# Multnomah County, Oregon
# Countywide Cost Allocation Plan
# For the Fiscal Year Ended June 30, 2023

Based on the Fiscal Year Ending June 30, 2021
Prepared in Accordance with
OMB 2 CFR 200 (Uniform Guidance)

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The rates contained in this document are applicable to grants in existence during the fiscal year beginning July 1, 2022 and ending June 30, 2023.

Questions regarding the contents of the proposal should be directed to Cora Bell, Deputy Chief Financial Officer.

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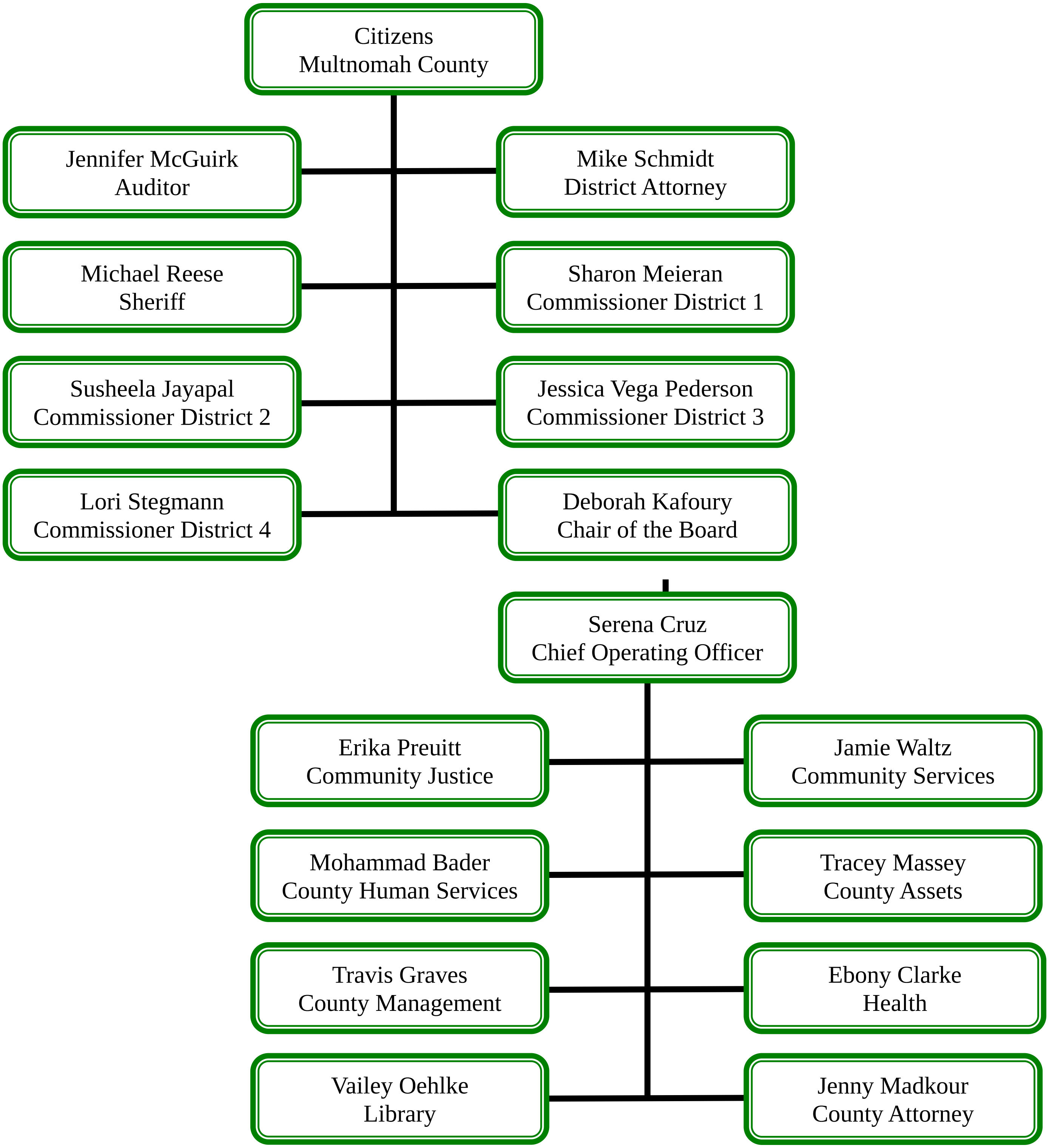
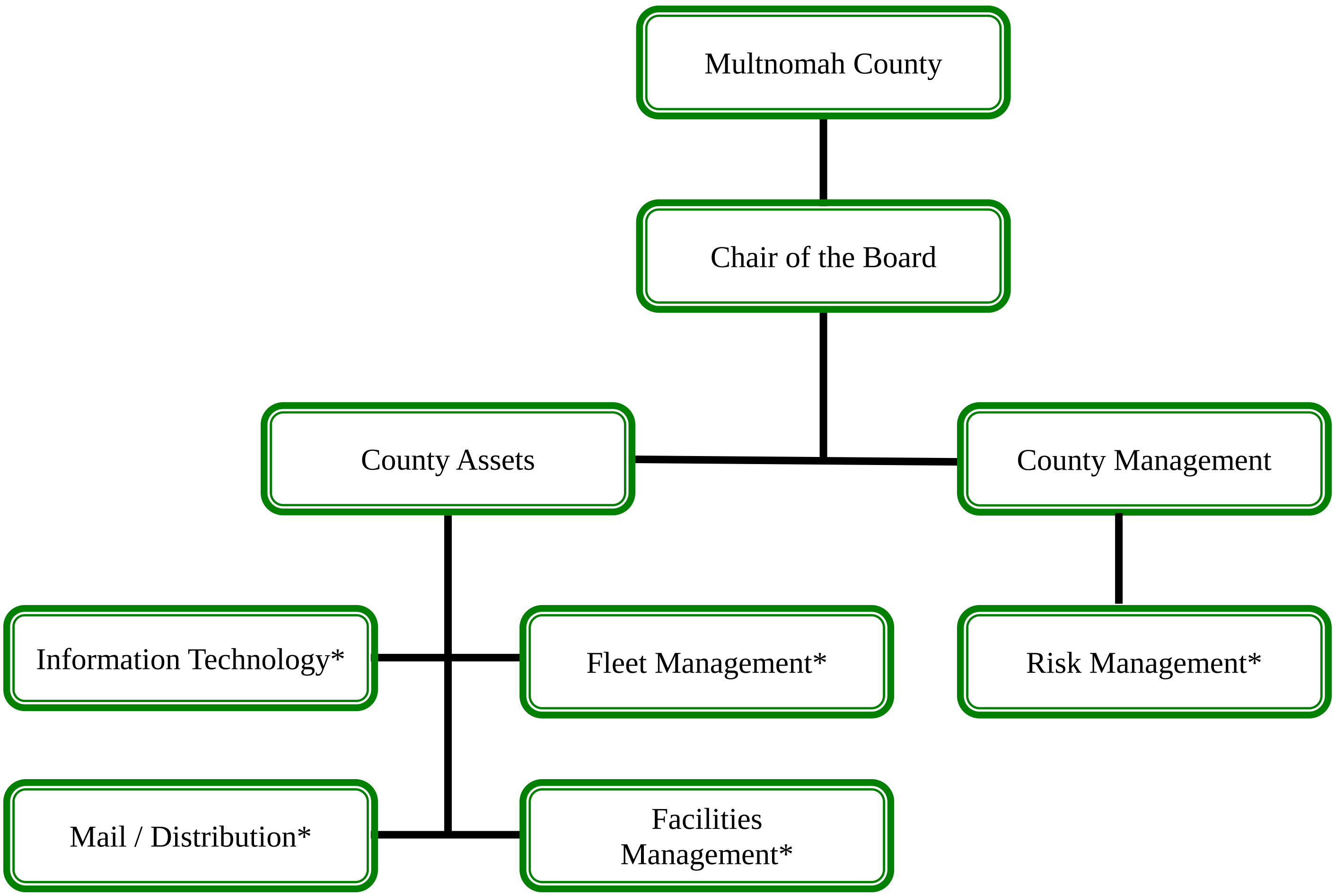
# Multnomah County, Oregon

June 30, 2021



# Multnomah County, Oregon
# Internal Service Providers
## June 30, 2021




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

# Section I: Indirect Cost Rates

## EXPLANATION OF THE
## INDIRECT COST RATES

The Federal government recognizes that County organizations incur identifiable overhead costs in support of grants and contracts. The County's indirect calculation is based on personnel costs only.

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

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

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

Combined Indirect Cost Rates: These are the indirect rates that each department may charge to grants. Indirect cost rates are applied to direct personnel expenditures only.

**2022-2023 SUMMARY OF OMB 2 CFR 200 (UNIFORM GUIDANCE) INDIRECT COST RATES**

## MULTNOMAH COUNTY

| Department | Page | Central Indirect Cost Rate | Departmental Indirect Cost Rate | Combined Indirect Cost Rate |
|---|---|---|---|---|
| County Human Services | 16 | 3.59% | 10.45% | 14.04% |
| Community Justice | 17 | 3.59% | 11.78% | 15.37% |
| Health Services | 18 | 3.59% | 9.85% | 13.44% |
| District Attorney | 19 | 3.59% | 18.08% | 21.67% |
| Sheriff's Office | 20 | 3.59% | 10.61% | 14.20% |
| Community Services | 21 | 3.59% | 15.16% | 18.75% |
| Joint Office of Homeless Services | 22 | 3.59% | 25.16% | 28.75% |
| Library Services* | | 3.59% | 0.00% | 3.59% |
| Other County** | | 3.59% | 0.00% | 3.59% |

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

** Other County represents miscellaneous non-departmental groups that primarily direct charge operations to grant awards.

# Central Service Allocations

## SUMMARY OF CENTRAL SERVICE ALLOCATION

| Central Service | Total |
|---|---|
| Auditor | $ 1,353,993 |
| Budget Office | 2,132,594 |
| ERP Workday | 2,179,868 |
| Finance | 10,495,214 |
| Human Resources | 8,207,372 |
| Strategic Sourcing | 208,189 |
| Total Allocation | $ 24,577,229 |

$$\frac{\textbf{Central Service Costs} \quad \$ \; 24{,}577{,}229}{\textbf{All Other Allowable Costs} \quad \$ \; 684{,}575{,}947} = \textbf{3.59\%}$$

## AUDITOR

### DESCRIPTION OF SERVICES

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

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

Personnel costs of the County Auditor, an elected official, have been eliminated from the allocation of central costs, but remains in the denominator of total personnel.

| Expenditure Category | Actual FY19 | Actual FY21 | Roll forward Adjustment | Fixed FY23 |
|---|---|---|---|---|
| Personnel Services | $ 1,352,301 | $ 1,446,415 | $ - | $ - |
| Unallowable | (180,020) | (183,278) | - | - |
| **Total Allowable** | $ 1,172,281 | $ 1,263,137 | $ 90,856 | $ 1,353,993 |

## BUDGET OFFICE

### DESCRIPTION OF SERVICES

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

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

| Expenditure Category | Actual FY19 | Actual FY21 | Roll forward Adjustment | Fixed FY23 |
|---|---|---|---|---|
| Personnel Services | $ 1,897,636 | $ 2,017,429 | $ - | $ - |
| Unallowable | - | (2,314) | - | - |
| **Total Allowable** | $ 1,897,636 | $ 2,015,115 | $ 117,479 | $ 2,132,594 |

## ERP WORKDAY

### DESCRIPTION OF SERVICES

The ERP Workday support team provides strategic and operational leadership and maintains, troubleshoots, and enhances the functionality of the County's Enterprise Resource Planning software, Workday.

ERP Workday manages human resource operational and strategic functions in Workday including project management, business analysis, configuration, reporting and daily maintenance across the multiple HR disciplines.

Additionally, ERP Workday maintains, troubleshoots, and enhances Workday finance functionality and supports planning, design, build, and testing of Workday configuration and custom reports. ERP Workday also maintains the system's foundational financial master data and supports departmental Workday users with training.

Since all grant programs require support for existing and new features within the software for the successful operation and record keeping of federal programs, the ERP Workday allocation is deemed allowable.

| Expenditure Category | Actual FY19 | Actual FY21 | Roll forward Adjustment | Fixed FY23 |
|---|---|---|---|---|
| Personnel Services | $ - | $ 2,179,868 | $ - | $ - |
| Unallowable | - | - | - | - |
| **Total Allowable** | $ - | $ 2,179,868 | $ - | $ 2,179,868 |

# FINANCE

## DESCRIPTION OF SERVICES

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

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

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

| Expenditure Category | Actual FY19 | Actual FY21 | Roll forward Adjustment | Fixed FY23 |
|---|---|---|---|---|
| Personnel Services | $ 7,606,969 | $ 9,087,100 | $ - | $ - |
| Unallowable | - | (36,009) | - | - |
| **Total Allowable** | $ 7,606,969 | $ 9,051,092 | $ 1,444,122 | $ 10,495,214 |

## HUMAN RESOURCES

### DESCRIPTION OF SERVICES

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

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

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

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

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

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

| Expenditure Category | Actual FY19 | Actual FY21 | Roll forward Adjustment | Fixed FY23 |
|---|---|---|---|---|
| Personnel Services | $ 3,784,331 | $ 6,011,878 | $ - | $ - |
| Unallowable | (710) | (16,381) | - | - |
| **Total Allowable** | $ 3,783,621 | $ 5,995,496 | $ 2,211,876 | $ 8,207,372 |

## STRATEGIC SOURCING

### DESCRIPTION OF SERVICES

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

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

| Expenditure Category | Actual FY19 | Actual FY21 | Roll forward Adjustment | Fixed FY23 |
|---|---|---|---|---|
| Personnel Services | $ 317,302 | $ 262,746 | $ - | $ - |
| Unallowable | - | - | - | - |
| **Total Allowable** | $ 317,302 | $ 262,746 | $ (54,557) | $ 208,189 |

# Department Indirect Allocations

## DEPARTMENT OF COUNTY HUMAN SERVICES

| **Central Services** | | | **Departmental** | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | **3.59%** | Indirect | $ 8,104,671 | **10.45%** |
| Direct | $ 684,577,367 | | Direct | $ 77,547,497 | |

| | Department Indirect | Department Direct | Department Total |
|---|---|---|---|
| Personnel Services | $ 7,246,800 | $ 77,547,497 | $ 84,794,297 |
| Rollforward | 857,871 | - | 857,871 |
| Total | $ 8,104,671 | $ 77,547,497 | $ 85,652,168 |

| Roll forward Computation | |
|---|---|
| Actual FY19 | $ 6,388,928 |
| Actual FY21 | 7,246,800 |
| Rollforward Adjustment | 857,871 |
| Fixed FY23 | $ 8,104,671 |

## DEPARTMENT OF COMMUNITY JUSTICE

| **Central Services** | | | **Departmental** | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | **3.59%** | Indirect | $ 6,496,277 | **11.78%** |
| Direct | $ 684,577,367 | | Direct | $ 55,145,401 | |

| | Department Indirect | Department Direct | Department Total |
|---|---|---|---|
| Personnel Services | $ 6,933,429 | $ 55,145,401 | $ 62,078,830 |
| Rollforward | (437,151) | - | (437,151) |
| Total | $ 6,496,277 | $ 55,145,401 | $ 61,641,678 |

| Roll forward Computation | |
|---|---|
| Actual FY19 | $ 7,370,580 |
| Actual FY21 | 6,933,429 |
| Rollforward Adjustment | (437,151) |
| Fixed FY23 | $ 6,496,277 |

## HEALTH DEPARTMENT

| Central Services | | | Departmental | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | 3.59% | Indirect | $ 18,068,166 | 9.85% |
| Direct | $ 684,577,367 | | Direct | $ 183,409,577 | |

| | Department Indirect | Department Direct | Department Total |
|---|---|---|---|
| Personnel Services | $ 15,868,059 | $ 183,409,577 | $ 199,277,637 |
| Rollforward | 2,200,107 | - | 2,200,107 |
| Total | $ 18,068,166 | $ 183,409,577 | $ 201,477,743 |

| Roll forward Computation | |
|---|---|
| Actual FY19 | $ 13,667,953 |
| Actual FY21 | 15,868,059 |
| Rollforward Adjustment | 2,200,107 |
| Fixed FY23 | $ 18,068,166 |

## DISTRICT ATTORNEY

| **Central Services** | | | **Departmental** | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | **3.59%** | Indirect | $ 4,765,864 | **18.08%** |
| Direct | $ 684,577,367 | | Direct | $ 26,364,207 | |

| | Department Indirect | Department Direct | Department Total |
|---|---|---|---|
| Personnel Services | $ 4,366,009 | $ 26,364,207 | $ 30,730,215 |
| Rollforward | 399,855 | - | 399,855 |
| Total | $ 4,765,864 | $ 26,364,207 | $ 31,130,070 |

| Roll forward Computation | |
|---|---|
| Actual FY19 | $ 3,966,154 |
| Actual FY21 | 4,366,009 |
| Rollforward Adjustment | 399,855 |
| Fixed FY23 | $ 4,765,864 |

## SHERIFF'S OFFICE

| **Central Services** | | | **Departmental** | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | **3.59%** | Indirect | $ 12,653,010 | **10.61%** |
| Direct | $ 684,577,367 | | Direct | $ 119,285,799 | |

| | Department Indirect | Department Direct | Department Total |
|---|---|---|---|
| Personnel Services | $ 10,958,827 | $ 119,285,799 | $ 130,244,626 |
| Rollforward | 1,694,183 | - | 1,694,183 |
| Total | $ 12,653,010 | $ 119,285,799 | $ 131,938,809 |

| Roll forward Computation | |
|---|---|
| Actual FY19 | $ 9,264,644 |
| Actual FY21 | 10,958,827 |
| Rollforward Adjustment | 1,694,183 |
| Fixed FY23 | $ 12,653,010 |

## DEPARTMENT OF COMMUNITY SERVICES

| **Central Services** | | | **Departmental** | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | **3.59%** | Indirect | $ 3,486,675 | **15.16%** |
| Direct | $ 684,577,367 | | Direct | $ 23,003,048 | |

| | Department Indirect | Department Direct | Department Total |
|---|---|---|---|
| Personnel Services | $ 2,697,654 | $ 23,003,048 | $ 25,700,702 |
| Rollforward | 789,021 | - | 789,021 |
| Total | $ 3,486,675 | $ 23,003,048 | $ 26,489,724 |

| Roll forward Computation | |
|---|---|
| Actual FY19 | $ 1,908,633 |
| Actual FY21 | 2,697,654 |
| Rollforward Adjustment | 789,021 |
| Fixed FY23 | $ 3,486,675 |

## JOINT OFFICE OF HOMELESS SERVICES

| **Central Services** | | | **Departmental** | | |
|---|---|---|---|---|---|
| Indirect | $ 24,575,809 | **3.59%** | Indirect | $ 2,263,711 | **25.16%** |
| Direct | $ 684,577,367 | | Direct | $ 8,997,380 | |

| | **Department Indirect** | **Department Direct** | **Department Total** |
|---|---|---|---|
| Personnel Services | $ 2,263,711 | $ 8,997,380 | $ 11,261,090 |
| Rollforward | - | - | - |
| Total | $ 2,263,711 | $ 8,997,380 | $ 11,261,090 |

| **Roll forward Computation** | |
|---|---|
| Actual FY19 | $ - |
| Actual FY21 | 2,263,711 |
| Rollforward Adjustment | - |
| Fixed FY23 | $ 2,263,711 |

# Section II: Internal Service Funds

## FY23 COST ALLOCATION PLAN - INTERNAL SERVICE FUNDS

These funds account for activities and services performed primarily for other organizational units within the County. Charges to the County agencies are calculated to recover costs and maintain capital. The County accounts for certain expenditures of the internal service funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes the accrual basis of accounting is used. Such differences relate primarily to the methods of accounting for deprecation and capital outlay. Noted below are the County's internal service funds along with a description of the methodology used to allocate the cost of the services, including how these costs or rates are determined. Rates for the internal service providers are posted on the County's public website at: https://multco.us/budget/fy-2023-county-assets-cost-allocations

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

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

Rate Methodology

Fleet Operations creates four separate rates:

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

Fiscal year 2023 rates

1) Fleet utilizes six separate rates to account for its cost:
    a) Replacement Charge - Varies by type of vehicle, cost to replace and estimated life.
    b) Replacement Admin – A 7% administration fee.
    c) Annual Base Charge – Varies by type of class.
    d) Mileage Rate – Ranges from $0.54 to $1.07 per mile, shop rate for labor cost is $145, fuel markup is 10% and parts markup is 36%.
    e) Overhead Charge – Calculated at $1,387 per vehicle per year and $370 per equipment per year.

2) Motor Pool charges $7.50 per hour with a minimum charge of two hours a day. Enterprise CarShare is $1,100/vehicle/month. Rental of specialized vehicles from commercial rental agencies are not included in this charge, but are charged at a daily rate of $50.00 plus overhead and fuel.

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

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

1) Desktop and Server Device Count. Desktop Devices include laptops, personal computers, tablets, and actual and virtual file servers. Services allocated by desktop device count by department are Help Desk, Network Security, Desktop Services, General Government & Open Source Applications, some GIS services, and some Server & Support Services.
2) Circuits. Network Services costs are allocated to each department based on wide-area network circuit counts by department.
3) Planview Data. Planview is a software tool in which IT staff account for all hours worked. Services allocated by Planview data are Application Support Services, Data & Reporting Services, Project Management and some GIS Services.
4) ERP employee count. ERP Support services are allocated based on the number of employees in each department.
5) Telecommunications services are allocated by phone number and Planview Data.
6) Mobile device costs are allocated by usage (minutes/data). Cost of program management is allocated by device at $5.61 per month per device.

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

<u>Rate Methodology</u>

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

<u>Fiscal year 2023 rates</u>

1) Distribution costs are charged to departments based on a department's number of stops, and special delivery requests. Operational costs are allocated based on a fixed stop charge at $7,776/year/stop point allocation. Special deliveries are charged at $85 per hour. Pass Through (Postage, UPS, etc.) are billed on actual usage.

2) The Records program is allocated to departments as a percentage of overall program usage based on records action, electronic document and records management system, and shredding bins. Costs are allocated at 1/12 of the budgeted amount each month.

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

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

The base allocation rate varies from $7.47 – $15.50 per square foot per year, depending on the type and quantity of space being utilized by each department. The burden rate for labor costs varies by type of employee and ranges.

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

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

Insurance rates vary by department based on worker's compensation and liability claims experience and range from 6.65% to 8.90% of payroll. In addition, departments are charged a flat rate for active employee healthcare.

Multnomah County is self-insured for the following activities:
- Liability
- Worker's Compensation
- Unemployment
- Active Employee and Retiree Healthcare

Reserves are allocated, first to the County's unfunded actuarial liability for retiree healthcare. The Financial Policies adopted annually by the Board of County Commissioners specify that the County will fund up to 30% of the retiree healthcare liability (commonly known as OPEB) by the end of fiscal year 2019. The liability is approximately $127 million based on the most recent OPEB actuarial valuation (January 1, 2021).

## SELF-INSURANCE INFORMATION

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has an established risk management program for liability, workers' compensation and medical/dental, whereby premiums are calculated on payroll expenditures in all County funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Discount factors of 0.904 and 0.930 were used to estimate the year-end liability component. The County's excess insurance coverage policies cover claims in excess of $1 million for workers' compensation and $1 million for all liability claims.

### How Are Contributions Determined?

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

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

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

For fiscal year 2023, the flat amounts are:

- $18,918 for full-time employees
- $14,188 for Local 88 three-quarter time employees
- $10,798 for half-time employees

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

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

**Actuarial and Insurance Reports**

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

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

| | Fiscal Year Ended 6/30/21 | Fiscal Year Ended 6/30/20 |
|---|---|---|
| Unpaid claims, beginning of fiscal year | $ 10,579 | $ 12,364 |
| Incurred claims (including IBNRs) | 37,187 | 33,616 |
| Actuarial adjustment | (2,060) | (3,491) |
| Claim payments | (33,708) | (31,910) |
| Unpaid claims, end of fiscal year | $ 11,998 | $ 10,579 |

**Fiscal Year 2021 Total Claims and IBNR Reserves by category:**

- Workers Comp $4.9 million
- General Liability $3.0 million
- Medical/Dental $4.1 million

## FRINGE BENEFITS COSTS

### Fringe Benefit Policy

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

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

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

Additional information on the County's fiscal year 2023 budget process can be found on line at:
https://multco.us/budget/fy-2023-budget-manuals-forms-calendars-and-other-resources

**Postemployment benefits other than pensions**

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

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

*Plan Description.* The County contributes to the OPERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by by telephone (503) 598-7377; by writing to OPERS, PO Box 23700, Tigard, OR 97281-3700, or online: http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx.

Plan Benefits:

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

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

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.05 percent of annual covered payroll for Tier One, Tier Two and for OPSRP employees. The OPERS Board of Trustees sets the employer contribution rate. The rate is based on the annual required contribution (ARC) of the combined participant employers. This is an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years.

*Contributions.* The County's contractually required contribution rate for the year ended June 30, 2021 was 0.05 percent of the covered payroll for Tier 1/Tier 2 employees, actuarially determined as an amount that is expected to finance the costs of the benefits earned by employees during the year. Employees are not required to contribute to the RHIA plan. Contributions by the County to the RHIA plan equaled the required contributions each year and were:

| Fiscal Year Ended June 30, | RHIA Contributions |
|---|---|
| 2017 | $ 1,678 |
| 2018 | 1,641 |
| 2019 | 1,006 |
| 2020 | 856 |
| 2021 | 70 |

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

For the fiscal year ended June 30, 2021, the County reported an asset of $24,425 for its proportionate share of the collective net RHIA OPEB asset. The collective net RHIA OPEB asset was measured as of June 30, 2020 and the total RHIA OPEB asset used to calculate the collective net RHIA OPEB asset was determined by an actuarial valuation as of December 31, 2018. The County's proportionate share of the collective net RHIA OPEB asset was based on a projection of the County's long-term share of contributions to the RHIA OPEB plan relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share at June 30, 2021 and June 30, 2020 was 11.987 and 2.029 percent respectively, resulting in an increase of 9.958 percent.

For the year ended June 30, 2021, the County recognized expenses of $8,900 for RHIA OPEB. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to RHIA OPEB from the following sources:

| Schedule of Deferred Outflows / (Inflows) of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows / (Inflows) of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ - | $ (2,497) | $ (2,497) |
| Changes of assumptions | - | (1,298) | (1,298) |
| Net difference between projected and actual earnings on investments | 2,717 | - | 2,717 |
| Changes in proportionate share | 390 | (10,154) | (9,764) |
| Total (prior to post-measurement date contributions) | 3,107 | (13,949) | (10,842) |
| Contributions made subsequent to measurement date | 70 | - | 70 |
| Net deferred outflows / (inflows) of resources | $ 3,177 | $ (13,949) | $ (10,772) |

Deferred outflows of resources of $70 were reported related to RHIA OPEB contributions subsequent to the measurement date and will be recognized as a reduction of the collective net RHIA OPEB liability in the year ended June 30, 2022. Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to RHIA OPEB will be recognized in RHIA OPEB expense in subsequent years as follows:

| Fiscal Year Ending June 30, | Differences between Expected and Actual Experience | Changes in Assumptions | Net Difference Between Projected and Actual Earnings on Investments | Changes in Proportionate Share | Net Deferred Outflows / (Inflows) of Resources |
|---|---|---|---|---|---|
| 2022 | $ (1,888) | $ (686) | $ 138 | $ (4,990) | $ (7,426) |
| 2023 | (609) | (612) | 717 | (4,774) | (5,278) |
| 2024 | - | - | 1,004 | - | 1,004 |
| 2025 | - | - | 858 | - | 858 |
| Total | $ (2,497) | $ (1,298) | $ 2,717 | $ (9,764) | $ (10,842) |

Actuarial methods and assumptions used in developing total RHIA OPEB asset

The total RHIA OPEB asset based on the December 31, 2018 valuation was determined using the following actuarial methods and assumptions:

| | |
|---|---|
| Valuation date | December 31, 2017 |
| Measurement date | June 30, 2020 |
| Experience study | 2018, Published July 24, 2019 |
| Actuarial cost method | Entry Age Normal |
| Actuarial assumptions: | |
| Inflation rate | 2.5 percent |
| Long-term expected rate of return | 7.2 percent |
| Discount rate | 7.2 percent |
| Projected salary increases | 3.5 percent |
| Cost of living adjustments (COLA) | Blend of 2% COLA and graded COLA (1.25% / 0.15%) in accordance with Moro decision, blend based on service |
| Mortality | *Health retirees and beneficiaries:* Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. *Active Members:* Pub-2010 Employee, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. *Disabled retirees:* Pub-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total RHIA OPEB asset was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from County will be made at contractually required rates, actuarially determined. Based on this assumption, the RHIA OPEB plan's fiduciary net position was projected to be available to make all projected RHIA OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on RHIA OPEB plan investments was applied to all periods of projected benefit payments to determine the total RHIA OPEB asset.

GASB 74 generally requires that a blended discount rate be used to measure the total OPEB liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where fiduciary net position is not projected to cover benefit payments and administrative costs.

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

The following presents the County's proportionate share of the net RHIA OPEB asset calculated using the discount rate of 7.2 percent, as well as what the County's proportionate share of the net RHIA OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

| | 1% Decrease (6.2)% | Current Discount Rate (7.2)% | 1% Increase (8.2)% |
|---|---|---|---|
| County's proportionate share of the net OPEB liability (asset) | $ (19,719) | $ (24,425) | $ (28,448) |

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 2017 the OPERS Board reviewed long-term assumptions developed by both Milliman's capital mark assumptions team and the Oregon Investment Council's (OIC) investment advisers. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is 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 on a forward-looking capital market economic model.

| Asset Class | Target Allocation | 20-Year Annualized Geometric Mean |
|---|---|---|
| Core Fixed Income | 9.60% | 4.07% |
| Short-term Bonds | 9.60% | 3.68% |
| Bank/Leveraged Loans | 3.60% | 5.19% |
| High Yield Bonds | 1.20% | 5.74% |
| Large/Mid Cap US Equities | 16.17% | 6.30% |
| Small Cap US Equities | 1.35% | 6.68% |
| Micro Cap US Equities | 1.35% | 6.79% |
| Developed Foreign Equities | 13.48% | 6.91% |
| Emerging Market Equities | 4.24% | 7.69% |
| Non-US Small Cap Equities | 1.93% | 7.25% |
| Real Estate (REITS) | 2.50% | 6.69% |
| Real Estate (Property) | 10.00% | 5.55% |
| Timber | 1.13% | 5.61% |
| Farmland | 1.13% | 6.12% |
| Infrastructure | 2.25% | 6.67% |
| Private Equity | 17.50% | 8.33% |
| Commodities | 1.13% | 3.79% |
| Hedge Fund of Funds – Diversified | 1.50% | 4.06% |
| Hedge Fund – Event-driven | 0.38% | 5.59% |
| Portfolio - Net of Investment Expenses | 100.00% | 6.91% |
| | | |
| Assumed Inflation - Mean | | 2.50% |

***Multnomah County Postretirement Retiree Medical and Life Insurance Plan***

*Plan description.* The County also administers a single-employer defined benefit healthcare and life insurance plan (the Plan) per the requirements of collective bargaining agreements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. The Plan states the County shall pay 50 percent of the monthly medical insurance premium on behalf of a County retiree and his/her eligible dependents from the retiree's 58th birthday or date of retirement, whichever is later, until the retiree's 65th birthday, death or eligibility for Medicare, whichever is earlier. Retirees must have five years of continuous County service immediately preceding retirement at or after age 58, or ten years of continuous County service immediately preceding retirement prior to age 58. The Plan does not issue a publicly available financial report.

Plan benefits

*Funding policy.* A trust fund has not been established to hold resources for the payment of benefits for the net OPEB obligation. Contribution requirements are negotiated between the County and union representatives. The Plan offers retirees a health benefit equal to half of their monthly premium; retirees are required to pay the other half. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to cover 50 percent of the annual premium costs, which are two percent of annual covered payroll to fund the Plan.

At the date of the last valuation, January 1, 2021, there were 505 retirees enrolled in the OPEB medical benefit and 2,399 retirees with life coverage. Retirees with medical insurance noted above excludes post age 65 retirees who are not covering their pre-age 65 spouses and/or dependents, as the County does not incur any liability from those participants. In addition, retirees may enroll in dental insurance at their own cost; the County does not incur any liability for retiree dental coverage.

The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2021, the County contributed $6,638 to the Plan, of which $3,263 was explicitly contributed as part of the contractual obligation described above; the remaining $3,375 represents the implicit subsidy derived from active employee contributions. Administrative expenses of $418 are included in the explicit contributions.

Actuarial methods and assumptions used in developing total OPEB liability

The total OPEB liability based on the January 1, 2021 valuation was determined using the following actuarial methods and assumptions:

| | |
|---|---|
| Measurement date | January 1, 2021 |
| Actuarial assumptions: | |
| Discount rate: | |
| As of January 1, 2019 | 4.10 percent |
| As of January 1, 2020 | 2.74 percent |

| | |
|---|---|
| As of January 1, 2021 | 2.12 percent<br>(Bond Buyer 20-Bond GO Index as of December 27, 2018, and December 26, 2019, and December 31, 2020) |
| Healthcare cost trends | Ranges from 6.4 percent in 2021 decreasing to 4 percent in 2040 |
| Wage inflation rate | 3.50 percent per year |
| Salary merit increase rates | Rates used in 2020 OPERS experience study |
| Mortality | Rates used in 2020 OPERS experience study |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

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

In the January 1, 2021 actuarial valuation, the entry age normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits of each individual is allocated on a level basis over the earnings or service of the individual between date of hire and assumed retirement date.

Changes since the last valuation

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

Demographic assumptions including retirement rates, disability rates, termination rates, and mortality rates were updated to match the assumptions developed in the 2020 Oregon PERS experience study.

The medical plan election assumption for future retirees was updated to better reflect recent experience.

Any change in total OPEB liability due to benefit changes is recognized immediately.

Changes in total OPEB liability

The table below shows the changes in the total OPEB liability during the measurement period ending on January 1, 2021.

| Changes in Total OPEB Liability | Total OPEB Liability |
|---|---|
| Balance at January 1, 2020 | $ 121,091 |
| Changes for the year: | |
| Service cost | 7,422 |
| Interest | 3,329 |
| Changes of benefits | - |
| Differences between expected and actual experience | 1,257 |
| Changes of assumptions | 172 |
| Benefit payments: | |
| Explicit subsidy | (3,263) |
| Implicit subsidy | (3,375) |
| Net changes | 5,542 |
| Balance at January 1, 2021 | $ 126,633 |

During the measurement year, the total OPEB liability increased by $5,541. The service cost and interest cost increased the total OPEB liability by $10,751 while benefit payments reduced the total OPEB liability by $6,638.

There were no changes in benefits during the measurement year. There was a change in assumptions during the measurement year decreasing the discount rate, which increased the total OPEB liability by approximately $172. There was a liability experience loss, primarily due to changes in health care costs as well as demographic changes, which increased the total OPEB liability by approximately $1,256.

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

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

| | 1% Decrease 1.12% | Current Discount Rate 2.12% | 1% Increase 3.12% |
|---|---|---|---|
| Total OPEB liability | $ 135,181 | $ 126,633 | $ 118,604 |

A one percent decrease in the discount rate increases the total OPEB liability by approximately 6.8 percent and a one percent increase in the discount rate decreases the total OPEB liability by approximately 6.3 percent.

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

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

| | 1% Decrease | Healthcare Trend | 1% Increase |
|---|---|---|---|
| Net OPEB liability | $ 114,579 | $ 126,633 | $ 140,707 |

A one percent decrease in the healthcare trends decreases the total OPEB liability by approximately 9.5 percent and a one percent increase in the healthcare trends increases the total OPEB liability by approximately 11.1 percent.

OPEB deferred inflows and outflows of resources

The table below summarizes the current balances of deferred outflows of resources related to the Plan along with the net recognition over the next five years and the total recognition thereafter, if any.

| Schedule of Deferred Outflows / (Inflows) of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows / (Inflows) of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ 1,434 | $ (10,937) | $ (9,503) |
| Changes in assumptions | 8,928 | (3,798) | 5,130 |
| Subtotal | 10,362 | (14,735) | (4,373) |
| Contributions subsequent to the measurement date: | | | |
| Explicit subsidy | 1,653 | - | 1,653 |
| Implicit subsidy | 1,711 | - | 1,711 |
| Administrative expenses | 237 | - | 237 |
| Total contributions subsequent to measurement date | 3,601 | - | 3,601 |
| Net deferred outflows / (inflows) of resources | $ 13,963 | $ (14,735) | $ (772) |

Amounts reported as deferred outflows due to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30, | Future Recognition of OPEB Expense |
|---|---|
| 2022 | $ (1,328) |
| 2023 | (1,328) |
| 2024 | (1,328) |
| 2025 | (1,860) |
| 2026 | 1,263 |
| Thereafter | 204 |
| Total | $ (4,377) |

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

During the year, actual experience differed from assumed experience decreasing the total OPEB liability by $1,256. Approximately $179 is recognized in the current year and an identical amount will be recognized in each of the next six years. Unrecognized experience gains from prior years were $13,083, of which $2,503 is recognized in the current year.

Unrecognized experience losses from prior years was $476, of which $119 is recognized in the current year. As of January 1, 2021 unrecognized experience gains and losses from the current and prior years result in deferred inflows of resources of approximately $10,937 and a deferred outflow of resources of approximately $1,434.

In addition, changes in assumptions increased the total OPEB liability by approximately $172. Approximately $25 is recognized in the current year and an identical amount will be recognized in each of the next six years. Unrecognized assumption changes from the prior year that increased the total OPEB liability by $6,122, of which $996 is recognized in the current year. As of January 1, 2021, unrecognized assumption changes from the current and prior years result in a deferred outflow of resources of approximately $8,926 and a deferred inflow of resources of approximately $3,800.

Aggregated information on OPEB plans

For the year ended June 30, 2021, the County recognized a net OPEB revenue of $6,492. The aggregate balance of the County's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and expense related to other postemployment benefits for the County Plan and OPERS RHIA as of June 30, 2021 is as follows:

| | County Plan | OPERS RHIA | Totals |
|---|---|---|---|
| Governmental activities: | | | |
| Net OPEB asset (liability) | $ (126,345) | $ 24,372 | $ (101,973) |
| Deferred outflows | 13,931 | 3,170 | 17,101 |
| Deferred inflows | (14,702) | (13,919) | (28,621) |
| OPEB Expense (Income) | 4,164 | (8,948) | (4,784) |
| Total governmental activities | (122,952) | 4,675 | (118,277) |
| Business-type activities: | | | |
| Net OPEB asset (liability) | (288) | 53 | (235) |
| Deferred outflows | 32 | 7 | 39 |
| Deferred inflows | (33) | (30) | (63) |
| OPEB Expense (Income) | (1,756) | 48 | (1,708) |
| Total business-type activities | (2,045) | 78 | (1,967) |
| Totals: | | | |
| Net OPEB asset (liability) | (126,633) | 24,425 | (102,208) |
| Deferred outflows | 13,963 | 3,177 | 17,140 |
| Deferred inflows | (14,735) | (13,949) | (28,684) |
| Expense related to OPEB | 2,408 | (8,900) | (6,492) |
| Totals | $ (124,997) | $ 4,753 | $ (120,244) |

**Employee retirement systems, pension plans and deferred compensation plan**

***State of Oregon Public Employees Retirement System***

*Plan description.* The County is a participating employer in the Oregon Public Employee Retirement System (OPERS), a cost-sharing multiple-employer defined benefit public employee pension plan. The County also maintains a defined contribution plan for the purpose of individual retirement savings through OPERS: the Individual Account Program (IAP). Employees hired before August 29, 2003 belong to the Tier One/Tier Two Retirement Benefit Program (established pursuant to ORS Chapter 238), while employees hired on or after August 29, 2003 belong to the OPSRP Pension Program (established pursuant to ORS Chapter 238A). OPERS is administered under Oregon Revised Statutes Chapter 238 and Internal Revenue Service 401(a) by the Public Employees Retirement Board (OPERS Board).

OPERS, a fiduciary fund 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: https://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

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

Plan Benefits

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

*Tier One/Tier Two Retirement Benefits*

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

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

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

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

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

- The member was on an official leave of absence from an OPERS-covered job at the time of death.

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

*Benefit changes after retirement.* Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living adjustments (COLA). Under current law, the cap on COLA is 2 percent, blended based on service, and graded (1.25 percent/0.5 percent).

*OPSRP Pension Program*

*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. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 1/2 years.

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

*Benefit changes after retirement.* Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living adjustments (COLA). Under current law, the cap on COLA is 2 percent, blended based on service, and graded (1.25 percent/0.5 percent).

Contributions

Funding policy. OPERS funding policy provides for periodic member and employer contributions at rates established by the Public Employees Retirement Board, subject to limits set in statute. The rates established for member and employer contributions were approved based on the recommendations of the System's third-party actuary. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the OPERS defined benefit plan and the other posteemployment plan.

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 $18,702 of the employees' contribution for the year ended June 30, 2021. This "pick-up" is allocated to each employee's Individual Account Program (IAP).

The County's employer contribution rates for the year ended June 30, 2021 were 19 percent for Tier One/Tier Two members, 10.74 percent for OPSRP General Service members, and 15.51 percent for OPSRP Police and Fire members. The County's total contributions, excluding the IAP 6 percent "pick-up," for the year ended June 30, 2021 were:

| | Contributions |
|---|---|
| Pension Benefits | $ 43,440 |
| OPSRP Defined Benefit | 26,944 |
| Subtotal | 70,384 |
| Side Account | - |
| Side Account Amortization | (10,465) |
| Side Account subtotal | (10,465) |
| Total Defined Benefit Pension | $ 59,919 |
| | |
| OPSRP IAP Benefits | $ 18,702 |
| RHIA Benefits | $ 70 |

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

For the fiscal year ended June 30, 2021, the County reported a liability of $728,099 for its proportionate share of the collective OPERS net pension liability. The collective net pension asset/liability was measured as of June 30, 2020, using the actuarial valuation of December 31, 2018. The County's proportion of the collective net pension liability was based on a projection of the County's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share at June 30, 2021 and June 30, 2020 was 3.336 and 3.361 percent respectively, resulting in a decrease of 0.0249 percent.

For the year ended June 30, 2021, the County recognized a total pension expense of $128,458. The balance of the County's net pension liability, deferred outflows, deferred inflows, and expense related to other postemployment benefits for the pension as of June 30, 2021 is as follows:

| | Pension |
|---|---|
| Governmental activities: | |
| Net pension asset (liability) | $ (726,516) |
| Deferred outflows | 265,827 |
| Deferred inflows | (12,134) |
| Expense related to pension | 133,196 |
| Total governmental activities | (339,627) |
| Business-type activities: | |
| Net pension asset (liability) | (1,583) |
| Deferred outflows | 579 |
| Deferred inflows | (26) |
| Expense related to pension | (4,738) |
| Total business-type activities | (5,768) |
| Totals: | |
| Net pension asset (liability) | (728,099) |
| Deferred outflows | 266,406 |
| Deferred inflows | (12,160) |
| Expense related to pension | 128,458 |
| Totals | $ (345,395) |

The County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Schedule of Deferred Outflows / (Inflows) of Resources | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows / (Inflows) of Resources |
|---|---|---|---|
| Differences between expected and actual experience | $ 32,045 | $ - | $ 32,045 |
| Changes of assumptions | 39,075 | (1,368) | 37,707 |
| Net difference between projected and actual earnings on investments | 85,615 | - | 85,615 |
| Changes in proportionate share | 693 | (9,658) | (8,965) |

| | | | |
|---|---|---|---|
| Differences between employer contributions and proportionate share of contributions | 49,059 | (1,134) | 47,925 |
| Total (prior to post-measurement date (MD) contributions) | 206,487 | (12,160) | 194,327 |
| Contributions subsequent to the MD | 59,919 | - | 59,919 |
| Net deferred ouflows / (inflows) of resources | $ 266,406 | $ (12,160) | $ 254,246 |

The total deferred outflows of resources of $59,919 were reported related to pension contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

Though the County has made side account payments in prior years, no side account payments were made during fiscal year ending June 30, 2021. Side accounts are treated as a deferred outflow for contributions in excess of the County's proportionate share of contributions in subsequent years and amortized. There was an amortization of OPERS side accounts for a reduction of $10,465.

Other amounts reported by the County as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense and a reduction of the net pension liability/collective net pension liability in subsequent years as follows:

| Fiscal Year Ending June 30, | Differences between Expected and Actual Experience | Changes in Assumptions | Net Difference Between Projected and Actual Earnings on Investments | Changes in Proportionate Share | Difference Between Employer Contributions and Proportionate Share of Contributions | Net Deferred Outflows/ (Inflows) of Resources |
|---|---|---|---|---|---|---|
| 2022 | $ 11,010 | $ 21,508 | $ 2,562 | $ (3,798) | $ 17,579 | $ 48,861 |
| 2023 | 8,861 | 14,055 | 23,434 | (3,307) | 13,664 | 56,707 |
| 2024 | 7,815 | 2,556 | 32,714 | (1,017) | 7,699 | 49,767 |
| 2025 | 3,592 | (318) | 26,905 | (638) | 6,894 | 36,435 |
| 2026 | 767 | (94) | - | (205) | 2,089 | 2,557 |
| Total | $ 32,045 | $ 37,707 | $ 85,615 | $ (8,965) | $ 47,925 | $ 194,327 |

Actuarial methods and assumptions used in developing total pension liability

The total pension liability based on the December 31, 2018 actuarial valuation was determined using the following actuarial methods and assumptions:

| | |
|---|---|
| Valuation Date | December 31, 2018 |
| Measurement date | June 30, 2020 |
| Experience Study | 2018, published July 24, 2019 |
| Actuarial Cost Method | Entry Age Normal |
| Actuarial assumptions: | |
| Inflation rate | 2.5 percent |
| Long-Term Expected Rate of Return | 7.2 percent |
| Discount rate | 7.2 percent |
| Projected salary increases | 3.5 percent |

| | |
|---|---|
| Cost of Living Adjustments (COLA) | Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service |
| Mortality | *Healthy retirees and beneficiaries:* Pub-2010 Healthy Retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |
| | *Active members:* Pub-2010 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in valuation |
| | *Disabled retirees:* PUB-2010 Disabled retiree, sex-distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. |

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 2018 Experience Study, which reviewed experience for January 1, 2017 to December 31, 2020.

Discount rate

The discount rate used to measure the total pension liability of the Plan was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

GASB 67 generally requires that a blended discount rate be used to measure the total pension liability. The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position (fair value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where fiduciary net position is not projected to cover benefit payments and administrative costs.

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 7.2 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 (6.2 percent) or 1-percentage-point higher (8.2 percent) than the current rate:

| | 1% Decrease 6.20% | Current Discount Rate 7.2% | 1% Increase 8.2% |
|---|---|---|---|
| County's proportionate share of the net pension liability (asset) | $ 1,081,167 | $ 728,099 | $ 432,035 |

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 2021, the OPERS Board reviewed long-term real return outlooks developed by Milliman's capital market team for each of the asset classes in which the plan is invested based on the Oregon Investment Council's (OIC) long-term target asset allocation, and combined those real return outlooks with a 2.4 percent inflation assumption to develop nominal expected returns. Since the OIC uses broader asset classes than those for which Milliman's investment professionals develop long-term assumptions, Milliman received assistance from Meketa, OIC's primary consultant, to map each OIC asset class to the classes shown below.

Each asset class assumption was based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model. Based on the target allocation and investment return assumptions for each of the asset classes, the model's $50^{th}$ percentile output is developed as follows:

| Asset Class | Target Allocation | 20-Year Annualized Geometric Mean |
|---|---|---|
| Core Fixed Income | 9.60% | 4.07% |
| Short-Term Bonds | 9.60% | 3.68% |
| Bank/Leveraged Loans | 3.60% | 5.19% |
| High Yield Bonds | 1.20% | 5.74% |
| Large/Mid Cap US Equities | 16.17% | 6.30% |
| Small Cap US Equities | 1.35% | 6.68% |
| Micro Cap US Equities | 1.35% | 6.79% |
| Developed Foreign Equities | 13.48% | 6.91% |
| Emerging Market Equities | 4.24% | 7.69% |
| Non-US Small Cap Equities | 1.93% | 7.25% |
| Real Estate (REITS) | 2.50% | 6.69% |
| Real Estate (Property) | 10.00% | 5.55% |
| Timber | 1.13% | 5.61% |
| Farmland | 1.13% | 6.12% |
| Infrastructure | 2.25% | 6.67% |
| Private Equity | 17.50% | 8.33% |
| Commodities | 1.13% | 3.79% |
| Hedge Fund of Funds – Diversified | 1.50% | 4.06% |
| Hedge Fund – Event-driven | 0.38% | 5.59% |
| Portfolio - Net of Investment Expenses | 100.00% | 6.91% |
| | | |
| Assumed Inflation - Mean | | 2.50% |

<u>OPSRP Individual Account Program</u>

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, 2021 was $1,044 for the amount associated with the final year-end payroll and is included in the net pension liability in the *Statement of Net Position*.

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

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

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

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

***Deferred Compensation Plan***

*Plan description.* The County offers employees a voluntary deferred compensation plan (the Plan) administered by the County. The Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The County's deferred compensation committee has the authority to establish or amend the plan provisions. The Plan is available to any individual who is an elected official of the County or who is employed by the County in a regular 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, 2021, the amount deferred and investment earnings thereon, adjusted to fair value, amount to $630,424. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County. Though the Plan is unaudited, private rulings by the Internal Revenue Services have been positive.

# MULTNOMAH COUNTY, OREGON
## Combining Statement of Net Position
## Internal Service Funds
## June 30, 2021
## (amounts expressed in thousands)

| | Government Activities - Internal Service Funds | | | |
|---|---|---|---|---|
| | Risk Management | Fleet Management | Fleet Asset Replacement | Information Technology |
| **ASSETS** | | | | |
| Current assets: | | | | |
| Cash and investments | $ 98,593 | $ 491 | $ 7,530 | $ 6,403 |
| Accounts receivable, net | 34 | - | - | 9 |
| Inventories | - | 682 | - | - |
| Prepaid items | 285 | - | - | 4,074 |
| Total current assets | 98,912 | 1,173 | 7,530 | 10,486 |
| Noncurrent assets: | | | | |
| Net OPEB asset - RHIA | 323 | 56 | - | 1,128 |
| Capital assets: | | | | |
| Construction in progress | - | - | - | 1,640 |
| Other capital assets (net of accumulated depreciation) | - | 1,144 | 4,189 | 10,306 |
| Total noncurrent assets | 323 | 1,200 | 4,189 | 13,074 |
| Total assets | 99,235 | 2,373 | 11,719 | 23,560 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | | |
| OPEB - County Plan | 185 | 32 | - | 641 |
| OPEB - RHIA | 42 | 7 | - | 147 |
| Pension plan | 3,528 | 616 | - | 12,300 |
| Total deferred outflows of resources | 3,755 | 655 | - | 13,088 |
| **LIABILITIES** | | | | |
| Current liabilities: | | | | |
| Accounts payable | 1,704 | 222 | 47 | 2,188 |
| Payroll payable | 127 | 28 | - | 515 |
| Unearned revenue | - | - | - | - |
| Compensated absences | 380 | 67 | - | 1,310 |
| Claims and judgments payable | 11,998 | - | - | - |
| Total current liabilities | 14,209 | 317 | 47 | 4,013 |
| Noncurrent liabilities: | | | | |
| Compensated absences | 177 | 8 | - | 621 |
| Other accrued payables | - | - | - | - |
| Total OPEB liability - County Plan | 1,680 | 290 | - | 5,812 |
| Net pension liability | 9,643 | 1,684 | - | 33,615 |
| Total noncurrent liabilities | 11,500 | 1,982 | - | 40,048 |
| Total liabilities | 25,709 | 2,299 | 47 | 44,061 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | |
| OPEB - County Plan | 196 | 34 | - | 676 |
| OPEB - RHIA | 185 | 32 | - | 644 |
| Pension plan | 161 | 28 | - | 561 |
| Total deferred inflows of resources | 542 | 94 | - | 1,881 |
| **NET POSITION** | | | | |
| Investment in capital assets | - | 1,144 | 4,189 | 11,947 |
| Unrestricted | 76,739 | (509) | 7,483 | (21,241) |
| Total net position | $ 76,739 | $ 635 | $ 11,672 | $ (9,294) |

| Government Activities - Internal Service Funds | | |
|---|---|---|
| Mail Distribution | Facilities Management | Total Internal Service Funds |
| $ 588 | $ 6,654 | $ 120,259 |
| - | 455 | 498 |
| 106 | 733 | 1,521 |
| 93 | 183 | 4,635 |
| 787 | 8,025 | 126,913 |
| 48 | 514 | 2,069 |
| - | - | 1,640 |
| 6 | 6,108 | 21,753 |
| 54 | 6,622 | 25,462 |
| 841 | 14,647 | 152,375 |
| 27 | 305 | 1,190 |
| 6 | 67 | 269 |
| 529 | 5,604 | 22,577 |
| 562 | 5,976 | 24,036 |
| 62 | 3,778 | 8,001 |
| 27 | 254 | 951 |
| - | 9 | 9 |
| 58 | 586 | 2,401 |
| - | - | 11,998 |
| 147 | 4,627 | 23,360 |
| 4 | 128 | 938 |
| - | 393 | 393 |
| 244 | 2,764 | 10,790 |
| 1,444 | 15,316 | 61,702 |
| 1,692 | 18,601 | 73,823 |
| 1,839 | 23,228 | 97,183 |
| 28 | 322 | 1,256 |
| 28 | 293 | 1,182 |
| 24 | 256 | 1,030 |
| 80 | 871 | 3,468 |
| 6 | 5,715 | 23,001 |
| (522) | (9,191) | 52,759 |
| $ (516) | $ (3,476) | $ 75,760 |

# MULTNOMAH COUNTY, OREGON
## Combining Statement of Revenues, Expenses and Changes in Net Position
## Internal Service Funds
## For the Year Ended June 30, 2021
## (amounts expressed in thousands)

| | Government Activities - Internal Service Funds | | | |
|---|---|---|---|---|
| | Risk Management | Fleet Management | Fleet Asset Replacement | Information Technology |
| **OPERATING REVENUES** | | | | |
| Charges for services | $ 118,047 | $ 5,249 | $ 2,612 | $ 62,156 |
| Intergovernmental charges for services | - | - | - | - |
| Insurance premiums | 10,841 | - | - | - |
| Licenses and permits | 4 | - | - | - |
| Miscellaneous | 1,370 | 57 | 14 | - |
| Total revenues | 130,262 | 5,306 | 2,626 | 62,156 |
| **OPERATING EXPENSES** | | | | |
| Cost of sales and services | 123,343 | 4,538 | 46 | 61,865 |
| Administration | 1,804 | 751 | - | 3,950 |
| Depreciation and amortization | - | 744 | 1,047 | 2,656 |
| Total operating expenses | 125,147 | 6,033 | 1,093 | 68,471 |
| Operating income (loss) | 5,115 | (727) | 1,533 | (6,315) |
| **NONOPERATING REVENUES (EXPENSES)** | | | | |
| Interest revenue | 950 | 3 | 72 | 92 |
| Gain (loss) on disposal of capital assets | - | 170 | - | - |
| Total nonoperating revenues | 950 | 173 | 72 | 92 |
| Income (loss) before contributions and transfers | 6,065 | (554) | 1,605 | (6,223) |
| Transfers in | - | - | - | 935 |
| Transfers out | - | - | - | - |
| Capital contributions in | - | - | - | 55 |
| Change in net position | 6,065 | (554) | 1,605 | (5,233) |
| Total net position - beginning | 70,674 | 1,189 | 10,067 | (4,061) |
| Total net position - ending | $ 76,739 | $ 635 | $ 11,672 | $ (9,294) |

| Government Activities - Internal Service Funds | | |
|---|---|---|
| Mail Distribution | Facilities Management | Total Internal Service Funds |
| $ 3,664 | $ 58,714 | $ 250,442 |
| - | 1,020 | 1,020 |
| - | - | 10,841 |
| - | - | 4 |
| - | 356 | 1,797 |
| 3,664 | 60,090 | 264,104 |
| 3,554 | 60,606 | 253,952 |
| 419 | 1,605 | 8,529 |
| 5 | 231 | 4,683 |
| 3,978 | 62,442 | 267,164 |
| (314) | (2,352) | (3,060) |
| 6 | 71 | 1,194 |
| - | - | 170 |
| 6 | 71 | 1,364 |
| (308) | (2,281) | (1,696) |
| - | - | 935 |
| - | (1,332) | (1,332) |
| - | - | 55 |
| (308) | (3,613) | (2,038) |
| (208) | 137 | 77,798 |
| $ (516) | $ (3,476) | $ 75,760 |

**Combining Balance Sheet**
**Nonmajor Special Revenue funds**
**June 30, 2021**
**(amounts expressed in thousands)**

| | Information Technology Fund | Capital Improvement Fund | Asset Preservation Fund | Total Non-Operating Transfers Out |
|---|---|---|---|---|
| **Non-operating transfers Out** | | | | |
| Financed Projects Fund | $ 935 | $ - | $ - | $ 935 |
| Facilities Management | - | 1,168 | 164 | 1,332 |
| **Total Non-operating Tranfers In** | $ 935 | $ 1,168 | $ 164 | $ 2,267 |

# Appendices

**CERTIFICATE OF COST ALLOCATION PLAN**

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

(1) All costs included in this proposal for the fiscal year ended June 30, 2021 to establish cost allocations or billings for the fiscal year July 1, 2022 through June 30, 2023 are allowable in accordance with the requirements of the Code of Federal Regulations Title 2, Chapter I, Chapter II, Part 200, et al., "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards," and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

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

I declare that the foregoing is true and correct.

Government Unit: Multnomah County

Signature: [signature]

Name of Official: Eric Arellano

Title: Chief Financial Officer

Date of Execution: December 30, 2021

## CERTIFICATE OF INDIRECT COSTS

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

(1) All costs included in this proposal for the fiscal year ended June 30, 2021 to establish billing or final indirect cost rates for the fiscal year July 1, 2022 through June 30, 2023 are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions of the Code of Federal Regulations Title 2, Chapter I, Chapter II, Part 200, et al., "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards." Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.

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

I declare that the foregoing is true and correct.

Government Unit: Multnomah County

Signature: ____________________

Name of Official: Eric Arellano

Title: Chief Financial Officer

Date of Execution: December 30, 2021