,594	5,709,967	5,366,879	5,313,210
Website visits, including catalog	6,629,449	6,888,701	7,158,805	N/A	N/A	N/A	N/A
Business-type Activities:							
Dunthorpe-Riverdale Service District No. 1							
Sewage disposal - number of accounts	595	593	592	591	590	583	582
Mid County Service District No. 14							
Lighting - number of accounts	7,944	7,986	7,993	7,985	7,987	7,885	7,800

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, current and prior year financial statements

(a) Community Service general elections are held in November on even years.

(b) Total circulation as of 2012.

(c) Library satisfaction is from a patron survey beginning in 2012. Satisfaction rating is percent of respondents that found library materials of interest starting in fiscal year 2004.

MULTNOMAH COUNTY, OREGON
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years
(unaudited)

FUNCTION/PROGRAM	2016	2015	2014	2013
Governmental Activities:				
General Government				
Buildings owned	101	77	79	80
Buildings leased	66	48	48	48
Automobiles	311	321	294	297
Vehicles (excluding automobiles)	303	267	276	281
Heavy equipment	80	90	96	103
Health Services				
Health & dental centers	8	7	8	8
School based health centers	13	13	12	12
Social Services				
Aging & disability offices	5	5	5	5
Public Safety and Justice				
<u>Sheriff</u>				
Vehicular patrol units	78	68	58	55
Number of employees (sworn and civilian)	781	781	759	762
River patrol offices	2	2	3	3
<u>Corrections</u>				
<u>Jails:</u>				
Facilities	2	2	2	2
Population	1,310	1,310	1,310	1,310
<u>Community Justice</u>				
Adult probation & parole offices	5	5	7	7
Adult housing program offices	-	-	1	4
Juvenile counseling offices	1	1	3	4
Library				
Regional	5	3	2	2
Neighborhood	13	13	11	11
Leased	6	6	6	6
Roads & Bridges				
<u>Miles of streets maintained by County</u>				
Paved	268	268	270	270
Unpaved	29	29	24	24
<u>Bridges</u>				
Major	6	6	6	6
Minor	20	21	19	19
Business-type Activities:				
Dunthorpe-Riverdale Service District No. 1				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15
Mid County Service District No. 14				
Street lighting - lights and poles	4,742	4,535	4,535	4,526

	2012	2011	2010	2009	2008	2007
Buildings owned	79	78	74	79	79	83
Buildings leased	55	54	51	52	53	59
Automobiles	308	310	316	325	328	301
Vehicles (excluding automobiles)	294	253	263	298	300	292
Heavy equipment	105	100	93	122	141	132
Health & dental centers	7	7	7	7	7	7
School based health centers	14	14	14	13	13	13
Aging & disability offices	5	5	5	7	7	7
Vehicular patrol units	63	65	66	50	45	47
Number of employees (sworn and civilian)	766	763	785	786	786	798
River patrol offices	3	3	3	3	3	3
Facilities	2	2	2	3	3	3
Population	1,310	1,310	1,367	1,539	1,633	1,690
Adult probation & parole offices	7	7	6	6	6	6
Adult housing program offices	4	4	4	4	4	4
Juvenile counseling offices	4	4	4	4	4	4
Regional	2	2	2	2	2	2
Neighborhood	11	11	11	11	11	11
Leased	6	6	6	4	4	4
Paved	270	270	270	271	271	273
Unpaved	24	24	24	24	24	24
Major	6	6	6	6	6	6
Minor	19	19	19	19	18	18
Pump stations	1	1	1	1	1	1
Miles of sewer (approximate)	15	15	15	15	15	15
Street lighting - lights and poles	4,507	4,507	4,499	4,525	4,484	4,439

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM AUDITING STANDARDS

Board of Commissioners
 Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County ("the County") as of and for the year ended June 30, 2016 and have issued our report thereon dated December 21, 2016. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-010-0000 to 162-010-0330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0050 to 162-010-0190	Financial Statements, Schedules, and Information Included in Financial Statements	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

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State:

- The County experienced a budgetary over-expenditure in the Capital Debt Retirement Fund which is disclosed in the notes to the financial statements.

AUDIT COMMENTS AND DISCLOSURES

- Report of Independent Auditors on compliance and on internal control over financial reporting based on an audit of the Basic Financial Statements performed in accordance with *Oregon Minimum Auditing Standards*

AUDIT COMMENTS AND DISCLOSURES

MOSS ADAMS LLP

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS (continued)

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



James C. Lanzarotta, Partner
On behalf of Moss Adams LLP
Certified Public Accountants
Eugene, Oregon
December 21, 2016

FEDERAL GRANT PROGRAMS

- Report of independent auditors on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*
- Report of independent auditors on compliance with requirements that could have a direct and material effect on each major program and on internal control over compliance in accordance with *2 CFR Part 200 Subpart F*
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs

MOSS ADAMS LLP
 Certified Public Accountants | Business Consultants

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of County Commissioners
 Multnomah County, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended *June 30, 2016*, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2016. Our report includes a reference to other auditors who audited the financial statements of The Library Foundation, as described in our report on the County's financial statements. The financial statements of the Library Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with The Library Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

MOSS ADAMS LLP

**REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
 STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
 (continued)**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
 December 21, 2016

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

The Board of County Commissioners
Multnomah County, Oregon

Report on Compliance for Each Major Federal Program

We have audited Multnomah County, Oregon's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE (continued)**

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
December 21, 2016

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF AGRICULTURE					
10.553	School Breakfast Program	Oregon State, Dept. of Education	2613007	50,604	-
10.555	National School Lunch Program	Oregon State, Dept. of Education	2613007	94,406	-
		<i>Total Child Nutrition Cluster</i>		<u>145,010</u>	-
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Oregon State, Health Division	142024	3,061,374	-
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Oregon State, Dept. of Human Services	146696	53,246	-
10.665	Schools and Roads - Grants to States	U.S. Forest Service		203,797	47,072
		TOTAL DEPARTMENT OF AGRICULTURE		<u>3,463,427</u>	<u>47,072</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
14.218	Community Development Block Grants/ Entitlement Grants	City of Portland, OR	B-12-UC-41-003	231,700	231,700
14.218	Community Development Block Grants/ Entitlement Grants	U.S. Dept. of Housing & Urban Dev.		252,259	194,947
		<i>Total Community Development Block Grants/Entitlement Grants</i>		<u>483,959</u>	<u>426,647</u>
14.231	Emergency Solutions Grant Program	Oregon State, Dept. of Housing & Community Svc.	E-13-DC-41-0001	113,771	110,777
14.239	Home Investment Partnerships Program	Home Forward	ra13dd	2,815	-
14.267	Continuum of Care Program	U.S. Dept. of Housing & Urban Dev.		2,168,462	2,042,419
14.881	Moving to Work Demonstration Program	Home Forward	7multn02	57,954	-
		TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>2,826,961</u>	<u>2,579,843</u>
DEPARTMENT OF THE INTERIOR					
15.227	Distribution of Receipts to State and Local Governments	U.S. Dept. of the Interior		191,443	-
		TOTAL DEPARTMENT OF THE INTERIOR		<u>191,443</u>	<u>-</u>
DEPARTMENT OF JUSTICE					
16.021	Justice Systems Response to Families Promoting Evidence Integration in Sex Offender Management	U.S. Dept. of Justice		233,137	-
16.203	Discretionary Grant Program Education, Training, and Enhanced Services to End Violence	U.S. Dept. of Justice		45,115	-
16.529	Against and Abuse of Women with Disabilities	U.S. Dept. of Justice		64,130	25,418

* Indicates a Major Program
A Indicates inclusion of ARRA funding

202

The notes to the SEFA are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF JUSTICE (continued)					
16.543	Missing Children's Assistance	U.S. Dept. of Justice		622,210	209,497
16.544	Youth Gang Prevention	U.S. Dept. of Justice		113,862	-
16.575	Crime Victim Assistance	Oregon State, Dept. of Justice	MCDAVAP48	459,806	-
16.585	Drug Court Discretionary Grant Program	U.S. Dept. of Justice		101,759	74,339
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	U.S. Dept. of Justice		169,318	90,806
16.606	State Criminal Alien Assistance Program	U.S. Dept. of Justice		181,918	-
16.736	Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	U.S. Dept. of Justice		94,208	78,471
16.738	Edward Byrne Memorial Justice Assistance Grant Program	City of Portland, OR, Bureau of Police	15-DJ-BX-0532	123,479	-
16.812	Second Chance Act Reentry Initiative	U.S. Dept. of Justice		128,440	25,237
16.817	Byrne Criminal Justice Innovation Program	U.S. Dept. of Justice		18,356	17,202
16.833	National Sexual Assault Kit Initiative	City of Portland, OR, Bureau of Police	30005057	55,627	-
16.922	Equitable Sharing Program	U.S. Dept. of Justice, U.S. Marshal Office		84,799	-
16.922	Equitable Sharing Program	U.S. Postal Inspection Service		5,997	-
		<i>Total Equitable Sharing Program</i>		<u>90,796</u>	-
		TOTAL DEPARTMENT OF JUSTICE		<u>2,502,161</u>	<u>520,970</u>
DEPARTMENT OF TRANSPORTATION					
20.205	Highway Planning and Construction	Oregon State, Dept. of Transportation	22858-03	1,523,489	-
20.600	State and Community Highway Safety	Oregon State, Dept. of Transportation	22858-03	9,167	-
		TOTAL DEPARTMENT OF TRANSPORTATION		<u>1,532,656</u>	<u>-</u>
DEPARTMENT OF THE TREASURY					
21.000	Treasury Forfeiture Fund Program	U.S. Dept. of Justice		8,395	-
		TOTAL DEPARTMENT OF THE TREASURY		<u>8,395</u>	<u>-</u>
INSTITUTE OF MUSEUM AND LIBRARY SERVICES					
45.310	Grants to States	Oregon State, Library Division	ANSWERLAND 16	30,309	30,309
45.312	National Leadership Grants	Portland State University	204CAS472	19,623	18,623
		TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES		<u>49,932</u>	<u>48,932</u>

* Indicates a Major Program
A Indicates inclusion of ARRA funding

203

The notes to the SEFA are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
ENVIRONMENTAL PROTECTION AGENCY					
66.432	State Public Water System Supervision	Oregon State, Health Div.	142024	8,177	-
66.468	Capitalization Grants for Drinking Water State Revolving Funds	Oregon State, Health Div.	142024	5,453	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY				13,630	-
DEPARTMENT OF ENERGY					
81.042	Weatherization Assistance for Low-Income Persons	Oregon State, Housing & Community Svc	DE-EE0006179	369,320	-
TOTAL DEPARTMENT OF ENERGY				369,320	-
DEPARTMENT OF EDUCATION					
84.002	Adult Education - Basic Grants to States	Portland Community College	045-09 #7	23,080	-
84.184	Safe and Drug-Free Schools and Communities-National Programs	Reynolds Schools, Dist. No. 7	2015021	12,842	-
84.287	Twenty-First Century Community Learning Centers	Centennial Schools, Dist. 28J	201643	515	515
84.287	Twenty-First Century Community Learning Centers	Gresham-Barlow Schools, Dist. 10J	1213049	124,137	124,137
<i>Total Twenty-First Century Learning Centers</i>				<i>124,652</i>	<i>124,652</i>
TOTAL DEPARTMENT OF EDUCATION				160,574	124,652
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
93.008	Medical Reserve Corps Small Grant Program	National Assoc. of City and County Health Officials	MRC090141	3,593	-
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation	Oregon State, Senior & Disabled Services	143130	6,676	-
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services	Oregon State, Senior & Disabled Services	143130	38,902	31,667
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects	Oregon State, Senior & Disabled Services	143130	3,430	-
93.051	Alzheimer's Disease Demonstration Grants to States	Oregon State, Dept. of Consumer Affairs	138576	7,430	-
93.052	National Family Caregiver Support, Title III, Part E	Oregon State, Senior & Disabled Services	146747	106,331	-
93.052	Special Programs for the Aging-Title III, Part E	Oregon State, Senior & Disabled Services	143130	244,253	61,849
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers	Oregon State, Senior & Disabled Services	143130	747,114	176,834
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services	Oregon State, Senior & Disabled Services	143130	1,067,286	957,500

* Indicates a Major Program
A Indicates inclusion of ARRA funding

204

The notes to the SEFA are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
93.053	Nutrition Services Incentive Program	Oregon State, Senior & Disabled Services	143130	425,641	425,641
<i>Total Aging Cluster</i>				<i>2,240,041</i>	<i>1,559,975</i>
93.069	Public Health Emergency Preparedness	Oregon State, Health Div.	142024	236,859	-
93.069	Public Health Emergency Preparedness	Washington State, Dept. of Health	MC #2014103	35,759	-
<i>Total Public Health Emergency Preparedness</i>				<i>272,618</i>	<i>-</i>
93.071	Medicare Enrollment Assistance Program	Oregon State, Dept. of Consumer Affairs	147530	204,736	-
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Oregon State, Health Div.	148024	77,609	-
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants	Northwest Family Svcs.	2014113	79,086	-
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program	Oregon State, Health Div.	142024	87,206	-
93.103	Food and Drug Administration Research	U.S. Dept. of Health & Human Svcs.		40,871	-
93.103	Food and Drug Administration Research	Assoc. of Food & Drug Officials	G-SP-1410-02100	218	-
<i>Total Food and Drug Administration Research</i>				<i>41,089</i>	<i>-</i>
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	Oregon State, Health Div.	142024	45,431	-
93.136	Injury Prevention and Control Research and State and Community Based Programs	U.S. Dept. of Health & Human Svcs.		207,989	-
93.136	Injury Prevention and Control Research and State and Community Based Programs	Oregon State, Health Div.	142024	65,286	-
<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>				<i>273,275</i>	<i>-</i>
93.145	AIDS Education and Training Centers	University of Washington	762369	73,938	-
93.150	Projects for Assistance in Transition from Homelessness (PATH)	Oregon State, Dept. of Human Svcs.	141423	219,713	219,713
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth	U.S. Dept. of Health & Human Svcs.		373,180	51,542
93.161	Health Program for Toxic Substances and Disease Registry	Oregon State, Health Div.	142024	4,688	-
93.197	Childhood Lead Poisoning Prevention Program CLPPP	Oregon State, Health Div.	148024	30,000	-
93.217	Family Planning Services	Oregon State, Health Div.	142024	340,111	-

* Indicates a Major Program
A Indicates inclusion of ARRA funding

205

The notes to the SEFA are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
	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		U.S. Dept. of Health & Human Svcs.		9,543,514	135,927
93.235	Affordable Care Act (ACA) Abstinence Education Program	Oregon State, Div. of Children & Families	143851	20,701	
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	U.S. Dept. of Health & Human Svcs.		750,045	233,759
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Oregon State, Dept. of Human Svcs.	141423	52,066	-
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance	Lifeworks NW	2014114	1,516	-
	<i>Total S.A.M.H.S. Projects of Regional and National Significance</i>			<u>803,627</u>	<u>233,759</u>
	Drug-Free Communities Support Program				
93.276	Grants	U.S. Dept. of Health & Human Svcs.		117,425	-
93.279	Drug Abuse and Addiction Research Programs	U.S. Dept. of Health & Human Svcs.		298,536	4,000
93.283	The Affordable Care Act: Centers for Disease Control and Prevention Investigations and Technical Assistance	Oregon State, Health Div.	142024	182,325	-
93.297	Teenage Pregnancy Prevention Program	U.S. Dept. of Health & Human Svcs.		1,006,149	548,920
93.297	Teenage Pregnancy Prevention Program	Texas A&M Health and Science Center	1TP2AH000024	7,035	-
	<i>Total Teenage Pregnancy Prevention Program</i>			<u>1,013,184</u>	<u>548,920</u>
	Demonstration Grants for Domestic Victims of Human Trafficking				
93.327		U.S. Dept. of Health & Human Svcs.		122,365	95,041
93.336	Behavioral Risk Factor Surveillance System	Oregon State, Health Div.	148024	16,075	-
93.359	Nurse Education, Practice Quality and Retention Grants	U.S. Dept. of Health & Human Svcs.		510,314	-
	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program				
93.507	PPHF National Public Health Improvement Initiative	Oregon State, Health Div.	201371-2	104,317	81,248
93.517	Affordable Care Act Aging and Disability Resource Center	Oregon State, Health Div.	135574	123	-
	The Affordable Care Act (ACA): Capacity Building Assistance to Strengthen Public Health Infrastructure and Performance				
93.524	Affordable Care Act (ACA) Grants for Capital Development in Health Centers	National Assoc. of City and County Health Officials	1213101	27,702	-
93.526	Promoting Safe and Stable Families	U.S. Dept. of Health & Human Svcs.		270,669	-
93.556		United Way of the Columbia	141064	202,278	202,038

* Indicates a Major Program

A Indicates inclusion of ARRA funding

206

The notes to the SEFA are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
93.558	Temporary Assistance for Needy Families	Oregon State, Housing & Community Svcs.	G-15B1ORLIEA	171,039	171,039
93.563	* Child Support Enforcement	Oregon State, Dept. of Justice	15435	2,148,586	-
93.568	* Low-Income Home Energy Assistance	Oregon State, Housing & Community Svcs.	G-15B1ORLIEA	5,990,220	440,759
93.569	Community Services Block Grant	Oregon State, Housing & Community Svcs.	MGA# 3055	793,832	658,506
93.576	Refugee and Entrant Assistance-Discretionary Grants	U.S. Dept. of Health & Human Svcs.		113,847	13,574
93.597	Grants to States for Access and Visitation Programs	Oregon State, Dept. of Justice	201500	79,873	-
	Child Support Enforcement Demonstrations and Special Projects				
93.601		Oregon State, Dept. of Justice	121030	166	-
93.610	Health Care Innovation Awards (HCIA)	Providence Hospital, Portland OR	1213093-4	13,290	-
93.624	ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	Oregon State, Health Div.	142024	242,872	10,833
93.658	Foster Care Title IV-E	Oregon State, Dept. of Human Svcs.	143574/ 147297	376,000	277,112
93.658	Foster Care Title IV-E	Oregon State, Dept. of Justice	148551	273,421	-
	<i>Total Foster Care Title IV-E</i>			<u>649,421</u>	<u>277,112</u>
93.667	Social Services Block Grant	Oregon State, Dept. of Education	MUL0911	521,134	485,905
	PPHF: Racial and Ethnic Approaches to Community Health				
93.738	Program financed solely by Public Prevention and Health Funds	U.S. Dept. of Health & Human Svcs.		1,087,473	408,280
	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations				
93.779		Oregon State, Dept. of Human Svcs.	SHIBA1314	12,000	-
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Oregon State, Dept. of Consumer Svcs.	SHIBA1516	5,337	-
	<i>Total Centers for CMS Research, Demonstrations, and Evaluations Program</i>			<u>17,337</u>	<u>-</u>
93.837	Cardiovascular Diseases Research	Kaiser Research Foundation Institute	R18HL095481-05	2,118	-
93.889	National Bioterrorism Hospital Preparedness Program	Oregon State, Health Div.	1213162	153,868	-
93.914	HIV Emergency Relief Project Grants	U.S. Dept. of Health & Human Svcs.		3,919,194	2,239,348
	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease				
93.918		U.S. Dept. of Health & Human Svcs.		758,050	-
	Ryan White HIV/AIDS Dental Reimbursement and Community Based Dental Partnership Grants				
93.924		Oregon Health Sciences University, Sponsored Prof. Admin.	H65HA00006	12,102	-
93.926	Healthy Start Initiative	U.S. Dept. of Health & Human Svcs.		852,937	-
93.928	Special Projects of National Significance	U.S. Dept. of Health & Human Svcs.		311,893	195,560
93.928	Special Projects of National Significance	AIDS United	2016153	1,934	-
	<i>Total Special Projects of National Significance Program</i>			<u>313,827</u>	<u>195,560</u>

* Indicates a Major Program

A Indicates inclusion of ARRA funding

207

The notes to the SEFA are an integral part of this statement.

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2016

CFDA	*/A Program Title	Grantor	Pass-Through Entity Number	Federal Expenditures	Expenditures to Subrecipients
DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)					
93.940	HIV Prevention Activities- Health Dept. Based Human Immunodeficiency Virus (HIV)/Acquired	Oregon State, Health Div.	142024	533,228	223,373
93.944	Immunodeficiency Virus Syndrome (AIDS) Surveillance	Oregon State, Health Div.	142024	429,071	-
93.958	Block Grants for Community Mental Health Services	Oregon State, Dept. of Health & Human Svcs	141423	1,395,215	1,395,215
93.959	* Block Grants for Prevention and Treatment of Substance Abuse Preventive Health Services Sexually Transmitted Diseases	Oregon State, Dept. of Human Svcs.	141423	3,079,942	3,079,942
93.977	Control Grants	U.S. Dept. of Health & Human Svcs.		109,084	-
93.994	Maternal and Child Health Services Block Grant to the States	Oregon State, Health Div.	142024	296,984	-
93.994	Maternal and Child Health Services Block Grant to the States	Oregon Health Sciences University	4 B04MC06604	128,000	-
	<i>Total Maternal and Child Health Services Block Grant to the States</i>			<u>424,984</u>	<u>-</u>
	TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>41,964,520</u>	<u>12,825,125</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE					
94.011	Foster Grandparent Program	Corp. for National & Community Svc.		229,871	-
	TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>229,871</u>	<u>-</u>
EXECUTIVE OFFICE OF THE PRESIDENT					
95.001	High Intensity Drug Trafficking Areas Program	Oregon High Intensity Drug Trafficking Areas Prog.	G15OR0002A	94,583	-
	TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			<u>94,583</u>	<u>-</u>
DEPARTMENT OF HOMELAND SECURITY					
97.012	Boating Safety Financial Assistance	Oregon State, Marine Board	201484	305,944	-
97.036	Disaster Grants - Public Assistance	Oregon State, Office of Emergency Mgmt	201489	181,670	-
97.039	Hazard Mitigation Grant	Oregon State, Office of Emergency Mgmt	DR-4258-OR	4,973	-
97.042	Emergency Management Performance Grants	Oregon State, Office of Emergency Mgmt	14-526	350,130	-
DEPARTMENT OF HOMELAND SECURITY (continued)					
97.067	Homeland Security Grant Program	Portland Bureau of Emergency Mgmt	UA14-0005	238,981	-
97.073	State Homeland Security Program (SHSP)	Oregon State, Office of Emergency Mgmt	14-241	77,799	-
	TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>1,159,497</u>	<u>-</u>
	TOTAL FEDERAL FUNDING			<u><u>54,566,970</u></u>	<u><u>16,146,594</u></u>

* Indicates a Major Program
A Indicates inclusion of ARRA funding

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2016

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2016. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of the Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal awards (Uniform Guidance). The County's reporting entity is defined in Note 1 to the County's June 30, 2016 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. Expenditures reported on this schedule are recognized following the cost principles in the Uniform Guidance, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The County has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

The Highway Planning and Construction grant, CFDA 20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed pass through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration.

Note C – Relationship to Basic Financial Statements

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

Note D – Non-cash Awards

The accompanying Schedule of Expenditures of Federal Awards includes two non-cash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$3,867. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$94,406.

An additional award from the Department of Health and Human Services is in the form of immunization vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the non-cash portion of the Childhood Immunization Grant award was determined by the granting agency and was determined as non-federal funds. The amount expended and advanced at June 30, 2016 is calculated on a proportionate basis; \$3,222,932. This amount is disclosed only and is not included in the Schedule of Expenditures of Federal Awards.

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of Major Federal Programs and Type of Auditor's Report Issued on Compliance for Major Federal Programs

CFDA Numbers	Name of Federal Program or Cluster	Type of Auditor's Report Issued on Compliance for Major Federal Program
93.563	Child Support Enforcement	<i>Unmodified</i>
93.568	Low Income Home Energy Assistance	<i>Unmodified</i>
93.959	Block Grants for Prevention and Treatment of Substance Abuse	<i>Unmodified</i>

Dollar threshold used to distinguish between type A and type B programs: \$ 1,637,009

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported

Appendix C

Book Entry Only System

(This page left blank intentionally)

**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

(This page left blank intentionally)

FORM OF CONTINUING DISCLOSURE CERTIFICATE

\$164,110,000

**Multnomah County, Oregon
Full Faith and Credit Obligations
Series 2017**

This Continuing Disclosure Certificate (the “Certificate”) is executed and delivered by Multnomah County, Oregon (the “Issuer”) in connection with the issuance of the Issuer’s Full Faith and Credit Obligations, Series 2017 (the “Securities”).

Section 1. Purpose of Certificate. This Certificate constitutes the Issuer’s written undertaking for the benefit of the holders of the Securities and to assist the underwriter of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the “Rule”).

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

“Beneficial Owner” means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

“Commission” means the United States Securities and Exchange Commission.

“MSRB” means the United States Municipal Securities Rulemaking Board or any successor to its functions.

“Official Statement” means the final official statement for the Securities dated November 30, 2017.

“Rule” means the Commission’s Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer agrees to provide or cause to be provided to the MSRB, the Issuer’s latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement under the heading “Appendix B – Financial Statements.”

To the extent not included in its annual financial statements and for the same period as such annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing:

1. the total real market value and total assessed value of taxable property within the Issuer’s boundaries (as indicated in the records of the county assessors), or

other statement of property valuation that reflects then current Oregon statutes pertaining to property valuation;

2. the amount or rate of property taxes levied by the Issuer for the fiscal year for both operations and debt service, and the amount of property taxes the Issuer received during the fiscal year;

3. the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year; and

4. the major taxpayers for Multnomah County as presented in the Official Statement.

Any or all of the items listed above may be set forth in one or a set of documents or may be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been made available to the public on the MSRB's website. The Issuer reserves the right to modify from time to time the format of the presentation of information provided pursuant to this section to the extent necessary or appropriate in the judgment of the Issuer, provided that, in the Issuer's discretion, such modification shall be consistent with the Rule and the purposes of this Certificate. The Issuer shall clearly identify each such other document so included by reference.

Section 4. Timing. The information described in the preceding paragraph shall be provided on or before nine months after the end of the Issuer's fiscal year, commencing with information for the fiscal year ended June 30, 2017. The annual financial statements described in the preceding paragraph will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. If audited financial statements are not then provided, the Issuer shall provide them to the MSRB when they are available. The Issuer's current fiscal year ends June 30. The Issuer may adjust this fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing this annual financial information separately, the Issuer may cross-reference to other documents provided to the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 on or prior to the date set forth in the preceding paragraph.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Security;
7. Modifications to the rights of Security holders, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution or sale of property securing repayment of the Securities, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);
13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 6. Termination. The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been

repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 7. Amendment. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, provided that the following conditions are satisfied:

A. If the amendment relates to the provisions of Sections 3 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Securities, or the type of business conducted; and,

B. If this Certificate, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment either (i) is approved by the owners of the Securities pursuant to the terms of the Resolution as it is in effect at the time of the amendment or (ii) does not materially impair the interests of the owners or Beneficial Owners of the Securities as determined by a party unaffiliated with the Issuer.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. Securities Owner's Remedies Under This Certificate. The right of any holder of Securities or Beneficial Owner of Securities to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder, and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the obligations hereunder.

Section 9. Form of Information. All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be

provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 12. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the 14th day of December, 2017.

Multnomah County, Oregon

Authorized Representative

(This page left blank intentionally)

Appendix E

Form of Financing Agreement and Form of Escrow Agreement

(This page left blank intentionally)

TAX EXEMPT FINANCING AGREEMENT

between

U.S. BANK, NATIONAL ASSOCIATION

“Escrow Agent”

and

MULTNOMAH COUNTY, OREGON

“County”

Relating to:

MULTNOMAH COUNTY, OREGON

\$164,110,000

**FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2017**

DATED: DECEMBER 14, 2017

HAWKINS DELAFIELD & WOOD LLP

TABLE OF CONTENTS

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION..... 1

 Section 1.1 Recitals..... 1

 Section 1.2 Definitions. 1

 Section 1.3 Rules of Construction. 2

ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF COUNTY AND ESCROW AGENT 2

 Section 2.1 Representations, Warranties and Covenants of County..... 2

 Section 2.2 Representations, Warranties and Covenants of Escrow Agent..... 3

 Section 2.3 Tax Covenants. 3

ARTICLE III. THE FINANCING AND THE PAYMENTS 3

 Section 3.1 The Financing. 3

 Section 3.2 The Financing Payments and Additional Charges..... 4

 Section 3.3 Prepayment. 5

 Section 3.4 Nature of County’s Obligations..... 5

 Section 3.5 Estoppel. 5

ARTICLE IV. ASSIGNMENT..... 6

 Section 4.1 By the Escrow Agent..... 6

 Section 4.2 By the County..... 6

ARTICLE V. TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS 6

 Section 5.1 Title..... 6

 Section 5.2 Future Encumbrances and Parity Obligations..... 6

 Section 5.3 Maintenance; Modification; Taxes; Insurance and Other Matters..... 6

 Section 5.4 Substitution. 6

ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES 7

 Section 6.1 Event of Default Defined..... 7

 Section 6.2 Remedies on Default..... 7

 Section 6.3 Force Majeure..... 7

ARTICLE VII. MISCELLANEOUS..... 8

 Section 7.1 Notices..... 8

 Section 7.2 Binding Effect..... 8

 Section 7.3 Severability..... 8

 Section 7.4 Amendments..... 8

 Section 7.5 Applicable Law..... 8

 Section 7.6 Headings..... 8

 Section 7.7 Execution in Counterparts..... 9

EXHIBIT A – Financing Payment Schedule

EXHIBIT B – Prepayment Provisions

TAX EXEMPT FINANCING AGREEMENT

THIS TAX-EXEMPT FINANCING AGREEMENT is dated as of December 14, 2017, and is entered into by and between **U.S. BANK NATIONAL ASSOCIATION**, having corporate trust offices in Portland, Oregon, and being qualified to accept and administer the escrow hereby created, as escrow agent, paying agent and registrar (the “Escrow Agent”), and the **MULTNOMAH COUNTY, OREGON** (the “County”). The parties hereby agree as follows:

ARTICLE I. RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

The County recites:

(a) The County is authorized to finance real and personal property by means of a financing agreement pursuant to ORS 271.390 and ORS 287A, and executes this Financing Agreement to finance the Projects pursuant to these statutes.

(b) The County and the Escrow Agent recite:

(i) The Escrow Agent desires to finance the Financing Amount to the County to finance the Projects, but only from the proceeds of the Obligations.

(ii) The County desires to borrow the Financing Amount from the Escrow Agent to finance the Projects, subject to the terms and conditions of and for the purposes set forth herein.

Section 1.2 Definitions.

All capitalized terms not defined in this Financing Agreement shall have the meanings defined for those terms in the Escrow Agreement. Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

“Additional Charges” means the amounts specified as such pursuant to Section 3.2(d) of this Financing Agreement.

“Agreements” means this Financing Agreement and the Escrow Agreement as defined herein.

“Escrow Agreement” means the Escrow Agreement relating to the County’s Full Faith and Credit Obligations, Series 2017, which is dated December 14, 2017, between the County and the Escrow Agent, as it may be amended or supplemented.

“Financing Agreement” means this Tax-Exempt Financing Agreement, including the exhibits, and any amendments to this Financing Agreement and its exhibits.

“Financing Amount” means the sum of the principal components of the Financing Payments, as shown in Exhibit A, attached hereto.

“Financing Payments” means the installment payments of principal and interest which the County is required to make under this Financing Agreement to repay the Financing Amount. “Financing Payments” includes both the scheduled payments as shown in Exhibit A, attached hereto, of this Financing Agreement and any permitted prepayments of those scheduled payments as shown in Exhibit B, attached hereto, of this Financing Agreement.

“Obligations” means the County’s Full Faith and Credit Obligations, Series 2017.

“Payment Account” means the Full Faith and Credit Obligations, Series 2017 Payment Account established pursuant to Section 3.1 of the Escrow Agreement.

“Payment Date” means each June 1 and December 1, as provided in Exhibit A, attached hereto, or the date on which any Financing Payment will be prepaid in accordance with the Escrow Agreement and this Financing Agreement.

“Projects” means the “Projects” as defined in the Resolution.

“Resolution” means Resolution No. 2017-080 adopted by the Board of County Commissioners on September 28, 2017, as it may be amended.

Section 1.3 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

ARTICLE II. REPRESENTATIONS, WARRANTIES AND COVENANTS OF COUNTY AND ESCROW AGENT

Section 2.1 Representations, Warranties and Covenants of County.

The County represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

- (a) The County is Multnomah County, Oregon, a political subdivision of the state of Oregon.
- (b) The County is authorized under ORS 271.390, ORS 287A and the Resolution to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.
- (c) The County represents, covenants and warrants that all required action has been taken to ensure the enforceability of this Financing Agreement (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors’ rights or contractual obligations generally).
- (d) The County has complied and will comply with all public bidding or other procurement requirements which apply to this Financing Agreement and the acquisition and construction of the Projects financed with this Financing Agreement.
- (e) The estimated weighted average life of this Financing Agreement does not exceed the estimated dollar weighted average life of the Projects financed with this Financing Agreement.

(f) All Financing Payments and deposits required by Section 3.2(b) herein and the Additional Charges required by Section 3.2(c)(ii) and Section 3.2(c)(iii) herein shall be paid to the Escrow Agent at the address stated in the invoice.

Section 2.2 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the County as follows:

(a) The Escrow Agent is a national banking association, duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the state of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

(b) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Escrow Agent or any agreement to which the Escrow Agent is a party.

(c) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.3 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment due under this Financing Agreement, the County covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the County agrees to comply with any covenants of the County related to the tax-exempt status of the interest components of Financing Payments which is contained in any of the certificates or other documents executed by the County in connection with delivery of the Financing Agreement and the Obligations. The County also agrees to not take any action or omit to take any action necessary to maintain the tax-exempt status of the interest components of the Financing Payments. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain such exclusion. The covenants in this section shall survive the payment of the Obligations and the interest thereon, including any payment or defeasance thereof pursuant to the Escrow Agreement.

ARTICLE III. THE FINANCING AND THE PAYMENTS

Section 3.1 The Financing.

The Escrow Agent agrees to finance for the County an amount equal to the Financing Amount, but solely from the proceeds of sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. This financing to the County will be deemed to have been made when the deposits and transfers to the County have been made at the Closing Date and as specified in Section 3.3 of the Escrow Agreement. The County agrees to borrow the Financing Amount from the Escrow Agent and to repay that principal amount in installments, with interest, by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date all Financing Payments and Additional Charges that the County is required to pay under this Financing Agreement have been paid or defeased in

accordance with the provisions set forth in the Escrow Agreement. The Escrow Agent is not selling, arranging for sale or establishing the terms of the Obligations.

Section 3.2 The Financing Payments and Additional Charges.

(a) The County agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the financing made under this Financing Agreement, the Financing Payments and the Additional Charges.

(b) The County shall pay the Financing Payments to the Escrow Agent three (3) Business Days preceding the scheduled payment dates shown in Exhibit A, attached hereto, as those amounts may be reduced by any prepayment of the Financing Payments.

(i) To secure the performance of its obligation to pay Financing Payments, the County shall deposit an amount equal to each scheduled Financing Payment with the Escrow Agent three (3) Business Days preceding the scheduled Payment Date. Each deposit made under this Section 3.2(b) shall be applied toward Financing Payments due from the County as provided in the Escrow Agreement. If such deposit is not made in full on the date it is due, the Escrow Agent shall notify the County and the County shall transfer to the Escrow Agent an amount equal to the deficiency as provided in the Escrow Agreement.

(ii) In making deposits under this Section 3.2(b), the County shall be credited on each deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payment for which such deposit is being made and the County shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

(c) In addition to the Financing Payments, the County covenants to pay the following Additional Charges, as and when the same become due and payable:

(i) all applicable rebate payments due in connection with this Financing Agreement and the Obligations which are required to be paid under Section 148(f) of the Code;

(ii) to the extent permitted by law, all costs and expenses which the Escrow Agent may incur because of any default by the County under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement; and

(iii) the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement, and the reasonable fees, costs and expenses of any successor Escrow Agent.

(d) Additional Charges shall be paid by County when due, unless such payment may be delayed without penalty or interest, or within thirty (30) days after notice in writing from the Escrow Agent to the County stating the amount of Additional Charges then due and payable and the purpose thereof. Additional Charges described in Section 3.2(c)(i) shall be paid to the United States. Additional Charges described in Section 3.2(c)(ii) and Section 3.2(c)(iii) herein shall be paid to the Escrow Agent.

Section 3.3 Prepayment.

(a) The Financing Payments may be subject to prepayment solely as provided in Exhibit B, attached hereto. The County may prepay the deposits as required by Section 3.2(c)(i) herein at any time and may defease the Obligations pursuant to the provisions set forth in the Escrow Agreement.

(b) The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 5 business days before the notice of prepayment is required to be made. The notice shall state the date of the prepayment and the amount of the principal component to be prepaid. The Escrow Agent will select the Obligations to be prepaid thereby pursuant to Section 2.8 of the Escrow Agreement. If the prepayment date is other than a Payment Date, the accrued portion of the interest component of Financing Payments due on the prepayment date shall be equal to the interest owed on the prepayment date with respect to the Obligations selected by the Escrow Agent for prepayment.

(c) If the principal component of a Financing Payment is prepaid, the schedule of Financing Payments in the attached Exhibit A shall be revised to reflect the prepayment.

Section 3.4 Nature of County's Obligations.

(a) The County shall pay the Financing Payments from the general non-restricted revenues of the County and other funds, which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the state of Oregon. The obligation of the County to make the Financing Payments is a full faith and credit obligation of the County, and is not subject to appropriation.

(b) To the extent permitted by law, the County hereby covenants to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under this Financing Agreement.

(c) The County hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

- (i) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (ii) any insolvency, bankruptcy, reorganization or similar proceedings by the County;
- (iii) abatement through damage, destruction or non-availability of the Projects; or
- (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

Section 3.5 Estoppel.

The County hereby certifies, recites and declares that all things, conditions and acts required by the constitution and statutes of the state of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the County which is enforceable against the County in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance,

reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

ARTICLE IV. ASSIGNMENT

Section 4.1 By the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

Section 4.2 By the County.

The rights and obligations of County under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the County, or any entity into which the County may be merged, but only if the assignee or transferee assumes all of the County's obligations under this Financing Agreement. The rights and obligations of County under this Financing Agreement shall not otherwise be assigned or transferred.

ARTICLE V. TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS

Section 5.1 Title.

The Escrow Agent agrees that the County shall be entitled to exclusive possession and enjoyment of the Projects while this Financing Agreement is in effect, without interference from the Escrow Agent or the Owners. THE ESCROW AGENT SHALL HAVE NO MORTGAGE, SECURITY INTEREST OR OTHER RIGHT TO THE PROJECTS.

Section 5.2 Future Encumbrances and Parity Obligations.

The Obligations are not secured by any interest in the Projects and the County reserves the right to sell, lease or grant other interests in the Projects. The County reserves the right to commit its full faith and credit and available general funds for other purposes without limitation.

Section 5.3 Maintenance; Modification; Taxes; Insurance and Other Matters.

The County will pay, or cause to be paid, all taxes, insurance and other governmental charges that are lawfully assessed or levied against the Projects. The County will also pay, when due, all utility, as that term is defined in ORS 757.005(1)(a)(A), charges incurred in the operation, maintenance, use occupancy and upkeep of the Projects.

As between the parties hereto, the County has the sole responsibility to maintain, repair and make improvements or additions to the Projects.

The Escrow Agent shall have no obligation to maintain or modify the Projects, or to pay any taxes, fees or charges associated with the Projects or to obtain insurance coverage for the Projects, or to take any action related to the Projects except actions specifically required by this Financing Agreement or the Escrow Agreement.

Section 5.4 Substitution.

The County may substitute for any item of property constituting a portion of the Projects acquired under this Financing Agreement another item of real or personal property provided such substitution will

not adversely affect the exemption of the interest component of Financing Payments from federal income taxation. The County shall be responsible for all costs and expenses, including counsel fees, of the Escrow Agent in connection with any such substitution.

ARTICLE VI. EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Event of Default Defined.

Event of Default shall have the meaning set forth in Section 9.1 of the Escrow Agreement.

Section 6.2 Remedies on Default.

(a) Whenever any Event of Default shall have happened and be continuing, the Escrow Agent shall have the right, at its sole option without any further demand or notice, to exercise any remedy described in Section 9.2 of the Escrow Agreement.

(b) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 6.2 is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of an Event of Default shall constitute a waiver of any other or subsequent Event of Default.

Section 6.3 Force Majeure.

If by reason of force majeure, the County is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the County to pay the Financing Payments when due, the County shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America, the State of Oregon, or Multnomah County, Oregon, or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the County.

ARTICLE VII. MISCELLANEOUS

Section 7.1 Notices.

(a) All written notices to be given under this Financing Agreement to any party to this Financing Agreement shall be given via mail or via facsimile to the following addressees (unless the addressee has previously notified the other party in writing of a change in address):

If to the Escrow Agent:

U.S. Bank National Association
Global Corporate Trust Services
555 S.W. Oak Street, PD-OR-P7TD
Portland, OR 97204

Telephone: (503) 464-3756
Facsimile: (503) 464-4122

If to the County

Multnomah County
Attn: Chief Financial Officer
501 SE Hawthorne Boulevard
Portland, Oregon 97214

Telephone: (503) 988-3312

(b) All notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via facsimile or mailed by registered mail (return receipt requested), postage prepaid.

Section 7.2 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the County and their respective successors and assigns.

Section 7.3 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 7.4 Amendments.

This Financing Agreement may be amended only as provided in the Escrow Agreement.

Section 7.5 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the state of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court for Multnomah County, Oregon.

Section 7.6 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Financing Agreement. All references herein to sections, and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

Section 7.7 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the County has caused this Financing Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

MULTNOMAH COUNTY, OREGON,
as County

By: _____
Joseph Mark Campbell, Chief Financial Officer

EXHIBIT A

FINANCING PAYMENT SCHEDULE

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2018	3,610,000	5.000%	3,335,700.33	6,945,700.33	6,945,700.33
12/01/2018	-	-	3,505,115.63	3,505,115.63	-
06/01/2019	7,960,000	5.000%	3,505,115.63	11,465,115.63	14,970,231.26
12/01/2019	-	-	3,306,115.63	3,306,115.63	-
06/01/2020	8,345,000	5.000%	3,306,115.63	11,651,115.63	14,957,231.26
12/01/2020	-	-	3,097,490.63	3,097,490.63	-
06/01/2021	8,770,000	5.000%	3,097,490.63	11,867,490.63	14,964,981.26
12/01/2021	-	-	2,878,240.63	2,878,240.63	-
06/01/2022	9,205,000	5.000%	2,878,240.63	12,083,240.63	14,961,481.26
12/01/2022	-	-	2,648,115.63	2,648,115.63	-
06/01/2023	9,670,000	5.000%	2,648,115.63	12,318,115.63	14,966,231.26
12/01/2023	-	-	2,406,365.63	2,406,365.63	-
06/01/2024	10,145,000	5.000%	2,406,365.63	12,551,365.63	14,957,731.26
12/01/2024	-	-	2,152,740.63	2,152,740.63	-
06/01/2025	3,875,000	5.000%	2,152,740.63	6,027,740.63	8,180,481.26
12/01/2025	-	-	2,055,865.63	2,055,865.63	-
06/01/2026	4,065,000	5.000%	2,055,865.63	6,120,865.63	8,176,731.26
12/01/2026	-	-	1,954,240.63	1,954,240.63	-
06/01/2027	4,270,000	5.000%	1,954,240.63	6,224,240.63	8,178,481.26
12/01/2027	-	-	1,847,490.63	1,847,490.63	-
06/01/2028	4,480,000	5.000%	1,847,490.63	6,327,490.63	8,174,981.26
12/01/2028	-	-	1,735,490.63	1,735,490.63	-
06/01/2029	4,710,000	5.000%	1,735,490.63	6,445,490.63	8,180,981.26
12/01/2029	-	-	1,617,740.63	1,617,740.63	-
06/01/2030	4,940,000	5.000%	1,617,740.63	6,557,740.63	8,175,481.26
12/01/2030	-	-	1,494,240.63	1,494,240.63	-
06/01/2031	5,185,000	5.000%	1,494,240.63	6,679,240.63	8,173,481.26
12/01/2031	-	-	1,364,615.63	1,364,615.63	-
06/01/2032	5,450,000	4.000%	1,364,615.63	6,814,615.63	8,179,231.26
12/01/2032	-	-	1,255,615.63	1,255,615.63	-
06/01/2033	5,665,000	3.000%	1,255,615.63	6,920,615.63	8,176,231.26
12/01/2033	-	-	1,170,640.63	1,170,640.63	-
06/01/2034	5,835,000	3.000%	1,170,640.63	7,005,640.63	8,176,281.26
12/01/2034	-	-	1,083,115.63	1,083,115.63	-
06/01/2035	6,015,000	3.000%	1,083,115.63	7,098,115.63	8,181,231.26
12/01/2035	-	-	992,890.63	992,890.63	-
06/01/2036	6,190,000	3.000%	992,890.63	7,182,890.63	8,175,781.26
12/01/2036	-	-	900,040.63	900,040.63	-
06/01/2037	6,375,000	4.000%	900,040.63	7,275,040.63	8,175,081.26
12/01/2037	-	-	772,540.63	772,540.63	-
06/01/2038	3,305,000	3.125%	772,540.63	4,077,540.63	4,850,081.26
12/01/2038	-	-	720,900.00	720,900.00	-
06/01/2039	3,405,000	4.000%	720,900.00	4,125,900.00	4,846,800.00
12/01/2039	-	-	652,800.00	652,800.00	-
06/01/2040	3,545,000	4.000%	652,800.00	4,197,800.00	4,850,600.00
12/01/2040	-	-	581,900.00	581,900.00	-
06/01/2041	3,685,000	4.000%	581,900.00	4,266,900.00	4,848,800.00
12/01/2041	-	-	508,200.00	508,200.00	-
06/01/2042	3,830,000	4.000%	508,200.00	4,338,200.00	4,846,400.00
12/01/2042	-	-	431,600.00	431,600.00	-
06/01/2043	3,985,000	4.000%	431,600.00	4,416,600.00	4,848,200.00
12/01/2043	-	-	351,900.00	351,900.00	-
06/01/2044	4,145,000	4.000%	351,900.00	4,496,900.00	4,848,800.00
12/01/2044	-	-	269,000.00	269,000.00	-
06/01/2045	4,310,000	4.000%	269,000.00	4,579,000.00	4,848,000.00
12/01/2045	-	-	182,800.00	182,800.00	-
06/01/2046	4,480,000	4.000%	182,800.00	4,662,800.00	4,845,600.00
12/01/2046	-	-	93,200.00	93,200.00	-
06/01/2047	4,660,000	4.000%	93,200.00	4,753,200.00	4,846,400.00
	164,110,000		87,397,725.53	251,507,725.53	251,507,725.53

EXHIBIT B

PREPAYMENT PROVISIONS

MULTNOMAH COUNTY, OREGON

FULL FAITH AND CREDIT OBLIGATIONS

SERIES 2017

FINANCING AMOUNT: \$164,110,000

Prepayment Provisions

Optional Prepayment. The Obligations maturing in years 2018 through 2027, inclusive, are not subject to optional prepayment prior to maturity. The County reserves the right to redeem all or any portion of the Obligations maturing on or after June 1, 2028 at the option of the County on June 1, 2027 and on any date thereafter in whole or in part, in any order of maturity and within a maturity in accordance with DTC’s procedures or by lot (with maturities selected by the County), at a price of par, plus accrued interest to the date of prepayment. A Term Obligation subject to optional prepayment and prepaid in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for prepayment, the selection of Obligations within a maturity to be prepaid shall be made by DTC in accordance with its operational procedures then in effect. If the Obligations are no longer held in book-entry only form, then the Escrow Agent would select Obligations for prepayment by lot.

Mandatory Prepayment. If not previously prepaid under the provisions for optional prepayment, the Term Obligation maturing on June 1, 2047 is subject to mandatory prepayment (in such manner as the Escrow Agent and DTC will determine or by lot by the Escrow Agent) on June 1 of the following years in the following principal amounts, at a price of par, without premium, plus accrued interest to the date of prepayment.

2047 Term Bond	
Due June 1	Amount
2044	\$ 4,145,000
2045	4,310,000
2046	4,480,000
2047 ⁽¹⁾	4,660,000
	<u>\$ 17,595,000</u>

(1) Final Maturity.

ESCROW AGREEMENT

between

U.S. BANK NATIONAL ASSOCIATION

“Escrow Agent”

and

MULTNOMAH COUNTY, OREGON

“County”

Relating to:

MULTNOMAH COUNTY, OREGON

\$164,110,000

**FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2017**

DATED: DECEMBER 14, 2017

HAWKINS DELAFIELD & WOOD LLP

TABLE OF CONTENTS

ARTICLE I.	DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS	1
Section 1.1	Definitions.....	1
Section 1.2	Recitals.....	3
ARTICLE II.	THE SERIES 2017 FULL FAITH AND CREDIT OBLIGATIONS	3
Section 2.1	Authorization, Delivery and Terms of Obligations.....	3
Section 2.2	Payment of Obligations.....	4
Section 2.3	Book-Entry Only System.	4
Section 2.4	Form of Obligations.	5
Section 2.5	Execution.	5
Section 2.6	Execution of Documents.	5
Section 2.7	Obligation Register.	5
Section 2.8	Prepayment.	6
Section 2.9	Provisions for Printed Obligations.....	7
ARTICLE III.	ACCOUNTS	7
Section 3.1	Obligation Payment Account.	7
Section 3.2	Additional Charges.	8
Section 3.3	Deposits at Closing.	8
ARTICLE IV.	MONEYS IN FUNDS; INVESTMENT	8
Section 4.1	Moneys and Investments Held in Escrow.....	8
Section 4.2	Investments Authorized.	9
Section 4.3	Accounting.....	9
Section 4.4	Allocation of Earnings.	9
Section 4.5	Disposition of Investments.....	9
Section 4.6	Deposit and Investment of Moneys in Accounts.	10
ARTICLE V.	THE ESCROW AGENT	10
Section 5.1	Compensation of the Escrow Agent.....	10
Section 5.2	Removal of Escrow Agent.	10
Section 5.3	Resignation of Escrow Agent.	11
Section 5.4	Merger or Consolidation.	11
Section 5.5	Acceptance of Appointment by Successor Escrow Agent.....	11
Section 5.6	Duties and Responsibilities of the Escrow Agent Prior to and During Default.	11
Section 5.7	Protection and Rights of the Escrow Agent.	12
Section 5.8	Indemnification	13
ARTICLE VI.	CONCERNING THE OBLIGATION OWNERS.....	14
Section 6.1	Evidence of Action Taken by Owners.	14
Section 6.2	Action Taken by Owners Irrevocable.	14
Section 6.3	Certain Obligations Disregarded.....	14
ARTICLE VII.	MODIFICATION OF ESCROW AGREEMENT	15
Section 7.1	Limitations.	15
Section 7.2	Supplemental Escrow Agreement Without Consent of Owners.	15
Section 7.3	Supplemental Escrow Agreement with Consent of the Owners.	15
Section 7.4	Effect of Supplemental Escrow Agreement.....	16
Section 7.5	Amendments to Financing Agreement Not Requiring Consent of Owners.....	16
Section 7.6	Amendments to Financing Agreement Requiring Consent of the Owners.....	17
ARTICLE VIII.	COVENANTS; NOTICES	17
Section 8.1	Compliance With and Enforcement of Financing Agreement.	17

Section 8.2	Notice in Event of Late Financing Payment	17
Section 8.3	Notice of Default.....	18
Section 8.4	Tax Covenants.....	18
Section 8.5	Further Assurances.....	18
ARTICLE IX.	EVENTS OF DEFAULT	18
Section 9.1	Events of Default.	18
Section 9.2	Remedies on Default.....	18
Section 9.3	Force Majeure.	19
Section 9.4	No Remedy Exclusive.....	19
Section 9.5	Agreement to Pay Attorneys’ Fees and Expenses.....	19
Section 9.6	No Additional Waiver Implied by One Waiver.	19
Section 9.7	Application of Moneys Upon Default.....	19
Section 9.8	Action by Owners.	20
ARTICLE X.	LIMITATION OF LIABILITY.....	20
Section 10.1	Limited Liability of County.	20
Section 10.2	No Liability of County for Escrow Agent Performance.	21
Section 10.3	No Liability of Escrow Agent for Financing Payments by County.	21
Section 10.4	Opinion of Counsel; Experts.....	21
Section 10.5	Limitation of Rights to Parties and Owners.....	21
ARTICLE XI.	MISCELLANEOUS.....	21
Section 11.1	Defeasance.	21
Section 11.2	Notices.	22
Section 11.3	Applicable Law.....	22
Section 11.4	Partial Invalidity.....	23
Section 11.5	Binding Effect; Successors.	23
Section 11.6	Headings.....	23
Section 11.7	Execution in Counterparts.....	23

EXHIBIT A - Form of Full Faith and Credit Obligation

EXHIBIT B – Prepayment Provisions

(This page left blank intentionally)

ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of December 14, 2017, is entered into by and between **U.S. BANK NATIONAL ASSOCIATION**, having corporate trust offices in Portland, Oregon, and being qualified to accept and administer the escrow hereby created, as escrow agent, paying agent and registrar (the “Escrow Agent”), and **MULTNOMAH COUNTY, OREGON** (the “County”). The parties hereby agree as follows:

ARTICLE I. DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS

Section 1.1 Definitions.

Unless the context clearly requires otherwise, capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement. Capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings, unless the context clearly requires otherwise:

“Additional Charges” means the amounts specified as such pursuant to Section 3.2 of the Financing Agreement.

“Authorized Representative” means the Chief Financial Officer or his designee, as described in the Resolution.

“Beneficial Owner” means the Beneficial Owner of the Obligations as described in this Escrow Agreement and the rules and procedures of the Depository.

“Business Day” means any day other than a Saturday, Sunday or a day on which the County or the Escrow Agent is authorized by law to remain closed.

“Closing Date” means December 14, 2017.

“Code” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“County” means Multnomah County, Oregon, or its successors.

“Defeasance Obligations” means direct obligations of the United States of America or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America. Defeasance obligations may not be subject to prepayment.

“Escrow Agreement” means this Escrow Agreement, as it may be amended and supplemented.

“Event of Default” has the meaning defined for that term in Section 9.1 of this Escrow Agreement.

“Financing Agreement” means the Tax-Exempt Financing Agreement for the Projects which is dated as of December 14, 2017, and is signed by the Escrow Agent and the County, including the exhibits attached thereto, as it may be amended and supplemented.

“Financing Payments” means the installment payments of principal and interest which the County is required to make under the Financing Agreement to repay the Financing Amount. “Financing Payments” includes both the scheduled payments and any permitted prepayments of those scheduled payments.

“Fiscal Year” means each year beginning on July 1 and ending on the following June 30.

“Obligation Register” or “Register” means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.7 herein.

“Obligations” means the Full Faith and Credit Obligations, Series 2017 authorized by Section 2.1 herein.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

(i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;

(ii) Obligations for the payment or prepayment of which funds or Defeasance Obligations in the necessary amount have previously been deposited with the Escrow Agent (whether upon or prior to the maturity or prepayment date of such Obligations); and,

(iii) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.3 herein.

“Owner” means the person in whose name an Outstanding Obligation is registered as of the Record Date.

“Payment Account” means the Full Faith and Credit Obligations, Series 2017 Payment Account established pursuant to Section 3.1 herein.

“Payment Date” means each June 1 and December 1, as provided in Exhibit A to the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

“Projects” means the “Projects” as defined in the Resolution.

“Qualified Investments” means the investments in which the County may invest surplus funds pursuant to ORS 294.035, as amended from time to time.

“Record Date” means the fifteenth day of the month immediately preceding a Payment Date, whether or not such date is a Business Day.

“Registered Owner” means the Registered Owner as described in Section 2.3 herein.

“Resolution” means Resolution No. 2017-080 adopted by the Board of County Commissioners on September 28, 2017, as it may be amended.

“Special Counsel” means Hawkins Delafield & Wood LLP, or other counsel nationally recognized for their expertise in municipal finance, that is appointed by the County.

Section 1.2 Recitals.

(a) County’s Recitals.

(i) The County is authorized by ORS 271.390 and ORS 287A to enter into financing agreements to finance or refinance any real or personal property that the County Board of Commissioners determines is needed.

(ii) The County Board of Commissioners adopted its authorizing Resolution and has determined that the Projects being financed is needed, and the Escrow Agent and the County have entered into the Financing Agreement in which the Escrow Agent has agreed to finance certain amounts to the County, and the County has agreed to borrow those amounts from the Escrow Agent to finance the Projects.

(iii) The County enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from Financing Payments the County makes under the Financing Agreement.

(b) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations and responsibilities under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the County’s Full Faith and Credit Obligations, Series 2017 evidencing proportionate interests in the Financing Payments. The Escrow Agent further recites that it is not in violation of any provision of its charter or bylaws, any applicable law or regulation, any order of a court or administrative body, or any agreement or other instrument to which it is a party or by which it presently is bound.

(c) The County and the Escrow Agent hereby agree that the following rights shall be held in escrow exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

(i) all rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent’s right to payment from Additional Charges), and

(ii) all rights of the Escrow Agent and the County to amounts in the Payment Account.

ARTICLE II. THE SERIES 2017 FULL FAITH AND CREDIT OBLIGATIONS

Section 2.1 Authorization, Delivery and Terms of Obligations.

(a) The Obligations shall be dated, shall mature on the dates and in the stated principal amounts, and shall bear interest as shown in Exhibit A to the Financing Agreement. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(b) The Escrow Agent is hereby authorized to register, execute, authenticate and deliver the Obligations in substantially the form shown in Exhibit A, attached hereto, to DTC. The Obligations shall be numbered serially and shall be signed by manual or facsimile signature of an authorized officer of the Escrow Agent. The Escrow Agent agrees to apply the Financing Payments as provided in this Escrow Agreement.

Section 2.2 Payment of Obligations.

(a) Each Obligation represents an ownership interest in and a right to receive:

(i) a proportionate share of the principal component of the Financing Payments due on the maturity date of that Obligation, plus

(ii) a proportionate share of the interest components of the Financing Payments which are allocable to that principal component.

(b) The County shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall transfer the Financing Payments to the Owners as provided in Section 2.2(c) below.

(c) While the Obligations are held in book-entry form, the Escrow Agent shall transfer the Financing Payments to the Owners as set forth in the rules and procedures of The Depository Trust Company (the "Depository"). If the Obligations cease to be in book-entry form, the Escrow Agent shall transfer the Financing Payments as provided in Section 2.3(b).

Section 2.3 Book-Entry Only System.

(a) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Owners in accordance with the blanket letter of representations the County has filed with the Depository. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of the Depository.

(b) If the Depository ceases to act as depository for the Obligations, the County will request the Escrow Agent to, and the Escrow Agent and the County shall, amend this Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the County shall amend this Escrow Agreement to provide that printed, registered Obligations shall be issued to Beneficial Owners of the Obligations and providing the payment, transfer and exchange process, and shall give notice of those amendments to all Owners.

(c) While the Obligations are in book entry form, the County and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any Beneficial Owner for:

(i) the accuracy of the records of the depository, its nominee or any participant, correspondent or Beneficial Owner with respect to any ownership interest in the Obligations;

(ii) the delivery to any participant, correspondent, Beneficial Owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice or consent with respect to the Obligations, including any notice of prepayment;

(iii) the selection by the depository of the beneficial interest in Obligations to be prepaid if the County prepays the Obligations in part; or

(iv) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

(d) Notwithstanding the book-entry-only system, the County and the Escrow Agent may treat and consider the person in whose name each Obligation is registered in the registration books maintained by the Escrow Agent as the absolute owner of such Obligation for the purpose of payment of principal, premium, if any, and interest with respect to such Obligation, or for the purpose of giving notices of prepayment and other matters with respect to such Obligation, or for the purpose of registering transfers with respect to such Obligation, or for all other purposes whatsoever. The County shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners, as shown in the registration books maintained by the Escrow Agent and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid. Interest on the Obligations shall cease to accrue on the earlier of their final maturity date or the date they are prepaid.

Section 2.4 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit A, attached hereto. The Obligations shall be numbered beginning with R-1.

Section 2.5 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent and shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the form set forth in Exhibit A, attached hereto, and which have been manually authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

Section 2.6 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

Section 2.7 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall be open to inspection by the County during regular business hours upon reasonable notice.

Section 2.8 Prepayment.

(a) Terms of Prepayment.

The Obligations may be subject to prepayment as provided in Exhibit B to this Escrow Agreement and Exhibit B to the Financing Agreement and notice shall be given by the County pursuant to Section 3.3(b) of the Financing Agreement.

(b) Selection of Obligations for Prepayment.

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for prepayment, the selection of Obligations within a maturity to be prepaid shall be made by the Depository in accordance with its operational procedures then in effect. If the Obligations are no longer held in book-entry only form, then the Escrow Agent will select the Obligations for prepayment by lot.

(c) Notice of Prepayment (No Depository).

During any period in which the Obligations are not in book-entry-only form, unless waived by any Owner of the Obligations to be redeemed, official notice of any redemption of the Obligations shall be given by the Escrow Agent on behalf of the District by mailing a copy of an official redemption notice, in a form generally accepted in the municipal bond markets, by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption, to the Owners to be redeemed at the address shown on the bond register or at such other address as is furnished in writing by such Owner to the Escrow Agent.

(d) Notice of Prepayment (Depository).

So long as the Obligations are in book-entry only form and unless the Depository consents to a shorter period, the Escrow Agent shall notify the Depository of any prepayment not less than twenty (20) days nor more than sixty (60) days prior to the prepayment, and shall provide such information in connection therewith as required by the blanket issuer letter of representations the County has filed with the Depository Trust Company.

(e) Notice of Prepayment Required by Continuing Disclosure Certificate.

In addition to the other notices of prepayment required by this Escrow Agreement, the Escrow Agent shall give notices of redemption or prepayment which are required to be provided by the County to the entities listed in the Continuing Disclosure Certificate for the Obligations.

(f) Partial Prepayment of Obligations.

Upon surrender of any Obligation which is not in book-entry form and is prepaid in part only, the Escrow Agent shall execute and deliver to the Owner thereof, at the expense of that Owner, a new Obligation or Obligations of authorized denominations equal in aggregate principal amount to the portion of the surrendered Obligation which is not prepaid and with the same stated interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the County, the Escrow Agent and the Escrow Agent shall be released and discharged from all liability to the extent of such payment.

(g) Effect of Prepayment.

If notice of prepayment has been given as provided in this Section 2.8, and the moneys for the prepayment (including the interest to the applicable date of prepayment) have been set aside in the Payment Account, the Obligations shall become due and payable on the date of prepayment upon presentation and surrender thereof at the office or offices specified in said notice, and interest with respect to the Obligations shall cease to accrue after the date fixed for prepayment. All moneys held by or on behalf of the Escrow Agent for the prepayment of Obligations shall be held in escrow for the account of the Owners of the Obligations so to be prepaid. All Obligations paid at maturity or prepaid prior to maturity pursuant to the provisions of this Section 2.8, if any, shall be canceled upon surrender thereof.

(h) Conditional Notice of Prepayment.

Any notice of optional prepayment given for the Obligations pursuant to this Section 2.8 may state that the optional prepayment is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the prepayment price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such prepayment price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected Owners as promptly as practicable.

Failure to give notice or any defect in notices shall not affect the validity of the proceedings for the prepayment of the Obligations or portions thereof with respect to which no such failure or defect has occurred.

Section 2.9 Provisions for Printed Obligations.

If the County discontinues use of the book-entry only system or termination thereof occurs without designation of a new qualified securities depository, then the provisions of this Section 2.9 shall apply to the Obligations. Upon receipt of a printed Obligation, the Beneficial Owner shall become the Registered Owner. The principal with respect to such Obligations shall be payable upon presentation at the office of the Escrow Agent.

ARTICLE III. ACCOUNTS

Section 3.1 Obligation Payment Account.

The Escrow Agent shall establish a special account designated as the "Full Faith and Credit Obligations, Series 2017 Payment Account" which is defined in this Escrow Agreement as the "Payment Account." The Escrow Agent shall keep the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

(a) To secure the payment of Financing Payments, three (3) Business Days preceding each Payment Date, the County shall transfer the deposits described in Section 3.2(b)(i) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits in the Payment Account.

(b) If the amount transferred pursuant to Section 3.2 of the Financing Agreement is not sufficient, with other amounts then available in the Payment Account, to allow the Escrow Agent to make the withdrawal described in Section 3.1(c), below, the Escrow Agent shall notify the County as provided

in Section 8.2 hereof and the County shall transfer the amount of any deficiency as provided in Section 3.2 of the Financing Agreement.

(c) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date, but solely from moneys on deposit in the Payment Account.

(d) Subject to the provisions of Section 9.6 hereof, if on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available therefor, the Escrow Agent shall pay to the Owners the moneys on hand, and the Escrow Agent shall apply such money first to the payment of the interest component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary, and second, to the payment of the principal component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary.

(e) Any amounts in the Payment Account in excess of the amount necessary to pay the principal and interest components of the Financing Payments shall be retained in the Payment Account and upon written direction of the County, shall be invested until needed for payment of the Obligations; the excess and any earnings thereon shall be credited against the deposits due from the County as provided in Section 3.2(b)(ii) of the Financing Agreement. The Escrow Agent shall provide the County, not less than thirty (30) days before each date a deposit is required under Section 3.2(b) of the Financing Agreement, an invoice which sets forth the amount of the next deposit.

(f) Any surplus remaining in the Payment Account after payment of all Financing Payments and all Obligations Outstanding and payment of any applicable fees and expenses of the Escrow Agent, or provision for such prepayment or payment of all Financing Payments having been made to the satisfaction of the Escrow Agent in accordance with Section 11.1 herein, shall be remitted to the County within five (5) Business Days.

Section 3.2 Additional Charges.

If the Escrow Agent receives Additional Charges pursuant to the Financing Agreement, such Additional Charges shall be applied by the Escrow Agent solely to the payment of any costs in respect of which such Additional Charges were received, and shall not be commingled in any way with any other funds received by the Escrow Agent pursuant to the Financing Agreement or this Escrow Agreement, except as provided above.

Section 3.3 Deposits at Closing.

Proceeds of the Obligations received by the County on the Closing Date will be deposited with the County and used for costs of the Projects and costs of issuance. The County hereby agrees to establish a system for tracking such funds and such funds shall be invested in accordance with County investment policies.

ARTICLE IV. MONEYS IN FUNDS; INVESTMENT

Section 4.1 Moneys and Investments Held in Escrow.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in escrow for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be

subject to levy or attachment or lien by or for the benefit of any creditor of the County, the Escrow Agent or any Owner.

Section 4.2 Investments Authorized.

(a) Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments as directed in writing by the County. If the County notifies the Escrow Agent verbally, the County shall promptly confirm its notification and instructions in writing. In the event the Escrow Agent does not receive written direction regarding investments, Escrow Agent will hold the moneys received hereunder uninvested.

(b) Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the County.

(c) The Escrow Agent may purchase or sell from itself or any affiliate, as principal or agent, investments authorized by this Section 4.2 and which shall be entitled to its customary fee. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

(d) The County acknowledges that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of the security transactions as they occur. The County specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Escrow Agent which will detail all investment transactions.

Section 4.3 Accounting.

The Escrow Agent shall furnish to the County, at least annually, an accounting of each fund and account and of all investments made by the Escrow Agent. Except as provided in Section 5.6 herein, the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

Section 4.4 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the County, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

Section 4.5 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for prepayment, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Payment Account, and, except as provided in Section 5.6 herein, the Escrow Agent shall not be liable or responsible for any loss resulting from the disposition of such investment. The County may instruct the Escrow Agent at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited.

Section 4.6 Deposit and Investment of Moneys in Accounts.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding such commingling by the Escrow Agent.

ARTICLE V. THE ESCROW AGENT

Section 5.1 Compensation of the Escrow Agent.

The County shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable expenses and fees of its counsel and agents), except any such expense, disbursement or advance as may arise from its negligence or bad faith. Fees for the Escrow Agent's services shall be those specified in the contract between the County and the Escrow Agent. The Escrow Agent shall also be entitled to receive extraordinary fees and its extraordinary expenses if it is requested to render services in connection with a default or under circumstances not provided for in this Escrow Agreement.

Section 5.2 Removal of Escrow Agent.

- (a) The Escrow Agent may be removed and a successor Escrow Agent appointed:
 - (i) by the County at any time if, in the good faith opinion of the County, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or
 - (ii) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.
- (b) Any successor Escrow Agent appointed pursuant to the provisions of this section shall:
 - (i) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority,
 - (ii) have substantial prior experience as an Escrow Agent for the benefit of the owners of municipal debt securities; and,
 - (iii) be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000) and subject to supervision or examination by federal or state authority.

Section 5.3 Resignation of Escrow Agent.

(a) The Escrow Agent or any successor may at any time resign by giving written notice to the County and by giving notice by first-class mail to the Owners of its intention to resign and of the proposed date of resignation, which shall be a date not less than sixty (60) days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

(b) Upon receiving such notice of resignation, the County shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the County fails to appoint a successor Escrow Agent within thirty (30) days following receipt of such written notice of resignation, the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within thirty (30) days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

(c) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

Section 5.4 Merger or Consolidation.

A merger or consolidation of the Escrow Agent with another entity shall not be treated as the appointment of a successor, and the entity into which the Escrow Agent is merged or consolidated shall become the successor Escrow Agent without any notice or filing, but only if: the merged or consolidated entity notifies the County that it has assumed the obligations of the Escrow agent under this Escrow Agreement and the Financing Agreement, and the merged or consolidated entity meets the requirements of Section 5.2(b) above.

Section 5.5 Acceptance of Appointment by Successor Escrow Agent.

(a) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the County and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the County and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

(b) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

Section 5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

(a) The Escrow Agent undertakes, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Event of Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(i) Prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(ii) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(iii) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(iv) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(c) The Escrow Agent may execute any of the duties or powers hereof and perform any of its duties by and through attorneys, agents, or receivers not affiliated with the Escrow Agent if selected with reasonable care, and shall be entitled to advice of counsel concerning all matters or duties hereunder, and may in all cases pay such reasonable compensation to such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Escrow Agent may act upon the opinion or advice of counsel approved by the Escrow Agent in the exercise of reasonable care. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith or reliance upon such opinion or advice.

Section 5.7 Protection and Rights of the Escrow Agent.

(a) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any ordinance, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Escrow Agent or satisfactory evidence of the ownership of such Obligation shall be furnished to the Escrow Agent. The Escrow Agent may consult with counsel, who may be counsel to the County, with

regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Escrow Agent's representative or the County's Representative and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the County with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the County contained in this Escrow Agreement or in the Obligations shall be taken and construed as made by and on the part of the County, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Escrow Agent shall have no responsibility with respect to any information, statement, or recital in an offering memorandum, official statement or other disclosure material prepared or distributed with respect to the Obligations.

(e) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

(f) The Escrow Agent shall not be required to take notice or be deemed to have notice of any default hereunder, except failure of the County to make Financing Payments to the Escrow Agent or any default of which the Escrow Agent has actual knowledge, unless the Escrow Agent shall have received written notice of such default from the County or from the Owners of twenty-five percent (25%) of the unpaid principal component of Financing Payments.

Section 5.8 Indemnification

(a) To the extent permitted by law, the County covenants and agrees to indemnify and save the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the County under this Section 5.8 shall survive the resignation or removal of the Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed against the County shall not exceed the damages which may be allowed under the Oregon Tort Claims

Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

(b) Before taking any action under ARTICLE IX, Section 9.2 and Section 9.3 hereof or Section 5.3 of the Financing Agreement, the Escrow Agent may require payment of its fees and expenses, including reasonable attorney's fees, and upon receipt of indemnity satisfactory to it be furnished by Owners of the Obligations for the reimbursement of all further expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

ARTICLE VI. CONCERNING THE OBLIGATION OWNERS

Section 6.1 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

- (a) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or
- (b) by the record of the Owners voting in favor thereof at any meeting of Owners, or
- (c) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

Section 6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the County, the Escrow Agent and the Owners of all the Obligations.

Section 6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the County or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the

County. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

ARTICLE VII. MODIFICATION OF ESCROW AGREEMENT

Section 7.1 Limitations.

This Escrow Agreement may be modified or amended only in accordance with this ARTICLE VII.

Section 7.2 Supplemental Escrow Agreement Without Consent of Owners.

The County and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

(a) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement; provided that such action shall not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners;

(b) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the Supplemental Escrow Agreement;

(c) To modify, alter, amend or supplement this Escrow Agreement in any other respect which is not materially adverse to the Owners and which does not involve a change described in Section 7.3(a)(i), Section 7.3(a)(ii), Section 7.3(a)(iii), Section 7.3(a)(iv) herein and which, in the judgment of the Escrow Agent, is not to the prejudice of the Escrow Agent;

Before the Escrow Agent and the County shall enter into any Supplemental Escrow Agreement pursuant to this Section, the County shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the County in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

Section 7.3 Supplemental Escrow Agreement with Consent of the Owners.

(a) Any amendment to this Escrow Agreement which is not described in Section 7.2 herein requires the consent of the County, the Escrow Agent and the Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding. However, the consent of all affected Owners of all the Obligations then Outstanding is required for:

(i) a change in the terms of the payment or prepayment of any portion of the Financing Payments, or

(ii) the creation of a claim or lien upon, or a pledge of the security ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or

(iii) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(iv) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6 herein, for any modification, alteration, amendment or supplement to the Financing Agreement.

(b) If at any time the County shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first-class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the County may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

(c) If the Owners of not less than the percentage of Obligations then Outstanding required by this Section 7.3 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the County from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 7.4 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7.4, this Escrow Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the County and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

Section 7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

(a) The County, with the consent of the Escrow Agent but without the consent of or notice to the Owners, may amend, change or modify the Financing Agreement as may be required:

(i) By the provisions of the Financing Agreement and this Escrow Agreement,

(ii) To cure any ambiguity, formal defect or omission in the Financing Agreement,

(iii) To make any other change to the Financing Agreement which, in the reasonable judgment of the County, does not materially and adversely affect the Owners.

(b) Before the County shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.5 or Section 7.6 herein, there shall have been delivered to the Escrow Agent and the County an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

Section 7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

(a) Any amendment to the Financing Agreement which is not described in Section 7.5 herein requires the consent of the County, the Escrow Agent and the Owners of not less than a majority in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.6. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the payments under the said agreement or any change in the provisions relating to the payments thereunder.

(b) If at any time the County shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 herein, the Escrow Agent shall cause notice to be given of such proposed amendment, change of modification in the same manner as provided by Section 7.3 herein with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners at any time during reasonable business hours and upon reasonable prior notice. The County may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 herein with respect to supplemental Escrow Agreements, provided the County has obtained the opinion of Special Counsel which is described in Section 7.5 herein.

ARTICLE VIII. COVENANTS; NOTICES

Section 8.1 Compliance With and Enforcement of Financing Agreement.

(a) The County covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

(b) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such Agreement against the County in accordance with its terms, subject to the rights of the County therein as provided in this Escrow Agreement and the Financing Agreement.

Section 8.2 Notice in Event of Late Financing Payment.

If the Escrow Agent does not receive any Financing Payment deposit within one (1) Business Day after the date on which it is due (which date is three (3) Business Days before the Payment Date) in accordance with the Financing Agreement, the Escrow Agent shall give prompt written and telephonic notice of such fact to the County.

Section 8.3 Notice of Default.

If an Event of Default occurs the Escrow Agent shall give written notice of such default to the Owners of the Obligations then Outstanding. Such notice shall specify that an Event of Default has occurred, and shall contain a brief description of the Event of Default. Any failure to give this notice shall not affect any rights of Owners. This shall be mailed by first class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of default. However, except for an Event of Default described in Section 9.1(a) herein, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations.

Section 8.4 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment, the County has covenanted in the Financing Agreement to comply with the applicable provisions of the Code. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain such exclusion.

Section 8.5 Further Assurances.

The Escrow Agent and the County will make, execute and deliver any and all such further ordinances, instruments and assurances as the Escrow Agent may deem reasonably necessary or proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

ARTICLE IX. EVENTS OF DEFAULT

Section 9.1 Events of Default.

The occurrence of one or more of the following shall constitute Events of Default:

- (a) The County's failure to pay the Financing Payments, when due;
- (b) The County's failure to comply with any other covenant, condition or agreement of the County under the Financing Agreement and this Escrow Agreement for a period of sixty (60) days after written notice thereof from the Escrow Agent absent an extension of time by the Escrow Agent; or
- (c) The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors, or the taking of any action by the County in furtherance of any of the foregoing.

Section 9.2 Remedies on Default.

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall proceed to take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this

Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law; provided, however, that upon an EVENT OF DEFAULT THE ESCROW AGENT SHALL NOT HAVE THE RIGHT TO DECLARE THE UNPAID PRINCIPAL COMPONENTS OF THE FINANCING PAYMENTS IMMEDIATELY DUE AND PAYABLE.

The Escrow Agent may exercise the rights and powers conferred by this ARTICLE IX as the Escrow Agent in its discretion being advised by its Counsel shall deem most expedient and in the interests of the Owners.

Section 9.3 Force Majeure.

If by reason of force majeure, the County is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the County to pay the Financing Payments when due, the County shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America, the State of Oregon, or Multnomah County, Oregon, or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the County.

Section 9.4 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9.3 or by law.

Section 9.5 Agreement to Pay Attorneys’ Fees and Expenses.

If any party to this Escrow Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

Section 9.6 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7 Application of Moneys Upon Default.

If at any time after an Event of Default has occurred the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together

with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

(i) First: To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent.

(ii) Second: To the payment to the persons entitled thereto of the interest components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular interest component of a Financing Payment, then to the payment ratably, according to the amounts due on such interest portion, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations;

(iii) Third: To the payment of the persons entitled thereto of the principal components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular principal component of a Financing Payment, then to the payment ratably, according to the amounts due on such principal portion, to the persons entitled thereto, without discrimination or preference; and,

(iv) Fourth: To the County, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

Section 9.8 Action by Owners.

If the Escrow Agent fails to take any action to eliminate an occurrence of an Event of Default, the Owners of a majority in aggregate principal amount of Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Escrow Agent shall have been given written notice of such default (unless such default shall consist of a failure to make a Financing Payment when due) and the continuance thereof and if such percentage of Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent sixty (60) days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

ARTICLE X. LIMITATION OF LIABILITY

Section 10.1 Limited Liability of County.

Except for the payment of Financing Payments and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the County contained in the Financing Agreement and this Escrow Agreement, the County shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of Financing Payments to the Owners by the Escrow Agent.

Section 10.2 No Liability of County for Escrow Agent Performance.

The County shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon it under this Escrow Agreement.

Section 10.3 No Liability of Escrow Agent for Financing Payments by County.

The Escrow Agent shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the County when due, or with respect to the performance by the County of any other covenant made by it in the Financing Agreement.

Section 10.4 Opinion of Counsel; Experts.

(a) Before being required to take any action, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

(b) If an Event of Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Escrow Agent), as it may deem necessary to carry out any of its obligations hereunder. The County shall reimburse the Escrow Agent for its reasonable expenses in so doing. The Escrow Agent shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Escrow Agent.

(c) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

Section 10.5 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the County, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Escrow Agent and the Owners.

ARTICLE XI. MISCELLANEOUS

Section 11.1 Defeasance.

(a) All or any portion of the Outstanding Obligations may be paid and discharged in any one or more of the following ways:

(i) By paying or causing to be paid the Financing Payments attributable to such Obligations as and when the same become due and payable;

(ii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, before maturity, money which, together with the amounts then on deposit in the Payment Account, is fully sufficient to pay all Financing Payments attributable to such Obligations; or

(iii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, Defeasance Obligations in such amount which will, together with the interest to accrue thereon, be sufficient to pay all Financing Payments attributable to such Obligations, as and when the same become due and payable, as evidenced by a verification report, and providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest component of Financing Payments to be includable in gross income under federal income tax laws.

(b) All obligations of the Escrow Agent and the County under this Escrow Agreement with respect to such Obligations which are paid or deemed paid hereunder shall cease and terminate, except for the obligation of the County to pay the Additional Charges specified in Section 3.2 of the Financing Agreement and to pay Financing Payments from the amount so deposited, and of the Escrow Agent to apply amounts on deposit to the payment of the Financing Payments.

(c) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the County and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable prior notice. Upon written notice, the Escrow Agent shall promptly make such records available to the County, any Owner, or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

Section 11.2 Notices.

(a) All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given via mail or via facsimile. Notices to be mailed shall be sent to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

If to the Escrow Agent:

U.S. Bank National Association
Global Corporate Trust Services
555 S.W. Oak Street, PD-OR-P7TD
Portland, OR 97204

Telephone: (503) 464-3756
Facsimile: (503) 464-4122

If to the County:

Multnomah County
Attn: Chief Financial Officer
501 SE Hawthorne Boulevard
Portland, Oregon 97214

Telephone: (503) 988-3312

(b) All notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via facsimile or mailed by registered mail (return receipt requested), postage prepaid.

Section 11.3 Applicable Law.

This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court for Multnomah County, Oregon.

Section 11.4 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

Section 11.5 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

Section 11.6 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

Section 11.7 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

IN WITNESS WHEREOF, the Escrow Agent has executed this Escrow Agreement in its corporate name by its duly authorized officer and the County has caused this Escrow Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent

By: _____
Authorized Officer

MULTNOMAH COUNTY, OREGON
as County

By: _____
Joseph Mark Campbell, Chief Financial Officer

EXHIBIT A

(Form of Full Faith and Credit Obligation)

No. R-__

\$ __,000

**FULL FAITH AND CREDIT OBLIGATION
SERIES 2017**

Evidencing a Proportionate Interest of the Owner Hereof in Certain Financing Payments
to be Made Under a Tax-Exempt Financing Agreement between

MULTNOMAH COUNTY, OREGON
as County

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

DATED DATE	PRINCIPAL COMPONENT INTEREST RATE PER ANNUM	PRINCIPAL COMPONENT MATURITY DATE	CUSIP NUMBER
December 14, 2017	_____ %	June 1,	_____
REGISTERED OWNER: -----CEDE & CO.-----			
PRINCIPAL AMOUNT: ----- _____ THOUSAND DOLLARS-----			

This Obligation is executed and delivered by U.S. Bank National Association pursuant to an Escrow Agreement, dated as of December 14, 2017, by and between U.S. Bank National Association, as escrow agent, paying agent and registrar (the "Escrow Agent"), and Multnomah County, Oregon (the "County"). The Escrow Agent and the County have entered into that certain Tax-Exempt Financing Agreement, dated as of December 14, 2017 (the "Financing Agreement"), pursuant to which the County is legally required to make financing payments (the "Financing Payments"). The County has assigned to the Escrow Agent all of its right, title and interest in the Financing Payments for the benefit of the Owners of the Obligations under the Escrow Agreement.

This Obligation is entitled proportionately to receipt of the principal component of Financing Payments in the amount set forth as Principal Amount above due on the Principal Component Maturity Date set forth above and is entitled proportionately to receipt of an amount of the interest component of Financing Payments each Payment Date attributable to the interest accruing on said principal component at the principal component interest rate set forth above.

ADDITIONAL PROVISIONS OF THIS OBLIGATION APPEAR ON THE REVERSE SIDE
HEREOF AND ON SUBSEQUENT PAGES; THESE PROVISIONS HAVE THE SAME EFFECT AS
IF THEY WERE PRINTED HEREIN.

U.S. Bank National Association, as the Escrow Agent, shall pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the above Principal Component Maturity Date together with interest thereon from the dated date indicated above at the Principal Component Interest Rate per annum indicated above, but solely from amounts received from the County pursuant to the Financing Agreement and Escrow Agreement. Interest is payable semiannually on June 1 and December 1 of each year until maturity, commencing on June 1, 2018 (the "Payment Date") to the Owners of record as of the Record Date. Principal components of, and interest components of the Financing Payments on this Obligation shall be received by Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), or its registered assigns in same-day funds on each Payment Date. Such payments shall be made payable to the order of "Cede & Co.". All terms used in this Obligation and not otherwise defined herein shall have the respective meanings assigned thereto in the Financing Agreement and Escrow Agreement. The Obligations are payable from the Payment Account as provided in the Escrow Agreement.

This Obligation is one of a series of Full Faith and Credit Obligations, Series 2017 (the "Obligations"), being executed and delivered in the aggregate principal amount of \$164,110,000. The County is authorized to enter into the Financing Agreement and the Escrow Agreement by Resolution No. 2017-080 adopted by the Board of County Commissioners on September 28, 2017 (the "Resolution").

The Obligations may be subject to optional and mandatory prepayment as provided in the Financing Agreement and Escrow Agreement. If this Obligation is called for prepayment and payment is duly provided therefor as specified in the Escrow Agreement, interest on this Obligation shall cease to accrue beginning on the date fixed for prepayment. Notice of prepayment shall be given by the Escrow Agent to DTC as required by the rules and procedures of DTC.

The Financing Payments are payable from the general non-restricted revenues of the County and other funds, which may be available for that purpose, including any taxes levied within the restrictions of Section 11b, Article XI of the Constitution of the State of Oregon. The obligation of the County to make Financing Payments is a full faith and credit obligation of the County, and is not subject to appropriation. **THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECTS FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.**

The Obligations are initially issued as a Book-Entry System issue with no certificates provided to the Owners. Records of Obligation ownership will be maintained by the Escrow Agent and DTC and its participants.

THE ESCROW AGENT HAS NO OBLIGATION OR LIABILITY TO THE OWNERS OF OBLIGATIONS FOR THE PAYMENT OF THE INTEREST OR PRINCIPAL PORTIONS PERTAINING TO THE OBLIGATION; THE ESCROW AGENT'S ONLY OBLIGATIONS ARE TO ADMINISTER, FOR THE BENEFIT OF THE DISTRICT AND THE OWNERS OF OBLIGATIONS, THE VARIOUS ACCOUNTS ESTABLISHED IN THE ESCROW AGREEMENT AND ONLY SUCH DUTIES AS SET FORTH IN THE ESCROW AGREEMENT.

IN WITNESS WHEREOF, the Escrow Agent has caused this Obligation to be executed by the manual or facsimile signature of an authorized officer as of the date set forth above.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

Date of Authentication: December 14, 2017.

CERTIFICATE OF AUTHENTICATION

This is one of the \$164,110,000 Full Faith and Credit Obligations, Series 2017, which represents an interest in the Financing Payments due under the Financing Agreement described herein, and is properly registered and authenticated pursuant to the Escrow Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(Please insert social security or other identifying number of assignee) this Obligation and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Obligation on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Obligation, shall be construed as though they were written out in full according to applicable laws or regulations.

- TEN COM -- tenants in common
- TEN ENT -- as tenants by the entireties
- JT TEN -- as joint tenants with right of survivorship and not as tenants in common
- OREGON CUSTODIANS use the following:
 - _____ CUST UL OREG _____ MIN as custodian for
 - (as custodian for) (name of minor)
 - OR UNIF TRANS MIN ACT (under the Oregon Uniform Transfer to Minors Act)

Additional abbreviations may also be used though not in the list above.

EXHIBIT B

PREPAYMENT PROVISIONS

MULTNOMAH COUNTY, OREGON

FULL FAITH AND CREDIT OBLIGATIONS

SERIES 2017

FINANCING AMOUNT: \$164,110,000

Prepayment Provisions

Optional Prepayment. The Obligations maturing in years 2018 through 2027, inclusive, are not subject to optional prepayment prior to maturity. The County reserves the right to redeem all or any portion of the Obligations maturing on or after June 1, 2028 at the option of the County on June 1, 2027 and on any date thereafter in whole or in part, in any order of maturity and within a maturity in accordance with DTC’s procedures or by lot (with maturities selected by the County), at a price of par, plus accrued interest to the date of prepayment. A Term Obligation subject to optional prepayment and prepaid in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

For as long as the Obligations are in book-entry only form, if fewer than all of the Obligations of a maturity are called for prepayment, the selection of Obligations within a maturity to be prepaid shall be made by DTC in accordance with its operational procedures then in effect. If the Obligations are no longer held in book-entry only form, then the Escrow Agent would select Obligations for prepayment by lot.

Mandatory Prepayment. If not previously prepaid under the provisions for optional prepayment, the Term Obligation maturing on June 1, 2047 is subject to mandatory prepayment (in such manner as the Escrow Agent and DTC will determine or by lot by the Escrow Agent) on June 1 of the following years in the following principal amounts, at a price of par, without premium, plus accrued interest to the date of prepayment.

2047 Term Bond	
Due June 1	Amount
2044	\$ 4,145,000
2045	4,310,000
2046	4,480,000
2047 ⁽¹⁾	4,660,000
	<u>\$ 17,595,000</u>

Final Maturity.