

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2010-075

Adopting Financial and Budget Policies for Multnomah County, Oregon for fiscal year 2010-2011 and repealing Resolution 09-070.

The Multnomah County Board of Commissioners Finds:

- a. The Board is the fiscal authority for Multnomah County government.
- b. The Department of County Management is responsible for the budget and fiscal operations of the County.
- c. The Chief Financial Officer and Budget Director are responsible for the preparation and management of the budget and for the management of the financial operations of the County.
- d. A financial and budget policy will provide for prudent financial practices.

The Multnomah County Board of Commissioners Resolves:

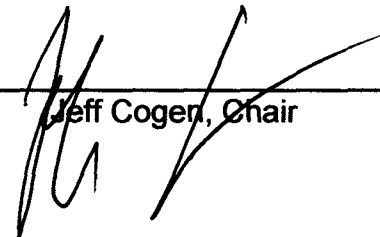
1. The Financial and Budget Policies set forth in Exhibit A are the policies of Multnomah County.
2. The Chief Financial Officer is directed to administer these Financial and Budget Policies.
3. The Chief Financial Officer is directed to review and update these policies as needed but not less than annually.
4. The Chief Financial Officer is directed to inform the Board on the status of these policies annually.

This Resolution replaces Resolution No. 09-070.

Adopted this 10th day of June, 2010.



**BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**



Jeff Cogen, Chair

REVIEWED:
AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 

Agnes Sowle, County Attorney

SUBMITTED BY:
Mindy Harris, Chief Financial Officer, Interim Director, Department of County Management

EXHIBIT A



**MULTNOMAH
COUNTY**

FINANCIAL AND BUDGET POLICIES

FISCAL YEAR 2010-2011

Prepared by: Department of County Management

Financial & Budget Policies

Table of Contents

Goals.....	1
Financial Forecasts for the General Fund	1
Tax Revenues	2
Transportation Financing	4
Federal/State Grant and Foundation Revenues	5
Indirect Cost Allocation	6
Use of One-Time-Only Resources	7
User Fees, Sales, and Service Charges.....	8
Budgeted General Fund Reserves	9
General Fund Emergency Contingency	11
Capital Asset Management Policies.....	11
Long-Term Liabilities	15
Accounting and Audits.....	16
Fund Balances and Spending Prioritization	17
Fund Accounting Structure	17
Internal Service Funds.....	19
Liquidity and Accounts Payable	20
Banking, Cash Management and Investments	20
Short-term and Long-term Debt Financings	21
Interfund and Insubstance Loans.....	24
Component Units of Multnomah County.....	25

Financial & Budget Policies

Goals

The goals of the County's financial policies are:

1. To preserve capital through prudent budgeting and financial management.
2. To achieve the most productive use of County funds that meets the goals of the Board of County Commissioners.
3. To ensure that all finance-related activities meet generally accepted accounting principles.
4. To achieve a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County.
5. To leverage local dollars with federal and state funding/grants.
6. To provide an accountable form of government to the citizens of Multnomah County.

Financial Forecasts for the General Fund Background

Governments at all levels should forecast major revenues and expenditures. The forecast should extend at least three to five years beyond the budget period and be regularly monitored and updated. It should be clearly stated and available to participants in the budget process, as should its underlying assumptions and methodology. The forecast should also be referenced in the final budget document. To improve future forecasting, the variances between previous forecasts and actual amounts should be analyzed. The variance analysis should identify all factors that influence revenue collections, expenditure levels, and forecast assumptions.

Policy Statement

The Board of County Commissioners recognizes the importance of developing a combined revenue and expenditure forecast. The Budget Office will prepare a five-year financial forecast for the General Fund to assess the long-term financial implications of current, as well as proposed, policies and programs. The forecast will detail assumptions regarding both short-term and long-term financial issues facing the county. Those assumptions will guide the development of appropriate financial strategies to achieve the goals outlined above. The forecast will be referenced on the County's website and incorporated in the annual budget document. The General Fund revenue and expenditure forecast will:

1. provide an understanding of available funding;
2. evaluate financial risk;
3. assess the likelihood that services can be sustained;
4. assess the level at which capital investment can be made;
5. identify future commitments and resource demands;
6. identify the key variables that might change the level of revenue; and
7. identify one-time-only resources and recommend appropriate uses.

Status

The County is in compliance with this policy.

Financial & Budget Policies

Tax Revenues

State statutes and the County Code provide Multnomah County with the ability to raise revenue through taxation. The County currently utilizes the following taxes:

- 1) **Property Taxes** are governed by state statute and the Oregon Constitution and are levied for the following purposes:
 - a. a "Permanent Rate" is available for general uses, that is set at \$4.34 per \$1,000 of assess value;
 - b. a five year "Local Option" levy for Library operations that is set at \$0.89 per \$1,000 of assessed value; and
 - c. a levy to pay debt service on General Obligation Bonds that is set annually at a level to provide sufficient revenue to support the payments.
- 2) **Business Income Tax** is set at 1.45% of net business income generated in Multnomah County. This tax is authorized by County Code, Chapter 12.
- 3) **Motor Vehicle Rental Tax** is set at 17% of the value of rental fees. The first 14.5% is available for general uses. The remaining 2.5% supports the Oregon Convention Center under an agreement with the Metropolitan Service District. This tax is authorized by County Code, Chapter 11.
- 4) **Transient Lodging Tax** is set at 11.5% of the room rent charged by hotel operators. Nearly all of the County proceeds from this tax are used to support the Oregon Convention Center and other tourist amenities under an agreement with the Metropolitan Service District. This tax is authorized by County Code, Chapter 11.
- 5) **Motor Vehicle Fuel Tax** is set at 3 cents per gallon of gasoline (or diesel) sold in Multnomah County. The proceeds of this tax are dedicated to transportation programs. This revenue is shared by Multnomah County and the cities of Portland, Gresham, Troutdale, and Fairview. This tax is authorized by County Code, Chapter 11.

Policy Statement

The Board recognizes that taxation is necessary to provide public services to the citizens of the county. When considering changes to the County's tax structure, the Board will consider:

1. the ability of taxpayers to pay the taxes;
2. the impact of taxes imposed by the County on other local governments;
3. the effect of taxes on the county economy;
4. the administrative and collection costs of the taxes; and
5. the ease with which the taxes can be understood by taxpayers.

State statutes allow the County to levy "local option" taxes that are not allowed

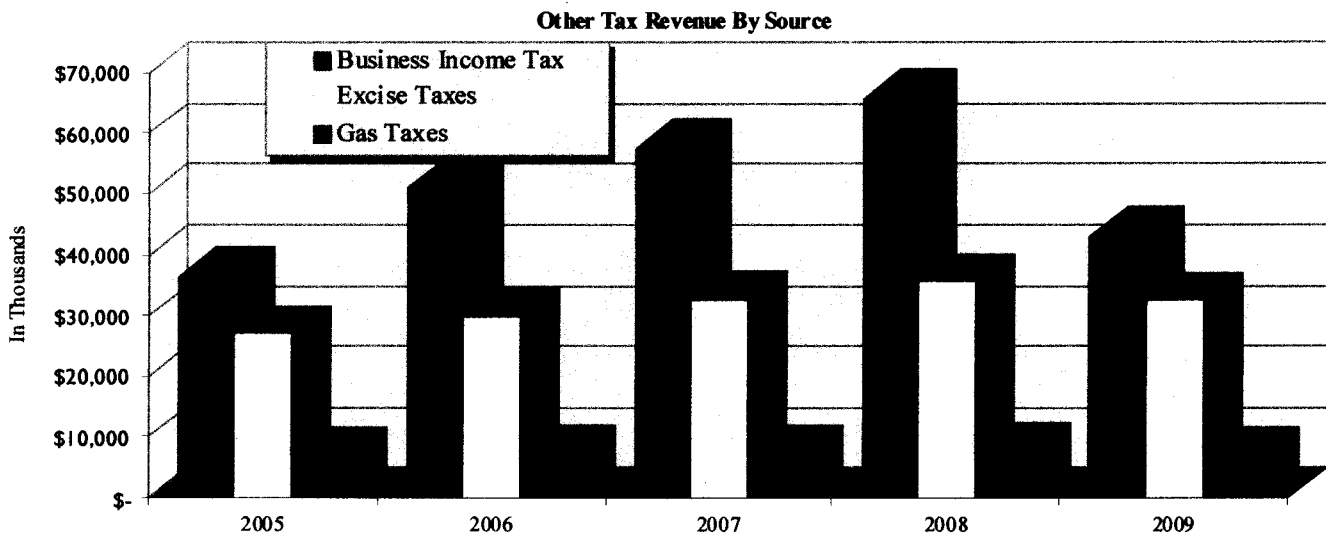
Financial & Budget Policies

to exceed five years. It is the intent of the Board to use this short-term revenue source to fund priority service programs only after all other sources of revenue have been analyzed and have been determined not to be feasible. The County currently has one local option levy that supports Library services. The tax is set at 89 cents per thousand dollars of assessed value. It is in place until June 30, 2012.

All decisions to levy taxes are made in an atmosphere of intense public and internal debate, particularly with regard to the progressivity of the tax, its administrative cost, its impact on the regional economy, its effect on other local governments, and the degree to which the tax might be acceptable to the public.

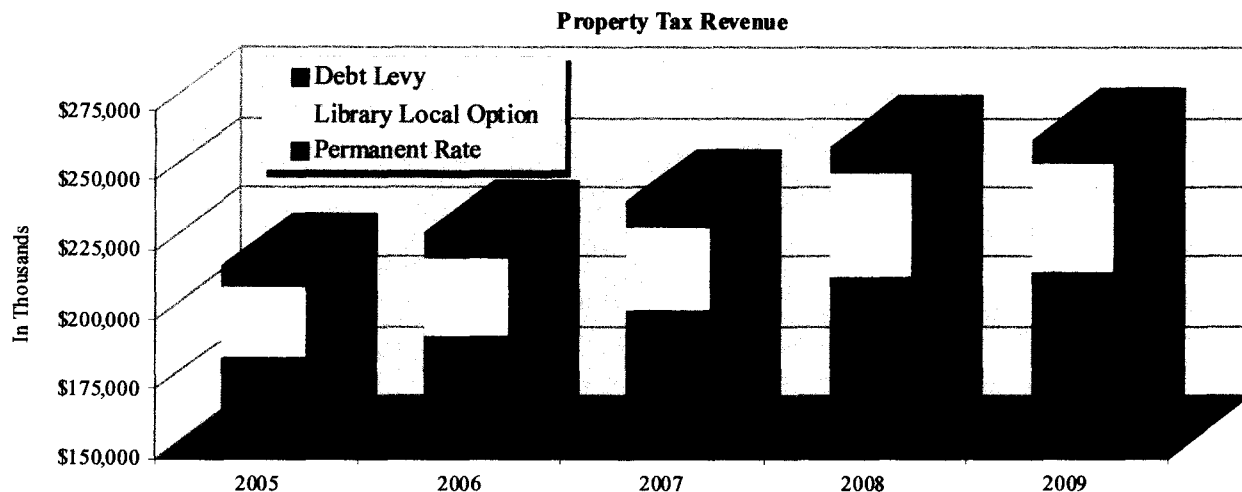
Status

The County's tax revenues represent about 40% of the total Governmental Fund Type revenues (General and Special Revenue Funds). The following graphs depict actual tax revenue by source (\$ in thousands). No new taxes are proposed in the FY2011 budget.



	2005	2006	2007	2008	2009
Business Income Tax	\$ 36,463	\$ 50,980	\$ 57,399	\$ 65,650	\$ 42,900
Excise Taxes	\$ 26,788	\$ 29,680	\$ 32,370	\$ 35,344	\$ 32,216
Gas Taxes	\$ 6,744	\$ 7,234	\$ 7,212	\$ 7,468	\$ 6,945
Total Other Tax Revenues	\$ 69,995	\$ 87,894	\$ 96,981	\$ 108,462	\$ 82,061

Financial & Budget Policies



	2005	2006	2007	2008	2009
Permanent Rate	\$ 184,729	\$ 192,007	\$ 201,160	\$ 213,236	\$ 215,034
Library Local Option	\$ 25,137	\$ 27,942	\$ 30,280	\$ 37,938	\$ 39,427
Debt Service Levy	\$ 7,885	\$ 9,364	\$ 9,271	\$ 9,050	\$ 8,170
Total Property Taxes	\$ 217,751	\$ 229,313	\$ 240,711	\$ 260,224	\$ 262,631

Transportation Financing Background

Multnomah County owns, operates and maintains approximately 300 miles of urban and rural roads and 30 bridge structures, six of which are Willamette River bridges (Sauvie Island, Broadway, Burnside, Morrison, Hawthorne and Sellwood). Ongoing maintenance and improvements to the transportation infrastructure are necessary for economic growth, to alleviate existing transportation problems, and to maintain the livability of the region. Regional growth has placed additional demands on the transportation system. Growth, coupled with funding limitations, increases demands far beyond available resources.

Approximately 60% of the transportation revenue received by the County is generated from state and local gasoline and diesel fuel taxes.

The state tax remained constant at 24 cents per gallon since 1993. The 2009 legislature enacted a six cent per gallon increase in the state gas tax which will take effect in January, 2011. The local County gas tax has been set at 3 cents per gallon since 1981, with no adjustments for inflation. To put that into context, while the number of vehicle miles traveled in Multnomah County has risen by 19% since the last tax increase there has only been a 3% increase in tax revenues over that time.

The gas tax is becoming a less effective source of funding as fuel efficient vehicles and alternative modes of transportation have become more popular. In addition, continued increases in the price of gasoline and the recent economic downturn have resulted in a reduction in gallons sold which will further reduce the County's ability to maintain roads and bridges.

Financial & Budget Policies

To help partially address the gap between revenues and expenditure needs, the Board of County Commissioners enacted a local vehicle registration fee that was authorized by the 2009 legislature. The fee is set at \$19 per vehicle per year and is expected to raise approximately \$11 million annually. The Board has directed that the vehicle registration fee revenue be used to service debt payments associated with construction of a new Sellwood Bridge.

Transportation revenue forecasts have the County facing challenges of balancing the demands of maintenance, preservation, capital expansion, safety and environmental regulations. The 20-year Transportation Capital Plan noted a significant shortfall between identified needs and available resources.

Policy Statement

It is the policy of the Board to support statewide and regional funding for transportation-related needs. If state and regional funding is inadequate, the County works with jurisdictions within its boundaries to address the transportation funding needs of local governments.

Status

Multnomah County's Capital Improvement Plan and Program (CIPP) for 2010 to 2014 was presented to the Board of County Commissioners in May 2010. This plan identified various capital project needs totaling over \$1 billion.

In FY 2010 the Chair and Board have continued to raise the awareness of the challenges faced by the County due to the shortfall of transportation revenue. The Board's acceptance of the CIPP forms the basis for the selection and funding of road and bridge projects. They are working with the Regional, State and Federal partners to address transportation funding issues.

Federal/State Grant and Foundation Revenues Background

Grants and foundation funds are used, and provide significant leverage, to support an array of County services. Most of these revenues are restricted to a specific purpose, such as health and social services or public safety.

Policy Statement

The Board understands that grants and private sources present opportunities and risks. They allow the County to provide basic or enhanced levels of service and to cover gaps in services, but they may also commit the County to serving larger or different groups of clients which would put pressure on County-generated revenues if the grant were withdrawn. When applying for a grant, the Board will consider:

1. Opportunities for leveraging other funds to continue the program.
2. The amount of locally generated revenue required to supplement the revenue source.
3. Whether the revenue will cover the full cost of the proposed program, or

Financial & Budget Policies

whether the County is expected to provide program support and administrative overhead. It is the intent of the County to recover all costs related to grant and foundation revenues.

4. The degree of stability of the funding source.
5. Whether decline or withdrawal of the revenue creates an expectation that the County will continue the program.
6. How County programs can maximize revenue support from state or federal sources.
7. Whether the funds are used for pilot or model programs and will result in a more efficient and/or effective way of doing business.
8. Whether the funds are aligned with the County's mission and goals.

Departments will provide the Board with a notice of intent before applying for grant funding. If the timing of a grant application makes it impossible for a Department to provide advance notice, the department will provide such notice as its earliest opportunity after applying for the grant.

After a grant or contribution is awarded any external restrictions on the use of the revenue will be noted by the department on the budget modification form. The Board requires the resources to be used in accordance with any stipulated restrictions and prior to using unrestricted revenues including General Fund appropriations for the same program or purpose.

Status

In the interest of consistency in handling external funding and in the interest of full disclosure of potential grant resources, all NOI's to apply for grant funding and grant awards are approved by the Board regardless of originating department. Information provided by departments when submitting notices of intent is intended to address the above considerations.

Indirect Cost Allocation Background

The Federal government recognizes identifiable overhead costs are incurred in providing services to support grants and contracts. Therefore, the Office of Management and Budget (OMB) establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency and better relationships between governmental units and the Federal government. The County's indirect cost allocation plan is prepared annually in accordance with OMB guidelines. The County's plan categorizes indirect costs in two ways: the first establishes support costs internal to individual departments within the County and the other identifies Countywide support costs (such as Budget, County Auditor, Finance and Equipment Use). The County's indirect cost allocations are charged to dedicated grantor revenues to the fullest extent allowed.

Policy Statement

It is the policy of the Board to recover from dedicated revenue sources the full cost of programs supported by those sources. The full cost includes the appropriate proportionate share of the cost of County administrative overhead functions attributable to programs funded with dedicated revenues.

Financial & Budget Policies

The exception to the above policy occurs when the grantor agency does not allow the grantee to charge indirect costs or allows only a fixed amount or a maximum indirect cost rate. The Board will have the final authority to accept a grant that does not allow the recovery of all or part of indirect costs. In that event the General Fund will absorb any indirect cost attributable to the program. When applying for grants and requesting Board approval, the NOI will indicate whether or not the grant provides for indirect costs.

In 1990 the County's cognizant Federal Agency, the Department of Health and Human Services (DHHS), approved the County's indirect cost allocation plan. This approval remains in effect until advised otherwise by DHHS or until the County receives a newly designated cognizant Federal Agency.

The Department of County Management is responsible for preparing an Indirect Cost Allocation Plan that meets the requirements of the Office of Management and Budget (OMB) Circular A-87. Central service and departmental administrative support provided to non- General Fund programs, activities, and/or functions that are not recovered by internal service charges or billed directly to dedicated revenues will be recovered through an indirect rate based on the approved Indirect Cost Allocation Plan.

Status

The County updates the plan and certifies the accuracy of its indirect cost rate proposal and cost allocation plan on an annual basis.

Use of One-Time-Only Resources Background

Unrestricted one-time-only resources present organizations with temptations that are hard to resist. In the short run it appears more beneficial to allocate such resources to the highest priority public service that would otherwise be unfunded than to restrict them to costs associated with one-time needs and those that will not recur in following years. However, the result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding. This inevitably produces shortfalls and crises.

Sustaining an ongoing program level by deferring necessary expenditures or by incurring future obligations also inevitably produces shortfalls and crises.

Policy Statement

It is the policy of the Board that the County will fund ongoing programs with ongoing revenues, and to restrict the allocation of one time revenues to non-recurring expenditures.

Examples of one time revenues include:

- Proceeds on the sale of capital assets
- Business Income Taxes collected in excess of budgeted revenues
- General Fund ending fund balance in excess of budgeted balance

Financial & Budget Policies

When the County budgets unrestricted one-time-only resources, the Board will consider setting these funds aside for reserves or allocating them to projects or programs that will not require future financial commitments. The Board will consider the following when allocating these one-time-only resources:

1. The level of reserves set aside as established by these Financial and Budget policies adopted by the Board.
2. The County's capital needs set out in the five-year Capital Improvement Plan or Information Systems Development Plan.
3. One-time only spending proposals for projects or pilot programs, particularly investments that may result in innovative ideas or technology, long-term efficiencies or savings that do not require ongoing support.
4. Bridge or gap financing for exiting programs for a finite period of time.

Status

During budget deliberations the Budget Director is responsible for providing a list of sources and uses of one-time-only funds and informing the Chair and the Board on the recommended use of the funds received. With this information, the Board is able to appropriate and direct one time only resources to infrequent and unique expenditures in an effort to achieve compliance with this policy.

User Fees, Sales, and Service Charges Background

User fees are generally intended to cover all the costs or an agreed upon portion of the costs for providing services. Inflation or increased service delivery can erode the established user fees if the cost of service increases faster than revenue from fee increases.

It is the general policy of the Board that user fees and service charges be established at a level to recover the costs to provide services. Exceptions to this policy will be made depending on the benefit to the user of the service, the ability of the user to pay for the service, the benefit to County citizens, and the type of service provided.

Policy Statement

As part of budget deliberations and during negotiations of Intergovernmental Agreements, departments will be responsible for informing the Chair of a fully-loaded cost analysis presenting the fee structure necessary to recover 100% of the cost of providing services. Departments will also recommend whether fees or charges in each area should be set to recover 100% of the costs or be set at a lower rate, such as a sliding scale fee. The recommendation to the Chair will consider the benefits to an individual or agency, the benefits to County citizens, and the ability of users to pay for the service. The Budget Office is responsible for ensuring that departments include all costs associated with providing the service.

User fees and service charges collected by County agencies will be periodically reviewed. Based on this review, the Chair will make recommendations to the Board regarding proposed changes to fee or service charge schedules.

Financial & Budget Policies

Revenues generated from sales (and commissions on sales) of goods and services sold in County-owned or leased facilities are to be credited to the County's General Fund unless:

1. they are generated from inmate welfare commissary operations;
2. they are generated in Library facilities used for Library operations;
3. they are generated by internal service providers and offset rates charged to departments; or
4. the Board grants an exception.

Status

Departments are generally responsible for reviewing the fees and charges associated with their operations on an annual basis.

Budgeted General Fund Reserves Background

Using all available ongoing revenue each year to pay for ongoing programs can result in fluctuations in program levels as revenues vary from one year to the next. Adding programs in one year (based on positive short term receipts) can cause the same or other programs to be cut in the next year if costs outpace revenues. This has a detrimental effect on service delivery over time, reducing efficiency and causing budgetary and political problems that can be avoided if program decisions are made in the context of the County's long-term financial capacity.

The County's General Fund is weighted toward a handful of revenues that make up approximately 90% of total resources. Because the revenue stream is not very diverse, and the major source of General Fund revenue is limited by the State Constitution, it is critical that the County maintain an appropriate level of reserves.

Maintaining an appropriate reserve helps the County maintain its favorable bond rating, which is currently Aaa from Moody's Investors Service for the County's General Obligation bonds. Moody's generally established benchmark for the General Fund Balance or reserve is a dollar amount equal to at least 10% of actual General Fund revenues.

Moody's general guidelines for issuing bond ratings presume that an entity has a sufficiently diverse revenue stream to enable it to sustain adversity of any one of the revenue sources. In addition, the guidelines presume that the entity is not facing future liabilities it will be unable to meet or that it has adopted and followed a plan to address significant known liabilities.

Policy Statement

The Board understands that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations in revenues.

It is the goal of the Board to fund and maintain a General Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 10% of the "corporate" revenues of the General Fund. Corporate revenues are defined as revenues that are available for general use

Financial & Budget Policies

and over which the Board has complete discretion.

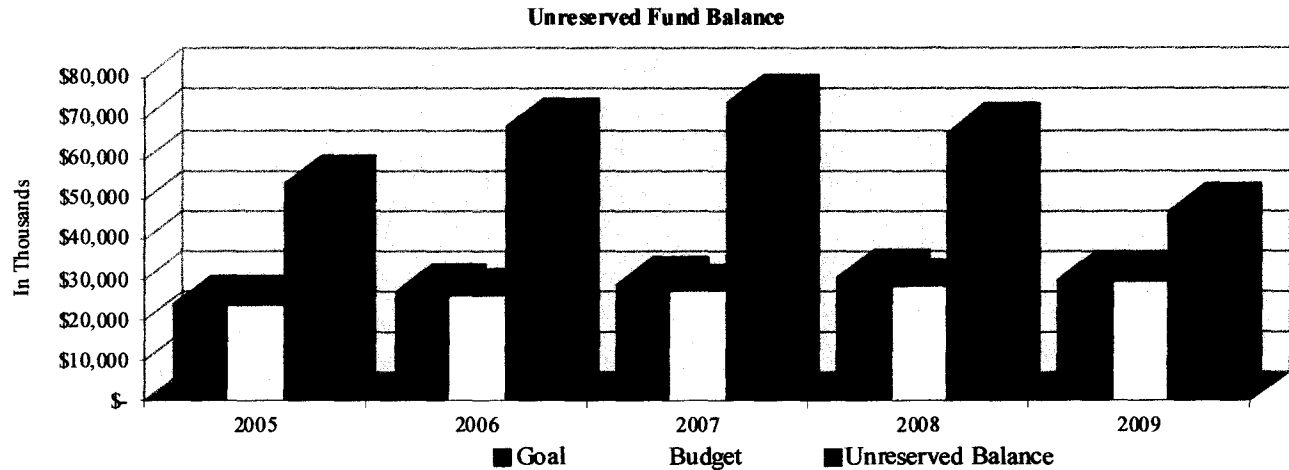
Corporate revenues include Property Tax, Business Income Tax, Motor Vehicle Rental Tax, State Revenue Sharing (Cigarette, Liquor, Video Lottery, and Amusement Device Taxes), and Interest Earnings. These revenue sources account for approximately 90% of total General Fund resources excluding Beginning Working Capital.

The budgeted reserve account in the General Fund, designated as unappropriated fund balance is to be used when overall revenue growth falls below the rate of annual revenue change achieved during the prior ten years.* In years when basic revenue growth falls below long-term average growth, the Board will reduce the unappropriated fund balance to continue high priority services that could not otherwise be funded by current revenues. If the reserve account is so used, to maintain fiscal integrity, the Board will seek to restore the account as soon as possible.

Status

The FY 2011 reserves are budgeted at \$29.9 million based on current forecasts.

The following graph shows the reserve goal, budget and actual unreserved fund balance (\$ in thousands). The budgeted reserves do not include funds budgeted in contingency.



	2005		2006		2007		2008		2009
Goal	\$	24,131	\$	26,832	\$	28,658	\$	30,513	\$ 29,920
Budget	\$	23,758	\$	26,008	\$	27,000	\$	28,250	\$ 29,600
Unreserved Balance	\$	54,035	\$	68,150	\$	73,988	\$	66,514	\$ 46,714

* "Growth" is defined as total increase in fiscal year compared to the amount in the prior fiscal year, adjusted for changes in collection method, accrual method, or legislation defining the rate or terms under which the revenue is to be collected.

Financial & Budget Policies

General Fund Emergency Contingency Background

General Fund contingency transfers have a significant effect on the annual budget process by reducing the amount of ending fund balance that is carried over to the subsequent fiscal year as beginning working capital. Contingency transfers should be reviewed in the context of other budget decisions so that high priority programs and projects are not jeopardized.

Policy Statement

The Board understands that in order to avoid financial instability, continuing requirements cannot increase faster than continuing revenues. It is the policy of the Board to establish an emergency contingency account in the General Fund, as authorized by ORS 294.352, each fiscal year during the budget process. The account will be funded at a level consistent with actual use of transfers from contingency during the prior ten years.

To maintain financial stability, the following guidelines should be used by the Board in considering requests for transfers from the General Fund Contingency Account:

1. One-time-only allocations.
2. Contingency funding limited to the following:
 - a) Emergency situations which, if left unattended, will jeopardize the health and safety of the community.
 - b) Unanticipated expenditures necessary to keep a public commitment or fulfill a legislative or contractual mandate, or which have been demonstrated to result in significant administrative or programmatic efficiencies that cannot be covered by existing appropriations.
3. The Board may, when it adopts the budget for a fiscal year, specify programs it wishes to review during the year and increase the Contingency account to provide funding to support those programs if it chooses. Contingency funding of such programs complies with this policy.

Status

The Budget Director is responsible for informing the Board if contingency requests submitted for Board approval meet the criteria of this policy. In addition, each year the Budget Director will provide an annual report to the Board detailing the prior fiscal year's contingency actions. This report will include the total dollar amount of contingency requests, dollar amount approved, and dollar amount that did not meet the criteria of this policy.

Capital Asset Management Policies Background

Capital financial management policies demonstrate to the credit rating industry and prospective investors (bond buyers) the County's commitment to sound financial management. Adherence to adopted policies ensures the integrity of the planning process and leads to maintaining or improving bond ratings and lowering the cost of capital.

In general, a facilities and property management plan includes three phases: (1) capital improvement planning and funding; (2) facility operations and long-term maintenance plan and funding; (3) property management, to determine

Financial & Budget Policies

best use or disposition of property.

Multnomah County owns 80 buildings with a historical cost of approximately \$420 million and an estimated replacement cost of \$910 million. The County currently carries a \$125 million property insurance policy per occurrence. Structural and systems maintenance in the County's capital plan is largely a non-discretionary activity. That is, the question is not whether such expenditures are necessary but in what year to schedule the expenditure on particular projects. Deferral of capital improvements and maintenance creates an unacceptable unfunded liability and contributes to further deterioration of properties.

The Board of County Commissioners may authorize the sale, long-term lease, or development of property and/or improvements and may authorize full faith and credit financing obligations. It is financially prudent to plan capital acquisition, improvement and maintenance projects adequately and to address the unfunded need for capital improvements so that decisions about the use of revenues and financing may be made in an orderly and effective manner.

During the annual budget development process the Director of the Facilities and Property Management (FPM) Division is directed to update the five-year Capital Improvement Plan (CIP). This plan shall include recommendations to the Chair and Board of County Commissioners on the priority of projects including those that may have been identified by the Chair's Office, suggested by Commissioners or otherwise identified. The CIP identifies and sets priorities for all major capital asset investments, acquisition, renovation, maintenance, or construction projects.

The Plan should consider opportunities to improve its capital finance position. These opportunities may include but not be limited to redirecting building lease or rental payments to construction, renovation or acquisition of facilities, or other creative funding strategies that will address facilities funding needs on a long term basis.

Facility Long-Term Operations and Maintenance Plan and Funding Policy

The Board recognizes that adequate operations and maintenance funding is essential to avoid costly reconstruction or replacement of capital assets.

The five-year Capital Improvement Plan shall provide for anticipated major improvements and maintenance to County capital assets as well as additional and replacement capital assets. The Plan shall include major construction to be undertaken by the County, no matter what the funding source. The Plan will be reviewed and updated annually.

The Capital Improvement Plan shall identify adequate funding to support repair and replacement of deteriorating capital assets and avoid a significant unfunded liability from deferred maintenance. In order to facilitate capital improvement discussions and to create a clear alignment of policy and funding, the Facilities

Financial & Budget Policies

and Property Management Division shall evaluate all owned County facilities and shall maintain a current list of facilities which are in substantial compliance with all applicable building codes and which have no required capital work. These facilities shall be designated as Tier I (Asset Preservation) facilities.

An Asset Preservation Fee shall be assessed on tenants within all Tier I buildings. This fee is established to be \$2.75/rentable square foot and shall be adjusted in future years to reflect the facilities' needs and County funding capacity. It is the goal of the Board to fund the County's capital needs at approximately 2% of the cost of County buildings. (Two percent is equivalent to depreciating the facilities over a 50-year period.) While the County currently funds facilities at a rate equivalent to approximately 1% of the cost of County buildings, and does not have the capacity to fund facilities at the policy rate, the Board will consider this goal when establishing the rate in future years.

An Asset Preservation Fund is maintained to collect the assessed Asset Preservation Fees and to serve as a long-term reserve fund to maintain the Tier I facilities in their current excellent condition. Required capital projects for Tier I facilities shall be budgeted annually in the Asset Preservation Fund. The remaining balance of the Fund shall be maintained as a long-term reserve and shall be budgeted as an unappropriated balance.

Any facility which does not meet the criteria for designation as a Tier I building shall be designated as a Tier II or Tier III building. Tier II buildings are not up to current building standards and may require substantial capital work but are determined appropriate for continued investment and long-term retention in the County facilities inventory.

Tier III buildings appear to be uneconomical or impractical for long-term retention and will be analyzed to determine if they should be offered for disposition. Only "fire-life-safety" and urgent capital projects will be considered for Tier III buildings, to avoid further investment in these facilities.

A Capital Improvement Fee shall be assessed on tenants within all Tier II and III buildings. This fee is established to be \$2.75/rentable square foot and shall be adjusted in future years to reflect the facilities' needs and County funding capacity. It is the goal of the Board to fund the County's capital needs at approximately 2% of the cost of County buildings. (2% is equivalent to depreciating the facilities over a 50-year period). While the County does not have the capacity to fund facilities at this rate currently, the Board will keep this goal in mind when establishing the rate in future years.

A Capital Improvement Fund is maintained to collect the assessed Capital Improvement Fees. This Fund will be used to provide for the continuing repair and maintenance of Tier II and III buildings. Given the current inadequacy of these funds to meet the needs of these buildings, projects will be identified and proposed for funding based on an annual assessment of need and urgency. The

Financial & Budget Policies

Facilities and Property Management Division shall maintain an inventory of the capital needs in all owned County facilities. An evaluation process and rating system shall be implemented and managed by Facilities and Property Management to assist in determining which projects to propose for funding each year. Recommended capital projects for Tier II and III facilities shall be budgeted annually in the Capital Improvement Fund. Any remaining balance of the Fund shall be maintained as a long-term reserve and budgeted as unappropriated balance.

It is the goal of the Facilities and Property Management Division to perform all preventive and corrective maintenance on all County facilities to provide facilities that are safe, functional, and reliable for County operations. Facilities and Property Management will prepare and administer tenant agreements, respond to service requests, and manage commercial leases. The service level agreements with each tenant will be prepared to reflect the level of service and various pricing of each service that have been agreed upon by the parties.

Best Use or Disposition of Surplus Property Policy

The Board will make the final determination on the best use or disposition of the property identified.

When deciding on the best use or disposition of surplus property, the Board will consider that the proceeds from the sale of unrestricted property may be allocated in the following prioritized manner:

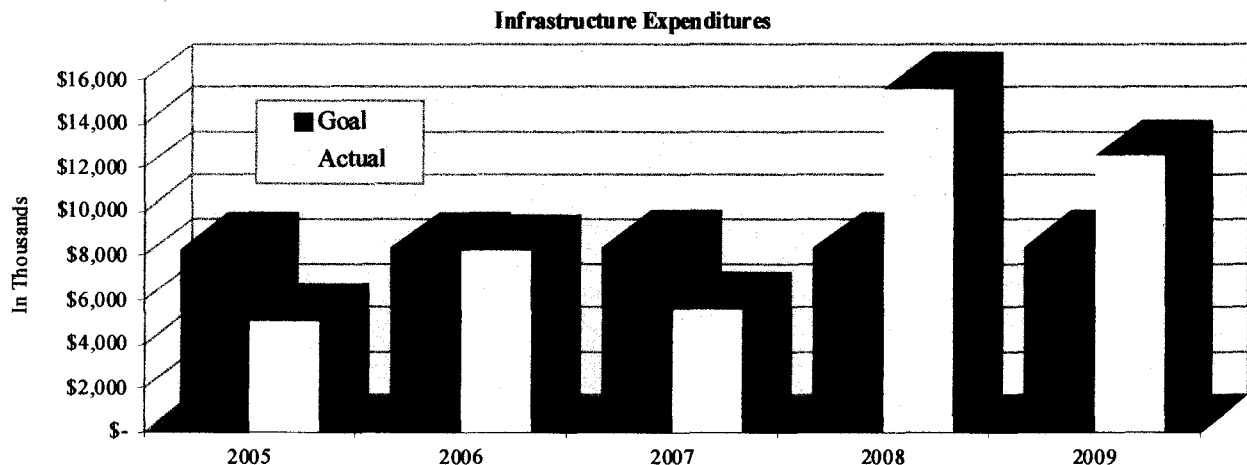
1. Credited to the Asset Preservation Fund to provide reserves to meet future capital needs in Tier I facilities.
2. Credited to the Capital Improvement Fund to provide resources for future capital projects, deferred maintenance, or capital acquisition/construction.
3. Used to retire outstanding debt related to the disposed of or surplus property.
4. Used to increase General Fund reserves to achieve full funding according to these policies.

In addition property may be traded for other properties or may be leased to other agencies in order to provide services or carry out the mission of the County.

Financial & Budget Policies

Status

The five year CIP is updated and presented to the Board annually. The County is not in compliance with the policy goal to fund capital needs at a rate of 2% of the cost of buildings, but has increased fees charged to tenants in County owned buildings in an effort to reach the goal over time. The following graph depicts the annual infrastructure spending goal and actual expenditures (\$ in thousands).



	2005		2006		2007		2008		2009	
Goal	\$	8,284	\$	8,339	\$	8,401	\$	8,326	\$	8,381
Actual	\$	5,090	\$	8,224	\$	5,618	\$	15,639	\$	12,525

Long-Term Liabilities Background

Governments are required to account for and record in the financial statements long-term and other liabilities per Governmental Accounting Standards Board (GASB) pronouncements. Long-term liabilities are probable future sacrifices of economic resources due in more than one year. Upon recording long-term liabilities the County recognized the need to fund some of the unfunded long-term liabilities and prevent the risk of long-term liabilities recorded without a plan to fund them.

Policy Statement

Long-term liabilities include, but are not limited to: medical & dental incurred but not reported (IBNR) claims, workers compensation IBNR claims, liability IBNR claims, PERS and other post-employment benefits. It is the goal of the Board to fully pre-fund all benefits including retirement benefits, with the exception of other post-employment benefits (OPEB). With the exception of the liability for compensated absences, GASB pronouncements require long-term liabilities to be assessed and disclosed and in the County's comprehensive annual financial report.

Funding for these liabilities will be in the form of reserves in the Risk Management Fund, allocated by the Chief Financial Officer (CFO) to the County's long term liabilities. The reserves in the fund are considered set asides for the exclusive use of meeting these liabilities. As of June 30, 2009, actuarial liabilities are fully funded with the exception of the post employment benefits liability (OPEB), which is currently funded at 12.9%. It is the goal of the County to gradually increase the reserve amount allocated to the OPEB and

Financial & Budget Policies

achieve a funding level of 20% by 2013. The CFO is responsible for informing the Board of the funding levels in relation to the actuarially determined liability, to ensure that these liabilities are funded according to the actual liability or the actuarially determined liability.

Status

The following is the June 30, 2009 funding level of each liability (\$ in thousands):

Liability Description	Total Liability	Amount Funded	Percent Funded
Self Insurance (1)	\$ 12,861	\$ 12,861	100.0%
Post Retirement (2)	122,605	15,794	12.9%

(1) GASB requires self-insurance claims be recorded as a liability in the financial statements.

(2) GASB requires employer paid benefits extended to retirees be disclosed in the financial statements. Liability reflects the most recent unfunded actuarial accrued liability amount per Mercer actuarial report.

Accounting and Audits Background

Under ORS 294 the County is required to have the County's financial records audited annually by an independent accounting firm.

The Board understands that the County's accounting system and financial reporting are required by State law to adhere to Generally Accepted Accounting Principles (GAAP), the principles established by the Governmental Accounting Standards Board (GASB), and the standards of the Government Finance Officers Association (GFOA).

Policy Statement

Multnomah County's Ordinance No. 660 as amended, which established an Audit Committee, audit procedures, and audit rules, will apply to all external financial audits. The basic duties of the Audit Committee are to

1. Review the scope and extent of the external auditor's planned examination.
2. Review with management and the external auditor the financial results of the audit.
3. Review with the external auditor the performance of the County's financial and accounting personnel.
4. Review written responses to management letter comments and single audit comments.
5. Present the Audit, Single Audit, and Report to Management to the Board.
6. Participate in the selection of the external auditor.

The Comprehensive Annual Financial Report (CAFR) and the audit of the County's schedule of expenditures Federal awards (Single Audit) shall be sent to grantor agencies and rating agencies annually.

It is the goal of the Board to maintain a fully integrated automated financial

Financial & Budget Policies

system that meets the accounting and reporting needs of the County. This financial system is to include general ledger, accounts payable, accounts receivable, materials management, purchasing, human resources, payroll, and cost accounting for all applicable operations.

Status The County is in compliance with this policy.

Fund Balances and Spending Prioritization Background According to Governmental Accounting Standards Board (GASB) statement 54, the County is required to establish a policy to identify the order in which funds will be spent. The County will spend resources in the following order:

1. Restricted resources
2. Committed resources
3. Assigned resources
4. Unassigned resources

Any exceptions to the above order of spending must be approved by the Chair.

Policy Statement It is the policy of the Board that the County will report the following fund balance categories:

- Restricted – for resources constrained on use by externally imposed creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Committed – for resources constrained on use authorized by the Board of County Commissioners via board resolution or County ordinance. Resources will be committed prior to June 30th and the amount may be determined at a subsequent date.
- Assigned – for constraints on resources reported in the governmental funds outside of the General fund.
- Unassigned – for fund balances not reported in any other category.

Status The County is in the process of complying with this policy and is anticipating being fully compliant for the fiscal year-ending June 30, 2011.

Fund Accounting Structure Background According to local budget law and the Governmental Accounting Standards Boards (GASB), the County is required to establish and maintain various funds. Each year the Chief Financial Officer is responsible for preparing and presenting a resolution to the Board defining the various County funds. The County will adhere to Generally Accepted Accounting Principles and GASB when creating a fund and determining if it is to be a dedicated fund.

Policy Statement The following types of funds should be used by state and local governments:

GOVERNMENTAL FUNDS

General Fund - to account for and report all financial resources not

Financial & Budget Policies

accounted for and reported in another fund.

Special Revenue Funds - Restricted or committed specific revenue sources will comprise a substantial portion of the fund's resources, but the special revenue fund may also include other restricted, committed and assigned resources.

Capital Projects Funds - to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations or other governments

Debt Service Funds - to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also will be reported in debt service funds.

PROPRIETARY FUNDS

Enterprise Funds - to account for operations (a) that are financed and operated in a manner similar to private businesses, where the intent of the governing body is that the costs of providing goods or services to the public on a continuing basis be financed or recovered through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, or accountability.

Internal Service Funds - to account for the financing of goods or services provided by one department or agency to other sections of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

FIDUCIARY FUNDS

Trust and Agency Funds - to account for assets held in a trustee capacity or as an agent for individuals, private organizations, governmental units, and/or other funds. These include: (a) Expendable Trust Funds; (b) Nonexpendable Trust Funds; (c) Pension Trust Funds; and (d) Agency Funds.

Governmental units should establish and maintain those funds required by law and sound financial administration. Only the minimum number of funds consistent with legal and operating requirements should be established, however, since unnecessary funds result in inflexibility, undue complexity, and inefficient financial administration.

Status

The County is in compliance with this policy.

Financial & Budget Policies

Internal Service Funds Background

It is often advantageous to centralize the provision of certain goods and services within the County by establishing internal service funds. These funds provide a useful means of accounting for such centralized intra-governmental activities.

Internal service funds are used to account for services provided on a cost-reimbursement basis without profit or loss. Surpluses and deficits in internal service funds may be an indication that other funds were not charged properly for goods or services received.

If charges to other funds are determined to be more or less than necessary to recover cost over a reasonable period, the excess or deficiency should be charged back to the participating individual funds. In particular, it is not appropriate to report a material deficit in an internal service fund without the demonstrable intent and ability to recover that amount through charges to other funds over a reasonable period.

The County may provide services to external agencies to help the County defray fixed costs. Where internal services are also provided to external agencies, the rates may be different than those charged internally for the same services.

The purpose of establishing internal service funds is to identify and allocate costs related to the provision of specific goods and services within the County.

Policy Statement

The County will establish the following internal service funds for these services:

1. Risk Management Fund – accounts for the County’s risk management activities including insurance coverage
2. Fleet Management Fund – accounts for operations associated with the County’s motor vehicle fleet and electronics
3. Information Technology Fund – accounts for the County’s data processing operations
4. Mail / Distribution Fund – accounts for the County’s mail distribution, records and material management operations
5. Facilities Management Fund – accounts for the management of all County owned and leased property.

The internal service funds will be used to account for business operations and charge for goods or services provided to other departments or agencies on a cost-reimbursement basis. Periodically the rates charged will be compared to other public or private sector operations to ensure that pricing is competitive. The internal service fund charges will include asset replacement charges (depreciation) to ensure that adequate funds will be available to purchase replacement assets.

The charges will include a contingency or reserve requirement not greater than 5% to ensure that service reimbursements charged to other departments are

Financial & Budget Policies

maintained at a relatively constant level. Excess reserves will be used to reduce future rates. Exceptions to the reserve limit will be considered if the reserves are expected to fund new initiatives.

Liquidity and Accounts Payable Background

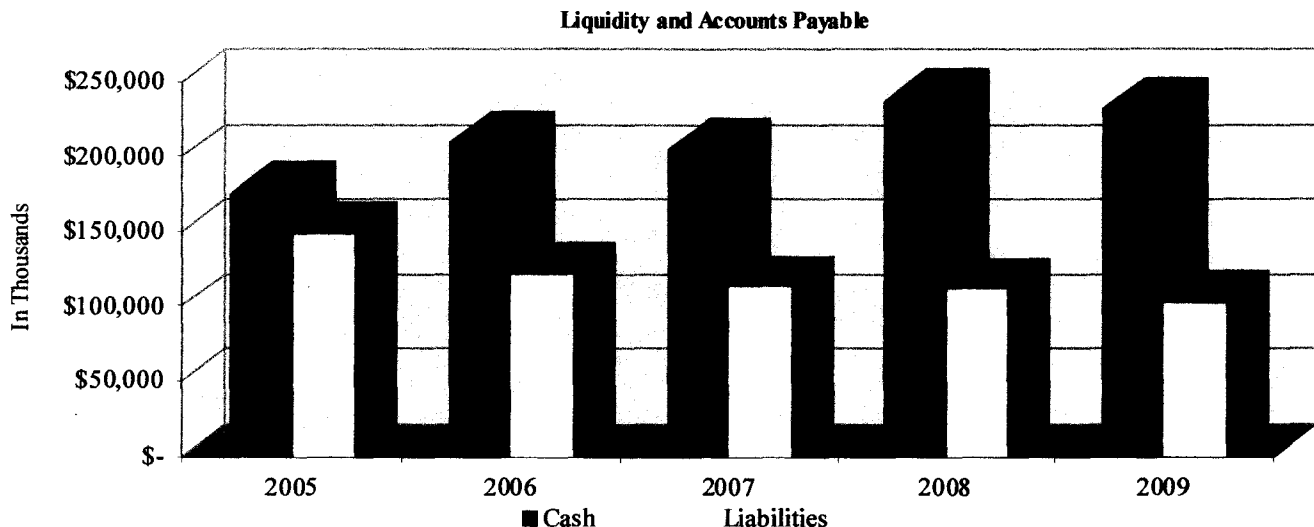
Liquidity is the ratio of cash and short-term investments to current liabilities, including amounts held in trust. The County's liquidity reflects its ability to pay its short-term obligations. Generally a ratio of \$1.00 in cash and short-term investments to \$1.00 of current liabilities is considered an acceptable liquidity ratio.

Policy Statement

The County will strive to maintain a liquidity ratio of at least \$1.50 in cash and short-term investments to each \$1.00 of current liabilities. This is higher than the credit rating's acceptable ratio and is necessary given the County's lack of revenue diversity and the volatility of the Business Income Tax revenues.

Status

The following graph depicts the comparison of cash and investments to current liabilities (\$ in thousands).



	2005	2006	2007	2008	2009
Cash	\$ 175,449	\$ 209,236	\$ 204,712	\$ 236,997	\$ 231,504
Liabilities	\$ 149,008	\$ 121,302	\$ 112,795	\$ 111,346	\$ 103,106
Actual Ratio	1.18	1.72	1.81	2.13	2.25

Banking, Cash Management and Investments Background

Multnomah County maintains an active investment program. An investment policy was first formalized in 1982 and has been revised several times since. This policy incorporates various Oregon Revised Statute Codes which specify the types of investments and maturity restrictions that local governments may purchase. The County's Investment Policy also contains self-imposed constraints in order to effectively safeguard the public funds involved.

Financial & Budget Policies

Policy Statement Banking services shall be solicited at least every seven years on a competitive basis. The Chief Financial Officer (or designee) is authorized to act as "Custodial Officer" of the County and is responsible for performing the treasury functions of the County under ORS 208, 287, 294, and 295 and the County's Home Rule Charter. In carrying out these functions, the Chief Financial Officer is authorized to establish a financial policy that meets generally accepted auditing standards relating to cash management.

In accordance with ORS 294.135, investment transactions shall be governed by a written investment policy, which will be reviewed and adopted annually by the Board of County Commissioners. The policy will specify investment objectives, diversification goals, limitations, and reporting requirements. The investment policy sets guidelines for diversification that are more stringent than those allowed by State statute, reflecting the County's strategic preference for a conservative investment approach. In accordance with MCC 2.60.305-2.60.315 the County will utilize an independent Investment Advisory Board to review the County's policy and investment performance. Unrecognized gains or losses will be recorded in the County financial report.

Status The County is in compliance with this policy.

Short-term and Long-term Debt Financings Historically, the County maintained a 'pay-as-you-go' philosophy for financing capital projects. Pay-as-you-go can be costly in some ways due to cost acceleration in inflationary periods. Over-utilized facilities generate higher maintenance costs and citizens are not served well by over-utilized or nonexistent facilities. An alternative is to issue debt, sometimes referred to as 'pay-as-you-use.' Currently, the County's philosophy is to issue debt for public projects which results in the citizens benefiting from the project paying for the debt retirement costs.

Policy Statement The County may engage in the following financing transactions in accordance with the County's Home Rule Charter and applicable State and Federal Laws:

- 1) **Short-Term Debt.** If it is determined by the Finance and Risk Management Division that the General Fund cash flow requirements may be in a deficit position prior to receiving property tax revenues, the County may issue short-term debt to meet anticipated cash requirements. A Line of Credit may be issued to finance capital project transactions where it is deemed financially advantageous to issue short term debt. Before issuing short-term debt the Board must authorize the financing with a resolution.
- 2) **Bonds and Other Long-Term Obligations.** It is the policy of the Board that the County will attempt to meet its capital maintenance, replacement, or acquisition requirements on a pay-as-you-go basis. If the dollar amount of the capital requirement cannot be met on a pay-as-you-go basis, if it is financially beneficial to issue bonds or other debt instruments, and if the project has been determined to benefit future citizens, the County will evaluate the feasibility of issuing a long-term debt financing instrument.

Financial & Budget Policies

- 3) **Uses.** All long-term financings must provide the County with an economic gain or be mandated by the Federal or State Government or court. Under no circumstances will the County fund current operations with the proceeds of long-term borrowing.
- 4) **Debt.** When issuing debt, the County will follow the Government Finance Officers Association recommended practice of selecting and managing the method of sale of State and Local Government Bonds. In addition to statutory debt limits, the County further limits non voter- approved debt instruments to an annual debt payment amount that will not exceed 5% of the County's General Fund budgeted revenues and with exception of proprietary funds, all annual debt service payments will be limited to 5% of the total revenues of the supporting fund. Annual debt service payments should fall below the minimum level of General Fund reserves, 10% of annual General Fund revenues, providing the County with the ability to meet annual debt payment obligations in the case of severe budgetary challenges.
- 5) **Capital Expenditures.** If capital expenditures are anticipated to be incurred prior to the issuance of the debt, the Board authorizes the Chief Financial Officer to execute a declaration of official intent (or DOI) with regard to such expenditure. The DOI must express the County's reasonable expectations that it will issue debt to reimburse the described expenditures. It must contain a general description of the project and state the estimated principal amount of obligations expected to be issued to finance the project. A copy of the DOI shall be sent to the Board.
- 6) **Financing Mechanisms.** The different types of financings the County may use to fund its major capital acquisitions or improvements are:
 1. **Revenue Bonds** may be used whenever possible to finance public improvements which can be shown to be self-supported by dedicated revenue sources, needed for infrastructure or economic development, or approved by the Board for specific purposes.
 - i) Revenue-supported bonds are to be used to limit the dependency on property taxes for those projects with available revenue sources, whether self-generated or dedicated from other sources.
 - ii) Adequate feasibility studies are to be performed for each project to determine the adequacy of the dedicated revenue source.
 2. **General Obligation Bonds (GO bonds)** require voter approval and will be used to finance essential capital projects only. GO bonds will only be considered after exploring funding sources such as Federal and State grants and project revenues.
 3. **Full Faith and Credit or Limited Tax Bonds** will be considered if Revenue bonding or GO bonding is not feasible. Where Full Faith and Credit Bonds or Limited Tax Bonds are used to finance capital projects, the term of debt will be generally limited to the economic life of the financed asset not to exceed 20 years. When bond market conditions warrant, or when a specific capital project would have a longer useful life, or when operational efficiencies can be achieved, the Board may consider repayment terms that differ from the general policy

Financial & Budget Policies

4. **Capital Lease-Purchases** will be considered if Revenue bonding, GO bonding, or Full Faith and Credit bonding is not feasible.
5. **Leases and limited tax bonds** as reported in the County's comprehensive annual financial report will be limited as follows:
 - i) Acquisitions will be limited to the economic life of the acquisition or improvement and shall not exceed 20 years.
 - ii) All acquisitions must fit within the County's mission or role.
 - iii) All annual lease-purchase or bond payments must be included in the originating departments' adopted budget or in the serviced reimbursement formula for Facilities Management's internal services reimbursement rates.
6. **Refundings or Advance Refundings** will be done if there is a present value savings of 3% or more or if the restructuring of the financing will benefit the County.
7. **Intergovernmental Agreements** with the State of Oregon for Energy Loans.
8. **Local Improvement Districts.** Except as required by State law, it is the policy of the Board not to form Local Improvement Districts (LIDs) for purposes of issuing debt to finance LID improvements unless specifically required by Oregon Revised Statutes. This is due to the added costs of administering the LIDs, the small number of citizens served, and the risk that in the event of default by property owners the General Fund will be obligated to retire any outstanding obligations.
9. **Conduit Financings.** It is the policy of the Board to act as an "Issuer" of conduit financing for any private college, university, hospital, or for-profit or non-profit organization that is located in Multnomah County and is eligible to use this type of financing. The County will charge a fee of \$1.00 per \$1,000 of bonds issued or \$10,000, whichever is greater, to act as an issuer for the organization. This fee offsets administrative costs that may be incurred. The County will retain bond counsel to represent it on legal issues including any risks associated with the conduit financing. The County may also retain the services of a financial advisor if deemed by the Chief Financial Officer to be in the best interests of the County. The organization will be assessed an additional fee to cover any expenses incurred by bond counsel or financial advisor. In addition to the fees established above, the organization must have a Moody's rating of Baa or better or a BBB rating from Standard and Poor's. The organization requesting the conduit financing from the County must have clearly established policies that do not condone discriminatory practices. The Board must approve each conduit financing issue. In the event of conduit financing on behalf of the Hospital Facility Authority of Multnomah County, the Board acting as the governing board of the Hospital Facility Authority will comply with the bylaws of the Authority.

A schedule of the County's outstanding debt obligations as of July 1, 2010 is noted at the end of this policy statement.

Financial & Budget Policies

Interfund and Insubstance Loans Background

An interfund loan is defined as a transfer between funds or fund types for an approved amount and a definite plan of repayment in a specified period of time. Interfund loans are subject to ORS 279.460 and are designed to provide financing resources to address cash flow needs in County operations or capital financing plans. Interfund loans are either operating or capital and shall meet the requirements noted below. An Operating Interfund Loan is a loan made for the purpose of paying operating expenses. A Capital Interfund Loan is a loan made for the purpose of financing the design, acquisition, construction, installation, or improvement of real or personal property and not for the purpose of paying operating expenses. Capital or operating interfund loans will be documented and submitted to the Board of County Commissioners for review and approval.

In addition to interfund loans, the County may engage in insubstance loans. An insubstance loan is a temporary balance sheet entry recorded at year-end to prevent a negative cash balance within a fund due to cash flow timing differences. The County's Chief Financial Officer has the authority to record an insubstance loan in order to satisfy fiscal year end reporting requirements and cash flow needs.

Policy Statement

Interfund loan requests must be reviewed and approved by the County's Chief Financial Officer and Budget Director prior to taking a request for authorization to the Board of County Commissioners. Interfund loans must be authorized by a resolution of the Board of County Commissioners, which shall state the fund from which the loan is to be made, the fund to which the loan is to be made, the purpose and intent for which the loan is made, the principal amount of the loan, the interest rate at which the loan shall be repaid (if applicable), and shall include a schedule for repayment of principal and interest. In addition, interfund loans:

1. Shall not be made from reserve funds, debt service funds, or any other funds restricted by law, constitutional provisions, bond covenants, grantor requirements, Board resolutions or ordinances, unless the restrictions on these funds allow for the purpose of the interfund loan.
2. Shall be granted only after it has been demonstrated that reasonable consideration was given to other potential resources available to the fund and when the loan is required to meet a pressing need or to take advantage of a special opportunity.
3. Shall not exceed 60 months in duration for any capital interfund loan; shall not extend beyond the end of the next fiscal year for any operating interfund loan.
4. May be made only if there is a likely expectation that the fund receiving the loan will have the ability to repay it. If not, the use of an interfund transfer should be considered if appropriate.
5. May be repaid in advance without any additional accrual of interest (if applicable) or any other penalties.
6. Must be made in compliance with all other statutory requirements and limitations of ORS 294.460.

Financial & Budget Policies

Components Units of Multnomah County Background

A component unit is a legally separate entity associated with the primary government. A “blended” component unit meets the following criteria:

- 1) The component unit’s governing body is the same as the governing body of the primary government.
- 2) The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.
- 3) The component unit exclusively, or almost exclusively, benefits the primary government by providing services indirectly.

Status

Multnomah County recognizes three blended component units:

- 1) Dunthorpe-Riverdale Sanitary Service District
- 2) Mid County Street Lighting Service District
- 3) Hospital Facilities Authority

Multnomah County also recognizes a “discretely” presented component unit, The Library Foundation (TLF). TLF is a legally separate, tax exempt component unit of the County whose primary purpose is to support the County’s libraries. TLF is a discretely presented component unit that is reported in the County’s Comprehensive Annual Financial Report (CAFR) as the nature and relationship with the County is significant.

Financial & Budget Policies

Debt Description	Dated	Maturity Date	Interest Rate	Amount Issued	Principal Balance 6/30/2010	2010-2011 Interest	2010-2011 Principal
General Obligation Bonds							
Tax supported							
Series 2010 Refunding Bonds	03/31/10	10/01/16	3.00% - 5.00%	\$ 45,175	\$ 45,175	\$ 1,919	\$ 6,555
Total General Obligations Bonds				\$ 140,290	\$ 45,175	\$ 1,919	\$ 6,555
Revenue Bonds:							
Port City	11/01/00	11/01/15	5.58%	\$ 2,000	\$ 1,030	\$ 48	\$ 150
Oregon Food Bank	11/01/00	10/01/14	5.54%	3,500	1,815	85	265
Total revenue bonds				\$ 5,500	\$ 2,845	\$ 133	\$ 415
PERS Pension Revenue Bonds:							
Limited Tax Pension Obligation Bonds	12/01/99	06/01/30	7.67%	\$ 184,548	\$ 151,373	\$ 6,052	\$ 9,150
Total Pension Revenue Bonds				\$ 184,548	\$ 151,373	\$ 6,052	\$ 9,150
Certificates of Participation							
1998 Advance Refunding	02/01/98	07/01/13	4.53%	\$ 48,615	\$ -	\$ -	\$ -
Total Certificates of Participation				\$ 48,615	\$ -	\$ -	\$ -
Full Faith and Credit Obligations							
2003 Full Faith and Credit	06/01/03	07/01/13	2.83%	\$ 9,615	\$ 4,175	\$ 113	\$ 990
2004 Full Faith and Credit	10/01/04	08/01/19	3.71%	54,235	53,670	2,468	5,410
2010 Full Faith and Credit	03/31/10	06/01/17	1.90 - 3.00%	9,800	9,800	328	1,310
Total Full Faith and Credit Obligations				\$ 170,990	\$ 67,645	\$ 2,909	\$ 7,710
Leases							
Sellwood lofts capital lease	01/01/02	01/01/32	2.50%	\$ 1,093	\$ 1,020	\$ 104	\$ 14
Total Leases				\$ 4,568	\$ 1,020	\$ 104	\$ 14
Loans							
State of Oregon - Transportation (OTIB)	09/04/08	09/01/25	3.98%	\$ 4,600	\$ 1,683	\$ 24	\$ -
Total Loans				\$ 4,600	\$ 1,683	\$ 24	\$ -