



WASHINGTON COUNTY
OREGON

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YEAR ENDED JUNE 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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WASHINGTON COUNTY, OREGON

155 N First Avenue
Hillsboro, Oregon 97124-3072

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2018

Prepared by:

Washington County Finance Division

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WASHINGTON COUNTY, OREGON

Table of Contents

	Page
SECTION I – INTRODUCTORY SECTION:	
Principal Officials	1
Organizational Chart.....	2
Letter of Transmittal.....	3
Certificate of Achievement for Excellence in Financial Reporting	10
SECTION II – FINANCIAL SECTION:	
INDEPENDENT AUDITOR'S REPORT	11
MANAGEMENT’S DISCUSSION AND ANALYSIS.....	14
BASIC FINANCIAL STATEMENTS:	
GOVERNMENT-WIDE STATEMENTS:	
Statement of Net Position	26
Statement of Activities	28
FUND FINANCIAL STATEMENTS:	
Balance Sheet – Governmental Funds	29
Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position – Governmental Activities	30
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	31
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance to the Government-wide Statement of Activities – Governmental Activities	32
Statement of Net Position – Proprietary Funds	33
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	34
Statement of Cash Flows – Proprietary Funds	35
Statement of Fiduciary Net Position	36
Statement of Changes in Fiduciary Net Position	37
NOTES TO BASIC FINANCIAL STATEMENTS.....	38
REQUIRED SUPPLEMENTARY INFORMATION:	
Budgetary Comparison – General Fund	123
Budgetary Comparison – Major Special Revenue Funds.....	124
Schedule of Total Liability – Other Post-Employment Benefits	126
Schedule of Changes in Total Liability – Other Post Employment Benefits	127
Schedule of Proportionate Share of PERS Net OPEB RHIA Liability (Asset)	128
Schedule of Other Post Employment Benefit Plan Contributions – PERS NET OPEB RHIA Plan	129
Schedule of Proportionate Share of PERS Net Pension Liability (Asset)	130
Schedule of Pension Plan Contributions – Oregon Public Employee Retirement Pension Plan (OPERS) ..	131
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION.....	132

WASHINGTON COUNTY, OREGON

Table of Contents

	Page
SECTION II – FINANCIAL SECTION (CONTINUED):	
OTHER SUPPLEMENTARY INFORMATION:	
Budgetary Comparison – Major Capital Projects Fund	134
NON-MAJOR FUND FINANCIAL STATEMENTS:	
Special Revenue Funds – Fund Descriptions.....	135
Debt Service Funds – Fund Descriptions	140
Capital Projects Funds – Fund Descriptions.....	140
Internal Service Funds - Fund Descriptions	142
Combining Balance Sheet – General Fund.....	144
Combining Balance Sheet – Human Services Fund.....	145
Combining Balance Sheet – Non-major Governmental Funds – Summary	146
Combining Balance Sheet – Non-major Governmental Funds – Special Revenue Funds	147
Combining Balance Sheet – Non-major Governmental Funds – Health Share of Oregon Fund	153
Combining Balance Sheet – Non-major Governmental Funds - Debt Service Funds	154
Combining Balance Sheet – Non-major Governmental Funds – Capital Projects Funds.....	155
Combining Balance Sheet – Non-major Governmental Funds - Facilities General Capital Projects Fund.....	157
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – General Fund.....	158
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Human Services Fund.....	159
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Major Streets Improvement III Program Fund	160
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Summary	161
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Special Revenue Funds	162
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Health Share of Oregon Fund	168
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Debt Service Funds	169
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Capital Projects Funds.....	170
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances – Non-major Governmental Funds – Facilities General Capital Projects Fund.....	172
Budgetary Comparison – Non-major Governmental Funds – Special Revenue Funds:	
Aging, Disability & Veteran Services Fund	173
Air Quality Fund	173
Animal Services Gifts and Donations Fund	174
Building Services Fund	174
Children and Youth Services Commission Fund.....	175

WASHINGTON COUNTY, OREGON

Table of Contents

SECTION II – FINANCIAL SECTION (CONTINUED):	Page
Community Corrections Fund	175
Cooperative Library Services Fund.....	176
Court Security Fund	176
Department of Housing Services Fund	177
Development Services Fund	177
District Patrol Fund	178
Emergency Medical Services Fund.....	178
Enhanced Sheriff’s Patrol District Fund (Component Unit)	179
Gain Share Fund	179
Health Share of Oregon Fund	180
Human Services HB-2145 Fund.....	180
Human Services OHP Fund	181
Indirect Cost Reimbursement Fund	181
ITS Systems Replacement Fund	182
Jail Commissary Fund.....	182
Juvenile Conciliation Services Fund	183
Juvenile Grants Fund.....	183
Juvenile High Risk Prevention Fund	184
Law Library Fund	184
Local Option Levy Fund	185
Lottery Fund.....	185
Maintenance Improvement District Fund	186
Mental Health Crisis Services Fund.....	186
Metzger Park LID Fund.....	187
North Bethany County Service District for Roads Fund (Component Unit).....	187
Office of Community Development Block Grant Fund	188
PERS Rate Stabilization Fund	188
Sheriff’s Office Contract Services Fund.....	189
Sheriff’s Office Forfeitures Fund	189
Sheriff’s Office Grants & Donations Fund	190
Strategic Investment Program Fund	190
Survey Fund	191
Surveyor – Public Land Corner Fund.....	191
Tourism Dedicated Lodging Tax Fund	192
Tri-County Risk Reserve Fund	192
Urban Road Maintenance District Fund (Component Unit)	193
Washington County Fair Fund	193
West Slope Library Fund	194
Budgetary Comparison – Non-major Governmental Funds – Debt Service Funds:	
General Obligation Debt Service Fund.....	195
Miscellaneous Debt Service Fund	195
Series 2016 B FFCO Debt Service Fund	196
Budgetary Comparison – Non-major Governmental Funds – Capital Projects Funds:	
2016 FF&C Facilities Capital Projects Fund	197
2016 FF&C MSTIP Capital Projects Fund.....	197
Bonny Slope West Transportation SDC Fund.....	198

WASHINGTON COUNTY, OREGON

Table of Contents

	Page
SECTION II – FINANCIAL SECTION (CONTINUED):	
Building Equipment Replacement Fund	198
Countywide Traffic Impact Fee Fund	199
Emergency Communications System Fund.....	199
Event Center Fund	200
Facilities General Capital Projects Fund.....	200
Facilities Park (THPRD) SDC Fund	201
ITS Capital Projects Fund	201
Major Streets Capital Projects Fund	202
North Bethany SDC Fund	202
Parks and Open Spaces Opportunity Projects Fund	203
Transportation Development Tax Fund.....	203
Combining Statement of Net Position – Internal Service Funds	204
Combining Statement of Revenues, Expenses and Changes in Net Position – Internal Service Funds....	206
Combining Statement of Cash Flows – Internal Service Funds	208
Schedule of Revenues and Expenditures – Budget and Actual (Budgetary Basis) –	
Internal Services Funds:	
Fleet Services Fund	210
Fleet Replacement Fund	210
Internal Support Services Fund.....	211
Liability/Casualty Insurance Fund	211
Life Insurance Fund.....	212
Medical Insurance Fund.....	212
Unemployment Insurance Fund	213
Workers’ Compensation Insurance Fund.....	213
Reconciliation of Fund Balance to Net Position – Internal Service Funds	214
Statement of Changes in Assets and Liabilities – Agency Fund.....	215
OTHER FINANCIAL SCHEDULE:	
Schedule of Accountability of Independently Elected Officials.....	216
SECTION III - STATISTICAL SECTION:	
Statistical Information Section Narrative.....	217
FINANCIAL TRENDS:	
Net Position by Component – Last Ten Fiscal Years	218
Changes in Net Position by Component - Last Ten Fiscal Years	219
Fund Balances of Governmental Funds - Last Ten Fiscal Years	221
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years.....	222
REVENUE CAPACITY:	
Valuation of Taxable Property – Last Ten Fiscal Years.....	223
Certified Property Tax Levies – Direct and Overlapping Governments –	
Last Ten Fiscal Years	224
Property Tax Levies and Collections – Last Ten Fiscal Years.....	226
Principal Taxpayers Within the County – Current Year and Nine Years Ago.....	227

WASHINGTON COUNTY, OREGON

Table of Contents

	Page
SECTION III – STATISTICAL SECTION (CONTINUED):	
DEBT CAPACITY:	
Ratio of General Bonded Debt Outstanding – Last Ten Fiscal Years	228
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years	229
Legal Debt Margin Information – Last Ten Fiscal Years.....	231
Direct and Overlapping Governmental Activities Debt – June 30, 2018	233
DEMOGRAPHIC AND ECONOMIC INFORMATION:	
Demographic Statistics – Last Ten Fiscal Years.....	234
Major Employment Industries – Current Year and Nine Years Ago.....	235
OPERATING INFORMATION:	
Full-time Equivalent Employees by Function – Last Ten Fiscal Years	236
Operating Indicators by Function/Program – Last Ten Fiscal Years	237
Capital Assets – Last Ten Fiscal Years	239
SECTION IV – INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH OREGON STATE REGULATIONS	240

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**WASHINGTON COUNTY,
OREGON**

**INTRODUCTORY
SECTION**

SECTION I

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WASHINGTON COUNTY, OREGON

Principal Officials

Commissioners as of June 30, 2018

<u>Name</u>	<u>Term Expires</u>
Andy Duyck, Chair Commissioner-At-Large	December 31, 2018
Dick Schouten District 1	December 31, 2020
Greg Malinowski District 2	December 31, 2018
Roy Rogers District 3	December 31, 2020
Bob Terry, Vice Chair District 4	December 31, 2018

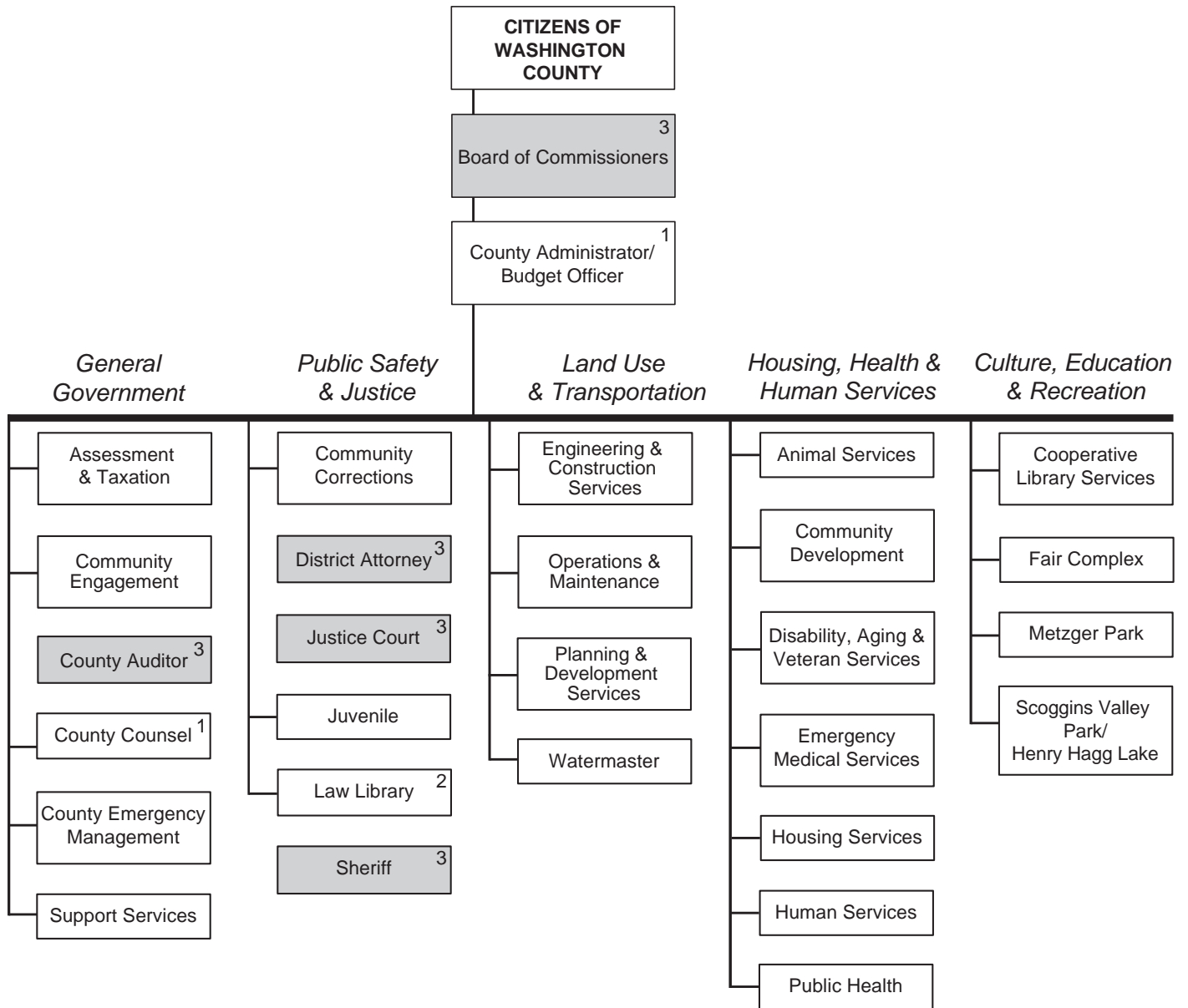
Administrative Staff

Robert Davis, County Administrator
Don Bohn, Assistant County Administrator
Mary Gruss, Chief Finance Officer (as of June 30, 2018)
Jack Liang, Chief Finance Officer (current)
Roger Dawes, Controller
Josh Salaets, Chief Accountant

Administrative Offices

Washington County, Oregon
155 N First Avenue
Hillsboro, Oregon 97124-3072

Washington County, Oregon Organizational Chart



1. Appointed by County Commissioner

2. Appointed by Circuit Court

3. Gray boxes denote elected positions

*Unless otherwise indicated, department heads are appointed by, and responsible to, the County Administrator.



December 21, 2018

To the Board of County Commissioners and Citizens of Washington County, Oregon

State law requires that every general-purpose local government publish, within six months of the close of each fiscal year, unless extended, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ended June 30, 2018.

Management has full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Talbot, Korvola & Warwick, LLP has issued an unmodified (clean) opinion on Washington County's financial statements for the fiscal year ended June 30, 2018. The independent auditor's report is located at the front of the financial section of this report.

In addition, they have issued a report in accordance with the Single Audit Act, Uniform Guidance, and OMB's Compliance Supplement. Information related to the single audit, including the Schedule of Expenditures of Federal Awards, findings and questioned costs and auditors' reports on the internal controls and statutory and regulatory compliance is presented in a separate report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the County

Washington County (the County) was incorporated in 1849 and is located in the northwestern part of Oregon, south of the Columbia River and immediately to the west of Portland, the state's largest city. The County is the second largest county by population in the state, encompasses 727 square miles, and serves a population of approximately 596,000. There are 16 incorporated cities in the County. The three largest cities, Hillsboro, Beaverton and Tigard account for 42% of the overall population; the unincorporated area also represents approximately 43% of the County's population. The unincorporated area, with a population of almost 253,741 would be the second largest city in the state after Portland if it were incorporated. Most local governments, including the County, have permanent authority to levy property taxes for operations at a maximum tax rate (permanent tax rate). All property tax levies exceeding the permanent tax rate require voter approval at a general election; levies funding operations are limited to five years, levies dedicated to capital expenditures are limited to ten years, and levies to pay general obligation bonds are limited by the debt service requirements of the bonds.

Washington County operates under a home rule charter initially adopted by voters in November 1962; voters approved a general revision and update of the charter in November 2008. The County is governed by a Board of five commissioners elected for four-year overlapping terms. Four are elected from districts, and the Board Chair is elected at-large. The County Administrator is hired by the Board of County Commissioners and exercises administrative direction, based on Board policy. The Sheriff, County Auditor, Justice Court Judge and District Attorney are elected officials.

Washington County provides a full range of County services including general government, public safety & justice, land use & transportation, housing, health & human services, and culture, education, & recreation services. This report includes all funds of the County as well as all of its component units, which are legally separate entities for which the County has the authority to exercise influence over their operations, and includes the Housing Authority of Washington County, Service District for Lighting No. 1, Enhanced Sheriff's Patrol District, Urban Road Maintenance District, North Bethany County Service District for Roads, and Clean Water Services (District). Because there is no fiscal benefit/burden relationship with the District, the District is reported as a discrete (separate) component unit of the County. Additional information on all six of these legally separate entities can be found in the notes to the financial statements.

The Board of County Commissioners is required to adopt a budget each year by July 1st. This annual budget serves as the foundation for Washington County's financial planning and control. The budget is prepared by fund (e.g., General Fund), functional area (e.g., Public Safety), organization unit (Countywide Law Enforcement Services) and program (e.g., Patrol Operations), and legally adopted at the organizational unit level. Department management may transfer resources within an organizational unit as they see fit. Transfers between organizational units require approval from the governing body.

Local Economy

The County is part of the Portland-Vancouver Metropolitan Statistical Area (Portland PMSA), which includes Clackamas, Columbia, Multnomah, Washington and Yamhill Counties in Oregon and Clark and Skamania Counties in Washington. The economy of the Portland metropolitan area is broad and widely diversified. The Portland PMSA includes the state's largest employers, including Intel, Providence Health System, Oregon Health & Sciences University, Fred Meyer, Kaiser Foundation Health Plan, Legacy Health System and Nike.

Currently, manufacturing accounts for 17% of the total non-farm employment in the Portland PMSA, while trade, transportation and utilities also accounts for 17%, government jobs 8%, professional and business services 19%, education and health services 12%, and leisure and hospitality 9%.

Strategic Investment Program

The Strategic Investment Program ("SIP") was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital-intensive investments by firms in Oregon's key industries, particularly in the high technology and metals industries. SIP recipients receive a tax break on the assessed value of new construction over \$100 million for 15 years. The \$100 million cap on assessed value increases by 6% per year. SIP recipients pay an annual Community Service Fee which is equal to one-fourth of the value of the tax break and which is allocated to local governments. The allocations are determined during negotiations of the SIP agreement with the local governments. The Community Service Fee is not considered a property tax and thus is outside of the constitutional property tax rate limitations.

In 2005, Intel and the County entered into a strategic investment program covering the potential investment of \$25 million to commence when the 1999 SIP agreement reached the limits of its investment ceiling; the 1999 agreement ended in 2014-15. The 2005 agreement went into effect July 1, 2010 and will end in 2025-26. The intent of the 2005 SIP is to extend the competitive tax structure in the County that is essential for Intel to provide high-value, family wage jobs in Oregon and continue to contribute to the State's quality of life. Obligations from Intel are similar to the 1999 agreement providing for guaranteed annual payments, a community service fee and fee in lieu of property taxes; with funds being split with other jurisdictions. The County anticipates receiving an estimated \$115 million over the life of this agreement.

In August of 2014, Washington County, the City of Hillsboro and Intel Corporation negotiated a 30-year agreement that would provide up to \$100 billion of investment over multiple, concurrent 15-year periods beginning as soon as 2015. As with past agreements, the 2014 agreement requires Intel to pay the equivalent of full property taxes on all land and buildings associated with each SIP project. The agreement allows for partial property tax savings to Intel for the investment in machinery and equipment used for semiconductor manufacturing. This machinery and equipment costs billions of dollars to create and can become obsolete within a few years. The 2fs014 proposal is the fifth for Intel since the program's inception.

The statutorily required payments would total to an estimated \$122 million in property taxes and fees over the life of the agreement. Additional fees would total to an estimated \$228 million over the same period. Actual payments under the proposed 30-year SIP agreement will depend on the nature and timing of Intel's investment.

The following shows the SIP payments received and how much is retained by the County (dollars in thousands):

Agreements	2013-14	2014-15	2015-16	2016-17	2017-18
1999 Intel	\$ 8,266	8,319	-	-	-
2005 Intel	10,593	12,092	22,899	28,380	33,767
2014 Intel	-	-	-	-	8,162
2006 Genentech	896	920	946	972	998
Totals	19,755	21,331	23,845	29,352	42,927
Distributed to:					
Washington County	12,905	13,862	15,131	-	27,302
Other agencies	6,850	7,469	8,714	29,352	15,625
Totals	\$ 19,755	21,331	23,845	29,352	42,927

Source: Washington County Finance Division

Gain Share

Gain Share provides the State a vehicle to distribute tax dollars back to communities where local property tax abatement helped create the jobs. The Gain Share program was approved by the legislature in 2007 and returns to local governments 50 percent of the state income taxes generated from new and retained jobs at companies that received property tax relief as part of a SIP. In June 2015 the legislature modified the Gain Share program with the passage of SB 129. The modification included a cap of \$16 million on the amount a county can receive each fiscal year, extended the program from 2019 to 2024 and changed the allocation mechanism from a separate shared services fund to a direct allocation by the Oregon Department of Revenue.

The following shows the Gain Share payments received and how much is retained by the County (dollars in thousands):

<u>Agreements</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>
2005 Intel	\$ 23,127	36,774	15,037	15,037	15,037
2006 Genentech	759	1,031	963	963	963
Totals	<u>23,886</u>	<u>37,805</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>
Distributed to:					
Washington County	11,481	18,274	9,765	9,835	9,746
Schools	5,000	8,000	-	-	-
Other agencies	<u>7,405</u>	<u>11,531</u>	<u>6,235</u>	<u>6,165</u>	<u>6,254</u>
Totals	\$ <u>23,886</u>	<u>37,805</u>	<u>16,000</u>	<u>16,000</u>	<u>16,000</u>

Source: Washington County Finance Division

Long Term Financial Planning

The 2018-19 adopted budget includes General Fund reserves of \$38 million or 22% of revenues. In March 2007 the Board adopted a policy to maintain a reserve of 20% or more and not less than 15% of General Fund revenues. With guidance from the Budget Committee, annual transfers to the Major Streets Transportation Improvement Program (MSTIP) and the Washington County Cooperative Library System (WCCLS) have been excluded from General Fund revenues for purposes of calculating the fund balance reserve. Executive management works with departments to meet the upper reserve amount at each fiscal year end. The Board is updated on the General Fund forecast and other funds as deemed appropriate.

The County 2020 plan sets forth the strategic direction of the County through fiscal year 2019-20 by describing the County's mission, its guiding principles and a set of core strategies for each department and agency of the County. Over the next several years, a series of enabling plans will be developed to further detail the initiatives to be undertaken by County departments to achieve the County's mission.

Funding for MSTIP projects comes from the County's permanent tax rate. The 2018-19 budget includes over \$36 million for this program from the County's property tax collections. This program currently consists of a number of projects to widen and improve existing roadways to accommodate increased traffic volume and provide additional traffic safety. The County has also developed an interim list of projects to continue the program while the next generation of projects is developed through a public process.

Relevant Financial Policies

Cash Management

Cash not required for current operations is invested according to the County investment policy as authorized by the Board of County Commissioners. County funds are pooled for investment purposes; investment instruments may include U.S. Treasury securities, Government Sponsored Enterprises (GSEs), and the State of Oregon Local Government Investment Pool.

GSEs are privately held corporations with public purposes created by the United States Congress to reduce the cost of capital for certain borrowing sectors of the economy, such as students, farmers, and homeowners. Examples of GSEs include, but are not limited to the Federal National Mortgage Association (Fannie Mae), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal Home Loan Banks, and the Federal Farm Credit Bureau.

Independent Audit

Pursuant to the Oregon Municipal Audit Law, ORS 297.405 – 297.555, all Oregon counties must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the state as capable of auditing municipal corporations. The accounting firm of Talbot, Korvola & Warwick, LLP conducted the audit for the fiscal year ended June 30, 2018.

Risk Management

The County is self-insured for liability/casualty, workers' compensation, unemployment and dental. Excess insurance is purchased whenever feasible and reserves are maintained for incurred but not reported claims. The Risk Division takes an active role in identifying, evaluating and reducing risks to the County.

Major Initiatives

High Growth Transportation Funding Program

Washington County, in partnership with the cities of Beaverton, Hillsboro and Tigard, has developed a transportation finance program for four major residential growth areas: North Bethany/Bonny Slope West (unincorporated Washington County), South Hillsboro (City of Hillsboro), South Cooper Mountain (City of Beaverton) and River Terrace (City of Tigard).

These areas are slated for development simultaneously. An estimated 18,000 homes – and thousands of additional vehicles – are expected in these residential areas over the next 20 years. Many County roads will need upgrades to accommodate increased traffic and to improve safety for new and existing residents.

Cost sharing - two-thirds of the \$140 million cost of the identified capacity and safety road-improvement projects will be funded by Washington County; the remaining one-third will be funded by the cities and developers. The formula is based on travel forecasting that estimates only one-third of travelers using the improved roads will result from the developments. The remaining traffic will be "regional travel"– trips that begin and end outside of the high-growth areas. This will improve countywide mobility.

The County issued bonds in December 2016 to fund two-thirds of the project costs. Incremental growth in revenue from the Countywide property tax-based Major Streets Transportation Improvement Program (MSTIP) will be used to pay back the bonds. Issuing bonds will allow improvements to be made proactively – before the deficient roadways become problematic. Cities may use the Transportation Development Tax (TDT) and other development-based revenues to fund their one-third of the project costs.

Additional partnerships, such as pipeline collocation opportunities with the Willamette Water Supply Program, will be pursued to obtain potential construction cost savings and to reduce traffic and community impacts.

By preserving the existing MSTIP funding level of \$35 million/year for improvements on other roadways throughout Washington County, these high-growth projects will not compete with other MSTIP transportation projects.

Emergency Communications System Financing

Washington County voters approved the issuance of \$77 million in general obligation bonds for emergency and 911 facilities during the May 2016 Primary Election. Bond funds will help pay for converting the existing emergency communications system to current technology; improving countywide coverage by installing more towers; strengthening facilities for earthquakes, storms and other emergencies; providing for efficient expansion of the 911 center and emergency response facilities, and replacing approximately 3,000 analog radios currently used by first responders countywide.

Washington County officials were notified in June 2016 that Moody's Investors Service had assigned its highest rating, "Aaa," to the County's \$77 million General Obligation Bonds, Series 2016A (federally taxable) and 2016B (tax-exempt). The bonds were issued in July 2016.

As stated in Moody's Credit Opinion report (<http://www.co.washington.or.us/CAO/upload/OR-Washington-County-Final-Report.pdf>), "The ratings reflect the county's very large tax base, strong local economy that is integrated into the larger Portland metropolitan area, above average resident wealth, healthy financial position, and very low level of direct debt."

Other Debt Financing

In December 2016 the County issued \$107,925,000 of Full Faith and Credit Bonds. The debt issue will be used to fund general facilities capital projects, build an Event Center, and add funding for the Major Streets Transportation Improvement Program (MSTIP) projects. In February 2017 Moody's Investor Services' (Moody's) upgraded the County's rating from Aa1 to Aaa.

County Levies

In May 2017 voters approved a \$0.68 fixed rate levy for the Enhanced Sheriff's Patrol District; the levy covers the period July 1, 2018 – June 30, 2023 and is expected to generate an estimated \$47 million over the five years.

Voters renewed the fixed rate County-wide public safety levy (\$0.42) and approved an increase of \$0.05 to the library (\$0.22) local option tax levy in November 2015. The public safety levy is expected to generate an estimated \$132 million over the five years. Funds are used for enhanced public safety activities and include continued funding for an estimated 132 positions including patrol, corrections, and district attorney. The Countywide library levy is expected to generate an estimated \$69 million over the five years. The renewed levies begin July 1, 2016 and expire June 30, 2021.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Washington County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the 32nd consecutive year the County received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report could not have been accomplished without the efficient and dedicated service of the entire Finance Division and other County staff. We wish to express our appreciation to all members of the County staff who assisted and contributed to the preparation of this report. Credit also must be given to the Board of County Commissioners for their unfailing support for maintaining the highest standards of professionalism in the management of Washington County's finances.

Respectfully submitted,

Jack Liang
Chief Finance Officer

Roger Dawes
Controller

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Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Washington County
Oregon**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

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**WASHINGTON COUNTY,
OREGON**

**FINANCIAL
SECTION**

SECTION II

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**Talbot, Korvola
& Warwick, LLP**

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Washington County, Oregon
Hillsboro, Oregon

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Oregon (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the Table of Contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Clean Water Services (CWS), the discretely presented component unit of the County, which represents 27%, 26%, and 26%, respectively, of the assets and deferred outflows of resources, net position, and revenues of the County. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CWS, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of CWS were not audited in accordance with *Government Auditing Standards*.

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

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



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INDEPENDENT AUDITOR'S REPORT (Continued)

Board of County Commissioners
Washington County, Oregon

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

EMPHASIS OF MATTER

As discussed in Note 4 to the financial statements, as of and for the year ended June 30, 2018, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which resulted in the restatement of previously reported amounts for the year ended June 30, 2017. Our opinions are not modified with respect to this matter.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, schedules of pension and other post-employment benefits, and Notes to Required Supplementary Information, as listed in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Accounting principles generally accepted in the United States of America require that the budgetary comparisons for the General Fund and major special revenue funds, as listed in the Table of Contents as Required Supplementary Information, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. The required budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of County Commissioners
Washington County, Oregon

OTHER MATTERS (Continued)

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The information listed in the Table of Contents as Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The Introductory and Statistical Sections and the Other Financial Schedule, as listed in the Table of Contents, have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

REPORTS ON OTHER LEGAL AND REGULATORY REQUIREMENTS

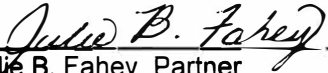
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have also issued our report dated December 21, 2018, on our consideration of the County's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

TALBOT, KORVOLA & WARWICK, LLP

By 
Julie B. Fahey, Partner

Lake Oswego, Oregon
December 21, 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

As management of Washington County, we offer readers of Washington County's financial statements this narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 through 9 of this report.

The County has five blended component units included in this presentation - Housing Authority of Washington County (the Authority), Service District for Lighting No. 1, Enhanced Sheriff's Patrol District, Urban Road Maintenance District and North Bethany County Service District for Roads. The County also has one discretely presented component unit - Clean Water Services (the District) included in the government – wide financial statements presentation.

Financial Highlights

- The assets and deferred outflows of resources of Washington County exceeded its liabilities and deferred inflows of resources at June 30, 2018 by \$2,270,820. Net investment in capital assets was \$1,959,411 and accounts for 86% of total net position. Of the remaining net position, \$44,916 may be used to meet the County's ongoing obligations to citizens and creditors.
- As of June 30, 2018, Washington County's governmental funds reported a combined unassigned ending fund balances of \$58,152.
- Unassigned fund balance for the General Fund was \$58,232 at June 30, 2018, amounting to 37% of total General Fund expenditures for 2018.
- Committed fund balance for the Major Streets Transportation Improvement Program III Fund (MSTIP III) was \$106,413 at June 30, 2018, amounting to 180% of total MSTIP III expenditures. Restricted fund balance for the Road Fund was \$23,215 at June 30, 2018, amounting to 52% of total Road Fund expenditures. Restricted fund balance for the Human Services Fund was \$7,520 or 33% of fund expenditures.
- Washington County's governmental activities had \$84,448 in general obligation debt, net of premiums and adjustments, at June 30, 2018, allowing for the potential to have voter-approved general obligation debt up to \$2,160,285. Total non-voter approved full faith and credit debt at June 30, 2018 was \$162,395, net of premiums and adjustments, with remaining capacity for this type of debt at \$959,972.

Overview of the Financial Statements

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

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

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis

June 30, 2018

(Dollars in thousands)

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

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

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public safety and justice; land use and transportation; housing, health and human services; culture, education and recreation; and other non-departmental activities. The business-type activities include housing and street lighting.

The government-wide financial statements include not only Washington County itself (known as the *primary government*), but also legally separate utility, road maintenance, patrol and lighting service districts, and a housing authority for which the County is financially accountable.

The government-wide financial statements can be found on pages 26 through 28 of this report.

Discretely presented component unit. A *component unit* which does not function as an integral part of the primary government is presented discretely (separately) from the data of the primary government. The County is presenting the District discretely.

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

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the County's near-term financing requirements.

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and governmental activities in the government-wide financial statements.

The County maintains 55 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, HOME Fund, Human Services Fund, Road Fund, and Major Streets Transportation Improvement Program III Fund, all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements and individual schedules* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 29 and 31 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for the Housing Authority's programs and the Service District for Lighting No. 1. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for self-insurance funds, fleet operations and other functions. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County's internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements and schedules elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 33 through 35 of this report.

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

The basic fiduciary fund financial statements can be found on pages 36 and 37 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 122 of this report.

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis

June 30, 2018

(Dollars in thousands)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning certain Washington County's major governmental funds, and schedules related to the County's other postemployment benefits and pension plans. Required supplementary information can be found beginning on page 123 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on major governmental funds. Combining and individual fund statements and schedules can be found on pages 144 through 215 of this report.

Government-wide Financial Analysis

As noted earlier, over time, net position may serve as a useful indicator of a government's financial position. In the case of Washington County, assets and deferred outflows exceeded liabilities and deferred inflows by \$2,270,820 at the close of the most recent fiscal year.

	Statement of Net Position						Discretely Presented	
	Washington County - Primary Government						Component Unit	
	Government activities		Business-type activities		County Total		District	
	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	\$ 271,058	229,222	14,412	11,473	285,470	240,695	339,408	315,892
Noncurrent assets	397,996	463,650	(159)	(254)	397,837	463,396	3,263	3,044
Capital assets (net of depreciation)	2,094,507	2,078,475	24,698	25,130	2,119,205	2,103,605	704,521	682,344
Total assets	2,763,561	2,771,347	38,951	36,349	2,802,512	2,807,696	1,047,192	1,001,280
Deferred outflows of resources	82,371	134,829	1,818	1,983	84,189	136,812	17,144	23,818
Current liabilities	120,253	112,583	3,170	2,318	123,423	114,901	35,287	35,282
Noncurrent liabilities	447,697	507,972	27,964	28,514	475,661	536,486	223,896	240,093
Total liabilities	567,950	620,555	31,134	30,832	599,084	651,387	259,183	275,375
Deferred inflows of resources	16,797	10,386	-	-	16,797	10,386	1,129	1,283
Net position:								
Net investment in capital assets	1,961,458	1,971,358	(2,047)	(1,713)	1,959,411	1,969,645	512,558	477,185
Restricted	263,487	274,884	3,006	3,089	266,493	277,973	120,428	127,024
Unrestricted	36,240	28,993	8,676	6,124	44,916	35,117	171,038	144,231
Total net position	\$ 2,261,185	2,275,235	9,635	7,500	2,270,820	2,282,735	804,024	748,440

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis

June 30, 2018

(Dollars in thousands)

By far the largest portion of the County's net position (86%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Washington County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$44,916 may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the County reported positive balances in all three categories of net position for the County and for its governmental activities. For its business-type activities the County reported positive balances in restricted and unrestricted net position but had a negative balance of \$2,047 in the net investment in capital assets category. For the prior fiscal year, the County reported positive balances in all three categories of net position for the County and for its governmental activities. For its business-type activities, the County reported positive balances in restricted and unrestricted net position but had a negative balance of \$1,713 in the net investment in capital assets category.

The County's net position decreased by \$12,925 during the current fiscal year; the result is a \$2,135 increase in business-type activities net position and a \$15,060 decrease in governmental activities net position.

Business Type – The Authority's restricted net position decreased by \$83 due to future debt service and asset replacement needs.

Component Unit – The District's total net position increased by \$55,992, mainly due to net proceeds from current year operations and capital contributions from developers and Clean Water Insurance Company, LLC, a wholly owned subsidiary of the District, prior to the restatement for OPEB.

Governmental activities. Governmental activities decreased the County's net position by \$15,060. Key elements of this decrease are as follows:

- Overall program expenses increased \$25,229 during the fiscal year due primarily to a increase in expenses of \$7,275 in the public, safety & justice functional area, a \$5,236 decrease in expenses in the land use and transportation functional area, a \$1,579 increase in expenses in the housing, health & human Services functional area, a \$7,044 increase in expenses in the general government functional area, a \$14,567 increase in expenses in the culture, education and recreation, non-operating, and interest functional areas, due primarily to the recognition of the proportionate share of the current year's activity in the OPERS pension plan and changes in the OPEB obligation.

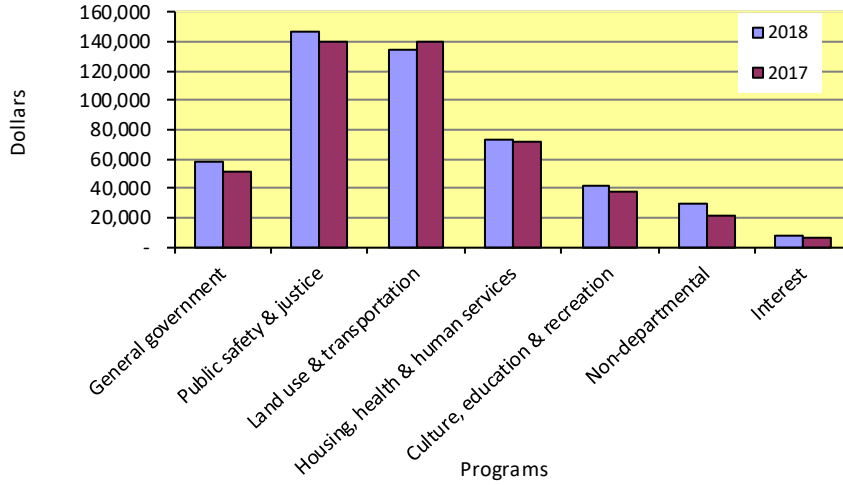
WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

- Total revenue increased overall by \$36,438. This would include land use & transportation increases of \$12,361 in charges for services due to completion of large commercial projects this year combined with a \$7,569 increase in operating grants and contributions. General revenues increased \$17,237 compared to the prior year and are attributable to a \$11,613 increase in property taxes along with a decrease of \$292 in other taxes including transient lodging and real property transfer taxes. Interest and miscellaneous revenues increased by \$8,916 primarily due to an increase in donated infrastructure assets compared to prior year.

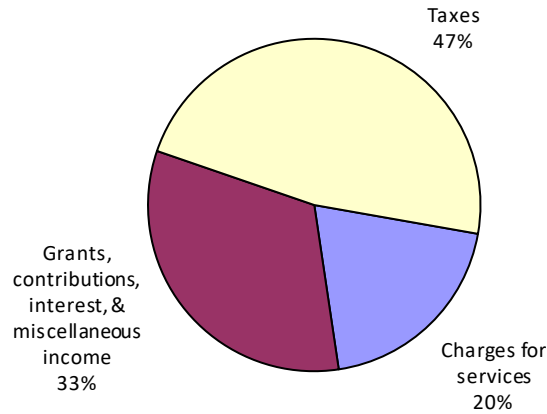
	Changes in Net Position						Discretely Presented	
	Washington County - Primary Government						Component Unit	
	Government activities		Business-type activities		County Total		District	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Program Revenues								
Charges for services	\$ 94,532	82,171	12,529	10,616	107,061	92,787	144,329	137,186
Operating grants and contributions	129,187	121,618	28,048	26,818	157,235	148,436	-	-
Capital grants and contributions	10,451	11,051	443	319	10,894	11,370	31,808	37,499
General Revenues								
Taxes	226,096	217,775	-	-	226,096	217,775	-	-
Interest income	3,461	4,069	21	88	3,482	4,157	786	1,364
Miscellaneous revenue	12,546	3,022	-	-	12,546	3,022	-	-
Gain on disposal of capital assets	-	-	3	-	3	-	-	-
Transfer in (out)	(292)	(163)	292	163	-	-	-	-
Gain (loss) on equity in joint venture	-	-	211	371	211	371	(78)	(73)
Total revenues	<u>475,981</u>	<u>439,543</u>	<u>41,547</u>	<u>38,375</u>	<u>517,528</u>	<u>477,918</u>	<u>176,845</u>	<u>175,976</u>
Program Expenses								
General government	58,201	51,157	-	-	58,201	51,157	-	-
Public safety and justice	147,036	139,761	-	-	147,036	139,761	-	-
Land use and transportation	133,995	139,231	-	-	133,995	139,231	-	-
Housing, health and human services	72,862	71,283	37,381	34,683	110,243	105,966	-	-
Culture, education and recreation	41,704	37,597	-	-	41,704	37,597	-	-
Sanitation and surface water	-	-	-	-	-	-	120,853	114,698
Street lighting	-	-	2,031	1,953	2,031	1,953	-	-
Non-operating	28,906	20,928	-	-	28,906	20,928	-	-
Interest expense	8,337	5,855	-	-	8,337	5,855	-	-
Total expenses	<u>491,041</u>	<u>465,812</u>	<u>39,412</u>	<u>36,636</u>	<u>530,453</u>	<u>502,448</u>	<u>120,853</u>	<u>114,698</u>
Change in net position	(15,060)	(26,269)	2,135	1,739	(12,925)	(24,530)	55,992	61,278
Net position beginning of year	<u>2,275,235</u>	<u>2,301,504</u>	<u>7,500</u>	<u>5,761</u>	<u>2,282,735</u>	<u>2,307,265</u>	<u>748,440</u>	<u>687,162</u>
Restatement (See Note 4)	1,010	-	-	-	1,010	-	(408)	-
Net position beginning of year, as restated	<u>2,276,245</u>	<u>2,301,504</u>	<u>7,500</u>	<u>5,761</u>	<u>2,283,745</u>	<u>2,307,265</u>	<u>748,032</u>	<u>687,162</u>
Net position end of year	<u>\$ 2,261,185</u>	<u>2,275,235</u>	<u>9,635</u>	<u>7,500</u>	<u>2,270,820</u>	<u>2,282,735</u>	<u>804,024</u>	<u>748,440</u>

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

Expenses - Governmental Activities



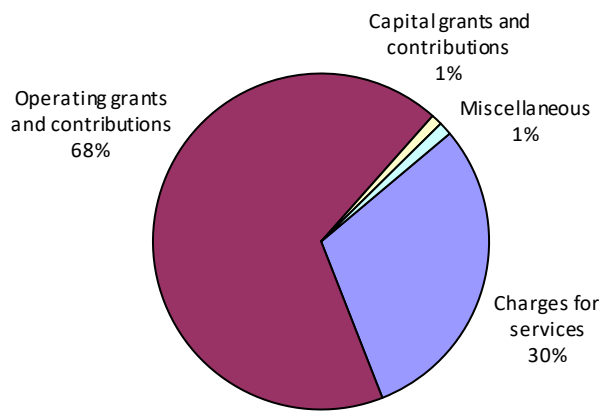
Revenues by Source - Governmental Activities



WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

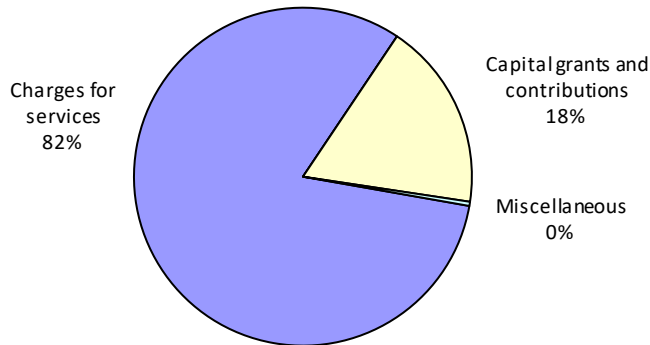
Business-type activities – Business-type activities net position increased by \$2,135. The Authority's total net position increased by \$2,252, due to total operating revenues exceeding total operating expenses by \$2,776, nonoperating expenses exceeding nonoperating revenues \$1,266, and capital contributions plus transfers in from governmental funds of \$742. The Service District for Lighting No. 1's net position decreased \$117, with operating expenses exceeding operating revenues by \$118, nonoperating interest income of \$8, and transfers to other funds of \$7.

Revenues by Source - Business-type Activities



Component unit – District - Total net position increased by \$55,992 during fiscal year 2018, due to total revenues exceeding total expenses by \$24,184 and capital contributions from developers of \$31,808.

Revenues by Source - Component Unit - District



WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

Financial Analysis of the County's Funds

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

Governmental funds. The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the County's financing requirements. *Unassigned fund balance* may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, Washington County's governmental funds reported combined ending fund balances of \$511,854; a decrease of \$35,432 in comparison with the prior year. Of this amount, \$58,152 constitutes *unassigned fund balance*, which is available for spending at the County's discretion.

The remainder of fund balance is classified as *nonspendable, restricted, committed, or assigned* to indicate that it is not available for new spending because it has already been dedicated to other needs throughout the County.

The General Fund is the primary operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$58,232. As a measure of the General Fund's liquidity it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 37% of total General Fund expenditures, while total fund balance represents approximately 42%.

The fund balance of the County's General Fund decreased by \$9,835 during the current fiscal year compared to fund balance increase of \$8,570 in the prior fiscal year. This two-year swing of \$18,405 in fund balance, is due to an increase of \$20,477 in total revenue with the main components of increases in taxes and charges for services. This was off-set by increases in total expenditures of \$13,551 mostly in the general government and public safety and justice areas as well as in other financing sources (uses) of \$25,331 with transfers out to other funds.

The Major Streets Transportation Improvement Program III fund has a total committed fund balance of \$106,413; all of which has been committed to road improvements within the County. The fund balance decreased \$12,273 from the prior year due to spending on County road projects.

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

Business-type activities - Unrestricted net position at the end of the year for the Service District for Lighting No. 1 was \$1,010 and \$7,666 for the Housing Authority. The total change in net position for these two funds was a decrease of \$117 for the Service District for Lighting No. 1 and an increase of \$2,252 for the Housing Authority.

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

General Fund Budgetary Highlights

During the year there were several changes in appropriations between the adopted and revised budget for the General Fund. The main components of the changes are as follows:

- \$1,177 increase in the miscellaneous expenses of the non-operating functional area due to additional marijuana tax revenues and a \$2,000 decrease in contingency for claims liabilities per actuarial report being higher than originally anticipated.
- The offset was a \$1,177 increase to intergovernmental revenue in the non-operating functional area and a \$2,000 increase to transfers out in the non-operating functional area.

Total expenditures in the General Fund were \$153,891 or 22% under the final revised budget for the year. Key factors in this savings include:

- \$31,479 in operating contingency that was not utilized during the fiscal year.
- \$4,693 in total cost savings across all programs in the general government functional area; of which \$1,832 is attributable to savings in the information services program area, \$757 in the facilities management area and \$844 in the assessment and taxation program area.
- \$3,941 in savings recognized in the public safety and justice functional area; of which \$1,409 is due to law enforcement program area expenditures being lower than anticipated and \$1,327 is due to jail operations program area being lower than anticipated.
- \$1,472 in savings recognized in the housing, health and human services functional area during the fiscal year; of which \$936 is due to expenditures being lower than anticipated in the public health program area and \$423 is due to expenditures being lower than anticipated in the animal services program area.
- The remaining \$2,076 reduction is from savings recognized in other functional areas of the General Fund, including \$410 from land use and transportation, \$122 from culture, education and recreation, and \$1,544 in miscellaneous expenditures from non-operating.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$2,119,205 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, park facilities, roads, highways, and bridges. Of this total investment, approximately 1.2% was held by the County's business-type activities, with the balance being held by the County's governmental activities.

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

	Washington County - Primary Government						Discretely Presented Component Unit	
	Governmental activities		Business-type Activities		County Total		District	
	2018	2017	2018	2017	2018	2017	2018	2017
Land and artwork	\$ 993,800	987,700	8,778	8,580	1,002,578	996,280	32,180	28,634
Land improvements	565	744	-	-	565	744	-	-
Buildings and improvements	95,235	94,660	15,599	16,459	110,834	111,119	121,485	113,775
Sewer lines	-	-	-	-	-	-	159,638	158,222
Treatment plants	-	-	-	-	-	-	254,332	249,253
Machinery and equipment	19,205	16,361	60	78	19,265	16,439	36,622	40,090
Infrastructure	843,924	860,273	-	-	843,924	860,273	-	-
Construction in progress	141,778	118,737	261	13	142,039	118,750	100,264	92,370
	\$ <u>2,094,507</u>	<u>2,078,475</u>	<u>24,698</u>	<u>25,130</u>	<u>2,119,205</u>	<u>2,103,605</u>	<u>704,521</u>	<u>682,344</u>

Additional information on the County's capital assets can be found in the Capital Assets note on pages 59 through 61 of this report.

Long-term debt. The County has the following outstanding obligations – contracts, notes, and various types of bonds. The County maintains an Aaa from Moody's Investor Services for general obligation and full faith and credit debt along with an AA+ rating from Standards & Poor's (S&P) for the general obligation debt. The revenue bond rating for the County's component unit – Clean Water Services – was Aa2 from Moody's and AA from S&P. The Finance Division manages the County's debt and is responsible for evaluating funding needs and determining the appropriate means to raise necessary funds.

At the end of the current fiscal year, the County had total bonded debt outstanding of \$246,843, of which 34% is debt backed by general obligation and 66% is debt backed by the full faith and credit of the County. The Authority had total bonded debt outstanding of \$26,132.

Component unit – District - At the end of the current fiscal year, the District had \$200,419 in revenue bonds secured solely by specified revenue sources by the District.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 2% of its total real market valuation. The current debt limitation for the County is \$2,160,285. The Authority is limited to 13% of its total market valuation by State statutes. The current debt limitation for the Authority is \$14,590,765.

	Washington County - Primary Government						Discretely Presented Component Unit	
	Governmental activities		Business-type Activities		County Total		District	
	2018	2017	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 445	578	3,986	3,829	4,431	4,407	-	-
Full Faith & Credit Obligations	143,895	154,520	26,305	26,740	170,200	181,260	-	-
General Obligation Bonds	73,995	75,400	-	-	73,995	75,400	-	-
Revenue Bonds	-	-	-	-	-	-	191,025	202,995
Unamortized Premiums (Discounts)	28,953	31,274	(173)	(188)	28,780	31,086	9,394	11,340
	\$ <u>247,288</u>	<u>261,772</u>	<u>30,118</u>	<u>30,381</u>	<u>277,406</u>	<u>292,153</u>	<u>200,419</u>	<u>214,335</u>

Additional information on the County's long-term debt can be found on pages 63 through 74 of this report.

WASHINGTON COUNTY, OREGON
Management's Discussion and Analysis
June 30, 2018
(Dollars in thousands)

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 3.3%, which is a decrease from a rate of 3.5% a year ago. This compares favorably to the State and national average unemployment rate of 4.0%.

The County government is funded through a variety of revenue sources including property taxes, state and federal funding, user fees and other revenues. The County economy is rebounding following the recession and an unemployment rate of less than 3.5%; the lowest recorded in 15 years. The building industry is strong along with an increase in manufacturing. In fact, manufacturing in Washington County accounts for one-quarter of all manufacturing jobs currently found in the State of Oregon. These manufacturing jobs, with their attractive wages and benefits, were the highest average annual wage earnings among the 36 Oregon counties last year.

The County has a history of funding an enhanced level of public safety and library services through voter approved local option levies. Voters continue to support these enhanced service levels as recently as November 2015 for the public safety and library local option levies and in November 2012 for the Enhanced Sheriff's Patrol District levy. Property tax revenues continue to increase over prior years due to increases in property values and new construction.

All these factors were considered in preparing the County's budget for the 2018-19 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Washington County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Washington County Finance Division at 155 N. First Avenue, Hillsboro, Oregon 97124-3072.

BASIC FINANCIAL STATEMENTS

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WASHINGTON COUNTY, OREGON

Statement of Net Position

June 30, 2018

(Dollars in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Clean Water Services of Washington County (District)
Current assets:				
Cash and investments	\$ 220,188	8,519	228,707	187,313
Restricted cash and investments	6,028	4,869	10,897	128,486
Property taxes receivable	9,596	—	9,596	—
Assessments receivable, short-term portion	85	98	183	—
Accounts receivable	25,142	577	25,719	19,761
Accrued interest receivable	7,109	—	7,109	—
Contract receivable, short-term portion	546	313	859	—
Connection charges receivable	—	—	—	1,090
Supply inventory	517	—	517	1,516
Other current assets	1,847	36	1,883	1,242
Total current assets	271,058	14,412	285,470	339,408
Noncurrent assets:				
Long-term investments	366,233	—	366,233	—
Long-term assessments receivable	339	93	432	389
Contracts receivable, net - long-term portion	30,894	(1,262)	29,632	—
Investments in limited partnership/joint venture	—	1,010	1,010	2,340
Other noncurrent assets	—	—	—	416
PERS net OPEB RHIA asset	530	—	530	118
Total noncurrent assets	397,996	(159)	397,837	3,263
Capital assets:				
Land, CIP and other assets not being depreciated	1,135,578	9,039	1,144,617	132,444
Buildings and equipment, infrastructure and other assets net of depreciation	958,929	15,659	974,588	572,077
Capital assets, net	2,094,507	24,698	2,119,205	704,521
Total noncurrent assets	2,492,503	24,539	2,517,042	707,784
Total assets	2,763,561	38,951	2,802,512	1,047,192
Deferred outflows of resources:				
Deferred charge on refunding	2,864	1,818	4,682	3,619
County/District OPEB related	158	—	158	—
PERS OPEB RHIA related	635	—	635	146
Pension related	78,714	—	78,714	13,379
Total deferred outflows of resources	82,371	1,818	84,189	17,144
Current liabilities:				
Accounts payable	29,111	912	30,023	12,719
Accrued payroll liabilities	9,266	—	9,266	5,674
Accrued self insurance, current portion	6,216	—	6,216	253
Amounts held in trust	528	—	528	—
Unearned revenue	34,498	17	34,515	—
Tenant and other deposits	11,127	784	11,911	—
Accrued interest payable	2,033	621	2,654	2,286
Pollution remediation obligation, current portion	220	—	220	—
Capital lease obligations, current portion	270	—	270	—
Other long-term obligations, current portion, net of discount/premium	26,984	836	27,820	14,355
Total current liabilities	\$ 120,253	3,170	123,423	35,287

See accompanying notes to basic financial statements.

(Continued)

WASHINGTON COUNTY, OREGON
Statement of Net Position, Continued
June 30, 2018
(Dollars in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business- Type Activities	Total	Clean Water Services of Washington County (District)
Noncurrent liabilities:				
Accrued self insurance	\$ —	—	—	315
Pollution remediation obligation	4,400	—	4,400	—
Bond and bond anticipation notes payable, net of discount	82,242	—	82,242	186,064
Noncurrent portion of other long term obligations, net of discount	148,860	27,964	176,824	—
County/District OPEB obligation	3,856	—	3,856	1,050
PERS net pension liability	208,339	—	208,339	36,467
Total noncurrent portion of long-term obligations	447,697	27,964	475,661	223,896
Total liabilities	567,950	31,134	599,084	259,183
Deferred inflows of resources:				
County/District OPEB related	568	—	568	—
PERS OPEB RHIA related	251	—	251	55
Pension related	15,978	—	15,978	1,074
Total deferred inflows of resources	16,797	—	16,797	1,129
Net position:				
Net investment in capital assets	1,961,458	(2,047)	1,959,411	512,558
Restricted for:				
Law enforcement	39,035	—	39,035	—
Community support programs	3,701	—	3,701	—
Road maintenance, repair and improvement	36,095	—	36,095	—
Building inspection	17,533	—	17,533	—
Economic development	139	—	139	—
Land development	5,606	—	5,606	—
Community health programs	30,776	—	30,776	—
County fair, parks and tourism	3,065	—	3,065	—
Captive insurance	—	—	—	250
Debt service	342	3,006	3,348	19,421
Capital projects	127,195	—	127,195	100,757
Total restricted	263,487	3,006	266,493	120,428
Unrestricted	36,240	8,676	44,916	171,038
Total net position	\$ 2,261,185	9,635	2,270,820	804,024

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Activities

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Net Revenue (Expense) and Changes in Net Position							Component Unit Clean Water Services of Washington County (District)
	Expenses	Program Revenue			Primary Government		Total	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities		
Functions/Programs:								
Primary Government:								
Governmental activities:								
General government	\$ 58,201	2,857	2,632	—	(52,712)	—	(52,712)	—
Public safety and justice	147,036	9,909	23,482	77	(113,568)	—	(113,568)	—
Land use and transportation	133,995	22,799	48,228	—	(62,968)	—	(62,968)	—
Housing, health and human services	72,862	21,571	43,153	29	(8,109)	—	(8,109)	—
Culture, education and recreation	41,704	1,622	2,129	—	(37,953)	—	(37,953)	—
Non-operating functional area	28,906	35,774	9,563	10,345	26,776	—	26,776	—
Interest	8,337	—	—	—	(8,337)	—	(8,337)	—
Total governmental activities	<u>491,041</u>	<u>94,532</u>	<u>129,187</u>	<u>10,451</u>	<u>(256,871)</u>	<u>—</u>	<u>(256,871)</u>	<u>—</u>
Business-type activities:								
Housing authority	37,381	10,616	28,048	443	—	1,726	1,726	—
Street lighting	2,031	1,913	—	—	—	(118)	(118)	—
Total business-type activities	<u>39,412</u>	<u>12,529</u>	<u>28,048</u>	<u>443</u>	<u>—</u>	<u>1,608</u>	<u>1,608</u>	<u>—</u>
Total primary government	<u>530,453</u>	<u>107,061</u>	<u>157,235</u>	<u>10,894</u>	<u>(256,871)</u>	<u>1,608</u>	<u>(255,263)</u>	<u>—</u>
Component Unit:								
Sanitation and surface water	\$ <u>120,853</u>	<u>144,329</u>	<u>—</u>	<u>31,808</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>55,284</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					204,264	—	204,264	—
Property taxes, levied for debt service					4,198	—	4,198	—
Other taxes:								
Transient lodging tax					10,059	—	10,059	—
Real property transfer tax					6,512	—	6,512	—
County fuel tax					921	—	921	—
Other tax					142	—	142	—
Total taxes					<u>226,096</u>	<u>—</u>	<u>226,096</u>	<u>—</u>
Interest income					3,461	21	3,482	786
Miscellaneous revenues					12,546	—	12,546	—
Gain on disposal of capital assets					—	3	3	—
Gain (loss) on equity in limited partnership/joint venture					—	211	211	(78)
Total general revenues					<u>242,103</u>	<u>235</u>	<u>242,338</u>	<u>708</u>
Transfers in (out)					<u>(292)</u>	<u>292</u>	<u>—</u>	<u>—</u>
Change in net position					<u>(15,060)</u>	<u>2,135</u>	<u>(12,925)</u>	<u>55,992</u>
Net position July 1, 2017					<u>2,275,235</u>	<u>7,500</u>	<u>2,282,735</u>	<u>748,440</u>
Restatement (See Note 4)					<u>1,010</u>	<u>—</u>	<u>1,010</u>	<u>(408)</u>
Net position July 1, 2017, as restated					<u>2,276,245</u>	<u>7,500</u>	<u>2,283,745</u>	<u>748,032</u>
Net position June 30, 2018	\$ <u>2,261,185</u>	<u>9,635</u>	<u>2,270,820</u>	<u>804,024</u>				

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Balance Sheet
 Governmental Funds
 June 30, 2018
 (Dollars in thousands)

Assets	General Fund	HOME Fund	Human Services Fund	Road Fund	Major Streets	Other Governmental Funds	Total
					Transportation Improvement Program III Fund		
Cash and investments	\$ 66,350	—	41,308	31,368	108,949	313,187	561,162
Restricted cash and investments	—	—	—	—	—	5,853	5,853
Property taxes receivable	6,424	—	—	—	—	3,172	9,596
Assessments receivable	—	—	—	95	—	329	424
Accounts receivable	5,093	36	294	3,506	9,117	6,940	24,986
Accrued interest receivable	3,496	3,362	—	—	—	251	7,109
Contracts receivable	—	26,984	—	—	—	4,456	31,440
Due from other funds	846	—	—	—	—	—	846
Inventory	103	—	—	114	—	—	217
Other assets	1,230	—	44	20	—	545	1,839
Total assets	83,542	30,382	41,646	35,103	118,066	334,733	643,472
Liabilities							
Accounts payable	2,505	—	2,371	2,066	9,981	11,114	28,037
Accrued payroll liabilities	5,841	4	280	710	—	2,349	9,184
Deposits payable	1,739	—	—	8,679	—	709	11,127
Amounts held in trust	490	—	—	8	—	30	528
Due to other funds	—	32	—	—	—	813	845
Unearned revenue	329	—	31,432	178	—	2,559	34,498
Total liabilities	10,904	36	34,083	11,641	9,981	17,574	84,219
Deferred Inflows of Resources							
Unavailable revenue	6,590	30,346	43	133	1,672	8,615	47,399
Fund Balances (Deficit)							
Nonspendable	103	—	—	114	—	—	217
Restricted	—	—	7,520	23,215	—	232,752	263,487
Committed	—	—	—	—	106,413	71,556	177,969
Assigned	7,713	—	—	—	—	4,316	12,029
Unassigned	58,232	—	—	—	—	(80)	58,152
Total fund balances	66,048	—	7,520	23,329	106,413	308,544	511,854
Total liabilities, deferred inflows of resources, and fund balances	\$ 83,542	30,382	41,646	35,103	118,066	334,733	643,472

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Reconciliation of the Governmental Funds Balance Sheet to the
Government-wide Statement of Net Position - Governmental Activities

June 30, 2018

(Dollars in thousands)

Fund balances - total governmental funds	\$	511,854
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the governmental funds.		2,082,298
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.		47,399
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the governmental funds.		
Deferred charge on refunding	\$ 2,864	
Accrued interest payable	(2,033)	
Pollution remediation obligation	(4,620)	
Capital lease obligations	(270)	
Long-term obligations	<u>(257,987)</u>	(262,046)
The County OPEB obligation is not a financial obligation in the governmental funds, but is reported in the Statement of Net Position		(3,806)
County OPEB related deferred outflows and inflows of resources are not a current financial resource or liability, and, therefore, are not reported in the governmental funds.		(405)
The PERS net OPEB RHIA obligation is not a financial obligation in the governmental funds, but is reported in the Statement of Net Position		523
PERS OPEB RHIA related deferred outflows and inflows of resources are not a current financial resource or liability, and, therefore, are not reported in the governmental funds.		379
The PERS net pension liability is not a financial obligation in the governmental funds, but is reported in the Statement of Net Position		(205,631)
Pension related deferred outflows and inflows of resources are not a current financial resource or liability, and, therefore, are not reported in the governmental funds.		61,921
Internal Service Funds are used by management to charge the costs of activities to individual funds. Net Position of the internal service funds that are reported with governmental activities.		<u>28,699</u>
Net Position of governmental activities	\$	<u><u>2,261,185</u></u>

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	General Fund	HOME Fund	Human Services Fund	Road Fund	Major Streets Transportation Improvement Program III Fund	Other Governmental Funds	Total
Revenues:							
Taxes	\$ 145,743	—	—	922	—	78,973	225,638
Licenses and permits	7,367	—	—	247	—	5,411	13,025
Intergovernmental revenues	28,909	1,516	20,255	33,478	10,651	40,070	134,879
Charges for services	38,203	—	9	937	—	27,628	66,777
Fines and forfeitures	2,259	—	—	—	—	460	2,719
Special assessments	—	—	—	37	—	130	167
Miscellaneous revenues	5,099	601	120	421	1,030	35,116	42,387
Interfund revenues	26,697	—	211	7,259	—	2,440	36,607
Total revenues	254,277	2,117	20,595	43,301	11,681	190,228	522,199
Expenditures:							
Current:							
General government	51,237	—	—	—	—	—	51,237
Public safety and justice	77,068	—	—	—	—	98,734	175,802
Land use and transportation	4,349	—	—	44,154	57,850	21,467	127,820
Housing, health and human services	19,670	2,117	22,854	—	—	28,383	73,024
Culture, education and recreation	1,465	—	—	—	—	39,729	41,194
Nonoperating	3,047	—	—	—	—	28,157	31,204
Total current	156,836	2,117	22,854	44,154	57,850	216,470	500,281
Capital outlay	660	—	26	528	1,128	29,121	31,463
Debt service:							
Principal	23	—	—	—	—	12,428	12,451
Interest	9	—	—	—	—	11,135	11,144
Total debt service	32	—	—	—	—	23,563	23,595
Total expenditures	157,528	2,117	22,880	44,682	58,978	269,154	555,339
Revenues over (under) expenditures	96,749	—	(2,285)	(1,381)	(47,297)	(78,926)	(33,140)
Other financing sources (uses):							
Transfers in from other funds	2,005	—	3,024	1,026	35,445	77,544	119,044
Transfers out to other funds	(108,589)	—	(204)	(1,978)	(421)	(10,144)	(121,336)
Total other financing sources (uses)	(106,584)	—	2,820	(952)	35,024	67,400	(2,292)
Net changes in fund balances	(9,835)	—	535	(2,333)	(12,273)	(11,526)	(35,432)
Fund balances July 1, 2017	75,883	—	6,985	25,662	118,686	320,070	547,286
Fund balances June 30, 2018	\$ 66,048	—	7,520	23,329	106,413	308,544	511,854

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balance to the
Government-wide Statement of Activities - Governmental Activities

For the fiscal year ended June 30, 2018

(Dollars in thousands)

Net change in fund balances - Governmental Funds \$ (35,432)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded net additions in the current period.

Capital asset additions	\$ 100,214	
Capital asset disposals	(3,249)	
Current year depreciation expense	<u>(83,139)</u>	13,826

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Repayment of long-term debt and capital lease obligations	12,451	
Amortization of premiums and related deferred charges	<u>1,956</u>	14,407

Some revenues and expenses, as well as gains and losses, reported in the Statement of Activities do not provide nor require the use of current financial resources and, therefore are not reported as revenues or expenditures in the governmental funds. 1,951

Change in other long-term assets not available to pay for current period expenditures (35)

Change in accrued interest payable 851

Change in County OPEB liability and related deferred items 265

Change in PERS net OPEB RHIA liability and related deferred items 627

Change in PERS net pension liability and related deferred items (16,294)

Change in pollution remediation obligation 220

Internal Service funds are used by management to charge the costs of certain activities to individual funds. These funds are designed to recover all costs. The amount of revenues in excess of expenses reported in the Statement of Activities. 4,554

Change in net position \$ (15,060)

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Net Position - Proprietary Funds

June 30, 2018

(Dollars in thousands)

	Enterprise Funds			
	Housing Authority of Washington County	Service District for Lighting No. 1	Total	Internal Service Funds
Assets				
Current assets:				
Cash and investments	\$ 7,294	1,225	8,519	25,259
Restricted cash and investments	4,869	—	4,869	175
Assessments receivable	—	98	98	—
Accounts receivable - net of allowance for uncollectibles	577	—	577	155
Short-term portion of contracts receivable	369	—	369	—
Supply inventory	—	—	—	300
Other current assets	36	—	36	8
Total current assets	13,145	1,323	14,468	25,897
Noncurrent assets:				
Long-term portion of contracts receivable	93	—	93	—
Capital assets:				
Land, artwork, CIP, and other assets not being depreciated	9,039	—	9,039	—
Buildings and equipment and infrastructure, net of depreciation	15,659	—	15,659	12,209
PERS net OPEB RHIA asset	—	—	—	7
Investment in limited partnership	1,010	—	1,010	—
Total noncurrent assets	25,801	—	25,801	12,216
Total assets	38,946	1,323	40,269	38,113
Deferred Outflows of Resources				
Deferred charge on refunding	1,818	—	1,818	—
County OPEB related	—	—	—	2
PERS OPEB RHIA related	—	—	—	8
Pension related	—	—	—	1,023
Total deferred outflows of resources	1,818	—	1,818	1,033
Liabilities				
Current liabilities:				
Accounts payable	599	313	912	1,074
Accrued payroll liabilities	—	—	—	181
Accrued self-insurance	—	—	—	6,216
Deposits	784	—	784	—
Unearned revenue	17	—	17	—
Accrued interest payable	621	—	621	—
Long term obligations, current portion, net of discount	892	—	892	—
Total current liabilities	2,913	313	3,226	7,471
Noncurrent liabilities:				
Other long term obligations	29,226	—	29,226	—
County OPEB obligation	—	—	—	50
PERS net pension liability	—	—	—	2,708
Total noncurrent liabilities	29,226	—	29,226	2,758
Total liabilities	32,139	313	32,452	10,229
Deferred Inflows of Resources				
County OPEB related	—	—	—	7
PERS OPEB RHIA related	—	—	—	3
Pension related	—	—	—	208
Total deferred inflows of resources	—	—	—	218
Net Position				
Net position:				
Net investment in capital assets	(2,047)	—	(2,047)	12,209
Restricted for:				
Debt service	3,006	—	3,006	—
Payment of claims	—	—	—	175
Unrestricted	7,666	1,010	8,676	16,315
Total net position	\$ 8,625	1,010	9,635	28,699

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Enterprise Funds			Internal Service Funds
	Housing Authority of Washington County	Service District for Lighting No. 1	Total	
Operating revenues:				
Charges for services	\$ —	—	—	46,332
Intergovernmental revenue	28,048	—	28,048	—
Rental income	6,158	—	6,158	—
Street lighting assessments	—	1,913	1,913	—
Other	4,458	—	4,458	1,767
Total operating revenues	38,664	1,913	40,577	48,099
Operating expenses:				
Labor and fringe benefits	—	—	—	2,480
Housing assistance payments	26,220	—	26,220	—
Utilities	714	1,861	2,575	25
Professional services	—	—	—	303
Supplies	—	2	2	2,387
Administrative costs	4,186	168	4,354	2,208
Depreciation and amortization	1,509	—	1,509	1,951
Insurance claims and premiums	—	—	—	35,759
Repairs and maintenance	2,810	—	2,810	643
Other	449	—	449	—
Total operating expenses	35,888	2,031	37,919	45,756
Operating income (loss)	2,776	(118)	2,658	2,343
Nonoperating income (expense):				
Interest income	13	8	21	40
Investment in limited partnership	211	—	211	—
Gain on sale of capital assets	3	—	3	171
Interest expense	(1,493)	—	(1,493)	—
Total nonoperating income (expense)	(1,266)	8	(1,258)	211
Change in net position before contributions and transfers	1,510	(110)	(2,751)	2,554
Contributions and transfers:				
Capital contributions	443	—	443	—
Transfers in from Governmental Funds	299	—	299	2,000
Transfers out to Governmental Funds	—	(7)	(7)	—
Total contributions and transfers	742	(7)	735	2,000
Change in net position	2,252	(117)	2,135	4,554
Net position July 1, 2017	6,373	1,127	7,500	24,132
Restatement (See Note 4)	—	—	—	13
Net position July 1, 2017, as restated	6,373	1,127	7,500	24,145
Net position June 30, 2018	\$ 8,625	1,010	9,635	28,699

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON
Statement of Cash Flows - Proprietary Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Enterprise Funds			Internal Service Funds
	Housing Authority of Washington County	Washington County Service District for Lighting No. 1	Total	
Cash flows provided by (used in) operating activities:				
Cash received for services provided	\$ 38,927	1,911	40,838	46,373
Cash payments for labor and fringe benefits	(3,229)	—	(3,229)	(2,233)
Cash payments for goods and services	(30,853)	(1,876)	(32,729)	(41,208)
Other operating revenue	—	—	—	1,576
Other receipts	—	—	—	15
Net cash provided by operating activities	<u>4,845</u>	<u>35</u>	<u>4,880</u>	<u>4,523</u>
Cash flows provided by noncapital financing activities:				
Transfer from General Fund	—	—	—	2,000
Net cash provided by noncapital financing activities	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,000</u>
Cash flows provided by (used in) capital and related financing activities:				
Proceeds of borrowings	293	—	293	—
Acquisition and construction of capital assets	(1,078)	—	(1,078)	(4,227)
Proceeds from sale of capital assets	3	—	3	241
Proceeds from contracts receivable	(195)	—	(195)	—
Principal paid on notes payable	(571)	—	(571)	—
Interest paid on bonds and notes payable	(1,313)	—	(1,313)	—
Capital grants	444	—	444	—
Net cash used in capital and related financing activities	<u>(2,417)</u>	<u>—</u>	<u>(2,417)</u>	<u>(3,986)</u>
Cash flows provided by investing activities:				
Interest on investments	14	8	22	41
Net increase in cash and investments	<u>2,442</u>	<u>43</u>	<u>2,485</u>	<u>2,578</u>
Cash and investments, July 1, 2017	<u>9,721</u>	<u>1,182</u>	<u>10,903</u>	<u>22,856</u>
Cash and investments, June 30, 2018 ⁽¹⁾	<u><u>12,163</u></u>	<u><u>1,225</u></u>	<u><u>13,388</u></u>	<u><u>25,434</u></u>
Reconciliation of operating income to net cash from operating activities:				
Operating income (loss)	2,776	(118)	2,658	2,343
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,509	—	1,509	1,951
Transfers in (out) to governmental funds	299	(7)	292	—
Changes in assets and liabilities:				
Increase in accounts receivable	(45)	—	(45)	(134)
Increase in assessments receivable	—	(2)	(2)	—
Decrease in supply inventory	—	—	—	35
Increase (decrease) in other current assets	(7)	—	(7)	656
Increase (decrease) in accounts payable	329	162	491	(1,849)
Decrease in deposits	(24)	—	(24)	—
Increase in unearned revenue	8	—	8	—
Increase in accrued liabilities	—	—	—	1,521
Net cash provided by operating activities	<u><u>4,845</u></u>	<u><u>35</u></u>	<u><u>4,880</u></u>	<u><u>4,523</u></u>

⁽¹⁾ Cash and investments are reflected on the Statement of Net Position - Proprietary Funds as follows:

Current assets - Cash and investments	7,294	1,225	8,519	25,259
Current assets - Restricted cash and investments	<u>4,869</u>	<u>—</u>	<u>4,869</u>	<u>175</u>
	<u>\$ 12,163</u>	<u>1,225</u>	<u>13,388</u>	<u>25,434</u>

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Fiduciary Net Position

June 30, 2018

(Dollars in thousands)

	Private- Purpose Trust Funds	Agency Funds
Assets		
Cash and investments	\$ 733	12,719
Accounts receivable	—	2,211
Property taxes receivable	—	37,824
Total assets	<u>733</u>	<u>52,754</u>
Liabilities		
Accounts payable	—	1,786
Amounts due to other jurisdictions	—	13,144
Undistributed taxes	—	37,824
Total liabilities	<u>—</u>	<u>52,754</u>
Net Position		
Amounts held in trust and other purposes	<u>\$ 733</u>	

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON
Statement of Changes in Fiduciary Net Position
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	<u>Private- Purpose Trust Funds</u>
Additions:	
Intergovernmental revenues	\$ 2,210
Contributions	152
Interest earnings	—
Total additions	<u>2,362</u>
Deductions:	
Distributions	<u>1,779</u>
Change in net position	583
Net position July 1, 2017	<u>150</u>
Net position June 30, 2018	<u><u>\$ 733</u></u>

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

1. Summary of significant accounting policies

Reporting entity

Washington County (County) is a municipal corporation established in 1849 and is governed by a five-member Board. The accompanying financial statements present the activities of the County, its five blended component units, and one discretely presented component unit, which are separate legal entities that meet the component unit criteria. The five blended component units are classified as such since they share the same or substantively the same governing body as the County Board of Commissioners and the management of the primary government also manages the blended component units in essentially the same manner as it manages its own activities. The County's discretely presented component unit is classified as such since it has the same governing body as the County, which provides for the possibility of the primary government to impose its will on the separate legal entity.

Blended Component Units

Housing Authority of Washington County (Authority)

The Authority operates programs that provide low-income housing for residents of Washington County. The program is funded by grants from the U.S. Department of Housing and Urban Development (HUD) and rental receipts.

Enhanced Sheriff's Patrol District (ESPD)

ESPD contracts with the Washington County Sheriff's Office to provide a municipal level of police service to certain unincorporated areas of the County and is funded by property taxes and voter-approved local option levies.

Service District for Lighting No. 1 (SDL)

SDL administers a program to provide street lighting to certain unincorporated areas of Washington County. Property owners are assessed at a rate estimated to cover utility costs plus administrative costs.

North Bethany County Service District for Roads (NBCSDR)

NBCSDR provides a portion of the needed transportation projects in the yet to be developed North Bethany community and is funded by property taxes.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Urban Road Maintenance District (URMD)

URMD provides an enhanced level of maintenance services to local, minor collector and public roads in the urban unincorporated areas of the County.

The accompanying basic financial statements present the blended component units as follows: The Authority and SDL are presented as business-type activities; ESPD, NBCSDR, and URMD are reported as special revenue funds.

Discretely (separate) Presented Component Unit

Clean Water Services (District)

The District is a special service district that provides sanitary sewer and surface water management service for the urbanized portion of Washington County, small parts of the City of Portland, and Multnomah and Clackamas counties.

The District is a discretely presented component unit and as such is reported in a separate column in the government-wide financial statements to emphasize the District's separate enterprise operations.

District - Clean Water Institute (CWI)

On March 2, 2010, the Clean Water Services Board of Directors instructed the District to form Clean Water Institute (CWI). The General Manager of the District currently serves as the Executive Director for CWI. One of the District's Board Members currently serves on CWI's Board.

CWI is a nonprofit 501(c)(3) formed to advance watershed restoration and resource recovery through innovative strategies and to promote scientific research, education, and environmental protection activities that benefit watersheds throughout the country and around the world. For the fiscal year ended June 30, 2018, the transactions between the District and CWI are deemed to be immaterial, and therefore, CWI is not reported as a component unit of the District.

District – Clean Water Insurance Company (CWIC)

On February 16, 2016, the Clean Water Services Board of Directors instructed the District to form Clean Water Insurance Company (CWIC), a wholly owned subsidiary of the District, domiciled in the state of Hawaii. The District is the sole member of this captive insurance company.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

CWIC is a registered Limited Liability Company (LLC) formed to advance long term risk management program savings through the use of a formalized self-insurance program that can access the reinsurance markets for additional seismic coverages as well as provide a potential for funding of loss prevention and mitigation projects to further protect District assets or recover from a seismic event.

CWIC is considered a component unit of the District and is presented in the Comprehensive Annual Financial Report of the District as a blended component unit because it provides services exclusively to the District. CWIC issues separate financial statements and they can be obtained upon request from the District.

Complete financial statements for all component units may be obtained from the Washington County Finance Division at 155 N. First Avenue, Hillsboro, Oregon 97124-3072.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the County and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Eliminations have been made to minimize the double counting of internal activities; however, in the government-wide statement of activities, interfund services provided and used are not eliminated in the process of consolidation.

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

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

The County reports the following major governmental funds:

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

The *HOME Fund* accounts for the expenditure of funds provided to the County's community development program by the U.S. Department of Housing and Urban Development (HUD).

The *Human Services Fund* accounts for the delivery of community mental health services and is primarily funded by state and federal grants.

The *Road Fund* accounts for state gasoline tax used for the maintenance, repair and improvement of existing roads as required by ORS 366.

The *Major Streets Transportation Improvement Program III (MSTIP III) Fund* accounts for resources collected to support a comprehensive transportation construction program.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

The County reports the following major proprietary funds:

The *Housing Authority of Washington County Fund* accounts for the operation of programs that provide low-income housing for residents of the County through grants from the U.S. Department of Housing and Urban Development (HUD), full faith and credit obligations, and rental income.

The *Service District for Lighting No. 1 Fund* accounts for the operation of street lighting to certain unincorporated areas of the County through rates assessed on property owners.

Additionally, the County reports the following fund types:

Special Revenue Funds account for revenue derived from specific tax or other revenue sources, including federal and state grant awards, which are restricted or committed to finance particular functions or activities.

Debt Service Funds account for the payment of principal and interest on general obligation and refunding bonds. Revenue is derived primarily from property taxes, or specific revenue streams as identified.

Capital Projects Funds account for the acquisition or construction of major capital facilities or assets (other than those financed by proprietary funds).

Internal Service Funds account for fleet, insurance, central mail and printing services provided to other organizational units of the County on a cost reimbursement basis. Charges to other County operating departments are made to support these activities. For budgetary purposes the County accounts for certain expenditures on the modified accrual basis of accounting. For financial reporting purposes, the accrual basis of accounting is used. The differences relate primarily to the methods of accounting for depreciation, capital outlay, PERS net pension liability, and OPEB obligations.

The *Private Purpose Trust Funds* account for all trust agreement transactions, under which all principal and income benefit individuals, private organizations, or other governments.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

The *Agency Funds* account for resources received and held by the County in a fiduciary capacity. Disbursements from these funds are made in accordance with the applicable legislative enactment for each particular fund. Accordingly, all assets reported in an agency fund are offset by a liability to the party on whose behalf they are held. As is common practice, the County collects all of the separately levied taxes and uses an agency fund to account for the portion of taxes collected on behalf of other governments until those amounts are remitted to the respective jurisdictions.

Amounts reported as *program revenue* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Items not meeting the criteria of program revenues are reported as *general revenues*.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the SDL and Authority's enterprise funds are intergovernmental revenues; the County's internal service funds primary revenues are charges to customers for services. Operating expenses for enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position or fund balance

Deposits and investments

The County's current cash and investments are considered to be cash on hand, demand deposits, and short-term investments with original maturities of less than twelve months from the date of acquisition. The County's long-term investments are comprised of investments with maturities of over twelve months from the acquisition date.

State statutes authorize the County to invest in obligations of the U.S. Treasury, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial paper, and the State Treasurer's Local Government Investment Pool (LGIP).

Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Property taxes receivable that are collected within 60 days after year-end are considered measurable and available and, therefore, are recognized as revenue. The remaining balance is recorded as unavailable revenue in the governmental fund statements because it is not deemed available to finance operations of the current period. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property. Property taxes are levied and become a lien against the property on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount is paid by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Assessments receivable represent uncollected amounts levied against benefited property for the cost of local improvements. Assessments receivable are offset by unavailable revenue and reported as deferred inflows of resources. An allowance for uncollectible amounts is not deemed necessary, as uncollected assessments are recoverable through liens.

Receivables of the enterprise funds are recognized as revenue when earned, including services provided but not billed. Receivables in governmental and enterprise funds are stated net of any allowance for uncollectibles.

Inventories and prepaid items

All inventories are valued at cost, using the first-in first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Payments to vendors which reflect costs applicable to future accounting periods are recorded as other assets in both the government-wide and fund financial statements.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Capital assets

In the government-wide financial statements, capital assets include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and intangible assets (easements and land rights) and are reported in the applicable governmental activity, business-type activities, or discrete component unit columns in the government-wide financial statements.

As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations, the County values these capital assets at acquisition value as of the date of their donation.

Capital assets, other than infrastructure assets, are defined by the County as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year or more; software is capitalized at \$25,000 (amount not rounded). One full month of depreciation is taken in the month the assets are acquired; no depreciation is taken in the month the asset is retired. Gains or losses from sales or retirements are included in operations of the current period.

Capital asset items purchased by the District are valued at estimated historical cost if actual historical cost is not available. Contributed capital assets are recorded at acquisition value at the time received. Major additions, improvements and replacements including related plans and studies are capitalized. Normal maintenance and repairs are charged to operations as incurred. Gains or losses realized from sales of capital assets are reported as incurred. Assets costing more than \$5,000 (amount not rounded) and estimated useful life in excess of five years are capitalized and depreciated over their useful lives.

Intangible capital assets purchased by the District with an individual cost of \$5,000 (amount not rounded) and a useful life of more than five years are capitalized and amortized over their useful lives. Intangible assets with indefinite lives are not amortized. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increases the capacity of an asset are capitalized. Normal maintenance and repairs are charged to operation as incurred.

Amortization on exhaustible intangible capital assets is reported on the straight-line basis over the estimated useful life of the asset. One-half year's amortization is taken in the year of acquisition and disposal of the asset. Gains or losses realized from sales of intangible capital assets are reported as incurred.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Capital asset depreciation for the County and District is computed on capital assets placed in service using the straight-line method over the following estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
County	
Land improvements	20
Buildings and improvements	15 - 50
Office equipment	3 - 10
Machinery and equipment	2 - 20
Automotive equipment	5
Road network, bridge network, culverts, and signals	5 - 50
Authority	
Buildings	30
Building and site improvements	15
Office equipment	7
Vehicles	5
Computer hardware	5
Computer software	3
District	
Sewer lines	50
Treatment plants	25
Land improvements	25
Plans and studies	5 - 25
Buildings	20
Plant and office equipment	5 - 10
Automotive equipment	5

Investment in joint ventures - District

Investments in joint ventures with other governments are reported at cost plus or minus the District’s share of operating income or loss (equity method).

Deferred outflows/inflows of resources

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred charge on refunding. An item that qualifies as a deferred outflow of resources is the deferred charge on refunding reported in the statement of net position. Deferred charges, resulting from the carrying value of refunded debt and its reacquisition price, are deferred and amortized to interest expense over the remaining life of the existing debt.

Other Post Employment Benefit (OPEB) and Pension related. For purposes of measuring the OPEB obligation/asset and net pension liability, deferred outflows of resources and deferred inflows of resources related to OPEB and pensions, and OPEB and pension expense are reported in the in the statement of net position.

Unavailable revenue. An item that qualifies as a deferred inflow of resources is the unavailable revenue reported in the governmental funds balance sheet. Unavailable revenue is largely made up of property taxes and contracts and is deferred and recognized as an inflow of resources in the period that the amounts become available.

Leases

Leases that meet certain criteria are classified as capital leases and recorded at the lower of the present value of minimum lease payments or the fair value of the leased property. The acquired property is also appropriately recorded as a capital asset at the time of acquisition.

Compensated absences

The County's policy is to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any such amounts when employees separate from service with the County. All vacation pay is accrued when earned in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The Authority, SDL, URMD, ESPD, and NBCSDR's personnel are exclusively contracted Washington County employees. Accordingly, the liability for vested compensated absences and sick pay is recorded by the County.

The District allows employees to accumulate earned but unused vacation and sick leave benefits and compensatory time balances. Unused sick pay is not recognized as a liability because it does not vest. Accumulated compensation for overtime and vacation pay accrued at the end of each year is used within one year and is reported as a current expense and liability.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Long-term obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are amortized over the life of the respective debt instruments. Bonds payable are reported net of the applicable bond premium or discount.

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

Self-insurance - County

The County is exposed to various risks of loss up to various policy deductible amounts related to theft of, damage to, and destruction of assets and natural disasters for which the County carries commercial insurance. General liability claims are limited by state statute to \$1,000 per occurrence.

The County is fully self-insured for unemployment, workers' compensation benefits, and losses resulting from torts, errors and omissions. The County carries excess workers' compensation coverage for individual claims exceeding \$750. The County also provides for general and employment liability incurred but not reported (IBNR) claims. IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date.

Self-insurance - District

The District is insured under a guaranteed cost plan for workers' compensation and for costs in excess of insurance policy retention (deductible) limits on fire loss, property damage, and all risk coverage (theft, vandalism, etc.). The District currently provides for estimated losses from pending claims on all self-insured retention risks, and for IBNR claims for general liability claims (sewer back-ups and other flooding issues) and employment liability claims.

Fund balance

The County reports fund balance in classifications that comprise a hierarchy based primarily on the extent to which the County is bound to observe constraints imposed on the use of the resources reported in governmental funds. Those classifications are as follows:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The Board of County Commissioners may commit fund balance by resolution and may also modify or rescind commitments by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Portions of revenue sources or ending fund balances are classified as assigned when they cannot otherwise be classified as non-spendable, restricted, or committed by formal written notice. Authority to assign fund balance is granted by the Board of County Commissioners to the County Administrator, Chief Finance Officer, or their designee, and such authority may only be established, modified, or rescinded by the Board.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any residual fund deficits as unassigned.

When both restricted and unrestricted fund balance is available for use, the purpose for which that is restricted, it is the County's policy to use restricted fund balance first, and then unrestricted fund balance as needed. When unrestricted fund balance is spent, the County will consider that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts last.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Fund balances by classification for the year ended June 30, 2018 were as follows:

	General Fund	Human Services Fund	Road Fund	Major Streets Transportation Improvement Program III Fund	Other Governmental Funds	Total
Fund balances (deficit):						
Nonspendable:						
Inventory	\$ 103	—	114	—	—	217
Total nonspendable fund balances	<u>103</u>	<u>—</u>	<u>114</u>	<u>—</u>	<u>—</u>	<u>217</u>
Restricted for:						
Law enforcement	—	—	—	—	39,035	39,035
Community support programs	—	—	—	—	3,701	3,701
Road maintenance, repair and improvement	—	—	23,215	—	12,880	36,095
Building inspection	—	—	—	—	17,533	17,533
Economic development	—	—	—	—	139	139
Land development	—	—	—	—	5,606	5,606
Community health programs	—	7,520	—	—	23,256	30,776
County fair, parks and tourism	—	—	—	—	3,065	3,065
Debt service	—	—	—	—	342	342
Capital projects	—	—	—	—	127,195	127,195
Total restricted fund balances	<u>—</u>	<u>7,520</u>	<u>23,215</u>	<u>—</u>	<u>232,752</u>	<u>263,487</u>
Committed to:						
Air quality	—	—	—	—	511	511
Library operations	—	—	—	—	9,955	9,955
Capital projects	—	—	—	106,413	61,090	167,503
Total committed fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>106,413</u>	<u>71,556</u>	<u>177,969</u>
Assigned to:						
Land development	1,059	—	—	—	—	1,059
PERS rate stabilization	6,654	—	—	—	—	6,654
Capital projects	—	—	—	—	4,316	4,316
Total assigned fund balances	<u>7,713</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,316</u>	<u>12,029</u>
Unassigned	<u>58,232</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(80)</u>	<u>58,152</u>
Total fund balances	<u>66,048</u>	<u>7,520</u>	<u>23,329</u>	<u>106,413</u>	<u>308,544</u>	<u>511,854</u>
Fund balances (deficit) summary:						
Nonspendable	103	—	114	—	—	217
Restricted	—	7,520	23,215	—	232,752	263,487
Committed	—	—	—	106,413	71,556	177,969
Assigned	7,713	—	—	—	4,316	12,029
Unassigned	58,232	—	—	—	(80)	58,152
Total fund balances	\$ <u>66,048</u>	<u>7,520</u>	<u>23,329</u>	<u>106,413</u>	<u>308,544</u>	<u>511,854</u>

The Board of County Commissioners has established a General Fund balance with a goal of maintaining a reserve that is a minimum of 20% of annual net General Fund revenues. The amounts transferred to MSTIP and Washington County Cooperative Library Services (WCCLS) are excluded from the General Fund revenues for purposes of calculating the fund balance reserve.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

2. Stewardship, compliance, and accountability

Budgetary information

Annual budgets are adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law) and accounting principles generally accepted in the United States of America. Annual appropriations lapse at the end of the fiscal year.

3. Detailed notes on all accounts

Deposits and investments

The County maintains a cash and investment pool for all County funds, blended component units and its discretely presented component unit. Interest earnings are distributed monthly based on average daily balances.

County, Blended Component Units and Fiduciary Funds

Cash and investments are comprised of the following at June 30, 2018:

Petty cash	\$	28
Deposits		2,264
Investments		<u>616,997</u>
	\$	<u><u>619,289</u></u>

Cash and investments are reported as follows:

Unrestricted:		
Cash and investments		594,940
Restricted for:		
Contractor working capital, construction, and payment of bond debt service		<u>10,897</u>
Primary government cash and investments		605,837
Fiduciary Funds		<u>13,452</u>
	\$	<u><u>619,289</u></u>

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

District – Discretely Presented Component Unit

Cash and investments are comprised of the following at June 30, 2018:

Petty cash	\$	4
Deposits		941
Deposits with CWIC		956
Investments		<u>313,898</u>
	\$	<u><u>315,799</u></u>

Cash and investments are reported as follows:

Unrestricted:		
Cash and investments	\$	187,313
Restricted for:		
Contractor working capital, construction, and payment of bond debt service		<u>128,486</u>
	\$	<u><u>315,799</u></u>

Total County, blended component units, and discretely presented component unit cash and investments are reported as follows:

Governmental Funds	\$	567,015
Internal Service Funds		25,434
Enterprise Funds		13,388
District		315,799
Fiduciary Funds		<u>13,452</u>
	\$	<u><u>935,088</u></u>

Deposits custodial credit risk – County and Blended Component Units

This is the risk that in the event of a bank failure, deposits of the County and its blended component units' deposits may not be returned to them. At June 30, 2018, the carrying amount of the County and its blended component units' deposits was \$2,264 and the bank balance was \$9,342. \$419 of the bank balance was covered by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result the County and blended component units' remaining deposits in excess of FDIC insurance are considered to be fully collateralized.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Deposits custodial credit risk – District

This is the risk that in the event of a bank failure, deposits of the District may not be returned to them. At June 30, 2018, the carrying amount of the District’s deposits (including CWIC) was \$1,897 and the bank balance was \$7,828. \$368 of the bank balance was covered by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statutes, deposits in excess of federal depository insurance were held at a qualified depository for public funds, except for the deposits held by CWIC. All qualified depositories for public funds are included in the multiple financial institution collateral pool that is maintained by and in the name of the Office of the State Treasurer. As a result, the District had \$6,754 in deposits in excess of FDIC insurance considered fully collateralized and \$706 not insured or collateralized.

Interest rate risk – County and Blended Component Units

The County has a formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

Maturity	Minimum Allowed	Actual
Less than 90 days	10%	23%
Less than 1 year	25%	38%
5 years or less	100%	100%
	Maximum Allowed	Actual
Weighted Average Maturity	2.5 years	1.8 years
Callable Agency Securities	25%	2%

Interest rate risk – District

The District relies upon their treasurer, Washington County, to monitor the interest rate risk inherent in its portfolio by comparing the maturity dates of its investments to the minimum maturity dates outlined in the investment policy. As a result, the District’s maturities mirror those of the County.

Investment credit risk – County and Blended Component Units

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized rating organization and is minimized by purchasing only those securities which are rated by two of the nationally recognized credit rating agencies at the time of purchase. The County’s investment policy specifies ratings – Standard & Poor’s = minimum AA-, and Moody’s Investors

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Services = minimum Aa3. The following information includes Fiduciary Funds investments of \$13,452. The actual rating at year-end for each investment type is as follows:

<u>Rating by Standard & Poor's Investment Service</u>	<u>AAA</u>	<u>AA+</u>	<u>AA</u>	<u>A-1</u>	<u>Not Rated</u>	<u>Total Invested Value</u>	<u>Percent Allocation</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency coupon securities	\$ -	227,913	117,778	-	-	345,691	55%	0.9
Corporate notes	5,218	3,252	-	3,264	-	11,734	2%	0.1
Treasury coupon securities	-	194,447	-	-	-	194,447	32%	0.8
State of Oregon Local Government Investment Pool (LGIP)	-	-	-	-	65,125	65,125	11%	-
Total Investments	\$ 5,218	425,612	117,778	3,264	65,125	616,997	100%	1.8

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the invested value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County has the following fair value measurements as of June 30, 2018:

- Federal agency coupon securities of \$345,691 are valued using quoted market prices (Level 1 inputs)
- Corporate notes of \$11,734 are valued using quoted market prices (Level 1 inputs)
- Treasury coupon securities of \$194,447 are valued using quoted market prices (Level 1 inputs)

The State of Oregon Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the LGIP's investment policies. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Fund Board. The following table outlines the LGIP's investment maturities at June 30, 2018.

<u>LGIP Maturity</u>	<u>per Policy</u>	<u>Actual</u>
Up to 93 days	Minimum of 50%	61%
94 days to 1 year	Maximum of 25%	21%
1 to 3 years	Maximum of 25%	19%

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Investment credit risk – District

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk is measured by the assignment of a rating by a nationally recognized rating organization and is minimized by purchasing only those securities which are rated by two of the nationally recognized credit rating agencies at the time of purchase. The County’s investment policy specifies ratings – Standard & Poor’s = minimum AA-, and Moody’s Investors Services = minimum Aa3. The actual rating at year-end for each investment type is as follows:

<u>Rating by Standard & Poor's Investment Service</u>	<u>AAA</u>	<u>AA+</u>	<u>AA</u>	<u>A-1</u>	<u>Not Rated</u>	<u>Total Invested Value</u>	<u>Percent Allocation</u>	<u>Weighted Average Maturity (Years)</u>
Federal agency coupon securities	\$ -	115,951	59,919	-	-	175,870	55%	0.9
Corporate notes	2,655	1,654	-	1,661	-	5,970	2%	0.1
Treasury coupon securities	-	98,925	-	-	-	98,925	32%	0.8
State of Oregon Local Government Investment Pool (LGIP)	-	-	-	-	33,133	33,133	11%	0.0
Total Investments	\$ <u>2,655</u>	<u>216,530</u>	<u>59,919</u>	<u>1,661</u>	<u>33,133</u>	<u>313,898</u>	<u>100%</u>	<u>1.8</u>

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the invested value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2018:

- Federal agency coupon securities of \$175,870 are valued using quoted market prices (Level 1 inputs)
- Corporate notes of \$5,970 are valued using quoted market prices (Level 1 inputs)
- Treasury coupon securities of \$98,925 are valued using quoted market prices (Level 1 inputs)

The State of Oregon Local Government Investment Pool (LGIP) is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the LGIP’s investment policies. The State Treasurer is the investment officer for the LGIP and is responsible for all funds in the LGIP. These funds must be invested and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the fund are further governed by portfolio guidelines issued by the Oregon Short-term Funds Board. The LGIP investment maturities for the District mirror those of the County.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Receivables – County and Blended Component Units

Amounts are aggregated into a single accounts receivable line for certain funds and aggregated columns. Below is the detail of receivables for the County and its blended component units at June 30, 2018:

	Accounts Receivable	Intergovernmental Revenues Receivable	Total
General Fund	\$ 2,095	2,998	5,093
HOME Fund	36	-	36
Human Services Fund	68	226	294
Road Fund	184	3,322	3,506
MSTIP III Fund	9,064	53	9,117
Other Governmental Funds	4,383	2,557	6,940
Total governmental funds	15,830	9,156	24,986
Internal Service Funds	155	-	155
Fiduciary Funds	935	1,276	2,211
Total accounts receivable	\$ 16,920	10,432	27,352

Receivables – District

Receivables of the District represent user charges which are recognized as earned. An allowance for doubtful accounts is established for amounts deemed to be uncollectible, based on historical collection percentages. At June 30, 2018, the allowance was \$340.

Deferred outflows/inflows of resources – County and Blended Component Units

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until a future period. Deferred inflows of resources represent an acquisition of net position that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred charge on refunding. The item that qualifies in this category is the deferred charge on refunding reported in the statement of net position. Deferred charges, resulting from the carrying value of refunded debt and its reacquisition price, are deferred and amortized to interest expense over the remaining life of the existing debt. At June 30, 2018, the total deferred charge on refunding for the County was \$4,682.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Other Post Employment Benefit (OPEB) and Pension related. For purposes of measuring the OPEB obligation/asset and net pension liability, deferred outflows of resources and deferred inflows of resources related to OPEB and pensions, and OPEB and pension expense are reported in the in the statement of net position. OPEB and pension related deferred outflows of resources relate to the OPEB and pension plans consisting of employer contributions to OPERS after the measurement date, differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on investments, and changes in proportionate share. OPEB and pension related deferred inflows of resources consist of differences between employer contributions and the County’s proportionate share of contributions and changes in proportionate share. At June 30, 2018, the County reported OPEB related deferred outflows, OPEB RHIA related deferred outflows, and pension related deferred outflows of \$158, \$635, and \$78,714, respectively. The County also reported OPEB related deferred inflows, OPEB RHIA related deferred inflows, and pension related deferred outflows of \$568, \$251, and \$15,978, respectively.

Unavailable revenue. The item that qualifies in this category is the unavailable revenue reported in the governmental funds balance sheet. Unavailable revenue is largely made up of property taxes and contracts and is deferred and recognized as an inflow of resources in the period that the amounts become available. The various components of unavailable revenue reported in the governmental funds balance sheet is as of June 30, 2018, were as follows:

	<u>Property</u>		<u>Contracts</u>	<u>Accounts</u>	
	<u>Taxes</u>	<u>Assessments</u>	<u>Receivable</u>	<u>Receivable</u>	<u>Total</u>
General Fund	\$ 5,885	-	-	705	6,590
HOME Fund	-	-	30,346	-	30,346
Human Services Fund	-	-	-	43	43
Road Fund	-	95	-	38	133
MSTIP III	-	-	-	1,672	1,672
Other Governmental Funds	<u>2,889</u>	<u>324</u>	<u>4,737</u>	<u>665</u>	<u>8,615</u>
Total unavailable revenue \$	<u>8,774</u>	<u>419</u>	<u>35,083</u>	<u>3,123</u>	<u>47,399</u>

Deferred outflows/inflows of resources – District

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until a future period. Deferred inflows of resources represent an acquisition of net position that applies to future periods, and so will not be recognized as an inflow of resources (revenue) until that time.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Deferred charge on refunding. The item that qualifies in this category is the deferred charge on refunding reported in the statement of net position. Deferred charges, resulting from the carrying value of refunded debt and its reacquisition price, are deferred and amortized to interest expense over the remaining life of the existing debt. At June 30, 2018, the total deferred charge on refunding for the District was \$3,619.

Other Post Employment Benefit (OPEB) and Pension related. For purposes of measuring the net OPEB obligation/asset and net pension liability, deferred outflows of resources and deferred inflows of resources related to OPEB and pensions, and OPEB and pension expense are reported in the in the statement of net position. OPEB and Pension related deferred outflows of resources relate to the District's OPEB and pension plans consisting of employer contributions to OPERS after the measurement date, differences between expected and actual experience, changes of assumptions, net difference between projected and actual earnings on investments, and changes in proportionate share. OPEB and pension related deferred inflows of resources consist of differences between employer contributions and the District's proportionate share of contributions and changes in proportionate share. At June 30, 2018, the District reported OPEB RHIA related deferred outflows and pension related deferred outflows of \$146 and \$13,379, respectively. The District also reported OPEB RHIA related deferred inflows and pension related deferred inflows of \$55 and \$1,074, respectively.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Capital assets

Capital asset activity for governmental activities for the year ended June 30, 2018 was as follows:

	Governmental Activities				
	Balance	Increases	Decreases	Transfers	Balance
	July 1, 2017				June 30, 2018
Capital assets not being depreciated:					
Land	\$ 987,336	7,845	(1,745)	-	993,436
Artwork	364	-	-	-	364
Construction in progress	<u>118,737</u>	<u>72,308</u>	<u>-</u>	<u>(49,267)</u>	<u>141,778</u>
Total capital assets not being depreciated	<u>1,106,437</u>	<u>80,153</u>	<u>(1,745)</u>	<u>(49,267)</u>	<u>1,135,578</u>
Capital assets being depreciated:					
Land improvements	5,061	-	-	-	5,061
Buildings and improvements	165,968	274	-	4,369	170,611
Machinery and equipment	56,049	5,198	(2,848)	1,830	60,229
Road network	1,893,396	18,719	(2,884)	30,469	1,939,700
Bridge network	106,532	-	-	7,679	114,211
Culverts	17,946	-	(13)	1,792	19,725
Signals	<u>69,044</u>	<u>96</u>	<u>-</u>	<u>3,128</u>	<u>72,268</u>
Total capital assets being depreciated	<u>2,313,996</u>	<u>24,287</u>	<u>(5,745)</u>	<u>49,267</u>	<u>2,381,805</u>
Less accumulated depreciation for:					
Land improvements	(4,317)	(179)	-	-	(4,496)
Building and improvements	(71,308)	(4,068)	-	-	(75,376)
Machinery and equipment	(39,688)	(3,994)	2,658	-	(41,024)
Road network	(1,123,790)	(69,321)	1,503	-	(1,191,608)
Bridge network	(39,563)	(2,109)	-	-	(41,672)
Culverts	(6,848)	(467)	10	-	(7,305)
Signals	<u>(56,444)</u>	<u>(4,951)</u>	<u>-</u>	<u>-</u>	<u>(61,395)</u>
Total accumulated depreciation	<u>(1,341,958)</u>	<u>(85,089)</u>	<u>4,171</u>	<u>-</u>	<u>(1,422,876)</u>
Total capital assets being depreciated, net	<u>972,038</u>	<u>(60,802)</u>	<u>(1,574)</u>	<u>49,267</u>	<u>958,929</u>
Governmental activities capital assets, net	\$ <u>2,078,475</u>	<u>19,351</u>	<u>(3,319)</u>	<u>-</u>	<u>2,094,507</u>

Depreciation expense was charged to functions as follows:

Governmental activities:

General government	\$ 2,387
Public safety and justice	4,240
Land use and transportation	77,997
Housing, health and human services	286
Culture, education, and recreation	<u>179</u>
Total depreciation expense	\$ <u>85,089</u>

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Capital asset activity for business-type activities for the year ended June 30, 2018 was as follows:

	<u>Business-type Activities</u>		
	<u>Balance</u>		<u>Balance</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>June 30, 2018</u>
Capital assets not being depreciated:			
Land	\$ 8,580	198	8,778
Construction in progress	13	254	261
Total capital assets not being depreciated	<u>8,593</u>	<u>452</u>	<u>9,039</u>
Capital assets being depreciated:			
Buildings and improvements	48,464	631	49,095
Vehicles	306	-	282
Office equipment	108	-	108
Total capital assets being depreciated	<u>48,878</u>	<u>631</u>	<u>49,485</u>
Less accumulated depreciation for:			
Buildings and improvements	(32,005)	(1,491)	(33,496)
Vehicles	(228)	(18)	(222)
Office equipment	(108)	-	(108)
Total accumulated depreciation	<u>(32,341)</u>	<u>(1,509)</u>	<u>(33,826)</u>
Total capital assets being depreciated, net	<u>16,537</u>	<u>(878)</u>	<u>15,659</u>
Business-type activities capital assets, net	\$ <u>25,130</u>	<u>(426)</u>	<u>24,698</u>
Depreciation expense was charged to functions as follows:			
Business-type activities:			
Housing		\$ <u>1,509</u>	

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Capital asset activity for the District for the year ended June 30, 2018 was as follows:

	District activities				
	Balance				Balance
	July 1, 2017	Increases	Decreases	Transfers	June 30, 2018
Capital assets not being depreciated:					
Land	\$ 28,634	3,426	(102)	222	32,180
Construction in progress	92,370	57,003	(3,542)	(45,567)	100,264
Total capital assets not being depreciated	<u>121,004</u>	<u>60,429</u>	<u>(3,644)</u>	<u>(45,345)</u>	<u>132,444</u>
Capital assets being depreciated:					
Buildings and improvements	265,020	6,615	(94)	9,589	281,130
Treatment plants	656,128	-	-	26,289	682,417
Sewer lines	247,762	1,669	-	4,640	254,071
Plant equipment	101,837	-	-	2,029	103,866
Automotive equipment	12,174	-	(367)	1,606	13,413
Plans and studies	16,010	-	-	403	16,413
Office equipment	13,344	-	(184)	789	13,949
Total capital assets being depreciated	<u>1,312,275</u>	<u>8,284</u>	<u>(645)</u>	<u>45,345</u>	<u>1,365,259</u>
Less accumulated depreciation for:					
Buildings and improvements	(151,245)	(8,415)	15	-	(159,645)
Treatment plants	(406,875)	(21,210)	-	-	(428,085)
Sewer lines	(89,424)	(5,009)	-	-	(94,433)
Plant equipment	(67,500)	(6,812)	-	-	(74,312)
Automotive equipment	(10,223)	(794)	367	-	(10,650)
Plans and studies	(13,139)	(156)	-	-	(13,295)
Office equipment	(12,529)	(412)	179	-	(12,762)
Total accumulated depreciation	<u>(750,935)</u>	<u>(42,808)</u>	<u>561</u>	<u>-</u>	<u>(793,182)</u>
Total capital assets being depreciated, net	<u>561,340</u>	<u>(34,524)</u>	<u>(84)</u>	<u>45,345</u>	<u>572,077</u>
Component-type activities capital assets, net	\$ <u>682,344</u>	<u>25,905</u>	<u>(3,728)</u>	<u>-</u>	<u>704,521</u>
Depreciation expense was charged to functions as follows:					
Component activities:					
Sanitation	\$ 37,422				
Surface Water Management	5,386				
Total depreciation expense	<u>42,808</u>				
Decrease in construction in progress is comprised of:					
Items ineligible for capitalization		<u>(3,542)</u>			
Total decrease in construction in progress	\$ <u>(3,542)</u>				

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Investment in Partnership – Authority

The investment in partnership for the Authority represents the Authority's equity interest in the Quatama Housing Limited Partnership (Partnership). This investment is accounted for using the equity method. Under the equity method, the initial investment is recorded at cost and increased or decreased by the Authority's share of income or loss and is increased by contributions and decreased by distributions. The investment in the Partnership of \$1,010 was recorded as of December 31, 2017, which is the latest available audited financial statements of the Partnership.

Joint Ventures – District

The Barney Reservoir Joint Ownership Commission (the Commission) was formed to own, operate, and expand the JW Barney Reservoir. Ownership of the joint venture is comprised of the District (10%), Tualatin Valley Water District (35%), and the cities of Hillsboro (31%), Forest Grove (2.5%), and Beaverton (21.5%). The Commission is governed by one member from each entity. The operating costs of the joint venture are shared by the participating agencies and are reported as an operating expense by the District. The net position of the Commission continues to decline due to depreciation expense, which is not funded by the joint venture partners. There are no projects identified in the 10-year capital plan for the Commission. If future projects are identified by the Commission, the District will include its proportionate share of costs in its annual capital improvement plan. The District's year-end equity investment in the Commission was \$2,340.

Financial statements for the Commission may be obtained from the City of Hillsboro Finance Department at 150 East Main Street, Hillsboro, Oregon 97123.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Long-term obligations

In the following table the long-term debt information is presented in respect to governmental activities. The information that follows presents current year changes in those obligations and the current portions due for each issue.

	<u>Balance</u>			<u>Balance</u>	<u>Due In</u>	<u>Long-term</u>
	<u>July 1, 2017</u>	<u>Increase</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>One Year</u>	<u>portion</u>
Governmental activities:						
Compensated absences	\$ 10,161	10,553	10,161	10,553	10,553	-
Contracts Payable						
US Dept of Interior	268	-	23	245	22	223
Notes Payable						
State of Oregon, Econ. Dev. Dept.	578	-	133	445	139	306
Full Faith & Credit Obligations						
Series 2004	685	-	335	350	350	-
Series 2013 - Refunding	16,945	-	1,600	15,345	1,620	13,725
Series 2016 - Refunding	28,965	-	2,870	26,095	3,155	22,940
Series 2016 B	107,925	-	5,820	102,105	7,240	94,865
Subtotal Notes and FFCO	<u>155,098</u>	<u>-</u>	<u>10,758</u>	<u>144,340</u>	<u>12,504</u>	<u>131,836</u>
General Obligation Bonds						
Series 2016 A (Taxable)	3,400	-	1,405	1,995	1,585	410
Series 2016 B (Tax-Exempt)	72,000	-	-	72,000	-	72,000
Subtotal GO	<u>75,400</u>	<u>-</u>	<u>1,405</u>	<u>73,995</u>	<u>1,585</u>	<u>72,410</u>
Total Contracts, Notes, FFCO and GO	<u>230,766</u>	<u>-</u>	<u>12,186</u>	<u>218,580</u>	<u>14,111</u>	<u>204,469</u>
Total governmental activities	\$ <u>240,927</u>	<u>10,553</u>	<u>22,347</u>	229,133	24,664	204,469
				Unamortized bond premium		
				28,953	2,320	26,633
				<u>258,086</u>	<u>26,984</u>	<u>231,102</u>
From the Statement of Net Position:						
Other long-term obligations, current portion, net of premium				\$ 26,984		
Bond and bond anticipation notes payable, net of premium				82,242		
Noncurrent portion of other long term obligations, net of premium				<u>148,860</u>		
Total governmental activities				\$ <u>258,086</u>		

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

In the following table the long-term debt information is presented in respect to business-type activities. The information that follows presents current year changes in those obligations and the current portions due for each issue.

	<u>Balance</u> <u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2018</u>	<u>Due In</u> <u>One Year</u>	<u>Long-term</u> <u>portion</u>
Business-type activities:						
Notes Payable						
Farmers Home Administration	\$ 314	-	5	309	6	303
State of Oregon	7	-	7	-	-	-
WC Office of Community Development	649	-	-	649	-	649
WC HOME Contracts ⁽¹⁾	722	-	56	666	56	610
Washington County IGA ⁽¹⁾	35	-	35	-	-	-
Berkadia Bank Mortgage 2014	2,030	-	33	1,997	32	1,965
Community Housing Fund	72	293	-	365	365	-
Subtotal notes payable	<u>3,829</u>	<u>293</u>	<u>136</u>	<u>3,986</u>	<u>459</u>	<u>3,527</u>
Housing Authority FFCO						
Series 2009 - Refunding	26,740	-	435	26,305	450	25,855
Total Notes and FFCO	<u>30,569</u>	<u>293</u>	<u>571</u>	<u>30,291</u>	<u>909</u>	<u>29,382</u>
Total business-type activities	<u>\$ 30,569</u>	<u>293</u>	<u>571</u>	<u>30,291</u>	<u>909</u>	<u>29,382</u>
				Unamortized bond discounts	(173)	(156)
					<u>30,118</u>	<u>29,226</u>
				Housing Authority Notes Payable to County, current portion ⁽¹⁾	\$ 56	
				Other long-term obligations, current portion, net of discount	<u>836</u>	
				Total long term obligations, current portion, net of discount	<u>892</u>	
				Housing Authority Notes Payable to County, noncurrent portion ⁽¹⁾	1,262	
				Noncurrent portion of other long term obligations, net of discount	<u>27,964</u>	
				Total other long term obligations, noncurrent portion	<u>29,226</u>	
				Total business-type activities	<u>\$ 30,118</u>	

⁽¹⁾ The Notes Payable to the County and Notes Receivable from the Authority net each other out on the Statement of Net Position; the Notes Payable to the County are correctly included above in the summary of Business-type Activities.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

In the following table the long-term debt information is presented in respect to District activities. The information that follows presents current year changes in those obligations and the current portions due for each issue.

	<u>Balance</u>			<u>Balance</u>	<u>Due In</u>	<u>Long-term</u>
	<u>July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2018</u>	<u>One Year</u>	<u>portion</u>
District activities:						
Compensated absences	\$ 2,276	2,442	2,276	2,442	2,442	-
Sewer Revenue Bonds						
Series A 2009	9,395	-	2,975	6,420	3,130	3,290
Series B 2010	86,960	-	3,385	83,575	3,475	80,100
Series A 2011	16,905	-	3,060	13,845	3,210	10,635
Series B 2011	43,075	-	1,890	41,185	1,965	39,220
Series A 2016	33,225	-	-	33,225	-	33,225
Revenue Pension Bonds						
Series 2004	13,435	-	660	12,775	760	12,015
Total bonds	<u>202,995</u>	<u>-</u>	<u>11,970</u>	<u>191,025</u>	<u>12,540</u>	<u>178,485</u>
Total district activities	\$ <u>205,271</u>	<u>2,442</u>	<u>14,246</u>	193,467	14,982	178,485
				9,394	1,815	7,579
				<u>202,861</u>	<u>16,797</u>	<u>186,064</u>
District compensated absences (recorded in business-type activities as an accrued payroll liability)				\$ 2,442		
Other long-term obligations, current portion, net of discount				<u>14,355</u>		
Total current				16,797		
Noncurrent portion of other long term obligations, net of discount				<u>186,064</u>		
Total district activities				\$ <u>202,861</u>		

Governmental Activities

Contract Payable

US Department of Interior - In March 1980, a contract was issued in the amount of \$1,111 to repay a portion of the development costs incurred by the Federal Government, US Department of Interior, during the construction of Hagg Lake Park. The final maturity is in February 2029. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 22	9	3.500%
2020	22	8	3.500%
2021	22	7	3.500%
2022	22	6	3.500%
2023	22	5	3.500%
2024 - 2028	111	16	3.500%
2029	24	1	3.500%
	\$ <u>245</u>	<u>52</u>	

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Notes Payable

State of Oregon, Economic Development Department - In October 2000, the County issued a note with Oregon Economic Development Department. The note was issued in the amount of \$2,000 to provide funding for the construction of the Harkins House juvenile shelter in October 2000. The final maturity is in December 2020. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	139	24	5.280%
2020		150	17	5.280%
2021		156	9	5.280%
	\$	<u>445</u>	<u>50</u>	

Full Faith and Credit Obligations

Series 2004 - In May 2004, Full Faith & Credit obligations were issued for \$3,925. These obligations were issued to refinance the 1993 Certificates of Participation originally issued to provide funding for the completion of the Juvenile Justice/Law Library building, construction of a new animal shelter, and completion of several information services projects. The final maturity is in July 2018. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	<u>350</u>	<u>8</u>	4.600%

Series 2013 Refunding - In February 2013, Full Faith and Credit obligations were issued for \$18,860 and placed into an irrevocable trust in order to fund the partial advance refunding of the March 2006 – Series 2006 New Money Full Faith & Credit Issue in the amount of \$18,530. As a result, the refunded obligations are considered defeased and the liability has been removed from the governmental activities column of the Statement of Net Position. The final maturity for these obligations is in June 2026. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	1,620	592	5.000%
2020		1,710	511	5.000%
2021		1,795	425	5.000%
2022		1,885	336	5.000%
2023		1,975	241	5.000%
2024 - 2026		<u>6,360</u>	<u>292</u>	2.125 - 2.350%
	\$	<u>15,345</u>	<u>2,397</u>	

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Series 2016 Refunding - In March 2016, Full Faith and Credit obligations were issued for \$31,960 in order to fund the full refunding of the February 2006 - Series 2006 Refunding Full Faith & Credit Issue in the amount outstanding of \$36,590. The final maturity for these obligations is in June 2026. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	3,155	1,305	5.000%
2020		3,460	1,147	5.000%
2021		3,790	974	5.000%
2022		2,525	785	5.000%
2023		2,805	658	5.000%
2024 - 2026		10,360	1,070	5.000%
	\$	<u>26,095</u>	<u>5,939</u>	

Series 2016 B - In December 2016, Full Faith and Credit obligations were issued for \$107,925 in order to fund capital projects for County facilities, the building of an Events Center, and various Major Street Transportation Improvement Program projects. The final maturity for these obligations is in March 2032. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	7,240	4,843	5.000%
2020		7,650	4,481	5.000%
2021		8,085	4,098	5.000%
2022		8,545	3,694	5.000%
2023		9,030	3,267	5.000%
2024 - 2028		44,360	8,955	4.000 - 5.000%
2029 - 2032		17,195	1,812	4.000 - 5.000%
	\$	<u>102,105</u>	<u>31,150</u>	

General Obligation Bonds

Series 2016 A (Taxable) - In July 2016, taxable general obligation bonds were issued for \$5,000. These voter approved obligations were issued to fund updates to the County's emergency communications system. The final maturity is in June 2020. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	1,585	75	1.000%
2020		410	16	1.200%
	\$	<u>1,995</u>	<u>91</u>	

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Series 2016 B (Tax-Exempt) - In July 2016, tax-exempt general obligation bonds were issued for \$72,000. These voter approved obligations were issued to fund updates to the County's emergency communications system. The final maturity is in June 2035. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ -	2,698	5.000%
2020	1,370	2,742	5.000%
2021	2,030	2,684	5.000%
2022	2,320	2,582	5.000%
2023	2,635	2,466	5.000%
2024 - 2028	18,735	10,001	5.000%
2029 - 2033	29,645	5,306	2.000 - 4.000%
2034 - 2035	15,265	753	3.250%
	<u>\$ 72,000</u>	<u>29,232</u>	

Business-type Activities

Housing Authority Notes Payable

Farmers Home Administration - In January 1988, the Authority issued three Farmer's Home Administration notes to purchase Kaybern Terrace (12 units of affordable housing) in North Plains. These notes totaled \$361. The final maturity is in February 2038. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 6	29	9.000 - 9.500%
2020	6	28	9.000 - 9.500%
2021	7	28	9.000 - 9.500%
2022	8	27	9.000 - 9.500%
2023	8	26	9.000 - 9.500%
2024 - 2028	56	118	9.000 - 9.500%
2029 - 2033	89	84	9.000 - 9.500%
2034 - 2038	129	31	9.000 - 9.500%
	<u>\$ 309</u>	<u>371</u>	

State of Oregon - In December 1988, the Authority issued State of Oregon Specialty Housing notes to purchase two facilities (five units) of Specialty Housing in Aloha and Beaverton. These notes totaled \$181. This note was paid in full during fiscal year 2018.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Office of Community Development - In June 2010, the Office of Community Development (OCD) provided funding under the Neighborhood Stabilization Program to acquire properties for low income housing. The note was in the amount of \$649 and is due when the properties are sold. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
Due on sale	\$ 649	-	0.000%

HOME Contracts - In November 1995, the OCD Home Loan for the Authority was issued at the time of the purchase of Amberwood. This property was financed with this note as well as with two revenue bond issues. This note was in the amount of \$604. The final maturity date will be December 2020. In September 2003, the OCD Home Loan for the Authority was issued to finance improvements to the Bonita Villa affordable housing property. This note was in the amount of \$500. The final maturity is in June 2029. Detail obligation and interest rates for the two loans follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 56	15	3.000%
2020	56	15	3.000%
2021	54	15	3.000%
2022	-	15	3.000%
2023	-	15	3.000%
2024 - 2028	-	75	3.000%
2029	500	15	3.000%
	\$ <u>666</u>	<u>165</u>	

Washington County IGA - In June 2003, the Authority and County entered into an intergovernmental agreement for a \$1,300 note to finance improvements to the Bonita Villa affordable housing property. The variable interest rate is based on the annualized return of the County’s pooled investments. This IGA was paid in full during fiscal year 2018.

Berkadia Bank Mortgage - In August 2014, the Authority refinanced the Aloha Park Apartments through a HUD FFA 223 (f) multi-family loan in August 2014. The proceeds of \$2,107 from the refinancing are primarily used to increase available cash flow. The final maturity is in August 2049. Detail obligation and interest rates follow:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 32	83	4.180%
2020	33	81	4.180%
2021	35	80	4.180%
2022	36	79	4.180%
2023	38	77	4.180%
2024 - 2028	214	360	4.180%
2029 - 2033	263	310	4.180%
2034 - 2038	324	249	4.180%
2039 - 2043	400	174	4.180%
2044 - 2048	492	81	4.180%
2049 - 2050	130	3	4.180%
	\$ <u>1,997</u>	<u>1,577</u>	

Community Housing Fund Loan - In November 2016, the Authority entered into a predevelopment loan agreement with the Community Housing Fund for a total of \$365. The note is due and payable at the close of construction funding.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ <u>365</u>	<u>25</u>	4.500%

Housing Authority Full Faith & Credit Obligations

Series 2009 Refunding - In November 2009, Full Faith & Credit obligations were issued for \$28,985. These obligations were issued on behalf of the Housing Authority of Washington County to provide for the current refunding of the Series 1999A, 2001A, 2001B, and 2002A Housing Authority Revenue Bond issues. Final maturity date is in July 2044.

The purpose of the current refunding was to reduce the annual debt service incurred by the Authority through lower interest rates and a longer maturity. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 450	1,161	3.500%
2020	515	1,144	3.500%
2021	590	1,123	4.000%
2022	615	1,096	5.000%
2023	645	1,065	5.000%
2024 - 2028	3,675	4,888	4.000 - 5.000%
2029 - 2033	3,970	4,147	4.000 - 4.500%
2034 - 2038	5,590	3,038	4.500%
2039 - 2043	7,015	1,618	4.500 - 4.625%
2044 - 2045	3,240	162	4.625 - 5.000%
	\$ <u>26,305</u>	<u>19,444</u>	

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

District-type activities

Sewer Revenue Bonds

The District issues sewer revenue bonds for capital expansion of the sewer treatment plants and collection system. All the sewer revenue bonds are paid with the District's net revenue as defined in the bond indenture agreements.

Series A 2009 - Issued March 2009 in the amount of \$58,755. The final maturity is in October 2019. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 3,130	243
2020	3,290	82
	<u>\$ 6,420</u>	<u>325</u>

Series B 2010 - Issued April 2010 in the amount of \$90,260. The final maturity is in October 2035. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 3,475	4,444	4.528%
2020	3,575	4,287	4.628%
2021	3,680	4,120	4.728%
2022	3,790	3,946	4.828%
2023	3,905	3,762	4.978%
2024 - 2028	21,540	15,623	5.078% - 5.701%
2029 - 2033	25,735	9,003	5.701% - 5.801%
2034 - 2036	17,875	1,580	5.801%
	<u>\$ 83,575</u>	<u>46,767</u>	

Series A 2011 - Issued August 2011 in the amount of \$30,255. The final maturity is in October 2021. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 3,210	612	5.000%
2020	3,375	447	5.000%
2021	3,540	275	5.000%
2022	3,720	93	5.000%
	<u>\$ 13,845</u>	<u>1,427</u>	

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Series B 2011 - Issued August 2011 in the amount of \$50,000. The final maturity is in October 2032. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	1,965	1,726	4.000%
2020		2,060	1,635	5.000%
2021		2,165	1,530	5.000%
2022		2,275	1,419	5.000%
2023		2,380	1,314	4.000%
2024 - 2028		16,690	4,864	4.000 - 5.000%
2029 - 2033		13,650	1,727	4.000%
	\$	<u>41,185</u>	<u>14,215</u>	

Series A 2016 - Issued October 2016 in the amount of \$33,225 to partially advance refund the March 2009 – Series A 2009 Sewer Revenue Bonds in the amount outstanding of \$38,620. The refunding was undertaken to reduce total future debt service payments and results in a net present savings of \$5,300. The acquisition price exceeded the net carrying amount of the old debt by \$3,969, which is being netted against the new debt and amortized over the remaining life of the advance refunded debt. The final maturity is in October 2028. Detail obligation and interest rates follow:

<u>Fiscal Year</u>		<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$	-	1,661	5.000%
2020		-	1,661	5.000%
2021		3,180	1,582	5.000%
2022		3,340	1,419	5.000%
2023		3,515	1,247	5.000%
2024 - 2028		20,450	3,344	5.000%
2029		2,740	69	5.000%
	\$	<u>33,225</u>	<u>10,983</u>	

Pension Revenue Bonds

Series 2004 - In May 2004, the District issued \$16,000 of pension revenue bonds to pay its unfunded pension liability with PERS. The pension revenue bonds are payable from gross sewer revenues. Final maturity is in June 2028. Detail obligation and interest rates follow:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ 760	775	6.015%
2020	870	729	6.015%
2021	990	677	6.015%
2022	1,125	617	6.015%
2023	1,265	549	6.015%
2024 - 2028	7,765	1,397	6.095%
	<u>\$ 12,775</u>	<u>4,744</u>	

Defeased Debt – District

In prior years, the District defeased certain bonds by placing the proceeds of refunding bonds in an irrevocable trust to provide for all future debt service on the defeased bonds. Accordingly, the trust account assets and the related liability for those defeased bonds are not included in the District’s financial statements. As of June 30, 2018, prior years' refunded revenue bonds defeased totaled \$38,620.

Conduit Debt Obligations - Authority

The Authority has issued multi-family Housing Revenue Bonds to provide financial assistance to private sector entities for the construction, acquisition and rehabilitation of affordable housing. The bonds are fully secured by letters of credit and are payable solely from payments received from the developer on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the Authority, the County, or the state and, accordingly, have not been reported in the accompanying basic financial statements.

As of June 30, 2018, there were two series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of \$32,702.

Capital Lease Obligations - County

The following is a schedule, by fiscal year, of future minimum lease payments with the present value of the future minimum lease payments as of June 30, 2018:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Fiscal Year</u>	<u>Capital Lease Future Minimum Payments</u>
2019	\$ <u>275</u>
Future minimum lease payments	275
Less amounts representing interest	<u>(5)</u>
Present value of future minimum lease payments	<u>270</u>
Current portion	\$ 270

Changes in the capital lease obligations for the year ended June 30, 2018, are as follows:

	<u>Outstanding July 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Outstanding June 30, 2018</u>
Capital lease obligations	\$ <u>535</u>	<u>-</u>	<u>(265)</u>	<u>270</u>

Motorola Solutions 2011 Lease - In 2011 the County entered into a capital lease obligation with Motorola Solutions for the purchase of a Zone Controller Tower at Washington County Consolidated Communication Agency in the amount of \$2,284. This equipment has an estimated useful life of 7 years and this year \$326 was included in depreciation expense, leaving a remaining net book value of \$707. This is a non-cancelable lease agreement. Final maturity is in October 2018. Detail obligation and interest rates follow:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Interest Rate</u>
2019	\$ <u>270</u>	<u>5</u>	1.989%

Operating Leases - County

The County leases various buildings and land for use in their operations under cancelable and non-cancelable operating leases. Total costs for such leases were approximately \$993 for the year ended June 30, 2018.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

The future minimum lease payments for the non-cancelable operating leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 1,179
2020	833
2021	737
2022	681
2023	681
2024 - 2028	<u>2,470</u>
	<u>\$ 6,581</u>

Operating Leases - District

The District leases various equipment, buildings and land for use in their operations under cancelable and non-cancelable operating leases. Total costs for such leases were approximately \$63 for the year ended June 30, 2018.

The future minimum lease payments for the non-cancelable operating leases are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 61
2020	61
2021	58
2022	<u>58</u>
	<u>\$ 238</u>

Due To/From Other funds

Interfund accounts at June 30, 2018, consist of:

<u>Fund</u>	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
Major governmental funds:		
General Fund	\$ —	846
HOME Fund	32	—
Other Governmental Funds	813	—
Agency Funds	1	—
	<u>\$ 846</u>	<u>846</u>

Interfund receivables of the General Fund consist of \$32 in cash loaned to the HOME Fund and \$813 in cash loaned to the non-major funds to cover negative cash balances at year end. These loans are one day in duration and will be repaid on July 1, 2018.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

The following interfund loan receivable is included in the Statement of Net Position internal balances for Governmental Activities and in the Authority’s *Notes and Contracts Payable*:

<u>Description</u>	<u>Interest Rate</u>	<u>Outstanding July 1, 2017</u>	<u>Decrease</u>	<u>Outstanding June 30, 2018</u>
Washington County IGA	variable	\$ <u>35</u>	<u>(35)</u>	<u>-</u>

The Board of County Commissioners approved a second amendment to the original 2003 intergovernmental agreement between the County and the Authority continuing payments of \$100 per year until June 30, 2019 or the debt is paid in full, whichever comes first. The variable interest rate is based on the annualized return on the County’s pooled investments. This loan was paid in full in fiscal year 2018.

4. Other information

Pension Plan – County

Description

Substantially all County employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. 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).

The State of Oregon PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, Oregon 97281-3700, by calling 888-320-7377, or by viewing the PERS website at www.oregon.gov/pers.

Benefits Provided

Tier One/Tier Two Retirement Benefit

Pension Benefits. The PERS 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 (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

either 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 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 a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-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 benefit regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

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% 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% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2017, and include a required percentage contribution for retiree healthcare. The County's contribution rates for the period were 22.36% of covered employees' salaries for Tier One/Tier Two members, 14.05% for OPSRP general service members, and 18.82% for OPSRP police members. The County's total contributions were

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

\$24,523. Covered employees are required to contribute 6% of their annual covered salary to the Plan.

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

At June 30, 2018, the County reported a liability of \$208,339 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The County's proportion of the 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. At June 30, 2018, the County's proportion was 1.55%, which is 0.12% less than its proportion of 1.67% measured as of June 30, 2017.

The Oregon Supreme Court (Court) ruled (Moro decision) on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

For the year ended June 30, 2018, the County recognized pension expense of \$41,383 for the defined benefit portion of the pension plan as a result of the adoption of GASB Statement No. 68. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 10,075	—
Changes of assumptions	37,977	—
Net difference between projected and actual earnings on investments	2,146	—
Changes in proportionate share	57	13,878
Differences between employer contributions and employer's proportionate share share of system contributions	<u>3,936</u>	<u>2,099</u>
Subtotal	54,191	15,977
Contributions subsequent to the measurement date	<u>24,523</u>	—
Total	\$ <u><u>78,714</u></u>	<u><u>15,977</u></u>

Deferred outflows of resources related to pensions of \$24,523 resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ (6,360)
2020	(23,335)
2021	(15,207)
2022	6,607
2023	<u>81</u>
	\$ <u><u>(38,214)</u></u>

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2017 through June 30, 2019 were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Inflation Rate	2.50%
Long-term Expected Rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 experience study which reviewed experience for the four-year period ended on December 31, 2014.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes on July 28, 2017, including lowering the investment return assumption to 7.20% effective January 1, 2018, which will be used for rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.00%	3.00%	0.00%
Debt Securities	15.00%	25.00%	20.00%
Public Equity	32.50%	42.50%	37.50%
Real Estate	9.50%	15.50%	12.50%
Private Equity	14.00%	21.00%	17.50%
Alternative Equity	0.00%	12.50%	12.50%
Opportunity Portfolio ⁽¹⁾	0.00%	3.00%	0.00%
Total			<u>100.00%</u>

⁽¹⁾ Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan assets.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual Return (Geometric)</u>	<u>Standard Deviation</u>
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Market Equities	4.12%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 68 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 is projected to cover benefit payments and administrative expenses. GASB 68 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- PERS has a formal policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that the payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projects regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS’s independent actuary’s opinion that the detailed depletion date projections would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Payable to OPERS

At June 30, 2018, the County’s payable to OPERS for defined benefit contributions was \$1,367. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

Sensitivity 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 calculated using the discount rate of 7.50%, as well as what the County’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease</u> <u>6.50%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.50%</u>	<u>1% Increase</u> <u>8.50%</u>
County's proportionate share of the net pension liability	\$ <u>355,048</u>	<u>208,339</u>	<u>85,663</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Individual Account Program

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003 and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment.

Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. This six percent contribution is deducted out of all County employees pay with the exception of those represented by the Washington County Police Officers Association, where the County makes this contribution on their behalf. The County contributed approximately \$8,312 for the year ended June 30, 2018, of which approximately \$6,563 was recovered through employee payroll deductions.

Pension Plan – District

Description

Substantially all District employees are members in the Oregon Public Employees Retirement System (OPERS); a cost-sharing multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for government units in the State of Oregon. 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).

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WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Benefits Provided

Tier One/Tier Two Retirement Benefit

Pension Benefits. The PERS 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 (2.0% for police and fire employees, 1.67% for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either 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 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 a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-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 benefit regardless of the length of PERS-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.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

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% 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% is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

Benefit Changes After Retirement. Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25% on the first \$60,000 of annual benefit and 0.15% on annual benefits above \$60,000.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017, and include a required percentage contribution for retiree healthcare. The District's contribution rates for the period were 16.79% for Tier One/Tier Two member and 9.33% for OPSRP General Service members. The District's total contributions were \$3,699. Covered employees are required to contribute 6% of their annual covered salary to the Plan.

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

At June 30, 2018, the District reported a liability of \$36,467 for its proportionate share of the OPERS net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.27%, which is 0.01% more than its proportion of 0.26% measured as of June 30, 2017.

The Oregon Supreme Court (Court) ruled (Moro decision) on April 30, 2015 that certain provisions of Senate Bill (SB) 861, signed into law in October 2013, were unconstitutional. SB 861 included provisions that limited post-retirement COLA on benefits accrued prior to the signing of the law. The Court ruled that benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a 2% increase annually. OPERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA rate when they retire.

For the year ended June 30, 2018, the District recognized pension expense of \$7,633 for the deferred benefit portion of the pension plan. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,764	—
Changes of assumptions	6,647	—
Net difference between projected and actual earnings on investments	376	—
Changes in proportionate share	893	138
Differences between employer contributions and employer's proportionate share share of system contributions	—	936
Subtotal	9,680	1,074
Contributions subsequent to the measurement date	3,699	—
Total	\$ <u>13,379</u>	<u>1,074</u>

Deferred outflows of resources related to pensions of \$3,699 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension income as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ (1,517)
2020	(4,523)
2021	(3,188)
2022	723
2023	<u>(101)</u>
	\$ <u><u>(8,606)</u></u>

Actuarial Methods and Assumptions

The employer contribution rates effective July 1, 2017 through June 30, 2019 were set using the entry age actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an amount for the amortization of unfunded actuarial liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Inflation Rate	2.50%
Long-term Expected Rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision; blend based on service.
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 experience study which reviewed experience for the four-year period ending on December 31, 2014.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes on July 28, 2017, including lowering the investment return assumption to 7.20% effective January 1, 2018, which will be used for rates beginning July 1, 2019. The Board revises the assumed rate based on the long-term projection of investment returns that can be expected from the asset allocations of the Oregon Investment Council and related capital market expectations. An estimate of the result of this change is not readily available at this time.

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.00%	3.00%	0.00%
Debt Securities	15.00%	25.00%	20.00%
Public Equity	32.50%	42.50%	37.50%
Real Estate	9.50%	15.50%	12.50%
Private Equity	14.00%	21.00%	17.50%
Alternative Equity	0.00%	12.50%	12.50%
Opportunity Portfolio ⁽¹⁾	0.00%	3.00%	0.00%
Total			<u>100.00%</u>

⁽¹⁾ Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan assets.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual Return (Geometric)</u>	<u>Standard Deviation</u>
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Market Equities	4.12%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Depletion Date Projection

GASB 68 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 is projected to cover benefit payments and administrative expenses. GASB 68 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- PERS has a formal policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that the payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projects regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS’s independent actuary’s opinion that the detailed depletion date projections would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Payable to OPERS

At June 30, 2018, the District’s payable to OPERS for defined benefit contributions was \$220. This amount represents legally required contributions to the plan for services incurred in the current fiscal year.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability (asset) calculated using the discount rate of 7.50%, as well as what the District’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 (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
District's proportionate share of the net pension liability (asset)	\$ <u>62,146</u>	<u>36,467</u>	<u>14,994</u>

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Individual Account Program

In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. The Oregon Public Service Retirement Plan (OPSRP) is effective for all new employees hired on or after August 29, 2003 and applies to any inactive OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment.

Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees. The District contributed approximately \$1,835 for the year ended June 30, 2018.

Other Post-Employment Benefits – County

Plan Description

The County is required by Oregon Revised Statutes 243.303 to provide retirees with group health and dental insurance from the date of retirement to age 65 at the same rate provided to current employees. Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75) is applicable to the County due to the resulting implicit rate subsidy. The County's postemployment benefit plan is a single-employer plan and is substantially the same plan that is provided to current employees. This is not a stand-alone plan and there are no separately issued financial statements.

Funding Policy

The County collects insurance premiums from all retirees each month. The County then pays health and dental insurance premiums for all retirees at the blended rate for each family classification. The required contributions to the plan include the employer's pay-as-you-go amount, an amount paid by retirees and an additional amount calculated to pre-fund future benefits as determined by the actuary.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

For fiscal year 2017-18, the County contributed \$526 and retirees made payments of \$1,210. The County has elected to not pre-fund the actuarially determined future cost amount of \$3,856.

As of the valuation date of June 30, 2018, there were 131 retirees and surviving spouses participating in the County’s OPEB plan with an average retirement age of 56.7 years and current average age of 60.8 years.

County OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County’s OPEB Obligation

The County’s total OPEB liability of \$3,856 was measured as of June 30, 2018 and was determined by an actuarial valuation as of the same date.

For the fiscal year ended June 30, 2018, the County recognized OPEB expense from this plan of \$258. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to the County’s OPEB plan from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 158	—
Changes of assumptions	—	568
Total	\$ <u>158</u>	<u>568</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 40
2020	40
2021	40
2022	40
2023	40
Thereafter	210
	\$ <u>410</u>

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Actuarial Assumptions and Other Inputs

The total County OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, level percent of salary
Actuarial Assumptions:	
Discount Rate	3.87% (increased from 3.00%)
Inflation Rate	2.50%
Projected Salary Increases	3.50%
Premium Rate	5.00%
Enrollment Rate	15.00% (decreased from 20.00%)
Covered Dependents	45.00% (increased from 40.00)
Persistence	6.00% (decreased from 8.00%)
Spouse's Age	Male spouses are assumed to be 2 years older than female spouses
Disability Rate	Assumed immaterial for purposes of this actuarial valuation
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial valuations are performed annually as of June 30th. The methods and assumptions shown above are based on the June 30, 2018 actuarial valuation.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Changes in the Total County OPEB Obligation

	<u>Total County OPEB Obligation</u>	
Balance at 6/30/17, as restated	\$	4,534
Benefit payments		(526)
Service cost		133
Interest on total OPEB obligation		165
Change in assumptions		(623)
Experience (gain)/loss		173
Balance at 6/30/18	\$	<u><u>3,856</u></u>

Sensitivity of the County Total OPEB Liability

The following presents the total County OPEB obligation, as well as what the County’s total OPEB obligation would be if it were calculated using a discount rate that is 1% lower (2.87%) or 1% higher (4.87%) than the current discount rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total County OPEB Obligation	\$ <u>4,109</u>	<u>3,856</u>	<u>3,623</u>

The following presents the total County OPEB obligation, as well as what the County’s OPEB obligation would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Health Care Trend Rates</u>	<u>1% Increase</u>
Total County OPEB Obligation	\$ <u>3,565</u>	<u>3,856</u>	<u>4,195</u>

Other Post-Employment Benefits – District

Plan Description

The District offers health benefits to retirees under age 65 as well as their qualified dependents at the same rate provided to current employees, as required by Oregon Revised Statutes 243.303. Retirees electing to remain on the District sponsored health plans pay the entire premium for that coverage in order to maintain coverage. Even though the District does not pay any portion of the retiree premium, there is an implicit rate subsidy with respect to retired

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

employees because the medical premium rates charged are less than they would be if the retirees were in a separately rated health plan. Actual medical premium rates are determined by blending both active employee and retiree experience. This “plan” is a single-employer plan and is not a stand-alone plan, and therefore, does not issue its own financial statements. No formal/legal trust has been established for the handling of resources used to fund this benefit.

Funding Policy

The District collects insurance premiums from all retirees each month. The District then pays the health insurance premiums for all retirees at the blended rate for each family classification. The required contributions to the plan include the entity’s pay-as-you-go amount, an amount paid by retirees and an additional amount calculated to prefund future benefits as determined by the actuary.

For fiscal year 2017-18, the District contributed \$191 consisting of retiree payments. The District has elected to not pre-fund the actuarially determined future cost amount of \$1,050.

As of the valuation date of July 1, 2017, there were 147 retirees and surviving spouses participating in the District’s OPEB plan.

District OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the District’s OPEB Obligation

The District’s total OPEB liability of \$1,050 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

For the fiscal year ended June 30, 2018, the District recognized OPEB expense from this plan of \$80. At June 30, 2018, the District reported no deferred outflows of resources or deferred inflows of resources related to the District’s OPEB plan.

Actuarial Assumptions and Other Inputs

The total District OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Valuation Date	July 1, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal, level percent of salary
Actuarial Assumptions:	
Discount Rate	3.75%
Inflation Rate	2.50%
Projected Salary Increases	3.50%
Premium Rate	Declining rate starting at 7.00% in 2018 and ending at 5.0% in 2037 and beyond
Enrollment Rate	Current and future retirees are assumed to remain enrolled in the plans in which they are currently enrolled, if any.
Covered Dependents	70% of future retirees electing coverage are assumed to cover a spouse as well.
Persistence	6.00% (decreased from 8.00%)
Spouse's Age	Male spouses are assumed to be 3 years older than female spouses
Mortality	<p><i>Healthy retirees and beneficiaries:</i></p> <p>RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation.</p> <p><i>Active members:</i></p> <p>Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><i>Disabled retirees:</i></p> <p>Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Actuarial valuations are performed annually as of July 1st. The methods and assumptions shown above are based on the July 1, 2017 actuarial valuation.

Changes in the Total District OPEB Obligation

	Total District OPEB Obligation	
Balance at 6/30/17	\$	1,041
Benefit payments		(80)
Service cost		51
Interest on total OPEB obligation		38
Balance at 6/30/18	\$	<u>1,050</u>

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Sensitivity of the District Total OPEB Liability

The following presents the total District OPEB obligation, as well as what the District’s total OPEB obligation would be if it were calculated using a discount rate that is 1% lower (2.75%) or 1% higher (4.75%) than the current discount rate:

	<u>1% Decrease</u>	Current <u>Discount Rate</u>	<u>1% Increase</u>
	<u>2.75%</u>	<u>3.75%</u>	<u>4.75%</u>
Total District OPEB Obligation	\$ <u>1,113</u>	<u>1,050</u>	<u>989</u>

The following presents the total District OPEB obligation, as well as what the District’s OPEB obligation would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	Current <u>Health Care</u> <u>Trend Rates</u>	<u>1% Increase</u>
Total District OPEB Obligation	\$ <u>956</u>	<u>1,050</u>	<u>1,157</u>

Retirement Health Insurance Account (RHIA) - County

Plan Description

As a member of the Oregon Public Employees Retirement System (OPERS), the County contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefits other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefits 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 may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

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 be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll first became effective July 1, 2017. The County's contribution rates for the period were 0.50% for Tier 1/Tier 2 members and 0.43% for OPSRP general service and police and fire members. The County's total contributions for the year ended June 30, 2018 was \$635.

County PERS OPEB RHIA Liability (Asset), OPEB RHIA Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the County's PERS OPEB Liability (Asset)

At June 30, 2018, the County reported an asset of \$530 for its proportionate share of the PERS OPEB RHIA asset. The net PERS OPEB RHIA asset was measured as of June 30, 2017, and the total PERS OPEB RHIA asset used to calculate the net PERS OPEB RHIA asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The County's proportion of the net PERS OPEB RHIA asset was based on a projection of the County's long-term share of contributions to the PERS OPEB RHIA plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the County's proportion was 1.27%, which is 0.03% less than its proportion of 1.30% measured as of June 30, 2017.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

For the year ended June 30, 2018, the County recognized pension expense of \$1 for the PERS OPEB RHIA plan as a result of the adoption of GASB Statement No. 75. At June 30, 2018, the County reported deferred outflows or resources and deferred inflows of resources related to the PERS OPEB RHIA from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on investments	\$ —	245
Changes in proportionate share	<u>—</u>	<u>6</u>
Subtotal	—	251
Contributions subsequent to the measurement date	<u>635</u>	<u>—</u>
Total	<u>\$ 635</u>	<u>251</u>

Deferred outflows of resources related to the PERS OPEB RHIA of \$635 resulting from the County's contributions subsequent to the measurement date will be recognized as an increase of the net PERS OPEB RHIA asset in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the PERS OPEB RHIA will be recognized in PERS OPEB RHIA income as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 64
2020	64
2021	63
2022	<u>60</u>
	<u>\$ 251</u>

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Actuarial Methods and Assumptions

The total PERS OPEB liability (asset) in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Long-term Expected Rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Retiree Healthcare Participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 experience study which reviewed experience for the four-year period ended on December 31, 2014.

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.00%	3.00%	0.00%
Debt Securities	15.00%	25.00%	20.00%
Public Equity	32.50%	42.50%	37.50%
Real Estate	9.50%	15.50%	12.50%
Private Equity	14.00%	21.00%	17.50%
Alternative Equity	0.00%	12.50%	12.50%
Opportunity Portfolio ⁽¹⁾	0.00%	3.00%	0.00%
Total			<u>100.00%</u>

⁽¹⁾ Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan assets.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual Return (Geometric)</u>	<u>Standard Deviation</u>
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Market Equities	4.12%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Discount Rate

The discount rate used to measure the total PERS OPEB RHIA liability (asset) was 7.50% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those contributing employers are made at contractually required rates, actuarially determined. Based on this assumption, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the total PERS OPEB RHIA liability (asset). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. GASB 75 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- PERS has a formal policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that the payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projects regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS's independent actuary's opinion that the detailed depletion date projections would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Sensitivity of the County’s Proportionate Share of the Net PERS OPEB RHIA Liability (Asset) to Changes in the Discount Rate

The following presents the County’s proportionate share of the net PERS OPEB RHIA liability (asset) calculated using the discount rate of 7.50%, as well as the County’s proportionate share of the net PERS OPEB RHIA liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	1% Decrease	Current	1% Increase
	6.50%	Discount Rate	8.50%
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
County's proportionate share of the net PERS OPEB RHIA liability (asset)	\$ <u>74</u>	\$ <u>(530)</u>	\$ <u>(1,042)</u>

PERS OPEB RHIA Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

Retirement Health Insurance Account (RHIA) - District

Plan Description

As a member of OPERS, the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefits other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefits 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 may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

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 be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 shall be paid by the eligible retired member in the manner provided in ORS

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

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

Contributions

PERS funding policy provides for employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll first became effective July 1, 2017. The District's contribution rates for the period were 0.50% for Tier 1/Tier 2 members and 0.43% for OPSRP general service members. The District's total contributions for the year ended June 30, 2018 was \$146.

District PERS OPEB RHIA Liability (Asset), OPEB RHIA Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the District's PERS OPEB Liability (Asset)

At June 30, 2018, the District reported an asset of \$118 for its proportionate share of the PERS OPEB RHIA asset. The net PERS OPEB RHIA asset was measured as of June 30, 2017, and the total PERS OPEB RHIA asset used to calculate the net PERS OPEB RHIA asset was determined by an actuarial valuation as of December 31, 2015 rolled forward to June 30, 2017. The District's proportion of the net PERS OPEB RHIA asset was based on a projection of the District's long-term share of contributions to the PERS OPEB RHIA plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2018, the District's proportion was 0.28%, which is substantially unchanged from its proportion as of June 30, 2016.

For the year ended June 30, 2018, the District recognized pension expense of \$1 for the PERS OPEB RHIA plan as a result of the adoption of GASB Statement No. 75. At June 30, 2018, the District reported deferred outflows or resources and deferred inflows of resources related to the PERS OPEB RHIA from the following sources:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on investments	\$ —	55
Subtotal	—	55
Contributions subsequent to the measurement date	146	—
Total	<u>\$ 146</u>	<u>55</u>

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Deferred outflows of resources related to the PERS OPEB RHIA of \$146 resulting from the District's contributions subsequent to the measurement date will be recognized as an increase of the net PERS OPEB RHIA asset in the year ended June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to the PERS OPEB RHIA will be recognized in PERS OPEB RHIA income as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2019	\$ 14
2020	14
2021	14
2022	13
	<u>\$ 55</u>

Actuarial Methods and Assumptions

The total PERS OPEB liability (asset) in the December 31, 2015 actuarial valuation was determined using the following actuarial methods and assumptions:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Valuation Date	December 31, 2015
Measurement Date	June 30, 2017
Experience Study	2014, published September 2015
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Inflation Rate	2.50%
Long-term Expected Rate of Return	7.50%
Discount Rate	7.50%
Projected Salary Increases	3.50%
Retiree Healthcare Participation	Healthy retirees: 38%; Disabled retirees: 20%
Healthcare Cost Trend Rate	Not applicable
Mortality	<i>Healthy retirees and beneficiaries:</i> RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. <i>Active members:</i> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. <i>Disabled retirees:</i> Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 experience study which reviewed experience for the four-year period ending on December 31, 2014.

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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Asset Class</u>	<u>Target Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.00%	3.00%	0.00%
Debt Securities	15.00%	25.00%	20.00%
Public Equity	32.50%	42.50%	37.50%
Real Estate	9.50%	15.50%	12.50%
Private Equity	14.00%	21.00%	17.50%
Alternative Equity	0.00%	12.50%	12.50%
Opportunity Portfolio ⁽¹⁾	0.00%	3.00%	0.00%
Total			100.00%

⁽¹⁾ Opportunity Portfolio is an investment strategy and it may be invested up to 3% of total plan assets.

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Annual Arithmetic Return</u>	<u>Compound Annual Return (Geometric)</u>	<u>Standard Deviation</u>
Core Fixed Income	8.00%	4.10%	4.00%	4.68%
Short-Term Bonds	8.00%	3.65%	3.61%	2.74%
Bank/Leveraged Loans	3.00%	5.69%	5.42%	7.82%
High Yield Bonds	1.00%	6.67%	6.20%	10.28%
Large/Mid Cap US Equities	15.75%	7.96%	6.70%	17.07%
Small Cap US Equities	1.31%	8.93%	6.99%	21.35%
Micro Cap US Equities	1.31%	9.37%	7.01%	23.72%
Developed Foreign Equities	13.13%	8.34%	6.73%	19.40%
Emerging Market Equities	4.12%	10.56%	7.25%	28.45%
Non-US Small Cap Equities	1.88%	9.01%	7.22%	20.55%
Private Equity	17.50%	11.60%	7.97%	30.00%
Real Estate (Property)	10.00%	6.48%	5.84%	12.00%
Real Estate (REITS)	2.50%	8.74%	6.69%	22.02%
Hedge Fund of Funds - Diversified	2.50%	4.94%	4.64%	8.09%
Hedge Fund - Event-driven	0.63%	7.07%	6.72%	8.90%
Timber	1.88%	6.60%	5.85%	13.00%
Farmland	1.88%	7.11%	6.37%	13.00%
Infrastructure	3.75%	8.31%	7.13%	16.50%
Commodities	1.88%	6.07%	4.58%	18.40%
Assumed Inflation - Mean			2.50%	1.85%

*Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Fund, revised as of December 3, 2014. The revised allocation was adopted at the June 3, 2015 OIC meeting.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Discount Rate

The discount rate used to measure the total PERS OPEB RHIA liability (asset) was 7.50% for the RHIA Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those contributing employers are made at contractually required rates, actuarially determined. Based on this assumption, the RHIA plan's fiduciary net position was projected to be available to make all projected future benefit payments for current plan members. Therefore, the long-term expected rate of return on plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Depletion Date Projection

GASB 75 generally requires that a blended discount rate be used to measure the total PERS OPEB RHIA liability (asset). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's fiduciary net position is projected to cover benefit payments and administrative expenses. GASB 75 does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- PERS has a formal policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that the payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projects regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is OPERS's independent actuary's opinion that the detailed depletion date projections would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Sensitivity of the District’s Proportionate Share of the Net PERS OPEB RHIA Liability (Asset) to Changes in the Discount Rate

The following presents the District’s proportionate share of the net PERS OPEB RHIA liability (asset) calculated using the discount rate of 7.50%, as well as the District’s proportionate share of the net PERS OPEB RHIA liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate.

	<u>1% Decrease</u>	<u>Current</u> <u>Discount Rate</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
District's proportionate share of the net pension liability (asset)	\$ 16	(118)	(232)

PERS OPEB RHIA Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued OPERS financial report.

Insured Risks - County

The County periodically assesses the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The County is not involved in any risk pools with other governmental entities. For dental, workers’ compensation, liability/casualty and unemployment compensation claims, the County funds such liabilities on a pay-as-you-go basis from its own resources.

As required by an agreement with the third-party administrator of Medicaid funds received from the State, the County has set aside \$5,853 in restricted cash in its non-major governmental funds to cover approximately four months’ worth of operating expenses should the Health Share of Oregon program unexpectedly end and the flow of revenue stop.

Liabilities for the County are recorded when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimates are based on historical trend analyses of similar injuries and claims. The liabilities include an amount for claims that have been incurred but not reported. Estimates are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. Changes in the balances of the County’s accrued self-insurance liabilities during the current and prior fiscal years were as follows:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

<u>Fiscal Year</u>	<u>Beginning of fiscal year liability</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Balance at fiscal year-end</u>
2015-16	\$ 3,695	4,145	(3,808)	4,032
2016-17	4,032	4,946	(4,691)	4,287
2017-18	4,287	6,607	(4,678)	6,216

The Authority, URMD, ESPD, NBCSD and SDL are component units with no employees and as such are not subject to dental, workers’ compensation or unemployment claims. County employees participate in dental, liability and casualty coverage, with the exception of the Housing Authority, which is insured through the Housing Authority Risk Retention Pool (HARRP).

Insured Risks and Captive Insurance - District

The District periodically assesses the proper combination of commercial insurance and retention of risk to cover losses to which it may be exposed. The District currently utilizes two government entity self-insured risk pools through Special Districts Association of Oregon (SDAO) for its workers’ compensation and liability insurance.

The District is insured under a retrospective plan for workers’ compensation and for costs in excess of insurance policy retention (deductible) limits on fire loss, property damage, and all risk coverage (theft, vandalism, etc.).

Liabilities for the District are recorded when it is both probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimates are based on historical trend analyses of similar injuries and claims and include an amount for claims that have been incurred but not reported. Liabilities are reevaluated periodically to consider current settlements, frequency of claims, past experience and economic factors. Changes in the balances of the District’s accrued self-insurance liabilities during the current and prior fiscal years were as follows:

<u>Fiscal Year</u>	<u>Beginning of fiscal year liability</u>	<u>Current year claims and changes in estimates</u>	<u>Claims payments</u>	<u>Balance at fiscal year-end</u>
2015-16	\$ 310	130	(98)	342
2016-17	342	607	(475)	474
2017-18	474	498	(403)	569

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

CWIC was formed under the laws of the State of Hawaii as single member Limited Liability Company (LLC) captive insurance company pursuant to Chapter 428 and Article 19 of Chapter 431 of the Hawaii Revised Statutes. CWIC received its Certificate of Authority from the Hawaii Insurance Division on June 30, 2016, and operations commenced on July 1, 2016. The Certificate of Authority enables CWIC to operate as a captive insurance company in the State of Hawaii. The District is the sole member of CWIC. Insurance exposures covered by the Captive include the non-represented employee self-insurance dental and vision plans, general liability self-insured retention of \$50,000, automobile liability self-insured retention of \$50,000, property damage self-insured retention of \$5 million, and uninsured risk within these categories up to policy limits.

The Hawaii Insurance Division established certain minimum capital and surplus requirements for CWIC which are required to be maintained at all times. The minimum was set at \$250 at formation. As of June 30, 2018, CWIC was in compliance with the minimum capital and surplus requirements of the State of Hawaii.

Solid Waste Landfill Closure

State and Federal laws and regulations require the County to place a final cover on its landfill once it stops accepting municipal solid waste (MSW) and to perform certain maintenance and monitoring functions at the site for 30 years after closure.

The County operated the Shadybrook Landfill from 1955 to 1971. The County Sheriff's Office operated a pistol range on the edge of the landfill from 1971 to 1988. An erosion control fence was constructed along the perimeter of the site and grass seed was placed over the landfill in 2002. In April 2004, the County met with the Department of Environmental Quality (DEQ) to discuss environmental concerns and enter into a voluntary cleanup program.

On August 15, 2013, the County received a letter from Oregon Department of Environmental Quality stating that they have determined that no further action is required to address environmental contamination at the former Shadybrook Landfill property provided the engineering and institutional controls installed at the site are maintained.

Pollution Remediation

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* (GASB 49) addresses accounting and financial reporting standards for pollution (including contamination) and remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the Statement excludes pollution prevention or control obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

landfill closure and post-closure care and nuclear power plant decommissioning. The County and an engineering firm, with expertise in this area, arrived at the estimates in accordance with the standards. The estimates were calculated using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts. Such estimated obligations are subject to changes resulting from price increases or reductions, technology, or changes in applicable laws and regulations.

The Bridgeport Village Development is the only County property with a pollution remediation obligation where obligating events have occurred and amounts are estimable. This site was a former gravel quarry that has been owned by the County since 1939. Quarry operations were conducted from 1952 through the early 1970's. The quarry excavation was subsequently filled from 1992 through 2002, primarily with inert soil, concrete, and hardened asphalt. In addition organic land clearing debris, wood debris, and building demolition materials were periodically disposed in the pit.

Land use surrounding the site includes a mixture of residential, commercial and light industry. A developer entered into a purchase agreement with the County to redevelop the site as an upscale commercial and retail complex. Environmental investigations in 2003 revealed the presence of methane gas in the subsurface fill material throughout the site; the likely source of the methane was the decomposition of the organic materials used as fill. That same year the County entered into a voluntary cleanup program with Department of Environmental Quality (DEQ).

In February 2004, DEQ issued a Record of Decision requiring methane gas mitigation as part of the site development. An engineering firm is currently contracted by the County to perform the ongoing monitoring and meet DEQ reporting requirements. The pollution remediation obligation estimate at June 30, 2018 for the ongoing monitoring, maintenance, and DEQ reporting costs is \$4,620.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Transfers

The following schedule reconciles transfers in and out on the Statement of Revenues, Expenditures and Changes in Fund Balance – All Governmental Fund Types:

Transfers in:		
General Fund	\$ 2,005	2%
Human Services Fund	3,024	2%
Road Fund	1,026	1%
Major Streets Transportation Improvement Program III Fund	35,445	29%
Non-major funds	<u>77,544</u>	<u>64%</u>
Total governmental funds	119,044	98%
Internal Service Funds	2,000	2%
Housing Authority of Washington County	<u>299</u>	<u>0%</u>
	<u><u>121,343</u></u>	<u><u>100%</u></u>
Transfers out:		
General Fund	108,589	90%
Human Services Fund	204	0%
Road Fund	1,978	2%
Major Streets Transportation Improvement Program III Fund	421	0%
Non-major funds	<u>10,144</u>	<u>8%</u>
Total governmental funds	121,336	100%
Service District for Lighting No. 1	<u>7</u>	<u>0%</u>
	<u><u>\$ 121,343</u></u>	<u><u>100%</u></u>

The following are the major reasons for the above transfers:

Major streets improvement programs and the Cooperative Library Services Fund operated on fixed-rate serial levies until 1998-99. With the passage of Measures 47 and 50, those fixed-rate serial levies were combined with the County's permanent tax rate and now receive a majority of their funding directly from the County's General Fund. These transfers comprise approximately \$35,445 to major streets improvement programs and \$19,782 to Cooperative Library Services Fund. These transfers are responsible for 46% of all transfers. Transfers between the other operating funds are a result of normal course of operations.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Tax Abatements

GASB Statement No. 77, *Tax Abatement Disclosures* was implemented in the 2016-17 fiscal year. This Statement establishes financial reporting standards for tax abatement agreements entered into by state and local governments. The County's property tax revenues were materially impacted by six tax abatement programs for the fiscal year ended June 30, 2018.

Enterprise Zone

Oregon's enterprise zones offer a unique resource to Oregon communities, and an excellent opportunity for businesses growing or locating in Oregon. Primarily, enterprise zones exempt businesses from local property taxes on new investments for a specified amount of time, which varies among the different zone programs. To qualify for an enterprise zone exemption, the business agrees to increase full-time employment by 10%, have no concurrent job losses outside the zone boundary, maintain minimum employment levels, enter into a first-source agreement with local job training providers and satisfy any additional conditions. The County's Enterprise Zone reduction in property tax revenues is estimated at \$1,923.

Construction in Process in Enterprise Zone

Oregon's construction in process enterprise zone abatement allows unfinished facility improvements to within designated enterprise zones to be exempt from local property taxes for up to two years while under construction. Requirements to qualify for this abatement are similar to the requirements to qualify as an enterprise zone business, with some additional conditions; the facility must qualify as an enterprise zone eligible property upon completion and it shall not be operated as all or a part of a hotel, motel, or destination resort. The County's Construction in Process in Enterprise Zone reduction in property tax revenues is estimated at \$14.

Nonprofit Corporation Low Income Housing

The 1985 Oregon legislature authorized a property tax abatement for low-income housing held by charitable, nonprofit organizations. The tax abatement is intended to benefit low-income renters and is available for qualifying property located in some parts of the County. Nonprofit (IRS 501(c)(3) or (4) organizations are responsible for the day-to-day management of the property. Cities/County may set additional terms and may depend on the existence of development prior to application or not. The County's reduction in revenues is estimated at \$101 for this program.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Housing for Low Income Rental

The Housing for Low Income Rental abatement was adopted by the Oregon Legislature in 1989 and is designed to benefit low-income renters by providing full property tax exemption for property that can be owned by either a nonprofit or for-profit entity. The owner of the property must reduce their rents to reflect the full value of the exemption, and the property must be occupied by renters whose incomes are at or below 60 percent of the median. The abatement is effective for 20 years, although it only covers new construction built before January 1, 2010. The County's reduction in revenues is estimated at \$3 for this program.

Strategic Investment Program

The Strategic Investment Program (SIP) was adopted by the Oregon Legislature in 1993. It allows business and local governments to negotiate alternative property tax agreements if these business are willing to invest at least \$100,000 at an urban site or at least \$25,000 at a rural location in Oregon, particularly in capital-intensive, high-technology employers. The County is currently a partner in SIP agreements with both Intel Corporation and Genentech, and its reduction in property tax revenues is estimated at \$41,512.

Vertical Housing

The Vertical Housing Program (VIP) first began in 2003 and encourages mixed-use commercial and residential developments in areas designated by communities through a partial property tax abatement. The abatement varies in accordance with the number of residential floors on a project with a maximum exemption of 80 percent over 10 years. An additional exemption on the land is allowed if some or all of the residential housing is for low-income persons (80 percent of the area median income or below). The County's VIP reduction in property tax revenues is estimated at \$219.

Related Party Transactions – County

Washington County performs certain fiscal and accounting services, partnering in capital projects and provides certain facility related services, for which the District was charged approximately \$242 during fiscal year 2017-18.

Related Party Transactions – District

On April 16, 2013, the District entered into a new Operating Agreement with the Clean Water Institute (CWI). Under the Operating Agreement, the District may provide resources to conduct work for CWI. Upon mutual agreement, the District and CWI may enter into agreements which shall describe the particular scope of services to be performed by the District for CWI. The District may also provide staff and resources to provide administrative support to CWI and

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

charge CWI for such support. The District has billed CWI \$22 for such services under the Operating Agreement for fiscal year ended June 30, 2018. CWI also billed the District \$2 for professional services during fiscal year 2018.

On October 26, 2010, the District entered into a loan agreement with CWI. The agreement allows for loans and/or advances from the District to CWI of up to \$400 through fiscal year 2014-15. The agreement was subsequently amended to extend the agreement term and repayment of principal and interest to July 1, 2020. Interest on outstanding loan balances due from CWI to the District are calculated monthly and based on 1.1 times the average monthly Oregon Local Government Investment Pool (LGIP) rates. During fiscal year 2018, CWI was charged \$4 in interest, and made payments totaling \$9, leaving a loan balance of \$209 as of June 30, 2018.

On September 21, 2010, the District entered into an Assignment Agreement with CWI, which assigned certain intellectual property rights to CWI. The agreement requires CWI to share future revenues generated from the licensing of these intellectual property rights with the District. Per this agreement, all revenues associated with the agreement received by CWI shall first be applied to repay the loan amounts to the District and any revenues in excess of the loan amount will be shared equally between CWI and the District. In accordance with the agreement, CWI has remitted proceeds of \$9 to the District in fiscal year 2017-18 which were applied against the loan balance referenced above. The Assignment Agreement was amended on June 19, 2018, changing the allocation of revenues associated with the intellectual property. Revenues received by CWI shall be shared equally (50% District and 50% CWI). The District will credit this 50% share of revenue toward the outstanding CWI loan balance until fully paid.

Clean Water Insurance Company (CWIC) began operations on July 1, 2016. The District paid dental premiums of \$245, vision premiums of \$16, and auto, general liability, and property insurance premiums totaling \$381 during fiscal year 2018. The District also reported \$9 in contributed capital related to deposits released by the dental plan. CWIC reimbursed the District for claims filed totaling \$39 during fiscal year 2018.

Contingency - County

Amounts received or are due from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds.

Various claims and lawsuits against the County are pending. These claims are either covered by insurance or are the type which is normal in view of the County's operations. County management believes the total amount of liability, if any, which may arise from such claims and lawsuits beyond that which is covered by insurance would not have a material effect on the County's financial condition or its ability to carry on its activities substantially as now conducted.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Contingency - District

The District is involved as a defendant in several claims and disputes which, for the most part, are normal to the District's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon the District's financial position or results of operations.

Commitments - County

The County has committed over \$91,111 to fund certain specific road construction projects over the next four to five years; \$7,698 for jail inmate health care services over the next two years; \$72,536 for Countywide library services over the next three years; \$92 for kitchen services at the jail through July 2019; and \$14 for entrance security services for the state courts in County buildings for next year.

Facilities has committed \$7,520 for seismic retrofit and upgrades to several county buildings; architectural services of \$6,472 for the new Events Center at the County Fair Grounds; architectural and engineering services of \$919 for the new headquarters for Washington County Consolidated Communication Agency (WCCCA) the County's 911 system; and renovations and improvements to the Public Safety Training Center of \$6,229.

The Community Corrections Center has contracted for pharmacy and psychiatric nurse practitioner services, batterer treatment for domestic violence offenders, and sex offender treatment services and mentoring to assist in the reintegration of substance abuse offenders in the combined amount of approximately \$3,257. Juvenile detention services at the Donald E. Long facility have been contracted with Multnomah County for approximately \$4,249 over the next year.

The County has contracted for fuel for all County vehicles and equipment of \$1,113 and \$695 for janitorial services for all County facilities over the next year. The County has also contracted various building lease agreements for approximately \$6,225 over the next five to ten years.

Commitments – District

The District is committed for approximately \$79,000 for various construction projects and other significant commitments at June 30, 2018. The District plans to finance these projects using existing resources.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

Restatement – County

The County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the current fiscal year, which replaces GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. This statement is effective for fiscal years beginning after June 15, 2017. The County adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the statements as follows:

	<u>Primary Government</u>
Net position July 1, 2017	\$ 2,282,735
Cumulative effect of change in accounting principle	
County OPEB Plan	731
PERS OPEB RHIA Plan	<u>279</u>
Net position July 1, 2017, as restated	<u>\$ 2,283,745</u>

Restatement – District

The District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in the current fiscal year, which replaces GASB Statement No. 45, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions, as amended*, and GASB Statement No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. This statement addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. This statement is effective for fiscal years beginning after June 15, 2017. The District adopted this new pronouncement in the current year and, accordingly, has restated amounts of effected balances within the statements as follows:

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2018

(Dollars in thousands)

	Component Unit
Net position July 1, 2017	\$ 748,440
Cumulative effect of change in accounting principle	
District OPEB Plan	(471)
PERS OPEB RHIA Plan	<u>63</u>
Net position July 1, 2017, as restated	<u>\$ 748,032</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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WASHINGTON COUNTY, OREGON

Budgetary Comparison

General Fund

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:				
Taxes	\$ 145,546	145,837	145,743	(94)
Licenses and permits	7,759	7,759	7,367	(392)
Intergovernmental revenues	16,552	17,748	19,072	1,324
Charges for services	11,091	11,091	10,341	(750)
Fines and forfeitures	2,972	2,972	2,259	(713)
Miscellaneous revenues	4,819	4,819	4,790	(29)
Interfund revenues	7,225	7,225	7,094	(131)
Total revenues	<u>195,964</u>	<u>197,451</u>	<u>196,666</u>	<u>(785)</u>
Expenditures:				
General government:				
Board of County Commissioners	492	502	489	13
County administrative office	2,275	2,275	2,224	51
Community network	567	567	567	—
Community engagement	681	681	579	102
County counsel	2,504	2,504	2,307	197
County auditor	496	496	420	76
County emergency management	914	914	783	131
Elections	2,253	2,253	2,055	198
Assessment and taxation	10,871	10,871	10,027	844
County communications	1,043	1,193	1,118	75
Financial management	2,587	2,652	2,580	72
Human resources	2,867	2,867	2,533	334
Information services	15,857	15,857	14,025	1,832
Purchasing	453	453	442	11
Facilities management	11,065	11,065	10,308	757
Subtotal	<u>54,925</u>	<u>55,150</u>	<u>50,457</u>	<u>4,693</u>
Public safety and justice:				
Law enforcement services	22,692	22,692	21,283	1,409
Jail operations	26,599	26,599	25,272	1,327
Sheriff's office administration	5,258	5,258	5,066	192
Jail health care	5,075	5,225	5,199	26
District Attorney	12,248	12,248	11,730	518
Washington County justice court	810	810	776	34
Juvenile	6,993	6,993	6,562	431
Juvenile administration	1,409	1,409	1,405	4
Subtotal	<u>81,084</u>	<u>81,234</u>	<u>77,293</u>	<u>3,941</u>
Land use and transportation				
Planning	3,964	3,964	3,557	407
Water Master	206	206	203	3
Subtotal	<u>4,170</u>	<u>4,170</u>	<u>3,760</u>	<u>410</u>
Housing, health and human services:				
Public health	15,602	15,602	14,666	936
Health and human services administration	1,762	1,762	1,680	82
Animal services	2,795	2,795	2,372	423
Veterans services	1,076	1,096	1,065	31
Subtotal	<u>21,235</u>	<u>21,255</u>	<u>19,783</u>	<u>1,472</u>
Culture, education and recreation:				
Agriculture activities	494	494	485	9
Parks	1,199	1,199	1,086	113
Subtotal	<u>1,693</u>	<u>1,693</u>	<u>1,571</u>	<u>122</u>
Non-operating:				
Miscellaneous	1,369	2,571	1,027	1,544
Subtotal	<u>1,369</u>	<u>2,571</u>	<u>1,027</u>	<u>1,544</u>
Operating contingency	33,824	31,479	—	31,479
Total expenditures	<u>198,300</u>	<u>197,552</u>	<u>153,891</u>	<u>43,661</u>
Revenues over expenditures	<u>(2,336)</u>	<u>(101)</u>	<u>42,775</u>	<u>42,876</u>
Other financing sources (uses):				
Transfers in from other funds	34,261	34,526	30,917	(3,609)
Transfers out to other funds	(77,755)	(80,257)	(80,003)	254
Total other financing uses	<u>(43,494)</u>	<u>(45,731)</u>	<u>(49,086)</u>	<u>(3,355)</u>
Net change in fund balance	<u>(45,830)</u>	<u>(45,832)</u>	<u>(6,311)</u>	<u>39,521</u>
Fund balance July 1, 2017	<u>(45,830)</u>	<u>(45,830)</u>	<u>48,784</u>	<u>94,614</u>
Fund balance June 30, 2018	\$ <u>(91,660)</u>	<u>(91,662)</u>	<u>42,473</u>	<u>134,135</u>
Certain governmental funds are reported in the General Fund on a GAAP basis:				
Gain Share Fund			7,214	
PERS Rate Stabilization Fund			6,654	
Strategic Investment Program Fund			8,648	
Survey Fund			1,059	
Fund balance, GAAP basis, June 30, 2018			\$ <u>66,048</u>	

WASHINGTON COUNTY, OREGON
 Budgetary Comparison
 Major Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	HOME Fund				Human Services Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Intergovernmental revenues	\$ 3,423	3,423	1,516	(1,907)	41,264	41,264	20,255	(21,009)
Charges for services	—	—	—	—	13	13	9	(4)
Miscellaneous revenues	—	—	601	601	170	170	108	(62)
Interfund revenues	—	—	—	—	149	149	211	62
Total revenues	<u>3,423</u>	<u>3,423</u>	<u>2,117</u>	<u>(1,306)</u>	<u>41,596</u>	<u>41,596</u>	<u>20,583</u>	<u>(21,013)</u>
Expenditures:								
Current:								
Housing, health and human services	3,423	3,423	2,117	1,306	43,199	43,199	18,475	24,724
Operating contingency	—	—	—	—	3,675	3,675	—	3,675
Total current	<u>3,423</u>	<u>3,423</u>	<u>2,117</u>	<u>1,306</u>	<u>46,874</u>	<u>46,874</u>	<u>18,475</u>	<u>28,399</u>
Capital outlay	—	—	—	—	—	—	26	(26)
Total expenditures	<u>3,423</u>	<u>3,423</u>	<u>2,117</u>	<u>1,306</u>	<u>46,874</u>	<u>46,874</u>	<u>18,501</u>	<u>28,373</u>
Revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(5,278)</u>	<u>(5,278)</u>	<u>2,082</u>	<u>7,360</u>
Other financing sources (uses):								
Transfers in from other funds	—	—	—	—	1,707	1,707	1,793	86
Transfers out to other funds	—	—	—	—	(400)	(400)	(2,651)	(2,251)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,307</u>	<u>1,307</u>	<u>(858)</u>	<u>(2,165)</u>
Net change in fund balances	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,971)</u>	<u>(3,971)</u>	<u>1,224</u>	<u>5,195</u>
Fund balances July 1, 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,971</u>	<u>3,971</u>	<u>2,872</u>	<u>(1,099)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,096</u>	<u>4,096</u>

Certain governmental funds are reported in
the Human Services Fund on a GAAP basis:
Human Services HB 2145 Fund 1,585
Mental Health Crisis Services Fund 1,839
Fund balance, GAAP basis, June 30, 2018 \$ 7,520

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Major Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Road Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Taxes	\$ 890	890	922	32
Licenses and permits	207	207	247	40
Intergovernmental revenues	31,725	31,725	33,478	1,753
Charges for services	821	821	937	116
Special assessments	45	45	37	(8)
Miscellaneous revenues	379	379	421	42
Interfund revenues	7,720	7,720	7,259	(461)
Total revenues	<u>41,787</u>	<u>41,787</u>	<u>43,301</u>	<u>1,514</u>
Expenditures:				
Current:				
Land use and transportation:				
Administration	8,059	8,059	6,814	1,245
Engineering services	5,419	5,419	4,083	1,336
Capital projects management	6,609	6,609	5,600	1,009
Operations and maintenance	28,525	28,525	27,657	868
Operating contingency	12,479	12,479	—	12,479
Total current	<u>61,091</u>	<u>61,091</u>	<u>44,154</u>	<u>16,937</u>
Capital outlay	1,125	1,125	528	597
Total expenditures	<u>62,216</u>	<u>62,216</u>	<u>44,682</u>	<u>17,534</u>
Revenues under expenditures	<u>(20,429)</u>	<u>(20,429)</u>	<u>(1,381)</u>	<u>19,048</u>
Other financing sources (uses):				
Transfers in from other funds	1,026	1,026	1,026	—
Transfers out to other funds	(4,099)	(4,099)	(1,978)	2,121
Total other financing uses	<u>(3,073)</u>	<u>(3,073)</u>	<u>(952)</u>	<u>2,121</u>
Net change in fund balance	<u>(23,502)</u>	<u>(23,502)</u>	<u>(2,333)</u>	<u>21,169</u>
Fund balance July 1, 2017	<u>23,502</u>	<u>23,502</u>	<u>25,662</u>	<u>2,160</u>
Fund balance June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>23,329</u>	<u>23,329</u>

WASHINGTON COUNTY, OREGON
 Required Supplementary Information
 Schedule of Total Liability
 Other Post Employment Benefits
 (Dollars in thousands)

County

<u>Fiscal Year Ending June 30,</u>	<u>County's Total OPEB Liability (Asset)</u>	<u>County's Covered Payroll</u>	<u>County's Total OPEB Liability as a Percentage of Covered Payroll</u>
2017 \$	4,534	135,596	3.34%
2018	3,856	143,660	2.68%

District

<u>Fiscal Year Ending June 30,</u>	<u>District's Total OPEB Liability (Asset)</u>	<u>District's Covered Payroll</u>	<u>District's Total OPEB Liability as a Percentage of Covered Payroll</u>
2017 \$	1,041	25,650	4.06%
2018	1,050	28,354	3.70%

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been established, information is presented only for the years for which the required supplementary information is available.

WASHINGTON COUNTY, OREGON
 Required Supplementary Information
 Schedule of Changes in Total Liability
 Other Post Employment Benefits
 (Dollars in thousands)

County

<u>Fiscal Year Ending June 30,</u>	<u>County's Total OPEB Liability Beginning Balance</u>	<u>County's Service Costs</u>	<u>Interest on the County's Total OPEB Liability</u>	<u>County's Benefit Payments</u>	<u>County's Changes of Assumptions</u>	<u>County's Experience (Gain) or Loss</u>	<u>County's Total OPEB Liability Ending Balance</u>
2018 \$	4,534	133	165	(526)	(623)	173	3,856

District

<u>Fiscal Year Ending June 30,</u>	<u>District's Total OPEB Liability Beginning Balance</u>	<u>District's Service Costs</u>	<u>Interest on the District's Total OPEB Liability</u>	<u>District's Benefit Payments</u>	<u>District's Changes of Assumptions</u>	<u>District's Experience (Gain) or Loss</u>	<u>District's Total OPEB Liability Ending Balance</u>
2018 \$	1,041	51	38	(80)	—	—	1,050

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been established, information is presented only for the years for which the required supplementary information is available.

WASHINGTON COUNTY, OREGON
 Required Supplementary Information
 Schedule of Proportionate Share of
 PERS Net OPEB RHIA Liability (Asset)
 (Dollars in thousands)

County

Fiscal Year Ending June 30,	County's Proportion of the PERS Net OPEB RHIA Liability (Asset) ⁽¹⁾	County's Proportionate Share of the PERS Net OPEB RHIA Liability (Asset) ⁽¹⁾	County's Covered Payroll	County's Proportionate Share of the PERS Net OPEB RHIA Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total PERS Net OPEB RHIA Liability
2017	1.30%	\$ 353	127,667	0.28%	94.15%
2018	1.27%	(530)	135,596	(0.39%)	108.88%

District

Fiscal Year Ending June 30,	District's Proportion of the PERS Net OPEB RHIA Liability (Asset) ⁽¹⁾	District's Proportionate Share of the PERS Net OPEB RHIA Liability (Asset) ⁽¹⁾	District's Covered Payroll	District's Proportionate Share of the PERS Net OPEB RHIA Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total PERS Net OPEB RHIA Liability
2017	0.28%	\$ 77	27,124	0.28%	94.15%
2018	0.28%	(118)	29,042	(0.41%)	108.88%

⁽¹⁾ The amounts presented for each fiscal year were provided by the actuary for OPERS.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been established, information is presented only for the years for which the required supplementary information is available.

WASHINGTON COUNTY, OREGON
 Required Supplementary Information
 Schedule of Other Post Employment Benefit Plan Contributions
 PERS Net OPEB RHIA Plan
 (Dollars in thousands)

County

Fiscal Year Ending June 30,	Statutorily Required Contribution ⁽¹⁾	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percent of Covered Payroll
2017 \$	632	632	—	135,596	0.47%
2018	635	635	—	143,660	0.44%

District

Fiscal Year Ending June 30,	Statutorily Required Contribution ⁽¹⁾	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent of Covered Payroll
2017 \$	141	141	—	29,042	0.49%
2018	146	146	—	30,583	0.48%

⁽¹⁾ The amounts presented for each fiscal year were provided by the actuary for OPERS.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been established, information is presented only for the years for which the required supplementary information is available.

WASHINGTON COUNTY, OREGON
 Required Supplementary Information
 Schedule of Proportionate Share of
 PERS Net Pension Liability (Asset)
 (Dollars in thousands)

County

Fiscal Year Ending June 30,	County's Proportion of the Net Pension Liability (Asset) ⁽¹⁾	County's Proportionate Share of the Net Pension Liability (Asset) ⁽¹⁾	County's Covered Payroll	County's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)
2014	1.80%	\$ 91,736	114,537	80.09%	91.97%
2015	1.80%	(40,747)	117,971	(34.54%)	103.59%
2016	1.80%	103,558	122,731	84.38%	91.88%
2017	1.67%	250,282	127,667	196.04%	80.53%
2018	1.55%	208,340	135,596	153.65%	83.12%

District

Fiscal Year Ending June 30,	District's Proportion of the Net Pension Liability (Asset) ⁽¹⁾	District's Proportionate Share of the Net Pension Liability (Asset) ⁽¹⁾	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2014	0.26%	\$ 13,094	24,142	54.24%	91.97%
2015	0.26%	(5,816)	24,174	(24.06%)	103.59%
2016	0.26%	15,004	25,570	58.68%	91.88%
2017	0.26%	38,730	27,124	142.79%	80.53%
2018	0.27%	36,467	29,042	125.57%	83.12%

⁽¹⁾ The amounts presented for each fiscal year were provided by the actuary for OPERS.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been established, information is presented only for the years for which the required supplementary information is available.

WASHINGTON COUNTY, OREGON
Required Supplementary Information
Schedule of Pension Plan Contributions
Oregon Public Employee Retirement Pension Plan (OPERS)
(Dollars in thousands)

County

Fiscal Year Ending June 30,	Statutorily Required Contribution ⁽¹⁾	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as a Percent of Covered Payroll
2014	\$ 15,396	15,396	—	117,971	13.05%
2015	15,907	15,907	—	122,731	12.96%
2016	18,095	18,095	—	127,667	14.17%
2017	18,755	18,755	—	135,596	13.83%
2018	24,523	24,523	—	143,660	17.07%

District

Fiscal Year Ending June 30,	Statutorily Required Contribution ⁽¹⁾	Contributions in Relation to the Statutorily Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percent of Covered Payroll
2014	\$ 1,701	1,701	—	24,174	7.04%
2015	1,793	1,793	—	25,570	7.01%
2016	2,373	2,373	—	27,124	8.75%
2017	2,544	2,544	—	29,042	8.76%
2018	3,699	3,699	—	30,583	12.09%

⁽¹⁾ The amounts presented for each fiscal year were provided by the actuary for OPERS.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been established, information is presented only for the years for which the required supplementary information is available.

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WASHINGTON COUNTY, OREGON

Notes to Required Supplementary Information

June 30, 2018

(Dollars in thousands)

1. Stewardship, compliance, and accountability

The appropriated budget is prepared by functional area, fund, organization unit and program. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the organization unit level. The Board approved several appropriation adjustments during the year, increasing the budget by \$26,494.

Appropriations and Budgetary Controls Description

In accordance with Oregon Revised Statutes, the County budgets all funds except fiduciary funds. All governmental and proprietary fund types are generally budgeted under the modified accrual basis of accounting, which for all governmental funds represents the GAAP basis as well. Expenditure budgets are appropriated by major function or organizational unit for each fund. These appropriations establish the legal level of control for each fund. Expenditure appropriations may not be legally overexpended except in the case of reimbursable grant expenditures and trust monies that could not be reasonably estimated at the time the budget was adopted.

After budget approval, the Board of County Commissioners may approve supplemental appropriations and appropriation transfers between organizational units or major programs if an occurrence, condition, or need exists which was not known at the time the budget was adopted. The County had six supplemental budgets and two contingency transfers during the year ended June 30, 2018. Both the original adopted budget and the revised budget comparisons are presented in the accompanying budgetary schedules. Appropriations lapse at the end of the fiscal year.

2. Changes in Assumptions – County OPEB Plan

Key changes in assumptions implemented with the June 30, 2018 County actuarial valuation since the prior actuarial valuation of June 30, 2016 include:

- The interest rate for discounting future liabilities was increased from 3.00% to 3.87% to match municipal bond rates, as required by GASB Statement No. 75.
- The rate at which eligible employees elect to participate decreased from 20% to 15% based on recent experience. This assumption change led to a decrease in liabilities of approximately 25% for active employees.

WASHINGTON COUNTY, OREGON

Notes to Required Supplementary Information (continued)

June 30, 2018

(Dollars in thousands)

Changes in Assumptions – District OPEB Plan

Key changes in assumptions implemented with the July 1, 2017 District actuarial valuation since the prior actuarial valuation of July 1, 2015 include:

- The actuarial cost method was changed from Projected Unit Credit to Entry Age Normal, as required by GASB Statement No. 75.
- The interest rate for discounting future liabilities was lowered to match municipal bond rates, as outlined in GASB Statement No. 75.
- Premium increase rates were modified slightly to reflect anticipated experience.
- Aging factors were revised to better align with prevalent actuarial practice.
- The percentage of future retirees covering a spouse on the plan was decreased to reflect anticipated experience.
- Demographic assumptions were revised to match (as closely as possible) those developed in the most recent experience study for OPERS.

Changes in Assumptions – Oregon Public Employee Retirement OPEB Plan (PERS RHIA)

A summary of key changes implemented with the December 31, 2015 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2018, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2014 actuarial valuation can be found at:

<https://www.oregon.gov/pers/emp/pages/GASB.aspx>

Changes in Assumptions - Pensions

A summary of key changes implemented with the December 31, 2015 actuarial valuation which was used in the pension calculations and amounts reported for the fiscal year ended June 30, 2018, along with additional detail and a comprehensive list of changes in methods and assumptions from the December 31, 2014 actuarial valuation can be found at:

<https://www.oregon.gov/pers/emp/pages/GASB.aspx>

OTHER SUPPLEMENTARY INFORMATION

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WASHINGTON COUNTY, OREGON
 Budgetary Comparison
 Major Capital Projects Fund
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Major Streets Transportation Improvement Program III Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Intergovernmental revenues	\$ 8,058	8,058	10,651	2,593
Miscellaneous revenues	1,260	1,260	843	(417)
Total revenues	<u>9,318</u>	<u>9,318</u>	<u>11,494</u>	<u>2,176</u>
Expenditures:				
Current:				
Land use and transportation	148,488	148,779	57,850	90,929
Capital outlay	7,720	7,720	1,128	6,592
Total expenditures	<u>156,208</u>	<u>156,499</u>	<u>58,978</u>	<u>97,521</u>
Revenues under expenditures	<u>(146,890)</u>	<u>(147,181)</u>	<u>(47,484)</u>	<u>99,697</u>
Other financing sources (uses):				
Transfers in from other funds	62,811	63,103	53,079	(10,024)
Transfers out to other funds	(429)	(429)	(421)	8
Total other financing sources	<u>62,382</u>	<u>62,674</u>	<u>52,658</u>	<u>(10,016)</u>
Net change in fund balances	<u>(84,508)</u>	<u>(84,507)</u>	<u>5,174</u>	<u>89,681</u>
Fund balance July 1, 2017	<u>84,508</u>	<u>84,507</u>	<u>101,239</u>	<u>16,732</u>
Fund balance June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>106,413</u>	<u>106,413</u>

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BUDGETARY FUND FINANCIAL STATEMENTS

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WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for revenue derived from specific tax or other revenue sources, including federal and state grant awards, which are restricted or committed to finance particular functions or activities. Funds included in this category are:

- Aging, Disability, & Veteran Services Fund – This fund accounts for various services provided for elderly and disabled persons in the County in conjunction with the state, as well as services to veterans.
- Air Quality Fund – This fund accounts for various air quality improvement projects throughout the County.
- Animal Services Gifts and Donations Fund – This fund accounts for financial contributions from private donors for the animal services program.
- Building Services Fund – This fund provides inspection and plan review services related to conformance with the state building, mechanical, electrical, planning, and mobile home codes and ordinances.
- Children and Youth Services Commission Fund – This fund accounts for the development, administration, and evaluation of the annual comprehensive juvenile services of the County.
- Community Corrections Fund – This fund accounts for the custodial and supervisory services for offenders adjudicated through the criminal justice system of the County.
- Cooperative Library Services Fund – This fund accounts for the coordination and contracting to provide a full range of library services to all residents of the County.
- Court Security Fund – This fund accounts for the receipt and expenditure of County fine assessments earmarked for court security programs.
- Department of Housing Services Fund – This fund accounts for the activities of the County and support services to the Housing Authority of Washington County housing programs.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

- Development Services Fund – This fund accounts for activities pertaining to land development in the unincorporated areas of the County, and provides for development compliance/code enforcement activities as they relate to enforcement of the County's community development code and related ordinances.
- District Patrol Fund – This fund accounts for the contracted responsibility of providing enhanced patrol and related services to the Enhanced Sheriff's Patrol District.
- Emergency Medical Services Fund – This fund accounts for the coordination of ambulance services in the County.
- Enhanced Sheriff's Patrol District Fund (Component Unit) – The District provides an enhanced level of sheriff patrol in the urban unincorporated areas of the County funded by a permanent tax rate and voter approved five-year operating levies. A replacement five-year levy was approved by voters in November 2012 that became effective July 1, 2013. The District contracts with Washington County to provide the required police patrols.
- Health Share of Oregon Fund – This fund accounts for monies received from the State to manage the physical, mental, dental, and addictions benefits for Oregon Health Plan members that reside within the County.
- Human Services OHP Fund – This fund accounts for monies received from the Oregon Health Plan to provide mental health services to County residents enrolled in the plan. OHP Mental Health provides overall management of the program; including administration, reporting, quality assurance, and oversight of the contracted service providers and third-party claims administrators.
- ITS Systems Replacement Fund – This fund provides for the systematic replacement of key information technology assets.
- Jail Commissary Fund – This fund accounts for the goods, services and monies associated with the jail commissary.
- Juvenile Conciliation Services Fund – This fund accounts for custody service fees collected and dedicated to conciliation services by state law. The monies provide custody studies to circuit court, counseling services concerning marriage and divorce, and mediation services in dissolution proceedings involving child custody issues.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

- Juvenile Grants Fund – This fund accounts for grant awards provided to enhance evaluative and diagnostic services to those youth that would be most susceptible to being committed to State training schools.
- Juvenile High Risk Prevention Fund – This fund accounts for grant monies received from the State and contracted to prevention service providers in schools and private non-profit organizations. The funding is used for drug and alcohol evaluation and treatment services to high-risk youth identified by the Juvenile Crime Prevention Plan.
- Law Library Fund – This fund was established in accordance with state statutes to provide legal research and reference materials.
- Local Option Levy Fund – This fund accounts for funds from a local option property tax levy for public safety and justice programs approved by voters. Funds collected are dedicated to improving/restoring service levels in existing County public safety and justice programs.
- Lottery Fund – This fund accounts for the County’s pro-rata share of video lottery revenues received from the State that are to be used to support projects, services, organizations and staff furthering economic development.
- Maintenance Improvement District Fund – This fund accounts for the construction of road maintenance improvement activities undertaken through the maintenance improvement district.
- Metzger Park LID Fund – This fund accounts for the maintenance and administration of programs at Metzger Park.
- North Bethany County Service District for Roads Fund (Component Unit) – The District provides a portion of resources for transportation projects in the recently established North Bethany subarea. Voters approved funding for the District in May of 2011, in the form of additional property taxes levied on properties within the North Bethany subarea.
- Office of Community Development Block Grant Fund – This fund accounts for the management, on behalf of the County and eleven participating city consortium members of the Urban County Entitlement Grant.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

- Sheriff's Office Contract Services Fund – This fund accounts for the contracted responsibility of providing service to Tri-Met Transit Police Division, the Forest Grove School District high school and middle schools, and the County's Elder Abuse Programs. This fund also provides for uniformed law enforcement security and other support services to the Multnomah County Drug and Alcohol Rehabilitation Program housed in space leased from Washington County in the old jail facility.
- Sheriff's Office Forfeitures Fund – This fund accounts for resources from asset forfeitures that typically come from the sale of real and/or personal property seized from offenders involved in drug-related criminal activity. Specific and strict guidelines govern the use of all forfeiture proceeds. These laws change periodically so funds accumulated at different times are subject to varying legal requirements for their use and are accounted for in different programs within this fund.
- Sheriff's Office Grants and Donations Fund – This fund accounts for donations specifically identified for support of the Drug Abuse Resistance Education (DARE) programs and the Local Law Enforcement Block Grant (LLEBG) federal grant awards that require identification and control of related revenues and expenditures.
- Surveyor – Public Land Corner Fund – This fund accounts for activities related to the remonumentation of government survey corners funded through the public land corner preservation fee.
- Tourism Dedicated Lodging Tax Fund – This fund accounts for revenues generated by the three-ninths portion of the Washington County lodging tax that is tourism-dedicated.
- Urban Road Maintenance District Fund (Component Unit) – The District provides an enhanced level of maintenance services to local, minor collector, and public roads in the urban unincorporated areas of Washington County and is funded by an established permanent rate. The District contracts with private firms and with Washington County to provide the required road maintenance services.
- Washington County Fair Fund – This fund accounts for the operation and management of the fairground facilities which provide various services to the public, including the annual County fair.
- West Slope Library Fund – This fund accounts for the provision of public library services for County residents in the unincorporated West Slope/Raleigh Hills area, including circulation of library materials, basic reference service, and children's programs.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

The following funds are presented individually for budgetary purposes. For reporting purposes these funds are combined with the General Fund in accordance with GASB Statement No. 54. See combining schedules on pages 144 and 158.

- Gain Share Fund – This fund accounts for payments from the State’s Gain Share program.
- Indirect Cost Reimbursement Fund – This fund accounts for the indirect costs that are allocated to and recovered from operating departments in connection with the County-wide cost allocation plan. Monies received in this fund are in turn expended as reimbursements to the fund or cost center that provided the service.
- PERS Rate Stabilization Fund – This fund is used to account for monies set aside to fund future rate increases. The funds may be used for employer PERS costs, costs of managing and maintaining the fund and costs related to PERS litigation.
- Strategic Investment Program Fund – This fund accounts for payments and other contributions/payments from companies receiving property tax abatements under the State's Strategic Investment Plan (SIP).
- Survey Fund – This fund encompasses the duties and responsibilities of the County Surveyor, which include documenting, checking and recording subdivisions and plats, performing court-ordered surveys, right-of-way acquisitions, road and easement vacations, road alignment surveying, construction taking, and public assistance.

The following funds are presented individually for budgetary purposes. For reporting purposes these funds are combined with the Human Services Fund in accordance with GASB Statement No. 54. See combining schedules on pages 145 and 159.

- Human Services HB-2145 Fund – This fund accounts for beer and wine tax revenues designated for alcoholism treatment and rehabilitation services.
- Mental Health Crises Services Fund – This fund accounts for the operations of the Mental Health Urgent Care Center (MHUCC), which provides rapid assessment, triage, and connection to mental health and addictions treatment.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

The following fund is presented individually for budgetary purposes. For reporting purposes this fund is combined with the Health Share of Oregon Fund in accordance with GASB Statement No. 54. See combining schedules on pages 153 and 168.

- Tri-County Risk Reserve Fund – This fund holds funds reserved for potential repayment to the Health Share of Oregon (HSO), a Coordinated Care Organization of which Washington County is a member. The fund balance is comprised of funds received from HSO in excess of claims paid by the County on behalf of HSO mental health clients.

DEBT SERVICE FUNDS

The Debt Service Funds account for the payment of principal and interest on general obligation bonds, notes, and contracts payable. Revenue is derived primarily from property taxes and interest earned on special assessments and transfers in from other funds. The funds included in this category are:

- General Obligation Debt Service Fund – This fund is used to pay the principal and interest on the County's general obligation bonds.
- Miscellaneous Debt Service Fund – This fund is an accounting unit for the payment of all other debt owed by the County.
- Series 2016 B FFCO Debt Service Fund – This fund is used to pay the debt service on the County's Series 2016 B Full Faith and Credit Obligation.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for expenditures on major construction projects. Funds included in this category are:

- Bonny Slope West Transportation SDC Fund – This fund accounts for system development charges that will help fund needed capacity improvements in Bonny Slope.
- Building Equipment Replacement Fund – This fund accounts for resources to be used to replace various building and equipment components of the County's buildings.
- Countywide Traffic Impact Fee Fund – This fund accounts for traffic impact fees used to finance extra capacity street facilities required by new development.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

- Emergency Communications System Fund – This fund accounts for the proceeds from the general obligation bonds, approved by voters in the May 2016 election, for the Emergency Communications System project.
- Event Center Fund – This fund accounts for the build out of the new Event Center at the Fair Complex.
- Facilities General Capital Projects Fund – This fund accounts for miscellaneous capital improvement projects.
- Facilities Park (THPRD) SDC Fund – This fund is used to account for system development charges in the northeastern part of the County's urban unincorporated area. Charges are to be used for park capital improvements in the area.
- ITS Capital Projects Fund – This fund accounts for the purchase of IT-related capital assets (software and hardware).
- Major Streets Capital Projects Fund – This fund accounts for the activities necessary for installing, constructing, and extending extra capacity street facilities.
- North Bethany SDC Fund – This fund accounts for the system development charges that will help fund needed infrastructure capacity improvements in the North Bethany subarea.
- Parks and Open Spaces Opportunity Projects Fund – This fund is used to account for resources set aside for greenspace acquisitions.
- Transportation Development Tax Fund – This fund is used to account for resources provided by the County's transportation tax on development that was approved by voters in November 2008.

The following fund is presented individually for budgetary purposes. For reporting purposes this fund is combined with the Facilities General Capital Projects Fund in accordance with GASB Statement No. 54. See combining schedules on pages 157 and 172.

- 2016 FF&C Facilities Capital Projects Fund – This fund accounts for bond proceeds from the full faith and credit borrowing for various facilities capital projects.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

The following fund is presented individually for budgetary purposes. For reporting purposes this fund is combined with the Major Streets Transportation Improvement Program III Fund in accordance with GASB Statement No. 54. See combining schedule on page 160.

- 2016 FF&C MSTIP Capital Projects Fund – This fund accounts for bond proceeds from the full faith and credit borrowing for various transportation capital projects.

INTERNAL SERVICE FUNDS

The Internal Service Funds account for activities and services performed for other organizational units within the County. Charges to other County agencies are made to support these activities. The County accounts for certain expenses 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. The differences relate primarily to the methods of accounting for depreciation, capital outlay, OPEB, and PERS net pension liability. Funds included in this category are:

- Fleet Services Fund – This fund accounts for maintenance and repair services provided to County users of the fleet. Costs are billed to the user's department based upon a specified hourly rate.
- Fleet Replacement Fund – This fund provides for the purchase and disposition of fleet vehicles and equipment. Replacement costs are billed to other departments at an amount estimated to cover depreciation on the fleet.
- Internal Support Services Fund – This fund accounts for all departmental costs for postage, office supplies, printing, training, and other support services costs. Actual costs are billed to user departments as services are used.
- Liability/Casualty Insurance Fund – This fund is a self-insurance fund that provides the funds necessary to cover liability and casualty claims. Costs are billed to user departments at an amount estimated to cover actual and incurred but not reported claims.
- Life Insurance Fund – This fund accounts for collection and payment of life and long-term disability insurance premiums for the various departments of the County.
- Medical Insurance Fund – This fund accounts for all administrative and claims costs associated with the County's medical and dental plans. Costs are billed to the departments based on number of employees.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Budgetary Funds

June 30, 2018

- Unemployment Insurance Fund – This fund accounts for all unemployment claims of departments and centralizes accounting of charges. Costs are billed to the departments based on historical claims.
- Workers' Compensation Insurance Fund – This fund accounts for the paying of workers' compensation costs. Costs are billed to the user department based on actual expenses.

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WASHINGTON COUNTY, OREGON

Combining Balance Sheet

General Fund

June 30, 2018

(Dollars in thousands)

	General Fund	Gain Share Fund	PERS Rate Stabilization Fund	Strategic Investment Program Fund	Survey Fund	Total General Fund
Assets						
Cash and investments	\$ 41,377	7,214	6,654	8,648	2,457	66,350
Property taxes receivable	6,424	—	—	—	—	6,424
Accounts receivable	5,011	—	—	—	82	5,093
Investment interest receivable	3,496	—	—	—	—	3,496
Due from other funds	846	—	—	—	—	846
Inventory	103	—	—	—	—	103
Other assets	1,230	—	—	—	—	1,230
Total assets	<u>58,487</u>	<u>7,214</u>	<u>6,654</u>	<u>8,648</u>	<u>2,539</u>	<u>83,542</u>
Liabilities						
Accounts payable	2,470	—	—	—	35	2,505
Accrued payroll liabilities	5,825	—	—	—	16	5,841
Deposits payable	311	—	—	—	1,428	1,739
Amounts held in trust	489	—	—	—	1	490
Unearned revenue	329	—	—	—	—	329
Total liabilities	<u>9,424</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,480</u>	<u>10,904</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>6,590</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,590</u>
Total deferred inflows of resources	<u>6,590</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>6,590</u>
Fund Balances						
Nonspendable	103	—	—	—	—	103
Assigned	—	—	6,654	—	1,059	7,713
Unassigned	<u>42,370</u>	<u>7,214</u>	<u>—</u>	<u>8,648</u>	<u>—</u>	<u>58,232</u>
Total fund balances	<u>42,473</u>	<u>7,214</u>	<u>6,654</u>	<u>8,648</u>	<u>1,059</u>	<u>66,048</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 58,487</u>	<u>7,214</u>	<u>6,654</u>	<u>8,648</u>	<u>2,539</u>	<u>83,542</u>

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Human Services Fund

June 30, 2018

(Dollars in thousands)

	Human Services Fund	Human Services HB-2145 Fund	Mental Health Crisis Services Fund	Total Human Services Fund
Assets				
Cash and investments	\$ 37,192	1,585	2,531	41,308
Accounts receivable	294	—	—	294
Other assets	28	—	16	44
Total assets	<u>37,514</u>	<u>1,585</u>	<u>2,547</u>	<u>41,646</u>
Liabilities				
Accounts payable	1,663	—	708	2,371
Accrued payroll liabilities	280	—	—	280
Unearned revenue	31,432	—	—	31,432
Total liabilities	<u>33,375</u>	<u>—</u>	<u>708</u>	<u>34,083</u>
Deferred Inflows of Resources				
Unavailable revenue	43	—	—	43
Fund Balances				
Restricted	4,096	1,585	1,839	7,520
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 37,514</u>	<u>1,585</u>	<u>2,547</u>	<u>41,646</u>

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Summary

June 30, 2018

(Dollars in thousands)

Assets	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Non-major Funds
Cash and investments	\$ 115,023	232	197,932	313,187
Restricted cash	5,853	—	—	5,853
Property taxes receivable	3,086	86	—	3,172
Assessments receivable	5	—	324	329
Accounts receivable	5,618	106	1,216	6,940
Investment interest receivable	251	—	—	251
Contracts receivable	4,456	—	—	4,456
Other assets	507	1	37	545
Total assets	<u>134,799</u>	<u>425</u>	<u>199,509</u>	<u>334,733</u>
 Liabilities				
Accounts payable	4,533	—	6,581	11,114
Accrued payroll liabilities	2,349	—	—	2,349
Deposits payable	656	—	53	709
Amounts held in trust	30	—	—	30
Due to other funds	801	12	—	813
Unearned revenue	2,559	—	—	2,559
Total liabilities	<u>10,928</u>	<u>12</u>	<u>6,634</u>	<u>17,574</u>
 Deferred Inflows of Resources				
Unavailable revenue	7,727	71	817	8,615
Total deferred inflows of resources	<u>7,727</u>	<u>71</u>	<u>817</u>	<u>8,615</u>
 Fund Balances (Deficit)				
Restricted	105,215	342	127,195	232,752
Committed	11,009	—	60,547	71,556
Assigned	—	—	4,316	4,316
Unassigned	(80)	—	—	(80)
Total fund balances	<u>116,144</u>	<u>342</u>	<u>192,058</u>	<u>308,544</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 134,799</u>	<u>425</u>	<u>199,509</u>	<u>334,733</u>

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Special Revenue Funds

June 30, 2018

(Dollars in thousands)

	Aging, Disability & Veteran Services Fund	Air Quality Fund	Animal Services Gifts and Donations Fund	Building Services Fund	Children and Youth Services Commission Fund	Community Corrections Fund
Assets						
Cash and investments	\$ 511	550	845	18,174	734	4,105
Accounts receivable	579	—	—	56	1,484	32
Other assets	10	—	1	20	—	13
Total assets	<u>1,100</u>	<u>550</u>	<u>846</u>	<u>18,250</u>	<u>2,218</u>	<u>4,150</u>
Liabilities						
Accounts payable	146	35	—	92	885	273
Accrued payroll liabilities	54	4	—	217	22	325
Deposits payable	—	—	—	404	—	—
Amounts held in trust	11	—	—	4	—	14
Unearned revenue	269	—	460	—	741	943
Total liabilities	<u>480</u>	<u>39</u>	<u>460</u>	<u>717</u>	<u>1,648</u>	<u>1,555</u>
Fund Balances						
Restricted	620	—	386	17,533	570	2,595
Committed	—	511	—	—	—	—
Total fund balances	<u>620</u>	<u>511</u>	<u>386</u>	<u>17,533</u>	<u>570</u>	<u>2,595</u>
Total liabilities and fund balances	\$ <u>1,100</u>	<u>550</u>	<u>846</u>	<u>18,250</u>	<u>2,218</u>	<u>4,150</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet, Continued
Non-major Governmental Funds - Special Revenue Funds
June 30, 2018
(Dollars in thousands)

	Cooperative Library Services Fund	Court Security Fund	Department of Housing Services Fund	Development Services Fund	District Patrol Fund	Emergency Medical Services Fund
Assets						
Cash and investments	\$ 9,345	944	572	3,910	622	1,174
Property taxes receivable	530	—	—	—	—	—
Accounts receivable	11	59	188	5	3	2
Other assets	428	—	—	—	—	15
Total assets	<u>10,314</u>	<u>1,003</u>	<u>760</u>	<u>3,915</u>	<u>625</u>	<u>1,191</u>
Liabilities						
Accounts payable	321	30	275	17	26	66
Accrued payroll liabilities	110	—	109	73	599	9
Deposits payable	—	—	—	251	—	—
Unearned revenue	7	—	—	—	—	—
Total liabilities	<u>438</u>	<u>30</u>	<u>384</u>	<u>341</u>	<u>625</u>	<u>75</u>
Deferred Inflows of Resources						
Unavailable revenue	480	—	—	2	1	1
Fund Balances (Deficit)						
Restricted	—	973	376	3,572	—	1,115
Committed	9,396	—	—	—	—	—
Unassigned	—	—	—	—	(1)	—
Total fund balances (deficit)	<u>9,396</u>	<u>973</u>	<u>376</u>	<u>3,572</u>	<u>(1)</u>	<u>1,115</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 10,314</u>	<u>1,003</u>	<u>760</u>	<u>3,915</u>	<u>625</u>	<u>1,191</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet, Continued
Non-major Governmental Funds - Special Revenue Funds
June 30, 2018
(Dollars in thousands)

	Enhanced Sheriff's Patrol District Fund (Component Unit)	Health Share of Oregon Fund	Human Services OHP Fund	ITS Systems Replacement Fund	Jail Commissary Fund	Juvenile Conciliation Services Fund
Assets						
Cash and investments	\$ 15,702	11,816	5,159	544	641	192
Restricted cash	—	5,853	—	—	—	—
Property taxes receivable	1,166	—	—	—	—	—
Total assets	<u>16,868</u>	<u>17,669</u>	<u>5,159</u>	<u>544</u>	<u>641</u>	<u>192</u>
Liabilities						
Accounts payable	—	579	—	1	—	—
Accrued payroll liabilities	—	108	—	—	3	17
Total liabilities	<u>—</u>	<u>687</u>	<u>—</u>	<u>1</u>	<u>3</u>	<u>17</u>
Deferred Inflows of Resources						
Unavailable revenue	<u>1,065</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances						
Restricted	15,803	16,982	5,159	—	638	175
Committed	—	—	—	543	—	—
Total fund balances	<u>15,803</u>	<u>16,982</u>	<u>5,159</u>	<u>543</u>	<u>638</u>	<u>175</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,868</u>	<u>17,669</u>	<u>5,159</u>	<u>544</u>	<u>641</u>	<u>192</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet, Continued
Non-major Governmental Funds - Special Revenue Funds
June 30, 2018
(Dollars in thousands)

Assets	Juvenile Grants Fund	Juvenile High Risk Prevention Fund	Law Library Fund	Local Option Levy Fund	Lottery Fund	Maintenance Improvement District Fund
Cash and investments	\$ —	799	920	18,134	—	276
Property taxes receivable	—	—	—	1,161	—	—
Accounts receivable	303	482	—	88	533	—
Other assets	—	—	2	1	—	—
Total assets	<u>303</u>	<u>1,281</u>	<u>922</u>	<u>19,384</u>	<u>533</u>	<u>276</u>
Liabilities						
Accounts payable	86	127	5	117	52	—
Accrued payroll liabilities	16	34	6	537	—	—
Due to other funds	113	—	—	—	342	—
Total liabilities	<u>215</u>	<u>161</u>	<u>11</u>	<u>654</u>	<u>394</u>	<u>—</u>
Deferred Inflows of Resources						
Unavailable revenue	—	—	—	1,148	—	—
Fund Balances						
Restricted	<u>88</u>	<u>1,120</u>	<u>911</u>	<u>17,582</u>	<u>139</u>	<u>276</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 303</u>	<u>1,281</u>	<u>922</u>	<u>19,384</u>	<u>533</u>	<u>276</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet, Continued
Non-major Governmental Funds - Special Revenue Funds
June 30, 2018
(Dollars in thousands)

	Metzger Park LID Fund	North Bethany County Service District for Roads Fund (Component Unit)	Office of Community Development Block Grant Fund	Sheriff's Office Contract Services Fund	Sheriff's Office Forfeitures Fund	Sheriff's Office Grants & Donations Fund
Assets						
Cash and investments	\$ 65	736	—	—	546	—
Property taxes receivable	—	8	—	—	—	—
Assessments receivable	5	—	—	—	—	—
Accounts receivable	—	—	968	189	—	103
Investment interest receivable	—	—	251	—	—	—
Contracts receivable	—	—	4,456	—	—	—
Other assets	—	—	—	1	—	—
Total assets	<u>70</u>	<u>744</u>	<u>5,675</u>	<u>190</u>	<u>546</u>	<u>103</u>
Liabilities						
Accounts payable	4	194	438	9	—	29
Accrued payroll liabilities	2	—	19	24	—	—
Deposits payable	1	—	—	—	—	—
Due to other funds	—	—	116	157	—	73
Unearned revenue	5	—	—	—	13	—
Total liabilities	<u>12</u>	<u>194</u>	<u>573</u>	<u>190</u>	<u>13</u>	<u>102</u>
Deferred Inflows of Resources						
Unavailable revenue	4	7	4,737	79	—	—
Fund Balances (Deficit)						
Restricted	54	543	365	—	533	1
Unassigned	—	—	—	(79)	—	—
Total fund balances (deficit)	<u>54</u>	<u>543</u>	<u>365</u>	<u>(79)</u>	<u>533</u>	<u>1</u>
Total liabilities, deferred inflows of resources, and fund balances (deficit)	<u>\$ 70</u>	<u>744</u>	<u>5,675</u>	<u>190</u>	<u>546</u>	<u>103</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet, Continued
Non-major Governmental Funds - Special Revenue Funds
June 30, 2018
(Dollars in thousands)

Assets	Surveyor - Public Land Corner Fund	Tourism Dedicated Lodging Tax Fund	Urban Road Maintenance District Fund (Component Unit)	Washington County Fair Fund	West Slope Library Fund	Total Special Revenue Funds
Cash and investments	\$ 2,046	1,366	12,345	1,667	583	115,023
Restricted cash	—	—	—	—	—	5,853
Property taxes receivable	—	—	221	—	—	3,086
Assessments receivable	—	—	—	—	—	5
Accounts receivable	3	370	—	160	—	5,618
Investment interest receivable	—	—	—	—	—	251
Contracts receivable	—	—	—	—	—	4,456
Other assets	—	—	—	14	2	507
Total assets	<u>2,049</u>	<u>1,736</u>	<u>12,566</u>	<u>1,841</u>	<u>585</u>	<u>134,799</u>
Liabilities						
Accounts payable	—	370	303	49	4	4,533
Accrued payroll liabilities	15	—	—	24	22	2,349
Deposits payable	—	—	—	—	—	656
Amounts held in trust	—	—	—	1	—	30
Due to other funds	—	—	—	—	—	801
Unearned revenue	—	—	—	121	—	2,559
Total liabilities	<u>15</u>	<u>370</u>	<u>303</u>	<u>195</u>	<u>26</u>	<u>10,928</u>
Deferred Inflows of Resources						
Unavailable revenue	—	—	202	1	—	7,727
Fund Balances (Deficit)						
Restricted	2,034	1,366	12,061	1,645	—	105,215
Committed	—	—	—	—	559	11,009
Unassigned	—	—	—	—	—	(80)
Total fund balances	<u>2,034</u>	<u>1,366</u>	<u>12,061</u>	<u>1,645</u>	<u>559</u>	<u>116,144</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,049</u>	<u>1,736</u>	<u>12,566</u>	<u>1,841</u>	<u>585</u>	<u>134,799</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet
Non-major Governmental Funds - Health Share of Oregon Fund
June 30, 2018
(Dollars in thousands)

	Health Share of Oregon Fund	Tri-County Risk Reserve Fund	Total Health Share of Oregon Fund
Assets			
Cash and investments	\$ 1,316	10,500	11,816
Restricted cash	5,853	—	5,853
Total assets	<u>7,169</u>	<u>10,500</u>	<u>17,669</u>
Liabilities			
Accounts payable	579	—	579
Accrued payroll liabilities	108	—	108
Total liabilities	<u>687</u>	<u>—</u>	<u>687</u>
Fund Balances			
Restricted	6,482	10,500	16,982
Total liabilities and fund balances	<u>\$ 7,169</u>	<u>10,500</u>	<u>17,669</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet
Non-major Governmental Funds - Debt Service Funds
June 30, 2018
(Dollars in thousands)

	General Obligation Debt Service Fund	Miscellaneous Debt Service Fund	Series 2016 B FFCO Debt Service Fund	Total Debt Service Funds
Assets				
Cash and investments	\$ —	36	196	232
Property taxes receivable	86	—	—	86
Accounts receivable	—	—	106	106
Other assets	—	—	1	1
Total assets	<u>86</u>	<u>36</u>	<u>303</u>	<u>425</u>
Liabilities				
Due to other funds	<u>12</u>	—	—	<u>12</u>
Deferred Inflows of Resources				
Unavailable revenue	<u>71</u>	—	—	<u>71</u>
Total deferred inflows of resources	<u>71</u>	—	—	<u>71</u>
Fund Balance				
Restricted	<u>3</u>	<u>36</u>	<u>303</u>	<u>342</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 86</u>	<u>36</u>	<u>303</u>	<u>425</u>

WASHINGTON COUNTY, OREGON
Combining Balance Sheet
Non-major Governmental Funds - Capital Projects Funds
June 30, 2018
(Dollars in thousands)

	Bonny Slope West Transportation SDC Fund	Building Equipment Replacement Fund	Countywide Traffic Impact Fee Fund	Emergency Communications System Fund	Event Center Fund	Facilities General Capital Projects Fund	Facilities Park (THPRD) SDC Fund
Assets							
Cash and investments	\$ 518	4,341	2,028	62,828	38,115	22,535	65
Assessments receivable	—	—	264	—	—	—	—
Accounts receivable	—	—	—	—	—	315	—
Total assets	<u>518</u>	<u>4,341</u>	<u>2,292</u>	<u>62,828</u>	<u>38,115</u>	<u>22,850</u>	<u>65</u>
Liabilities							
Accounts payable	—	59	—	1,119	189	4,454	—
Deposits payable	—	—	—	—	—	53	—
Total liabilities	<u>—</u>	<u>59</u>	<u>—</u>	<u>1,119</u>	<u>189</u>	<u>4,507</u>	<u>—</u>
Deferred Inflows of Resources							
Unavailable revenue	—	—	264	—	—	4	—
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>264</u>	<u>—</u>	<u>—</u>	<u>4</u>	<u>—</u>
Fund Balances							
Restricted	518	—	2,028	61,709	—	—	65
Committed	—	4,282	—	—	37,926	18,339	—
Total fund balances	<u>518</u>	<u>4,282</u>	<u>2,028</u>	<u>61,709</u>	<u>37,926</u>	<u>18,339</u>	<u>65</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 518</u>	<u>4,341</u>	<u>2,292</u>	<u>62,828</u>	<u>38,115</u>	<u>22,850</u>	<u>65</u>

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Capital Projects Funds, Continued

June 30, 2018

(Dollars in thousands)

Assets	ITS Capital Projects Fund	Major Streets Capital Projects Fund	North Bethany SDC Fund	Parks and Open Spaces Opportunity Projects Fund	Transportation Development Tax Fund	Total Capital Projects Funds
Cash and investments	\$ 4,376	13,028	4,659	262	45,177	197,932
Assessments receivable	—	—	—	—	60	324
Accounts receivable	—	687	6	—	208	1,216
Other assets	37	—	—	—	—	37
Total assets	<u>4,413</u>	<u>13,715</u>	<u>4,665</u>	<u>262</u>	<u>45,445</u>	<u>199,509</u>
Liabilities						
Accounts payable	358	371	—	1	30	6,581
Deposits payable	—	—	—	—	—	53
Total liabilities	<u>358</u>	<u>371</u>	<u>—</u>	<u>1</u>	<u>30</u>	<u>6,634</u>
Deferred Inflows of Resources						
Unavailable revenue	—	489	—	—	60	817
Total deferred inflows of resources	<u>—</u>	<u>489</u>	<u>—</u>	<u>—</u>	<u>60</u>	<u>817</u>
Fund Balances						
Restricted	—	12,855	4,665	—	45,355	127,195
Committed	—	—	—	—	—	60,547
Assigned	4,055	—	—	261	—	4,316
Total fund balances	<u>4,055</u>	<u>12,855</u>	<u>4,665</u>	<u>261</u>	<u>45,355</u>	<u>192,058</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,413</u>	<u>13,715</u>	<u>4,665</u>	<u>262</u>	<u>45,445</u>	<u>199,509</u>

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Facilities General Capital Projects Fund

June 30, 2018

(Dollars in thousands)

	2016 FF&C Facilities Capital Projects Fund	Facilities General Capital Projects Fund	Total Facilities General Capital Projects Fund
Assets			
Cash and investments	\$ 12,863	9,672	22,535
Accounts receivable	—	315	315
Total assets	<u>12,863</u>	<u>9,987</u>	<u>22,850</u>
Liabilities			
Accounts payable	2,481	1,973	4,454
Deposits payable	—	53	53
Total liabilities	<u>2,481</u>	<u>2,026</u>	<u>4,507</u>
Deferred Inflows of Resources			
Unavailable revenue	—	4	4
Total deferred inflows of resources	<u>—</u>	<u>4</u>	<u>4</u>
Fund Balances			
Committed	<u>10,382</u>	<u>7,957</u>	<u>18,339</u>
Total fund balances	<u>10,382</u>	<u>7,957</u>	<u>18,339</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>12,863</u>	<u>9,987</u>	<u>22,850</u>

WASHINGTON COUNTY, OREGON
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

General Fund

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	General Fund	Gain Share Fund	Indirect Cost Reimburse- ment Fund	PERS Rate Stabilization Fund	Strategic Investment Program Fund	Survey Fund	Net Consolidation Adjustments	Total General Fund
Revenues:								
Taxes	\$ 145,743	—	—	—	—	—	—	145,743
Licenses and permits	7,367	—	—	—	—	—	—	7,367
Intergovernmental revenues	19,072	9,763	74	—	—	—	—	28,909
Charges for services	10,341	—	—	—	27,297	565	—	38,203
Fines and forfeitures	2,259	—	—	—	—	—	—	2,259
Miscellaneous revenues	4,790	247	—	22	35	5	—	5,099
Interfund revenues	7,094	—	19,654	—	—	26	(77)	26,697
Total revenues	196,666	10,010	19,728	22	27,332	596	(77)	254,277
Expenditures:								
Current:								
General government	51,237	—	—	—	—	—	—	51,237
Public safety and justice	77,068	—	—	—	—	—	—	77,068
Land use and transportation	3,759	—	—	—	—	667	(77)	4,349
Housing, health and human services	19,670	—	—	—	—	—	—	19,670
Culture, education and recreation	1,465	—	—	—	—	—	—	1,465
Nonoperating	—	250	2,797	—	—	—	—	3,047
Total current	153,199	250	2,797	—	—	667	(77)	156,836
Capital outlay	660	—	—	—	—	—	—	660
Debt service:								
Principal	23	—	—	—	—	—	—	23
Interest	9	—	—	—	—	—	—	9
Total debt service	32	—	—	—	—	—	—	32
Total expenditures	153,891	250	2,797	—	—	667	(77)	157,528
Revenues over (under) expenditures	42,775	9,760	16,931	22	27,332	(71)	—	96,749
Other financing sources (uses):								
Transfers in	30,917	2,026	—	—	—	73	(31,011)	2,005
Transfers out	(80,003)	(4,572)	(16,931)	—	(38,065)	(29)	31,011	(108,589)
Total other financing sources (uses)	(49,086)	(2,546)	(16,931)	—	(38,065)	44	—	(106,584)
Net change in fund balances	(6,311)	7,214	—	22	(10,733)	(27)	—	(9,835)
Fund balances July 1, 2017	48,784	—	—	6,632	19,381	1,086	—	75,883
Fund balances June 30, 2018	\$ 42,473	7,214	—	6,654	8,648	1,059	—	66,048

WASHINGTON COUNTY, OREGON
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Human Services Fund

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Human Services Fund	Human Services HB-2145 Fund	Mental Health Crisis Services Fund	Net Consolidation Adjustments	Total Human Services Fund
Revenues:					
Intergovernmental revenues	\$ 20,255	—	—	—	20,255
Charges for services	9	—	—	—	9
Miscellaneous revenues	108	—	12	—	120
Interfund revenues	211	—	—	—	211
Total revenues	20,583	—	12	—	20,595
Expenditures:					
Current:					
Housing, health and human services	18,475	—	4,379	—	22,854
Total current	18,475	—	4,379	—	22,854
Capital outlay	26	—	—	—	26
Total expenditures	18,501	—	4,379	—	22,880
Revenues over (under) expenditures	2,082	—	(4,367)	—	(2,285)
Other financing sources (uses):					
Transfers in	1,793	—	3,760	(2,529)	3,024
Transfers out	(2,651)	(82)	—	2,529	(204)
Total other financing sources (uses)	(858)	(82)	3,760	—	2,820
Net change in fund balances	1,224	(82)	(607)	—	535
Fund balances July 1, 2017	2,872	1,667	2,446	—	6,985
Fund balances June 30, 2018	\$ 4,096	1,585	1,839	—	7,520

WASHINGTON COUNTY, OREGON

Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Major Streets Transportation Improvement Program III Fund

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	2016 FF&C MSTIP Capital Projects Fund	Major Streets Transportation Improvement Program III Fund	Net Consolidation Adjustments	Total Major Streets Transportation Improvement Program III Fund
Revenues:				
Intergovernmental revenues	\$ —	10,651	—	10,651
Miscellaneous revenues	187	843	—	1,030
Total revenues	187	11,494	—	11,681
Expenditures:				
Current:				
Land use and transportation	—	57,850	—	57,850
Total current	—	57,850	—	57,850
Capital outlay	—	1,128	—	1,128
Total expenditures	—	58,978	—	58,978
Revenues over (under) expenditures	187	(47,484)	—	(47,297)
Other financing sources (uses):				
Transfers in	—	53,079	(17,634)	35,445
Transfers out	(17,634)	(421)	17,634	(421)
Total other financing sources (uses)	(17,634)	52,658	—	35,024
Net change in fund balances	(17,447)	5,174	—	(12,273)
Fund balances July 1, 2017	17,447	101,239	—	118,686
Fund balances June 30, 2018	\$ —	106,413	—	106,413

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Summary

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Non-major Funds
Revenues:				
Taxes	\$ 73,776	5,197	—	78,973
Licenses and permits	5,411	—	—	5,411
Intergovernmental revenues	36,634	—	3,436	40,070
Charges for services	17,572	—	10,056	27,628
Fines and forfeitures	460	—	—	460
Special assessments	122	—	8	130
Miscellaneous revenues	32,518	3	2,595	35,116
Interfund revenues	917	—	1,523	2,440
Total revenues	167,410	5,200	17,618	190,228
Expenditures:				
Current:				
Public safety and justice	98,734	—	—	98,734
Land use and transportation	16,682	—	4,785	21,467
Housing, health and human services	28,383	—	—	28,383
Culture, education and recreation	38,123	—	1,606	39,729
Nonoperating	320	1	27,836	28,157
Total current	182,242	1	34,227	216,470
Capital outlay	1,414	—	27,707	29,121
Debt service:				
Principal	265	12,163	—	12,428
Interest	11	11,124	—	11,135
Total debt service	276	23,287	—	23,563
Total expenditures	183,932	23,288	61,934	269,154
Revenues under expenditures	(16,522)	(18,088)	(44,316)	(78,926)
Other financing sources (uses):				
Transfers in	26,905	18,386	32,253	77,544
Transfers out	(7,206)	—	(2,938)	(10,144)
Total other financing sources	19,699	18,386	29,315	67,400
Net change in fund balances	3,177	298	(15,001)	(11,526)
Fund balances July 1, 2017	112,967	44	207,059	320,070
Fund balances June 30, 2018	\$ 116,144	342	192,058	308,544

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Aging, Disability & Veteran Services Fund	Air Quality Fund	Animal Services Gifts and Donations Fund	Building Services Fund	Children and Youth Services Commission Fund	Community Corrections Fund
Revenues:						
Licenses and permits	\$ —	—	—	4,861	—	—
Intergovernmental revenues	2,992	75	1	140	5,009	16,204
Charges for services	—	—	—	3,144	107	867
Fines and forfeitures	—	—	—	1	—	—
Miscellaneous revenues	18	430	85	85	9	51
Interfund revenues	—	—	—	196	271	80
Total revenues	3,010	505	86	8,427	5,396	17,202
Expenditures:						
Current:						
Public safety and justice	—	—	—	—	—	18,898
Land use and transportation	—	—	—	9,009	—	—
Housing, health and human services	3,361	754	2	—	5,581	—
Total current	3,361	754	2	9,009	5,581	18,898
Capital outlay	—	—	—	104	—	26
Total expenditures	3,361	754	2	9,113	5,581	18,924
Revenues over (under) expenditures	(351)	(249)	84	(686)	(185)	(1,722)
Other financing sources (uses):						
Transfers in	329	298	—	—	287	2,606
Transfers out	—	—	—	(369)	—	—
Total other financing sources (uses)	329	298	—	(369)	287	2,606
Net change in fund balances	(22)	49	84	(1,055)	102	884
Fund balances July 1, 2017	642	462	302	18,588	468	1,711
Fund balances June 30, 2018	\$ <u>620</u>	<u>511</u>	<u>386</u>	<u>17,533</u>	<u>570</u>	<u>2,595</u>

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficit), Continued
Non-major Governmental Funds - Special Revenue Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Cooperative Library Services Fund	Court Security Fund	Department of Housing Services Fund	Development Services Fund	District Patrol Fund	Emergency Medical Services Fund
Revenues:						
Taxes	\$ 13,107	—	—	—	—	—
Licenses and permits	—	—	—	—	—	517
Intergovernmental revenues	81	—	3,173	137	—	—
Charges for services	6	—	—	2,097	66	6
Fines and forfeitures	—	458	—	1	—	—
Miscellaneous revenues	94	3	4,182	25	25,422	36
Interfund revenues	—	—	—	18	—	3
Total revenues	13,288	461	7,355	2,278	25,488	562
Expenditures:						
Current:						
Public safety and justice	—	382	—	—	24,973	—
Land use and transportation	—	—	—	2,834	—	—
Housing, health and human services	—	—	7,974	—	—	697
Culture, education and recreation	31,245	—	—	—	—	—
Total current	31,245	382	7,974	2,834	24,973	697
Capital outlay	456	—	—	—	516	—
Total expenditures	31,701	382	7,974	2,834	25,489	697
Revenues over (under) expenditures	(18,413)	79	(619)	(556)	(1)	(135)
Other financing sources (uses):						
Transfers in	19,782	—	1,046	368	—	—
Transfers out	(840)	—	(346)	(129)	—	—
Total other financing sources	18,942	—	700	239	—	—
Net change in fund balances (deficit)	529	79	81	(317)	(1)	(135)
Fund balances July 1, 2017	8,867	894	295	3,889	—	1,250
Fund balances (deficit) June 30, 2018	\$ 9,396	973	376	3,572	(1)	1,115

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued
Non-major Governmental Funds - Special Revenue Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Enhanced Sheriff's Patrol District Fund (Component Unit)	Health Share of Oregon Fund	Human Services OHP Fund	ITS Systems Replacement Fund	Jail Commissary Fund	Juvenile Conciliation Services Fund
Revenues:						
Taxes	\$ 25,424	—	—	—	—	—
Licenses and permits	—	—	—	—	—	33
Intergovernmental revenues	77	—	—	—	—	536
Charges for services	57	9,183	—	—	—	6
Miscellaneous revenues	97	45	17	4	224	13
Total revenues	25,655	9,228	17	4	224	588
Expenditures:						
Current:						
Public safety and justice	25,293	—	—	—	127	589
Housing, health and human services	—	7,121	—	—	—	—
Total current	25,293	7,121	—	—	127	589
Revenues over (under) expenditures	362	2,107	17	4	97	(1)
Other financing sources (uses):						
Transfers in	610	—	—	719	—	—
Transfers out	—	(913)	—	(1,030)	—	—
Total other financing sources (uses)	610	(913)	—	(311)	—	—
Net change in fund balances	972	1,194	17	(307)	97	(1)
Fund balances July 1, 2017	14,831	15,788	5,142	850	541	176
Fund balances June 30, 2018	\$ 15,803	16,982	5,159	543	638	175

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued
Non-major Governmental Funds - Special Revenue Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Juvenile Grants Fund	Juvenile High Risk Prevention Fund	Law Library Fund	Local Option Levy Fund	Lottery Fund	Maintenance Improvement District Fund
Revenues:						
Taxes	\$ —	—	—	25,044	—	—
Intergovernmental revenues	747	1,940	—	315	2,106	—
Charges for services	—	—	359	7	—	—
Special assessments	—	—	—	—	—	35
Miscellaneous revenues	6	8	5	151	—	1
Total revenues	753	1,948	364	25,517	2,106	36
Expenditures:						
Current:						
Public safety and justice	760	1,821	407	24,124	—	—
Land use and transportation	—	—	—	—	—	5
Nonoperating	—	—	—	—	320	—
Total current	760	1,821	407	24,124	320	5
Capital outlay	—	—	—	121	—	—
Total expenditures	760	1,821	407	24,245	320	5
Revenues over (under) expenditures	(7)	127	(43)	1,272	1,786	31
Other financing uses:						
Transfers out	—	—	(17)	(1,725)	(1,786)	—
Net change in fund balances	(7)	127	(60)	(453)	—	31
Fund balances July 1, 2017	95	993	971	18,035	139	245
Fund balances June 30, 2018	\$ 88	1,120	911	17,582	139	276

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (Deficits), Continued
Non-major Governmental Funds - Special Revenue Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Metzger Park LID Fund	North Bethany County Service District for Roads Fund (Component Unit)	Office of Community Development Block Grant Fund	Sheriff's Office Contract Services Fund	Sheriff's Office Forfeitures Fund	Sheriff's Office Grants & Donations Fund
Revenues:						
Taxes	\$ —	416	—	—	—	—
Intergovernmental revenues	—	—	2,736	—	—	309
Charges for services	—	—	—	577	—	—
Special assessments	87	—	—	—	—	—
Miscellaneous revenues	17	1	226	241	231	287
Interfund revenues	—	—	—	28	—	—
Total revenues	104	417	2,962	846	231	596
Expenditures:						
Current:						
Public safety and justice	—	—	—	926	128	306
Land use and transportation	—	281	—	—	—	—
Housing, health and human services	—	—	2,893	—	—	—
Culture, education and recreation	178	—	—	—	—	—
Total current	178	281	2,893	926	128	306
Debt service:						
Principal	—	—	—	—	—	265
Interest	—	—	—	—	—	11
Total debt service	—	—	—	—	—	276
Total expenditures	178	281	2,893	926	128	582
Revenues over (under) expenditures	(74)	136	69	(80)	103	14
Other financing sources:						
Transfers in	—	—	20	—	—	—
Net change in fund balances (deficit)	(74)	136	89	(80)	103	14
Fund balances (deficit) July 1, 2017	128	407	276	1	430	(13)
Fund balances (deficit) June 30, 2018	\$ 54	543	365	(79)	533	1

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances, Continued
Non-major Governmental Funds - Special Revenue Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Surveyor - Public Land Corner Fund	Tourism Dedicated Lodging Tax Fund	Urban Road Maintenance District Fund (Component Unit)	Washington County Fair Fund	West Slope Library Fund	Total Special Revenue Funds
Revenues:						
Taxes	\$ —	3,528	4,743	1,514	—	73,776
Licenses and permits	—	—	—	—	—	5,411
Intergovernmental revenues	—	—	—	53	3	36,634
Charges for services	444	—	27	619	—	17,572
Fines and forfeitures	—	—	—	—	—	460
Special assessments	—	—	—	—	—	122
Miscellaneous revenues	4	6	39	433	22	32,518
Interfund revenues	321	—	—	—	—	917
Total revenues	<u>769</u>	<u>3,534</u>	<u>4,809</u>	<u>2,619</u>	<u>25</u>	<u>167,410</u>
Expenditures:						
Current:						
Public safety and justice	—	—	—	—	—	98,734
Land use and transportation	533	—	4,020	—	—	16,682
Housing, health and human services	—	—	—	—	—	28,383
Culture, education and recreation	—	3,527	—	2,352	821	38,123
Nonoperating	—	—	—	—	—	320
Total current	<u>533</u>	<u>3,527</u>	<u>4,020</u>	<u>2,352</u>	<u>821</u>	<u>182,242</u>
Capital outlay	—	—	29	162	—	1,414
Debt service:						
Principal	—	—	—	—	—	265
Interest	—	—	—	—	—	11
Total debt service	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>276</u>
Total expenditures	<u>533</u>	<u>3,527</u>	<u>4,049</u>	<u>2,514</u>	<u>821</u>	<u>183,932</u>
Revenues over (under) expenditures	<u>236</u>	<u>7</u>	<u>760</u>	<u>105</u>	<u>(796)</u>	<u>(16,522)</u>
Other financing sources (uses):						
Transfers in	—	—	—	—	840	26,905
Transfers out	(29)	—	(22)	—	—	(7,206)
Total other financing sources (uses)	<u>(29)</u>	<u>—</u>	<u>(22)</u>	<u>—</u>	<u>840</u>	<u>19,699</u>
Net change in fund balances	207	7	738	105	44	3,177
Fund balances July 1, 2017	1,827	1,359	11,323	1,540	515	112,967
Fund balances June 30, 2018	<u>\$ 2,034</u>	<u>1,366</u>	<u>12,061</u>	<u>1,645</u>	<u>559</u>	<u>116,144</u>

WASHINGTON COUNTY, OREGONCombining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Health Share of Oregon Fund

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Health Share of Oregon Fund	Tri-County Risk Reserve Fund	Net Consolidation Adjustments	Total Health Share of Oregon Fund
Revenues:				
Charges for services	\$ 9,183	—	—	9,183
Miscellaneous revenues	45	—	—	45
Total revenues	<u>9,228</u>	<u>—</u>	<u>—</u>	<u>9,228</u>
Expenditures:				
Current:				
Housing, health and human services	<u>7,121</u>	<u>—</u>	<u>—</u>	<u>7,121</u>
Revenues over expenditures	<u>2,107</u>	<u>—</u>	<u>—</u>	<u>2,107</u>
Other financing sources (uses):				
Transfers in	—	7,000	(7,000)	—
Transfers out	<u>(7,913)</u>	<u>—</u>	<u>7,000</u>	<u>(913)</u>
Total other financing sources (uses)	<u>(7,913)</u>	<u>7,000</u>	<u>—</u>	<u>(913)</u>
Net change in fund balances	(5,806)	7,000	—	1,194
Fund balances July 1, 2017	<u>12,288</u>	<u>3,500</u>	<u>—</u>	<u>15,788</u>
Fund balances June 30, 2018	<u>\$ 6,482</u>	<u>10,500</u>	<u>—</u>	<u>16,982</u>

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Debt Service Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	General Obligation Debt Service Fund	Miscellaneous Debt Service Fund	Series 2016 B Debt Service Fund	Total Debt Service Funds
Revenues:				
Taxes	\$ 4,183	—	1,014	5,197
Miscellaneous revenues	3	—	—	3
Total revenues	<u>4,186</u>	<u>—</u>	<u>1,014</u>	<u>5,200</u>
Expenditures:				
Current:				
Nonoperating	—	1	—	1
Debt service:				
Principal	1,405	4,938	5,820	12,163
Interest	2,788	2,119	6,217	11,124
Total debt service	<u>4,193</u>	<u>7,057</u>	<u>12,037</u>	<u>23,287</u>
Total expenditures	<u>4,193</u>	<u>7,058</u>	<u>12,037</u>	<u>23,288</u>
Revenues under expenditures	<u>(7)</u>	<u>(7,058)</u>	<u>(11,023)</u>	<u>(18,088)</u>
Other financing sources:				
Transfers in	—	7,060	11,326	18,386
Net change in fund balances	(7)	2	303	298
Fund balances July 1, 2017	<u>10</u>	<u>34</u>	<u>—</u>	<u>44</u>
Fund balances June 30, 2018	\$ <u><u>3</u></u>	<u><u>36</u></u>	<u><u>303</u></u>	<u><u>342</u></u>

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Capital Projects Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Bonny Slope West Transportation SDC Fund	Building Equipment Replacement Fund	Countywide Traffic Impact Fee Fund	Emergency Communications System Fund	Event Center Fund	Facilities General Capital Projects Fund	Facilities Park (THPRD) SDC Fund
Revenues:							
Intergovernmental revenues	\$ —	—	—	—	3	653	—
Charges for services	531	—	—	—	—	—	—
Special assessments	—	—	8	—	—	—	—
Miscellaneous revenues	—	23	17	378	1,641	131	—
Interfund revenues	—	—	—	—	—	497	—
Total revenues	531	23	25	378	1,644	1,281	—
Expenditures:							
Current:							
Land use and transportation	13	—	64	—	—	—	—
Culture, education and recreation	—	—	—	—	1,606	—	—
Nonoperating	—	93	—	22,546	—	2,089	—
Total current	13	93	64	22,546	1,606	2,089	—
Capital outlay	—	1,660	—	2,323	—	22,459	—
Total expenditures	13	1,753	64	24,869	1,606	24,548	—
Revenues over (under) expenditures	518	(1,730)	(39)	(24,491)	38	(23,267)	—
Other financing sources (uses):							
Transfers in	—	2,111	4	—	—	20,547	—
Transfers out	—	—	(1)	—	—	—	—
Total other financing sources	—	2,111	3	—	—	20,547	—
Net change in fund balances	518	381	(36)	(24,491)	38	(2,720)	—
Fund balances July 1, 2017	—	3,901	2,064	86,200	37,888	21,059	65
Fund balances June 30, 2018	\$ 518	4,282	2,028	61,709	37,926	18,339	65

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Capital Projects Funds, Continued

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	ITS Capital Projects Fund	Major Streets Capital Projects Fund	North Bethany SDC Fund	Parks and Open Spaces Opportunity Projects Fund	Transportation Development Tax Fund	Total Capital Projects Funds
Revenues:						
Intergovernmental revenues	\$ —	2,580	—	—	200	3,436
Charges for services	—	—	2,599	—	6,926	10,056
Special assessments	—	—	—	—	—	8
Miscellaneous revenues	10	255	—	3	137	2,595
Interfund revenues	1,026	—	—	—	—	1,523
Total revenues	1,036	2,835	2,599	3	7,263	17,618
Expenditures:						
Current:						
Land use and transportation	—	4,041	36	—	631	4,785
Culture, education and recreation	—	—	—	—	—	1,606
Nonoperating	3,108	—	—	—	—	27,836
Total current	3,108	4,041	36	—	631	34,227
Capital outlay	1,225	27	—	13	—	27,707
Total expenditures	4,333	4,068	36	13	631	61,934
Revenues over (under) expenditures	(3,297)	(1,233)	2,563	(10)	6,632	(44,316)
Other financing sources (uses):						
Transfers in	3,440	6,151	—	—	—	32,253
Transfers out	—	(65)	—	—	(2,872)	(2,938)
Total other financing sources (uses)	3,440	6,086	—	—	(2,872)	29,315
Net change in fund balances	143	4,853	2,563	(10)	3,760	(15,001)
Fund balances July 1, 2017	3,912	8,002	2,102	271	41,595	207,059
Fund balances June 30, 2018	\$ 4,055	12,855	4,665	261	45,355	192,058

WASHINGTON COUNTY, OREGONCombining Schedule of Revenues, Expenditures
and Changes in Fund Balances

Non-major Governmental Funds - Facilities General Capital Projects Fund

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	2016 FF&C Facilities Capital Projects Fund	Facilities General Capital Projects Fund	Total Facilities General Capital Projects Fund
Revenues:			
Intergovernmental revenues	\$ —	653	653
Miscellaneous revenues	131	—	131
Interfund revenues	—	497	497
Total revenues	<u>131</u>	<u>1,150</u>	<u>1,281</u>
Expenditures:			
Current:			
Nonoperating	<u>1,325</u>	<u>764</u>	<u>2,089</u>
Total current	1,325	764	2,089
Capital outlay	<u>9,261</u>	<u>13,198</u>	<u>22,459</u>
Total expenditures	<u>10,586</u>	<u>13,962</u>	<u>24,548</u>
Revenues under expenditures	<u>(10,455)</u>	<u>(12,812)</u>	<u>(23,267)</u>
Other financing sources:			
Transfers in	<u>—</u>	<u>20,547</u>	<u>20,547</u>
Net change in fund balances	(10,455)	7,735	(2,720)
Fund balances July 1, 2017	<u>20,837</u>	<u>222</u>	<u>21,059</u>
Fund balances June 30, 2018	<u>\$ 10,382</u>	<u>7,957</u>	<u>18,339</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Aging, Disability & Veteran Services Fund				Air Quality Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	\$ 3,863	3,863	2,992	(871)	75	75	75	—
Miscellaneous revenues	12	12	18	6	500	500	430	(70)
Total revenues	<u>3,875</u>	<u>3,875</u>	<u>3,010</u>	<u>(865)</u>	<u>575</u>	<u>575</u>	<u>505</u>	<u>(70)</u>
Expenditures:								
Current:								
Housing, health and human services	4,220	4,220	3,361	859	1,224	1,224	754	470
Operating contingency	327	327	—	327	—	—	—	—
Total current	<u>4,547</u>	<u>4,547</u>	<u>3,361</u>	<u>1,186</u>	<u>1,224</u>	<u>1,224</u>	<u>754</u>	<u>470</u>
Revenues under expenditures	<u>(672)</u>	<u>(672)</u>	<u>(351)</u>	<u>321</u>	<u>(649)</u>	<u>(649)</u>	<u>(249)</u>	<u>400</u>
Other financing sources:								
Transfers in from other funds	329	329	329	—	260	260	298	38
Net change in fund balances	<u>(343)</u>	<u>(343)</u>	<u>(22)</u>	<u>321</u>	<u>(389)</u>	<u>(389)</u>	<u>49</u>	<u>438</u>
Fund balances July 1, 2017	<u>343</u>	<u>343</u>	<u>642</u>	<u>299</u>	<u>389</u>	<u>389</u>	<u>462</u>	<u>73</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>620</u>	<u>620</u>	<u>—</u>	<u>—</u>	<u>511</u>	<u>511</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Animal Services Gifts and Donations Fund				Building Services Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Licenses and permits	\$ —	—	—	—	5,115	5,115	4,861	(254)
Intergovernmental revenues	343	343	1	(342)	120	120	140	20
Charges for services	—	—	—	—	3,831	3,831	3,144	(687)
Fines and forfeitures	—	—	—	—	—	—	1	1
Miscellaneous revenues	4	4	85	81	172	172	85	(87)
Interfund revenues	—	—	—	—	204	204	196	(8)
Total revenues	<u>347</u>	<u>347</u>	<u>86</u>	<u>(261)</u>	<u>9,442</u>	<u>9,442</u>	<u>8,427</u>	<u>(1,015)</u>
Expenditures:								
Current:								
Land use and transportation	—	—	—	—	11,614	11,614	9,009	2,605
Housing, health and human services	523	523	2	521	—	—	—	—
Operating contingency	52	52	—	52	14,525	14,525	—	14,525
Total current	<u>575</u>	<u>575</u>	<u>2</u>	<u>573</u>	<u>26,139</u>	<u>26,139</u>	<u>9,009</u>	<u>17,130</u>
Capital outlay	—	—	—	—	122	122	104	18
Total expenditures	<u>575</u>	<u>575</u>	<u>2</u>	<u>573</u>	<u>26,261</u>	<u>26,261</u>	<u>9,113</u>	<u>17,148</u>
Revenues over (under) expenditures	<u>(228)</u>	<u>(228)</u>	<u>84</u>	<u>312</u>	<u>(16,819)</u>	<u>(16,819)</u>	<u>(686)</u>	<u>16,133</u>
Other financing uses:								
Transfers out to other funds	—	—	—	—	(369)	(369)	(369)	—
Net change in fund balances	<u>(228)</u>	<u>(228)</u>	<u>84</u>	<u>312</u>	<u>(17,188)</u>	<u>(17,188)</u>	<u>(1,055)</u>	<u>16,133</u>
Fund balances July 1, 2017	<u>228</u>	<u>228</u>	<u>302</u>	<u>74</u>	<u>17,188</u>	<u>17,188</u>	<u>18,588</u>	<u>1,400</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>386</u>	<u>386</u>	<u>—</u>	<u>—</u>	<u>17,533</u>	<u>17,533</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Children and Youth Services Commission Fund</u>				<u>Community Corrections Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Intergovernmental revenues	\$ 5,437	5,437	5,009	(428)	15,703	15,932	16,204	272
Charges for services	100	100	107	7	888	888	867	(21)
Miscellaneous revenues	2	2	9	7	43	43	51	8
Interfund revenues	114	114	271	157	100	100	80	(20)
Total revenues	<u>5,653</u>	<u>5,653</u>	<u>5,396</u>	<u>(257)</u>	<u>16,734</u>	<u>16,963</u>	<u>17,202</u>	<u>239</u>
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	21,015	21,244	18,898	2,346
Housing, health and human services	6,165	6,165	5,581	584	—	—	—	—
Operating contingency	315	315	—	315	671	671	—	671
Total current	<u>6,480</u>	<u>6,480</u>	<u>5,581</u>	<u>899</u>	<u>21,686</u>	<u>21,915</u>	<u>18,898</u>	<u>3,017</u>
Capital outlay	—	—	—	—	34	34	26	8
Total expenditures	<u>6,480</u>	<u>6,480</u>	<u>5,581</u>	<u>899</u>	<u>21,720</u>	<u>21,949</u>	<u>18,924</u>	<u>3,025</u>
Revenues under expenditures	<u>(827)</u>	<u>(827)</u>	<u>(185)</u>	<u>642</u>	<u>(4,986)</u>	<u>(4,986)</u>	<u>(1,722)</u>	<u>3,264</u>
Other financing sources:								
Transfers in from other funds	541	541	287	(254)	2,606	2,606	2,606	—
Net change in fund balances	<u>(286)</u>	<u>(286)</u>	<u>102</u>	<u>388</u>	<u>(2,380)</u>	<u>(2,380)</u>	<u>884</u>	<u>3,264</u>
Fund balances July 1, 2017	<u>286</u>	<u>286</u>	<u>468</u>	<u>182</u>	<u>2,380</u>	<u>2,380</u>	<u>1,711</u>	<u>(669)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>570</u>	<u>570</u>	<u>—</u>	<u>—</u>	<u>2,595</u>	<u>2,595</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Cooperative Library Services Fund				Court Security Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	\$ 13,140	13,170	13,107	(63)	—	—	—	—
Intergovernmental revenues	42	120	81	(39)	—	—	—	—
Charges for services	7	7	6	(1)	—	—	—	—
Fines and forfeitures	—	—	—	—	500	500	458	(42)
Miscellaneous revenues	201	201	94	(107)	—	—	3	3
Total revenues	13,390	13,498	13,288	(210)	500	500	461	(39)
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	623	623	382	241
Culture, education and recreation	32,050	32,158	31,245	913	—	—	—	—
Operating contingency	7,837	7,837	—	7,837	647	647	—	647
Total current	39,887	39,995	31,245	8,750	1,270	1,270	382	888
Capital outlay	471	471	456	15	65	65	—	65
Total expenditures	40,358	40,466	31,701	8,765	1,335	1,335	382	953
Revenues over (under) expenditures	(26,968)	(26,968)	(18,413)	8,555	(835)	(835)	79	914
Other financing sources (uses):								
Transfers in from other funds	19,782	19,782	19,782	—	—	—	—	—
Transfers out to other funds	(833)	(833)	(840)	(7)	—	—	—	—
Total other financing sources	18,949	18,949	18,942	(7)	—	—	—	—
Net change in fund balances	(8,019)	(8,019)	529	8,548	(835)	(835)	79	914
Fund balances July 1, 2017	8,019	8,019	8,867	848	835	835	894	59
Fund balances June 30, 2018	\$ —	—	9,396	9,396	—	—	973	973

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Department of Housing Services Fund				Development Services Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	\$ 3,465	3,465	3,173	(292)	100	100	137	37
Charges for services	—	—	—	—	1,977	1,977	2,097	120
Fines and forfeitures	—	—	—	—	—	—	1	1
Miscellaneous revenues	4,587	4,587	4,182	(405)	36	36	25	(11)
Interfund revenues	—	—	—	—	25	25	18	(7)
Total revenues	8,052	8,052	7,355	(697)	2,138	2,138	2,278	140
Expenditures:								
Current:								
Land use and transportation	—	—	—	—	3,448	3,448	2,834	614
Housing, health and human services	8,804	8,804	7,974	830	—	—	—	—
Operating contingency	214	214	—	214	2,528	2,528	—	2,528
Total current	9,018	9,018	7,974	1,044	5,976	5,976	2,834	3,142
Revenues under expenditures	(966)	(966)	(619)	347	(3,838)	(3,838)	(556)	3,282
Other financing sources (uses):								
Transfers in from other funds	1,073	1,073	1,046	(27)	354	354	368	14
Transfers out to other funds	(363)	(363)	(346)	17	(129)	(129)	(129)	—
Total other financing sources	710	710	700	(10)	225	225	239	14
Net change in fund balances	(256)	(256)	81	337	(3,613)	(3,613)	(317)	3,296
Fund balances July 1, 2017	256	256	295	39	3,613	3,613	3,889	276
Fund balances June 30, 2018	\$ —	—	376	376	—	—	3,572	3,572

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>District Patrol Fund</u>				<u>Emergency Medical Services Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Licenses and permits	\$ —	—	—	—	530	530	517	(13)
Charges for services	45	45	66	21	3	3	6	3
Miscellaneous revenues	27,020	27,020	25,422	(1,598)	43	43	36	(7)
Interfund revenues	—	—	—	—	2	2	3	1
Total revenues	<u>27,065</u>	<u>27,065</u>	<u>25,488</u>	<u>(1,577)</u>	<u>578</u>	<u>578</u>	<u>562</u>	<u>(16)</u>
Expenditures:								
Current:								
Public safety and justice	26,518	26,518	24,973	1,545	—	—	—	—
Housing, health and human services	—	—	—	—	819	819	697	122
Operating contingency	—	—	—	—	988	988	—	988
Total current	<u>26,518</u>	<u>26,518</u>	<u>24,973</u>	<u>1,545</u>	<u>1,807</u>	<u>1,807</u>	<u>697</u>	<u>1,110</u>
Capital outlay	<u>548</u>	<u>548</u>	<u>516</u>	<u>32</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenditures	<u>27,066</u>	<u>27,066</u>	<u>25,489</u>	<u>1,577</u>	<u>1,807</u>	<u>1,807</u>	<u>697</u>	<u>1,110</u>
Revenues under expenditures	(1)	(1)	(1)	—	(1,229)	(1,229)	(135)	1,094
Fund balances July 1, 2017	<u>1</u>	<u>1</u>	<u>—</u>	<u>(1)</u>	<u>1,229</u>	<u>1,229</u>	<u>1,250</u>	<u>21</u>
Fund balance (deficit) June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>(1)</u>	<u>(1)</u>	<u>—</u>	<u>—</u>	<u>1,115</u>	<u>1,115</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Enhanced Sheriff's Patrol District Fund (Component Unit)				Gain Share Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Taxes	\$ 25,170	25,170	25,424	254	—	—	—	—
Intergovernmental revenues	77	77	77	—	—	9,746	9,763	17
Charges for services	18	18	57	39	—	—	—	—
Miscellaneous revenues	118	118	97	(21)	—	20	247	227
Total revenues	<u>25,383</u>	<u>25,383</u>	<u>25,655</u>	<u>272</u>	<u>—</u>	<u>9,766</u>	<u>10,010</u>	<u>244</u>
Expenditures:								
Current:								
Public safety and justice	26,364	26,364	25,293	1,071	—	—	—	—
Nonoperating	—	—	—	—	—	—	250	(250)
Operating contingency	10,916	10,916	—	10,916	—	—	—	—
Total current	<u>37,280</u>	<u>37,280</u>	<u>25,293</u>	<u>11,987</u>	<u>—</u>	<u>—</u>	<u>250</u>	<u>(250)</u>
Capital outlay	—	—	—	—	—	3,506	—	3,506
Total expenditures	<u>37,280</u>	<u>37,280</u>	<u>25,293</u>	<u>11,987</u>	<u>—</u>	<u>3,506</u>	<u>250</u>	<u>3,256</u>
Revenues over (under) expenditures	<u>(11,897)</u>	<u>(11,897)</u>	<u>362</u>	<u>12,259</u>	<u>—</u>	<u>6,260</u>	<u>9,760</u>	<u>3,500</u>
Other financing sources (uses):								
Transfers in from other funds	—	—	610	610	—	2,026	2,026	—
Transfers out to other funds	(2,733)	(2,733)	—	2,733	—	(8,287)	(4,572)	3,715
Total other financing sources (uses)	<u>(2,733)</u>	<u>(2,733)</u>	<u>610</u>	<u>3,343</u>	<u>—</u>	<u>(6,261)</u>	<u>(2,546)</u>	<u>3,715</u>
Net change in fund balances	<u>(14,630)</u>	<u>(14,630)</u>	<u>972</u>	<u>15,602</u>	<u>—</u>	<u>(1)</u>	<u>7,214</u>	<u>7,215</u>
Fund balances July 1, 2017	<u>14,630</u>	<u>14,630</u>	<u>14,831</u>	<u>201</u>	<u>—</u>	<u>1</u>	<u>—</u>	<u>(1)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>15,803</u>	<u>15,803</u>	<u>—</u>	<u>—</u>	<u>7,214</u>	<u>7,214</u>

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Health Share of Oregon Fund				Human Services HB-2145 Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	\$ 8,804	8,804	9,183	379	—	—	—	—
Miscellaneous revenues	50	50	45	(5)	—	—	—	—
Total revenues	8,854	8,854	9,228	374	—	—	—	—
Expenditures:								
Current:								
Housing, health and human services	9,116	9,116	7,121	1,995	—	—	—	—
Operating contingency	3,237	3,237	—	3,237	1,718	1,568	—	1,568
Total current	12,353	12,353	7,121	5,232	1,718	1,568	—	1,568
Revenues over (under) expenditures	(3,499)	(3,499)	2,107	5,606	(1,718)	(1,568)	—	1,568
Other financing sources (uses):								
Transfers in from other funds	—	—	—	—	96	96	—	(96)
Transfers out to other funds	(8,237)	(8,237)	(7,913)	324	—	(150)	(82)	68
Total other financing sources (uses)	(8,237)	(8,237)	(7,913)	324	96	(54)	(82)	(28)
Net change in fund balances	(11,736)	(11,736)	(5,806)	5,930	(1,622)	(1,622)	(82)	1,540
Fund balances July 1, 2017	11,736	11,736	12,288	552	1,622	1,622	1,667	45
Fund balances June 30, 2018	\$ —	—	6,482	6,482	—	—	1,585	1,585

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Human Services OHP Fund				Indirect Cost Reimbursement Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	\$ —	—	—	—	74	74	74	—
Miscellaneous revenues	26	26	17	(9)	—	—	—	—
Interfund revenues	—	—	—	—	19,654	19,654	19,654	—
Total revenues	<u>26</u>	<u>26</u>	<u>17</u>	<u>(9)</u>	<u>19,728</u>	<u>19,728</u>	<u>19,728</u>	<u>—</u>
Expenditures:								
Current:								
Nonoperating	—	—	—	—	2,797	2,797	2,797	—
Operating contingency	5,173	5,173	—	5,173	—	—	—	—
Total current	<u>5,173</u>	<u>5,173</u>	<u>—</u>	<u>5,173</u>	<u>2,797</u>	<u>2,797</u>	<u>2,797</u>	<u>—</u>
Revenues over (under) expenditures	<u>(5,147)</u>	<u>(5,147)</u>	<u>17</u>	<u>5,164</u>	<u>16,931</u>	<u>16,931</u>	<u>16,931</u>	<u>—</u>
Other financing uses:								
Transfers out to other funds	—	—	—	—	(16,931)	(16,931)	(16,931)	—
Net change in fund balances	<u>(5,147)</u>	<u>(5,147)</u>	<u>17</u>	<u>5,164</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances July 1, 2017	<u>5,147</u>	<u>5,147</u>	<u>5,142</u>	<u>(5)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund balances June 30, 2018	<u><u>\$ —</u></u>	<u><u>—</u></u>	<u><u>5,159</u></u>	<u><u>5,159</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>—</u></u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	ITS Systems Replacement Fund				Jail Commissary Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Miscellaneous revenues	\$ 18	18	4	(14)	208	208	224	16
Total revenues	18	18	4	(14)	208	208	224	16
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	157	157	127	30
Operating contingency	1,511	1,511	—	1,511	531	531	—	531
Total current	1,511	1,511	—	1,511	688	688	127	561
Revenues over (under) expenditures	(1,493)	(1,493)	4	1,497	(480)	(480)	97	577
Other financing sources (uses):								
Transfers in from other funds	719	719	719	—	—	—	—	—
Transfers out to other funds	(1,030)	(1,030)	(1,030)	—	—	—	—	—
Total other financing uses	(311)	(311)	(311)	—	—	—	—	—
Net change in fund balances	(1,804)	(1,804)	(307)	1,497	(480)	(480)	97	577
Fund balances July 1, 2017	1,804	1,804	850	(954)	480	480	541	61
Fund balances June 30, 2018	\$ —	—	543	543	—	—	638	638

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Juvenile Conciliation Services Fund</u>				<u>Juvenile Grants Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Licenses and permits	\$ 36	36	33	(3)	—	—	—	—
Intergovernmental revenues	528	528	536	8	610	733	747	14
Charges for services	4	4	6	2	—	—	—	—
Miscellaneous revenues	7	7	13	6	8	8	6	(2)
Total revenues	<u>575</u>	<u>575</u>	<u>588</u>	<u>13</u>	<u>618</u>	<u>741</u>	<u>753</u>	<u>12</u>
Expenditures:								
Current:								
Public safety and justice	743	743	589	154	702	825	760	65
Revenues under expenditures	(168)	(168)	(1)	167	(84)	(84)	(7)	77
Fund balances July 1, 2017	<u>168</u>	<u>168</u>	<u>176</u>	<u>8</u>	<u>84</u>	<u>84</u>	<u>95</u>	<u>11</u>
Fund balances June 30, 2018	<u><u>\$ —</u></u>	<u><u>—</u></u>	<u><u>175</u></u>	<u><u>175</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>88</u></u>	<u><u>88</u></u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Juvenile High Risk Prevention Fund</u>				<u>Law Library Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Intergovernmental revenues	\$ 1,723	1,937	1,940	3	—	—	—	—
Charges for services	—	—	—	—	376	376	359	(17)
Miscellaneous revenues	9	9	8	(1)	10	10	5	(5)
Total revenues	<u>1,732</u>	<u>1,946</u>	<u>1,948</u>	<u>2</u>	<u>386</u>	<u>386</u>	<u>364</u>	<u>(22)</u>
Expenditures:								
Current:								
Public safety and justice	2,439	2,653	1,821	832	467	467	407	60
Operating contingency	—	—	—	—	861	861	—	861
Total current	<u>2,439</u>	<u>2,653</u>	<u>1,821</u>	<u>832</u>	<u>1,328</u>	<u>1,328</u>	<u>407</u>	<u>921</u>
Revenues over (under) expenditures	<u>(707)</u>	<u>(707)</u>	<u>127</u>	<u>834</u>	<u>(942)</u>	<u>(942)</u>	<u>(43)</u>	<u>899</u>
Other financing uses:								
Transfers out to other funds	—	—	—	—	(17)	(17)	(17)	—
Net change in fund balance	<u>(707)</u>	<u>(707)</u>	<u>127</u>	<u>834</u>	<u>(959)</u>	<u>(959)</u>	<u>(60)</u>	<u>899</u>
Fund balances July 1, 2017	<u>707</u>	<u>707</u>	<u>993</u>	<u>286</u>	<u>959</u>	<u>959</u>	<u>971</u>	<u>12</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>1,120</u>	<u>1,120</u>	<u>—</u>	<u>—</u>	<u>911</u>	<u>911</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Local Option Levy Fund				Lottery Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Taxes	\$ 25,266	25,266	25,044	(222)	—	—	—	—
Intergovernmental revenues	425	425	315	(110)	2,043	2,143	2,106	(37)
Charges for services	50	50	7	(43)	—	—	—	—
Miscellaneous revenues	145	145	151	6	—	—	—	—
Total revenues	25,886	25,886	25,517	(369)	2,043	2,143	2,106	(37)
Expenditures:								
Current:								
Public safety and justice					—	—	—	—
County administration	1,247	1,247	1,238	9	—	—	—	—
Sheriff's office administration	1,367	1,367	1,183	184	—	—	—	—
Law enforcement services	11,404	11,404	10,559	845	—	—	—	—
Sheriff's Office - jail	2,643	2,643	2,516	127	—	—	—	—
District Attorney	3,280	3,280	2,907	373	—	—	—	—
Community corrections	1,592	1,592	1,488	104	—	—	—	—
Juvenile services	4,581	4,581	4,233	348	—	—	—	—
Nonoperating	—	—	—	—	319	319	320	(1)
Operating contingency	16,238	15,363	—	15,363	—	—	—	—
Total current	42,352	41,477	24,124	17,353	319	319	320	(1)
Capital outlay	140	140	121	19	—	—	—	—
Total expenditures	42,492	41,617	24,245	17,372	319	319	320	(1)
Revenues over (under) expenditures	(16,606)	(15,731)	1,272	17,003	1,724	1,824	1,786	(38)
Other financing uses:								
Transfers out to other funds	—	(1,725)	(1,725)	—	(1,725)	(1,825)	(1,786)	39
Net change in fund balances	(16,606)	(17,456)	(453)	17,003	(1)	(1)	—	1
Fund balances July 1, 2017	16,606	17,456	18,035	579	1	1	139	138
Fund balances June 30, 2018	\$ —	—	17,582	17,582	—	—	139	139

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Maintenance Improvement District Fund</u>				<u>Mental Health Crisis Services Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Special assessments	\$ 35	35	35	—	—	—	—	—
Miscellaneous revenues	2	2	1	(1)	8	8	12	4
Total revenues	<u>37</u>	<u>37</u>	<u>36</u>	<u>(1)</u>	<u>8</u>	<u>8</u>	<u>12</u>	<u>4</u>
Expenditures:								
Current:								
Land use and transportation	102	102	5	97	—	—	—	—
Housing, health and human services	—	—	—	—	6,606	6,606	4,379	2,227
Operating contingency	182	182	—	182	—	—	—	—
Total current	<u>284</u>	<u>284</u>	<u>5</u>	<u>279</u>	<u>6,606</u>	<u>6,606</u>	<u>4,379</u>	<u>2,227</u>
Revenues over (under) expenditures	<u>(247)</u>	<u>(247)</u>	<u>31</u>	<u>278</u>	<u>(6,598)</u>	<u>(6,598)</u>	<u>(4,367)</u>	<u>2,231</u>
Other financing sources:								
Transfers in from other funds	—	—	—	—	5,093	5,093	3,760	(1,333)
Net change in fund balances	<u>(247)</u>	<u>(247)</u>	<u>31</u>	<u>278</u>	<u>(1,505)</u>	<u>(1,505)</u>	<u>(607)</u>	<u>898</u>
Fund balances July 1, 2017	<u>247</u>	<u>247</u>	<u>245</u>	<u>(2)</u>	<u>1,505</u>	<u>1,505</u>	<u>2,446</u>	<u>941</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>276</u>	<u>276</u>	<u>—</u>	<u>—</u>	<u>1,839</u>	<u>1,839</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Metzger Park LID Fund				North Bethany County Service District for Roads Fund (Component Unit)			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	\$ —	—	—	—	350	350	416	66
Special assessments	88	88	87	(1)	—	—	—	—
Miscellaneous revenues	19	19	17	(2)	4	4	1	(3)
Total revenues	<u>107</u>	<u>107</u>	<u>104</u>	<u>(3)</u>	<u>354</u>	<u>354</u>	<u>417</u>	<u>63</u>
Expenditures:								
Current:								
Land use and transportation	—	—	—	—	54	554	281	273
Culture, education and recreation	107	107	178	(71)	—	—	—	—
Operating contingency	35	35	—	35	703	203	—	203
Total current	<u>142</u>	<u>142</u>	<u>178</u>	<u>(36)</u>	<u>757</u>	<u>757</u>	<u>281</u>	<u>476</u>
Capital outlay	—	93	—	93	—	—	—	—
Total expenditures	<u>142</u>	<u>235</u>	<u>178</u>	<u>57</u>	<u>757</u>	<u>757</u>	<u>281</u>	<u>476</u>
Revenues over (under) expenditures	<u>(35)</u>	<u>(128)</u>	<u>(74)</u>	<u>54</u>	<u>(403)</u>	<u>(403)</u>	<u>136</u>	<u>539</u>
Fund balances July 1, 2017	<u>35</u>	<u>128</u>	<u>128</u>	<u>—</u>	<u>403</u>	<u>403</u>	<u>407</u>	<u>4</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>54</u>	<u>54</u>	<u>—</u>	<u>—</u>	<u>543</u>	<u>543</u>

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Office of Community Development Block Grant Fund				PERS Rate Stabilization Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	\$ 4,006	4,156	2,736	(1,420)	—	—	—	—
Miscellaneous revenues	62	62	226	164	25	25	22	(3)
Total revenues	<u>4,068</u>	<u>4,218</u>	<u>2,962</u>	<u>(1,256)</u>	<u>25</u>	<u>25</u>	<u>22</u>	<u>(3)</u>
Expenditures:								
Current:								
Housing, health and human services	4,354	4,504	2,893	1,611	—	—	—	—
Nonoperating	—	—	—	—	6,651	6,651	—	6,651
Total current	<u>4,354</u>	<u>4,504</u>	<u>2,893</u>	<u>1,611</u>	<u>6,651</u>	<u>6,651</u>	<u>—</u>	<u>6,651</u>
Revenues over (under) expenditures	<u>(286)</u>	<u>(286)</u>	<u>69</u>	<u>355</u>	<u>(6,626)</u>	<u>(6,626)</u>	<u>22</u>	<u>6,648</u>
Other financing sources:								
Transfers in from other funds	10	10	20	10	—	—	—	—
Net change in fund balances	<u>(276)</u>	<u>(276)</u>	<u>89</u>	<u>365</u>	<u>(6,626)</u>	<u>(6,626)</u>	<u>22</u>	<u>6,648</u>
Fund balances July 1, 2017	<u>276</u>	<u>276</u>	<u>276</u>	<u>—</u>	<u>6,626</u>	<u>6,626</u>	<u>6,632</u>	<u>6</u>
Fund balances June 30, 2018	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>365</u></u>	<u><u>365</u></u>	<u><u>—</u></u>	<u><u>—</u></u>	<u><u>6,654</u></u>	<u><u>6,654</u></u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Sheriff's Office Contract Services Fund</u>				<u>Sheriff's Office Forfeitures Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)*</u>
Revenues:								
Charges for services	\$ 673	673	577	(96)	—	—	—	—
Miscellaneous revenues	500	500	241	(259)	6	6	231	225
Interfund revenues	60	60	28	(32)	—	—	—	—
Total revenues	<u>1,233</u>	<u>1,233</u>	<u>846</u>	<u>(387)</u>	<u>6</u>	<u>6</u>	<u>231</u>	<u>225</u>
Expenditures:								
Current:								
Public safety and justice	1,233	1,233	926	307	251	251	128	123
Operating contingency	—	—	—	—	132	132	—	132
Total current	<u>1,233</u>	<u>1,233</u>	<u>926</u>	<u>307</u>	<u>383</u>	<u>383</u>	<u>128</u>	<u>255</u>
Revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>(80)</u>	<u>(80)</u>	<u>(377)</u>	<u>(377)</u>	<u>103</u>	<u>480</u>
Fund balances July 1, 2017	<u>—</u>	<u>—</u>	<u>1</u>	<u>1</u>	<u>377</u>	<u>377</u>	<u>430</u>	<u>53</u>
Fund balance (deficit) June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>(79)</u>	<u>(79)</u>	<u>—</u>	<u>—</u>	<u>533</u>	<u>533</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Sheriff's Office Grants & Donations Fund				Strategic Investment Program Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	\$ 2,003	2,003	309	(1,694)	9,746	—	—	—
Charges for services	—	—	—	—	18,692	18,692	27,297	8,605
Miscellaneous revenues	376	376	287	(89)	20	—	35	35
Total revenues	2,379	2,379	596	(1,783)	28,458	18,692	27,332	8,640
Expenditures:								
Current:								
Public safety and justice	2,103	2,103	306	1,797	—	—	—	—
Total current	2,103	2,103	306	1,797	—	—	—	—
Capital outlay	—	—	—	—	3,506	—	—	—
Debt service:								
Principal	245	245	265	(20)	—	—	—	—
Interest	31	31	11	20	—	—	—	—
Total debt service	276	276	276	—	—	—	—	—
Total expenditures	2,379	2,379	582	1,797	3,506	—	—	—
Revenues over expenditures	—	—	14	14	24,952	18,692	27,332	8,640
Other financing uses:								
Transfers out to other funds	—	—	—	—	(26,979)	(38,065)	(38,065)	—
Net change in fund balance (deficit)	—	—	14	14	(2,027)	(19,373)	(10,733)	8,640
Fund balance (deficit) July 1, 2017	—	—	(13)	(13)	2,027	19,373	19,381	8
Fund balances June 30, 2018	\$ —	—	1	1	—	—	8,648	8,648

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Survey Fund</u>				<u>Surveyor-Public Land Corner Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Charges for services	\$ 670	670	565	(105)	520	520	444	(76)
Miscellaneous revenues	18	18	5	(13)	17	17	4	(13)
Interfund revenues	20	20	26	6	226	226	321	95
Total revenues	708	708	596	(112)	763	763	769	6
Expenditures:								
Current:								
Land use and transportation	874	874	667	207	893	893	533	360
Operating contingency	917	917	—	917	1,499	1,499	—	1,499
Total current	1,791	1,791	667	1,124	2,392	2,392	533	1,859
Revenues over (under) expenditures	(1,083)	(1,083)	(71)	1,012	(1,629)	(1,629)	236	1,865
Other financing sources (uses):								
Transfers in from other funds	73	73	73	—	—	—	—	—
Transfers out to other funds	(29)	(29)	(29)	—	(29)	(29)	(29)	—
Total other financing sources (uses)	44	44	44	—	(29)	(29)	(29)	—
Net change in fund balances	(1,039)	(1,039)	(27)	1,012	(1,658)	(1,658)	207	1,865
Fund balances July 1, 2017	1,039	1,039	1,086	47	1,658	1,658	1,827	169
Fund balances June 30, 2018	\$ —	—	1,059	1,059	—	—	2,034	2,034

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Tourism Dedicated Lodging Tax Fund				Tri-County Risk Reserve Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	\$ 3,686	3,686	3,528	(158)	—	—	—	—
Miscellaneous revenues	14	14	6	(8)	—	—	—	—
Total revenues	<u>3,700</u>	<u>3,700</u>	<u>3,534</u>	<u>(166)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Expenditures:								
Current:								
Culture, education and recreation	5,065	5,065	3,527	1,538	—	—	—	—
Operating contingency	—	—	—	—	10,500	10,500	—	10,500
Total current	<u>5,065</u>	<u>5,065</u>	<u>3,527</u>	<u>1,538</u>	<u>10,500</u>	<u>10,500</u>	<u>—</u>	<u>10,500</u>
Revenues over (under) expenditures	<u>(1,365)</u>	<u>(1,365)</u>	<u>7</u>	<u>1,372</u>	<u>(10,500)</u>	<u>(10,500)</u>	<u>—</u>	<u>10,500</u>
Other financing sources:								
Transfers in from other funds	—	—	—	—	7,000	7,000	7,000	—
Net change in fund balances	<u>(1,365)</u>	<u>(1,365)</u>	<u>7</u>	<u>1,372</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>7,000</u>	<u>10,500</u>
Fund balances July 1, 2017	<u>1,365</u>	<u>1,365</u>	<u>1,359</u>	<u>(6)</u>	<u>3,500</u>	<u>3,500</u>	<u>3,500</u>	<u>—</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>1,366</u>	<u>1,366</u>	<u>—</u>	<u>—</u>	<u>10,500</u>	<u>10,500</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Urban Road Maintenance District Fund (Component Unit)				Washington County Fair Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Taxes	\$ 4,678	4,678	4,743	65	1,642	1,642	1,514	(128)
Intergovernmental revenues	—	—	—	—	50	50	53	3
Charges for services	18	18	27	9	549	549	619	70
Miscellaneous revenues	112	112	39	(73)	481	481	433	(48)
Total revenues	<u>4,808</u>	<u>4,808</u>	<u>4,809</u>	<u>1</u>	<u>2,722</u>	<u>2,722</u>	<u>2,619</u>	<u>(103)</u>
Expenditures:								
Current:								
Land use and transportation	7,243	7,243	4,020	3,223	—	—	—	—
Culture, education and recreation	—	—	—	—	2,288	2,288	2,352	(64)
Operating contingency	8,965	8,965	—	8,965	1,879	1,779	—	1,779
Total current	<u>16,208</u>	<u>16,208</u>	<u>4,020</u>	<u>12,188</u>	<u>4,167</u>	<u>4,067</u>	<u>2,352</u>	<u>1,715</u>
Capital outlay	—	—	29	(29)	130	230	162	68
Total expenditures	<u>16,208</u>	<u>16,208</u>	<u>4,049</u>	<u>12,159</u>	<u>4,297</u>	<u>4,297</u>	<u>2,514</u>	<u>1,783</u>
Revenues over (under) expenditures	<u>(11,400)</u>	<u>(11,400)</u>	<u>760</u>	<u>12,160</u>	<u>(1,575)</u>	<u>(1,575)</u>	<u>105</u>	<u>1,680</u>
Other financing uses:								
Transfers out to other funds	(22)	(22)	(22)	—	—	—	—	—
Total other financing sources	<u>(22)</u>	<u>(22)</u>	<u>(22)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>(11,422)</u>	<u>(11,422)</u>	<u>738</u>	<u>12,160</u>	<u>(1,575)</u>	<u>(1,575)</u>	<u>105</u>	<u>1,680</u>
Fund balances July 1, 2017	<u>11,422</u>	<u>11,422</u>	<u>11,323</u>	<u>(99)</u>	<u>1,575</u>	<u>1,575</u>	<u>1,540</u>	<u>(35)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>12,061</u>	<u>12,061</u>	<u>—</u>	<u>—</u>	<u>1,645</u>	<u>1,645</u>

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Special Revenue Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	West Slope Library Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Intergovernmental revenues	\$ 3	3	3	—
Miscellaneous revenues	24	24	22	(2)
Total revenues	<u>27</u>	<u>27</u>	<u>25</u>	<u>(2)</u>
Expenditures:				
Current:				
Culture, education and recreation	979	979	821	158
Operating contingency	343	343	—	343
Total current	<u>1,322</u>	<u>1,322</u>	<u>821</u>	<u>501</u>
Revenues under expenditures	<u>(1,295)</u>	<u>(1,295)</u>	<u>(796)</u>	<u>499</u>
Other financing sources:				
Transfers in from other funds	<u>833</u>	<u>833</u>	<u>840</u>	<u>7</u>
Net change in fund balances	(462)	(462)	44	506
Fund balances July 1, 2017	<u>462</u>	<u>462</u>	<u>515</u>	<u>53</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>559</u>	<u>559</u>

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Debt Service Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	General Obligation Debt Service Fund				Miscellaneous Debt Service Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	\$ 4,206	4,206	4,183	(23)	—	—	—	—
Miscellaneous revenues	3	3	3	—	—	—	—	—
Total revenues	4,209	4,209	4,186	(23)	—	—	—	—
Expenditures:								
Current:								
Nonoperating	—	—	—	—	3	3	1	2
Debt service:								
Principal	1,405	1,405	1,405	—	4,938	4,938	4,938	—
Interest	2,812	2,812	2,788	24	2,151	2,151	2,119	32
Total debt service	4,217	4,217	4,193	24	7,089	7,089	7,057	32
Total expenditures	4,217	4,217	4,193	24	7,092	7,092	7,058	34
Revenues under expenditures	(8)	(8)	(7)	1	(7,092)	(7,092)	(7,058)	34
Other financing sources:								
Transfers in from other funds	—	—	—	—	7,060	7,060	7,060	—
Net change in fund balance	(8)	(8)	(7)	1	(32)	(32)	2	34
Fund balances July 1, 2017	8	8	10	2	32	32	34	2
Fund balances June 30, 2018	\$ —	—	3	3	—	—	36	36

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Debt Service Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Series 2016 B FFCO Debt Service Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Taxes	\$ 936	936	1,014	78
Debt service:				
Principal	5,820	5,820	5,820	—
Interest	6,442	6,442	6,217	225
Total debt service	12,262	12,262	12,037	225
Revenues under expenditures	(11,326)	(11,326)	(11,023)	303
Other financing sources:				
Transfers in from other funds	11,326	11,326	11,326	—
Net change in fund balance	—	—	303	303
Fund balance July 1, 2017	—	—	—	—
Fund balance June 30, 2018	\$ —	—	303	303

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	2016 FF&C Facilities Capital Projects Fund				2016 FF&C MSTIP Capital Projects Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Miscellaneous revenues	\$ 329	329	131	(198)	—	—	187	187
Total revenues	329	329	131	(198)	—	—	187	187
Expenditures:								
Current:								
Nonoperating	—	—	1,325	(1,325)	—	—	—	—
Total current	—	—	1,325	(1,325)	—	—	—	—
Capital outlay	24,507	24,507	9,261	15,246	—	—	—	—
Total expenditures	24,507	24,507	10,586	13,921	—	—	—	—
Revenues over (under) expenditures	(24,178)	(24,178)	(10,455)	13,723	—	—	187	187
Other financing uses:								
Transfers out to other funds	—	—	—	—	(23,362)	(23,362)	(17,634)	5,728
Net change in fund balances	(24,178)	(24,178)	(10,455)	13,723	(23,362)	(23,362)	(17,447)	5,915
Fund balances July 1, 2017	24,178	24,178	20,837	(3,341)	23,362	23,362	17,447	(5,915)
Fund balances June 30, 2018	\$ —	—	10,382	10,382	—	—	—	—

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Bonny Slope West Transportation SDC Fund</u>				<u>Building Equipment Replacement Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)*</u>
Revenues:								
Charges for services	\$ 773	773	531	(242)	—	—	—	—
Miscellaneous revenues	—	—	—	—	36	36	23	(13)
Total revenues	<u>773</u>	<u>773</u>	<u>531</u>	<u>(242)</u>	<u>36</u>	<u>36</u>	<u>23</u>	<u>(13)</u>
Expenditures:								
Current:								
Land use and transportation	773	773	13	760	—	—	—	—
Nonoperating	—	—	—	—	—	—	93	(93)
Operating contingency	—	—	—	—	3,336	3,336	—	3,336
Total current	<u>773</u>	<u>773</u>	<u>13</u>	<u>760</u>	<u>3,336</u>	<u>3,336</u>	<u>93</u>	<u>3,243</u>
Capital outlay	—	—	—	—	2,540	2,540	1,660	880
Total expenditures	<u>773</u>	<u>773</u>	<u>13</u>	<u>760</u>	<u>5,876</u>	<u>5,876</u>	<u>1,753</u>	<u>4,123</u>
Revenues over (under) expenditures	<u>—</u>	<u>—</u>	<u>518</u>	<u>518</u>	<u>(5,840)</u>	<u>(5,840)</u>	<u>(1,730)</u>	<u>4,110</u>
Other financing sources:								
Transfers in from other funds	—	—	—	—	2,111	2,111	2,111	—
Net change in fund balances	<u>—</u>	<u>—</u>	<u>518</u>	<u>518</u>	<u>(3,729)</u>	<u>(3,729)</u>	<u>381</u>	<u>4,110</u>
Fund balances July 1, 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,729</u>	<u>3,729</u>	<u>3,901</u>	<u>172</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>518</u>	<u>518</u>	<u>—</u>	<u>—</u>	<u>4,282</u>	<u>4,282</u>

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Countywide Traffic Impact Fee Fund</u>				<u>Emergency Communications System Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)*</u>
Revenues:								
Special assessments	\$ —	—	8	8	—	—	—	—
Miscellaneous revenues	21	21	17	(4)	581	581	378	(203)
Interfund revenues	—	—	—	—	—	—	—	—
Total revenues	<u>21</u>	<u>21</u>	<u>25</u>	<u>4</u>	<u>581</u>	<u>581</u>	<u>378</u>	<u>(203)</u>
Expenditures:								
Current:								
Land use and transportation	2,098	2,098	64	2,034	—	—	—	—
Nonoperating	—	—	—	—	13,276	13,276	22,546	(9,270)
Operating contingency	—	—	—	—	17,141	17,141	—	17,141
Total current	<u>2,098</u>	<u>2,098</u>	<u>64</u>	<u>2,034</u>	<u>30,417</u>	<u>30,417</u>	<u>22,546</u>	<u>7,871</u>
Capital outlay	—	—	—	—	49,529	49,529	2,323	47,206
Total expenditures	<u>2,098</u>	<u>2,098</u>	<u>64</u>	<u>2,034</u>	<u>79,946</u>	<u>79,946</u>	<u>24,869</u>	<u>55,077</u>
Revenues under expenditures	<u>(2,077)</u>	<u>(2,077)</u>	<u>(39)</u>	<u>2,038</u>	<u>(79,365)</u>	<u>(79,365)</u>	<u>(24,491)</u>	<u>54,874</u>
Other financing sources (uses):								
Transfers in from other funds	—	—	4	4	—	—	—	—
Transfers out to other funds	(1)	(1)	(1)	—	—	—	—	—
Total other financing sources (uses)	<u>(1)</u>	<u>(1)</u>	<u>3</u>	<u>4</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>(2,078)</u>	<u>(2,078)</u>	<u>(36)</u>	<u>2,042</u>	<u>(79,365)</u>	<u>(79,365)</u>	<u>(24,491)</u>	<u>54,874</u>
Fund balances July 1, 2017	<u>2,078</u>	<u>2,078</u>	<u>2,064</u>	<u>(14)</u>	<u>79,365</u>	<u>79,365</u>	<u>86,200</u>	<u>6,835</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>2,028</u>	<u>2,028</u>	<u>—</u>	<u>—</u>	<u>61,709</u>	<u>61,709</u>

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WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Event Center Fund				Facilities General Capital Projects Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Intergovernmental revenues	\$ —	—	3	3	124	124	653	529
Miscellaneous revenues	358	358	1,641	1,283	—	—	—	—
Interfund revenues	—	—	—	—	5,746	5,746	497	(5,249)
Total revenues	<u>358</u>	<u>358</u>	<u>1,644</u>	<u>1,286</u>	<u>5,870</u>	<u>5,870</u>	<u>1,150</u>	<u>(4,720)</u>
Expenditures:								
Current:								
Culture, education and recreation	6,000	6,000	1,606	4,394	—	—	—	—
Nonoperating	—	—	—	—	—	—	764	(764)
Total current	<u>6,000</u>	<u>6,000</u>	<u>1,606</u>	<u>4,394</u>	<u>—</u>	<u>—</u>	<u>764</u>	<u>(764)</u>
Capital outlay	<u>30,173</u>	<u>30,173</u>	<u>—</u>	<u>30,173</u>	<u>25,515</u>	<u>26,575</u>	<u>13,198</u>	<u>13,377</u>
Total expenditures	<u>36,173</u>	<u>36,173</u>	<u>1,606</u>	<u>34,567</u>	<u>25,515</u>	<u>26,575</u>	<u>13,962</u>	<u>12,613</u>
Revenues over (under) expenditures	<u>(35,815)</u>	<u>(35,815)</u>	<u>38</u>	<u>35,853</u>	<u>(19,645)</u>	<u>(20,705)</u>	<u>(12,812)</u>	<u>7,893</u>
Other financing sources:								
Transfers in from other funds	—	—	—	—	2,141	20,547	20,547	—
Net change in fund balances	<u>(35,815)</u>	<u>(35,815)</u>	<u>38</u>	<u>35,853</u>	<u>(17,504)</u>	<u>(158)</u>	<u>7,735</u>	<u>7,893</u>
Fund balances July 1, 2017	<u>35,815</u>	<u>35,815</u>	<u>37,888</u>	<u>2,073</u>	<u>17,504</u>	<u>158</u>	<u>222</u>	<u>64</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>37,926</u>	<u>37,926</u>	<u>—</u>	<u>—</u>	<u>7,957</u>	<u>7,957</u>

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WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Facilities Park (THPRD) SDC Fund				ITS Capital Projects Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Charges for services	\$ 25	25	—	(25)	—	—	—	—
Miscellaneous revenues	1	1	—	(1)	—	—	10	10
Interfund revenues	—	—	—	—	1,948	1,948	1,026	(922)
Total revenues	26	26	—	(26)	1,948	1,948	1,036	(912)
Expenditures:								
Current:								
Nonoperating	103	103	—	103	47	47	3,108	(3,061)
Capital outlay	—	—	—	—	6,281	6,281	1,225	5,056
Total expenditures	103	103	—	103	6,328	6,328	4,333	1,995
Revenues under expenditures	(77)	(77)	—	77	(4,380)	(4,380)	(3,297)	1,083
Other financing sources:								
Transfers in from other funds	—	—	—	—	3,440	3,440	3,440	—
Net change in fund balances	(77)	(77)	—	77	(940)	(940)	143	1,083
Fund balances July 1, 2017	77	77	65	(12)	940	940	3,912	2,972
Fund balances June 30, 2018	\$ —	—	65	65	—	—	4,055	4,055

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WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	<u>Major Streets Capital Projects Fund</u>				<u>North Bethany SDC Fund</u>			
	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)*</u>	<u>Adopted budget</u>	<u>Revised budget</u>	<u>Actual</u>	<u>Variance positive (negative)</u>
Revenues:								
Intergovernmental revenues	\$ 287	287	2,580	2,293	—	—	—	—
Charges for services	—	—	—	—	1,800	1,800	2,599	799
Miscellaneous revenues	81	81	255	174	22	22	—	(22)
Total revenues	<u>368</u>	<u>368</u>	<u>2,835</u>	<u>2,467</u>	<u>1,822</u>	<u>1,822</u>	<u>2,599</u>	<u>777</u>
Expenditures:								
Current:								
Land use and transportation	16,482	16,482	4,041	12,441	4,064	4,064	36	4,028
Capital outlay								
	—	—	27	(27)	—	—	—	—
Total expenditures	<u>16,482</u>	<u>16,482</u>	<u>4,068</u>	<u>12,414</u>	<u>4,064</u>	<u>4,064</u>	<u>36</u>	<u>4,028</u>
Revenues over (under) expenditures	<u>(16,114)</u>	<u>(16,114)</u>	<u>(1,233)</u>	<u>14,881</u>	<u>(2,242)</u>	<u>(2,242)</u>	<u>2,563</u>	<u>4,805</u>
Other financing sources (uses):								
Transfers in from other funds	8,312	8,312	6,151	(2,161)	—	—	—	—
Transfers out to other funds	(65)	(65)	(65)	—	—	—	—	—
Total other financing sources	<u>8,247</u>	<u>8,247</u>	<u>6,086</u>	<u>(2,161)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balances	<u>(7,867)</u>	<u>(7,867)</u>	<u>4,853</u>	<u>12,720</u>	<u>(2,242)</u>	<u>(2,242)</u>	<u>2,563</u>	<u>4,805</u>
Fund balances July 1, 2017	<u>7,867</u>	<u>7,867</u>	<u>8,002</u>	<u>135</u>	<u>2,242</u>	<u>2,242</u>	<u>2,102</u>	<u>(140)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>12,855</u>	<u>12,855</u>	<u>—</u>	<u>—</u>	<u>4,665</u>	<u>4,665</u>

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WASHINGTON COUNTY, OREGON
 Budgetary Comparison, Continued
 Non-major Governmental Funds - Capital Projects Funds
 For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Parks and Open Spaces Opportunity Projects Fund				Transportation Development Tax Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	\$ —	—	—	—	—	—	200	200
Charges for services	—	—	—	—	8,000	8,000	6,926	(1,074)
Miscellaneous revenues	3	3	3	—	439	439	137	(302)
Total revenues	<u>3</u>	<u>3</u>	<u>3</u>	<u>—</u>	<u>8,439</u>	<u>8,439</u>	<u>7,263</u>	<u>(1,176)</u>
Expenditures:								
Current:								
Land use and transportation	—	—	—	—	45,493	45,493	631	44,862
Capital outlay	275	275	13	262	—	—	—	—
Total expenditures	<u>275</u>	<u>275</u>	<u>13</u>	<u>262</u>	<u>45,493</u>	<u>45,493</u>	<u>631</u>	<u>44,862</u>
Revenues over (under) expenditures	<u>(272)</u>	<u>(272)</u>	<u>(10)</u>	<u>262</u>	<u>(37,054)</u>	<u>(37,054)</u>	<u>6,632</u>	<u>43,686</u>
Other financing uses:								
Transfers out to other funds	—	—	—	—	(6,849)	(6,849)	(2,872)	3,977
Net change in fund balance	<u>(272)</u>	<u>(272)</u>	<u>(10)</u>	<u>262</u>	<u>(43,903)</u>	<u>(43,903)</u>	<u>3,760</u>	<u>47,663</u>
Fund balance July 1, 2017	<u>272</u>	<u>272</u>	<u>271</u>	<u>(1)</u>	<u>43,903</u>	<u>43,903</u>	<u>41,595</u>	<u>(2,308)</u>
Fund balance June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>261</u>	<u>261</u>	<u>—</u>	<u>—</u>	<u>45,355</u>	<u>45,355</u>

WASHINGTON COUNTY, OREGON
Combining Statement of Net Position
Internal Service Funds
June 30, 2018
(Dollars in thousands)

Assets	Fleet Services Fund	Fleet Replacement Fund	Internal Support Services Fund	Liability/ Casualty Insurance Fund	Life Insurance Fund
Current assets:					
Cash and investments	\$ 623	10,962	266	6,709	184
Accounts receivable	—	125	15	8	—
Supply inventory	277	—	23	—	—
Total current assets	<u>900</u>	<u>11,087</u>	<u>304</u>	<u>6,717</u>	<u>184</u>
Noncurrent assets:					
Capital assets, net of accumulated depreciation	—	11,973	236	—	—
PERS net OPEB RHIA asset	5	—	2	—	—
Total noncurrent assets	<u>5</u>	<u>11,973</u>	<u>238</u>	<u>—</u>	<u>—</u>
Total assets	<u>905</u>	<u>23,060</u>	<u>542</u>	<u>6,717</u>	<u>184</u>
Deferred Outflows of Resources					
County OPEB related	1	—	1	—	—
PERS OPEB RHIA related	6	—	2	—	—
Pension related	747	—	276	—	—
Total deferred outflows of resources	<u>754</u>	<u>—</u>	<u>279</u>	<u>—</u>	<u>—</u>
Liabilities					
Current liabilities:					
Accounts payable	165	435	31	229	37
Accrued payroll liabilities	156	—	25	—	—
Accrued self-insurance	—	—	—	4,222	—
Total current liabilities	<u>321</u>	<u>435</u>	<u>56</u>	<u>4,451</u>	<u>37</u>
Noncurrent liabilities:					
County OPEB obligation	36	—	14	—	—
PERS net pension liability	1,977	—	731	—	—
Total noncurrent liabilities	<u>2,013</u>	<u>—</u>	<u>745</u>	<u>—</u>	<u>—</u>
Total liabilities	<u>2,334</u>	<u>435</u>	<u>801</u>	<u>4,451</u>	<u>37</u>
Deferred Inflows of Resources					
County OPEB related	5	—	2	—	—
PERS OPEB RHIA related	2	—	1	—	—
Pension related	152	—	56	—	—
Total deferred inflows of resources	<u>159</u>	<u>—</u>	<u>59</u>	<u>—</u>	<u>—</u>
Net Position (Deficits)					
Net investment in capital assets	—	11,973	236	—	—
Unrestricted (deficit)	(834)	10,652	(275)	2,266	147
Total net position (deficits)	<u>\$ (834)</u>	<u>22,625</u>	<u>(39)</u>	<u>2,266</u>	<u>147</u>

WASHINGTON COUNTY, OREGON
Combining Statement of Net Position, Continued
Internal Service Funds
June 30, 2018
(Dollars in thousands)

Assets	Medical Insurance Fund	Unemployment Insurance Fund	Workers' Compensation Insurance Fund	Total Internal Service Funds
Current assets:				
Cash and investments	\$ 1,980	807	3,728	25,259
Restricted cash	100	—	75	175
Accounts receivable	—	—	7	155
Other assets	8	—	—	8
Supply inventory	—	—	—	300
Total current assets	<u>2,088</u>	<u>807</u>	<u>3,810</u>	<u>25,897</u>
Noncurrent assets:				
Capital assets, net of accumulated depreciation	—	—	—	12,209
PERS net OPEB RHIA asset	—	—	—	7
Total noncurrent assets	<u>—</u>	<u>—</u>	<u>—</u>	<u>12,216</u>
Total assets	<u>2,088</u>	<u>807</u>	<u>3,810</u>	<u>38,113</u>
Deferred Outflows of Resources				
County OPEB related	—	—	—	2
PERS OPEB RHIA related	—	—	—	8
Pension related	—	—	—	1,023
Total deferred outflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,033</u>
Liabilities				
Current liabilities:				
Accounts payable	115	27	35	1,074
Accrued payroll liabilities	—	—	—	181
Accrued self-insurance	92	—	1,902	6,216
Total current liabilities	<u>207</u>	<u>27</u>	<u>1,937</u>	<u>7,471</u>
Noncurrent liabilities:				
County net OPEB obligation	—	—	—	50
PERS net pension liability	—	—	—	2,708
Total noncurrent liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,758</u>
Total liabilities	<u>207</u>	<u>27</u>	<u>1,937</u>	<u>10,229</u>
Deferred Inflows of Resources				
County OPEB related	—	—	—	7
PERS OPEB RHIA related	—	—	—	3
Pension related	—	—	—	208
Total deferred inflows of resources	<u>—</u>	<u>—</u>	<u>—</u>	<u>218</u>
Net Position				
Net investment in capital assets	—	—	—	12,209
Restricted for payment of claims	100	—	75	175
Unrestricted	1,781	780	1,798	16,315
Total net position	<u>\$ 1,881</u>	<u>780</u>	<u>1,873</u>	<u>28,699</u>

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenses
and Changes in Net Position

Internal Service Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Fleet Services Fund	Fleet Replacement Fund	Internal Support Services Fund	Liability/ Casualty Insurance Fund	Life Insurance Fund
Operating revenues:					
Charges for services	\$ 4,083	4,017	1,594	2,832	404
Other	15	435	163	620	—
Total operating revenues	4,098	4,452	1,757	3,452	404
Operating expenses:					
Labor and fringe benefits	1,945	—	535	—	—
Utilities	25	—	—	—	—
Professional services	10	—	—	48	—
Supplies	1,722	—	665	—	—
Administrative costs	328	115	221	1,097	5
Depreciation and amortization	—	1,854	97	—	—
Insurance claims and premiums	—	—	—	3,531	429
Repairs and maintenance	297	—	123	223	—
Total operating expenses	4,327	1,969	1,641	4,899	434
Operating income (loss)	(229)	2,483	116	(1,447)	(30)
Nonoperating income:					
Interest income	(3)	24	(2)	(16)	1
Gain on sale of capital assets	—	171	—	—	—
Total nonoperating income (loss)	(3)	195	(2)	(16)	1
Other financing sources:					
Transfer in from other funds	—	—	—	2,000	—
Total other financing sources	—	—	—	2,000	—
Change in net position (deficits)	(232)	2,678	114	537	(29)
Net position (deficits) July 1, 2017	(611)	19,947	(157)	1,729	176
Restatement	9	—	4	—	—
Net position (deficit) July 1, 2017, as restated	(602)	19,947	(153)	1,729	176
Net position (deficits) June 30, 2018	\$ (834)	22,625	(39)	2,266	147

WASHINGTON COUNTY, OREGON
Combining Statement of Revenues, Expenses
and Changes in Net Position, Continued
Internal Service Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Medical Insurance Fund	Unemployment Insurance Fund	Workers' Compensation Insurance Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 31,517	60	1,825	46,332
Other	453	—	81	1,767
Total operating revenues	<u>31,970</u>	<u>60</u>	<u>1,906</u>	<u>48,099</u>
Operating expenses:				
Labor and fringe benefits	—	—	—	2,480
Utilities	—	—	—	25
Professional services	226	4	15	303
Supplies	—	—	—	2,387
Administrative costs	122	5	315	2,208
Depreciation and amortization	—	—	—	1,951
Insurance claims and premiums	30,328	131	1,340	35,759
Repairs and maintenance	—	—	—	643
Total operating expenses	<u>30,676</u>	<u>140</u>	<u>1,670</u>	<u>45,756</u>
Operating income (loss)	<u>1,294</u>	<u>(80)</u>	<u>236</u>	<u>2,343</u>
Nonoperating income:				
Interest income	21	4	11	40
Gain on sale of capital assets	—	—	—	171
Total nonoperating income	<u>21</u>	<u>4</u>	<u>11</u>	<u>211</u>
Other financing sources (uses):				
Transfer in from other funds	—	—	—	2,000
Change in net position	1,315	(76)	247	4,554
Net position July 1, 2017	<u>566</u>	<u>856</u>	<u>1,626</u>	<u>24,132</u>
Restatement	—	—	—	13
Net position July 1, 2017, as restated	<u>566</u>	<u>856</u>	<u>1,626</u>	<u>24,145</u>
Net position June 30, 2018	<u>\$ 1,881</u>	<u>780</u>	<u>1,873</u>	<u>28,699</u>

WASHINGTON COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Fleet Services Fund	Fleet Replacement Fund	Internal Support Services Fund	Liability/ Casualty Insurance Fund	Life Insurance Fund
Cash provided by (used in) operating activities:					
Cash received for services provided	\$ 3,326	4,327	1,596	3,326	404
Cash payments for labor and fringe benefits	(1,742)	—	(491)	—	—
Cash payments for goods and services	(2,335)	59	(1,002)	(2,772)	(432)
Other operating revenue	759	—	164	121	—
Other receipts	15	—	—	—	—
Net cash provided by operating activities	<u>23</u>	<u>4,386</u>	<u>267</u>	<u>675</u>	<u>(28)</u>
Cash flows from noncapital financing activities:					
Transfer from General Fund	—	—	—	2,000	—
Cash flows provided by (used in) capital and related financing activities:					
Acquisition of capital assets	—	(4,124)	(103)	—	—
Proceeds from sale of capital assets	—	241	—	—	—
Net cash used in capital and related financing activities	<u>—</u>	<u>(3,883)</u>	<u>(103)</u>	<u>—</u>	<u>—</u>
Cash flows from investing activities:					
Interest earnings (loss) on investments	(1)	25	(2)	(16)	1
Net increase (decrease) in cash and investments	22	528	162	2,659	(27)
Cash and investments, July 1, 2017	<u>601</u>	<u>10,434</u>	<u>104</u>	<u>4,050</u>	<u>211</u>
Cash and investments, June 30, 2018	<u><u>623</u></u>	<u><u>10,962</u></u>	<u><u>266</u></u>	<u><u>6,709</u></u>	<u><u>184</u></u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	(229)	2,483	116	(1,447)	(30)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization	—	1,854	97	—	—
Changes in assets and liabilities:					
Increase (decrease) in accounts payable	24	174	(6)	195	2
Increase (decrease) in accrued liabilities	(257)	—	(151)	1,933	—
Decrease (increase) in accounts receivable	2	(125)	3	(6)	—
Decrease in inventory	22	—	13	—	—
Decrease in other assets	461	—	195	—	—
Net cash provided by (used in) operating activities	<u><u>\$ 23</u></u>	<u><u>4,386</u></u>	<u><u>267</u></u>	<u><u>675</u></u>	<u><u>(28)</u></u>

WASHINGTON COUNTY, OREGONCombining Statement of Revenues, Expenses
and Changes in Net Position, Continued

Internal Service Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Medical Insurance Fund	Unemployment Insurance Fund	Workers' Compensation Insurance Fund	Total Internal Service Funds
Operating revenues:				
Charges for services	\$ 31,517	60	1,825	46,332
Other	453	—	81	1,767
Total operating revenues	<u>31,970</u>	<u>60</u>	<u>1,906</u>	<u>48,099</u>
Operating expenses:				
Labor and fringe benefits	—	—	—	2,480
Utilities	—	—	—	25
Professional services	226	4	15	303
Supplies	—	—	—	2,387
Administrative costs	122	5	315	2,208
Depreciation and amortization	—	—	—	1,951
Insurance claims and premiums	30,328	131	1,340	35,759
Repairs and maintenance	—	—	—	643
Total operating expenses	<u>30,676</u>	<u>140</u>	<u>1,670</u>	<u>45,756</u>
Operating income (loss)	<u>1,294</u>	<u>(80)</u>	<u>236</u>	<u>2,343</u>
Nonoperating income:				
Interest income	21	4	11	40
Gain on sale of capital assets	—	—	—	171
Total nonoperating income	<u>21</u>	<u>4</u>	<u>11</u>	<u>211</u>
Other financing sources (uses):				
Transfer in from other funds	—	—	—	2,000
Change in net position	<u>1,315</u>	<u>(76)</u>	<u>247</u>	<u>4,554</u>
Net position July 1, 2017	<u>566</u>	<u>856</u>	<u>1,626</u>	<u>24,132</u>
Restatement	—	—	—	13
Net position July 1, 2017, as restated	<u>566</u>	<u>856</u>	<u>1,626</u>	<u>24,145</u>
Net position June 30, 2018	<u>\$ 1,881</u>	<u>780</u>	<u>1,873</u>	<u>28,699</u>

WASHINGTON COUNTY, OREGON
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis)
Internal Service Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Fleet Services Fund				Fleet Replacement Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	\$ 3,860	3,860	4,083	223	4,982	4,982	4,304	(678)
Miscellaneous revenues	3	3	—	(3)	252	252	294	42
Interfund revenues	—	—	14	14	—	—	—	—
Total revenues	<u>3,863</u>	<u>3,863</u>	<u>4,097</u>	<u>234</u>	<u>5,234</u>	<u>5,234</u>	<u>4,598</u>	<u>(636)</u>
Expenditures:								
Current:								
General government	4,158	4,348	4,147	201	—	—	—	—
Nonoperating	—	—	—	—	1,091	1,091	741	350
Operating contingency	474	284	—	284	10,195	10,195	—	10,195
Total current	<u>4,632</u>	<u>4,632</u>	<u>4,147</u>	<u>485</u>	<u>11,286</u>	<u>11,286</u>	<u>741</u>	<u>10,545</u>
Capital outlay	—	—	—	—	4,581	4,581	3,378	1,203
Total expenditures	<u>4,632</u>	<u>4,632</u>	<u>4,147</u>	<u>485</u>	<u>15,867</u>	<u>15,867</u>	<u>4,119</u>	<u>11,748</u>
Revenues over (under) expenditures	(769)	(769)	(50)	719	(10,633)	(10,633)	479	11,112
Fund balances July 1, 2017	<u>769</u>	<u>769</u>	<u>629</u>	<u>(140)</u>	<u>10,633</u>	<u>10,633</u>	<u>10,173</u>	<u>(460)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>579</u>	<u>579</u>	<u>—</u>	<u>—</u>	<u>10,652</u>	<u>10,652</u>

WASHINGTON COUNTY, OREGON
 Schedule of Revenues and Expenditures -
 Budget and Actual (Budgetary Basis)

Internal Service Funds

For the fiscal year ended June 30, 2018

(Dollars in thousands)

	Internal Support Services Fund				Liability/Casualty Insurance Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Charges for services	\$ 1,593	1,593	1,594	1	2,827	2,827	2,832	5
Miscellaneous revenues	173	173	160	(13)	88	88	104	16
Interfund revenues	—	—	—	—	—	—	500	500
Total revenues	1,766	1,766	1,754	(12)	2,915	2,915	3,436	521
Expenditures:								
Current:								
General government	1,664	1,664	1,492	172	—	—	—	—
Nonoperating	—	—	—	—	4,433	6,433	4,812	1,621
Operating contingency	43	43	—	43	—	—	—	—
Total current	1,707	1,707	1,492	215	4,433	6,433	4,812	1,621
Capital outlay	65	65	109	(44)	—	—	87	(87)
Total expenditures	1,772	1,772	1,601	171	4,433	6,433	4,899	1,534
Revenues over (under) expenditures	(6)	(6)	153	159	(1,518)	(3,518)	(1,463)	2,055
Other financing sources:								
Transfers in from other funds	—	—	—	—	—	2,000	2,000	—
Net change in fund balances	(6)	(6)	153	159	(1,518)	(1,518)	537	2,055
Fund balances July 1, 2017	6	6	95	89	1,518	1,518	1,729	211
Fund balances June 30, 2018	\$ —	—	248	248	—	—	2,266	2,266

* All appropriations of this fund are made under a single organization unit. Accordingly, negative variances on individual line items do not represent overexpenditures.

WASHINGTON COUNTY, OREGON
 Schedule of Revenues and Expenditures -
 Budget and Actual (Budgetary Basis)

Internal Service Funds

For the fiscal year ended June 30, 2018
 (Dollars in thousands)

	Life Insurance Fund				Medical Insurance Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	\$ —	—	—	—	34,430	34,430	31,517	(2,913)
Miscellaneous revenues	461	461	404	(57)	350	350	474	124
Total revenues	461	461	404	(57)	34,780	34,780	31,991	(2,789)
Expenditures:								
Current:								
Nonoperating	464	464	433	31	35,380	35,380	30,677	4,703
Operating contingency	179	179	—	179	—	—	—	—
Total current	643	643	433	210	35,380	35,380	30,677	4,703
Revenues over (under) expenditures	(182)	(182)	(29)	153	(600)	(600)	1,314	1,914
Fund balances July 1, 2017	182	182	176	(6)	600	600	566	(34)
Fund balances June 30, 2018	\$ —	—	147	147	—	—	1,880	1,880

WASHINGTON COUNTY, OREGON
Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis)
Internal Service Funds
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	Unemployment Insurance Fund				Workers' Compensation Insurance Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	\$ 62	62	60	(2)	1,886	1,886	1,825	(61)
Miscellaneous revenues	9	9	3	(6)	82	82	91	9
Total revenues	<u>71</u>	<u>71</u>	<u>63</u>	<u>(8)</u>	<u>1,968</u>	<u>1,968</u>	<u>1,916</u>	<u>(52)</u>
Expenditures:								
Current:								
Nonoperating	259	259	140	119	2,009	2,009	1,669	340
Operating contingency	750	750	—	750	2,066	2,066	—	2,066
Total current	<u>1,009</u>	<u>1,009</u>	<u>140</u>	<u>869</u>	<u>4,075</u>	<u>4,075</u>	<u>1,669</u>	<u>2,406</u>
Revenues over (under) expenditures	<u>(938)</u>	<u>(938)</u>	<u>(77)</u>	<u>861</u>	<u>(2,107)</u>	<u>(2,107)</u>	<u>247</u>	<u>2,354</u>
Fund balances July 1, 2017	<u>938</u>	<u>938</u>	<u>856</u>	<u>(82)</u>	<u>2,107</u>	<u>2,107</u>	<u>1,626</u>	<u>(481)</u>
Fund balances June 30, 2018	<u>\$ —</u>	<u>—</u>	<u>779</u>	<u>779</u>	<u>—</u>	<u>—</u>	<u>1,873</u>	<u>1,873</u>

WASHINGTON COUNTY, OREGON

Reconciliation of Fund Balance to Net Position

Internal Service Funds

June 30, 2018

(Dollars in thousands)

	Fleet Services Fund	Fleet Replacement Fund	Internal Support Services Fund
Fund balance	\$ 579	10,652	248
Add capital assets reported on combining statement of net position	—	11,973	236
Less County OPEB obligation	(36)	—	(14)
Add PERS net OPEB RHIA asset	5	—	2
Less PERS net pension liability	(1,977)	—	(731)
Add deferred outflows of resources - County OPEB related	1	—	1
Add deferred outflows of resources - PERS OPEB RHIA related	6	—	2
Add deferred outflows of resources - pension related	747	—	276
Less deferred inflows of resources - County OPEB related	(5)	—	(2)
Less deferred inflows of resources - PERS OPEB RHIA related	(2)	—	(1)
Less deferred inflows of resources - pension related	(152)	—	(56)
Total net position (deficit)	<u>\$ (834)</u>	<u>22,625</u>	<u>(39)</u>

WASHINGTON COUNTY, OREGON
Statement of Changes in Assets and Liabilities
Agency Fund
For the fiscal year ended June 30, 2018
(Dollars in thousands)

	<u>Balance</u> <u>July 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2018</u>
Assets:				
Cash and investments	\$ 6,071	11,428,570	11,421,922	12,719
Accounts receivable	1,287	48,777	47,853	2,211
Property taxes receivable	<u>37,324</u>	<u>37,824</u>	<u>37,324</u>	<u>37,824</u>
Total assets	<u><u>44,682</u></u>	<u><u>11,515,171</u></u>	<u><u>11,507,099</u></u>	<u><u>52,754</u></u>
Liabilities:				
Accounts payable	1,739	828,960	828,913	1,786
Amounts due to other jurisdictions	5,619	1,239,671	1,232,146	13,144
Uncollected taxes	<u>37,324</u>	<u>37,824</u>	<u>37,324</u>	<u>37,824</u>
Total liabilities	<u><u>\$ 44,682</u></u>	<u><u>2,106,455</u></u>	<u><u>2,098,383</u></u>	<u><u>52,754</u></u>

OTHER FINANCIAL SCHEDULE

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WASHINGTON COUNTY, OREGON

Schedule of Accountability of Independently Elected Officials

For the fiscal year ended June 30, 2018

Oregon Revised Statutes (ORS) Section 297 requires a statement of accountability for each independently elected official collecting or receiving money in the municipal corporation. In compliance with ORS 297, there are no independently elected officials that collect or receive money on behalf of Washington County.

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**WASHINGTON COUNTY,
OREGON**

**STATISTICAL
SECTION**

SECTION III

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WASHINGTON COUNTY, OREGON

Statistical Information Section Narrative

June 30, 2018

(Unaudited)

This part of Washington County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. This section contains the following tables and information:

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

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Report for the relevant year.

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FINANCIAL TRENDS

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WASHINGTON COUNTY, OREGON

Net Position by Component

Last Ten Fiscal Years

(Dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 2,134,940	2,108,850	2,098,666	2,079,264	2,054,249	2,022,435	2,001,443	2,028,976	1,971,357	1,961,458
Restricted	911	6,530	93,002	95,942	96,945	112,861	152,101	176,076	274,884	263,487
Unrestricted	230,574	219,822	140,655	144,559	156,368	177,482	180,047	96,452	28,994	36,240
Total governmental activities net position	2,366,425	2,335,202	2,332,323	2,319,765	2,307,562	2,312,778	2,333,591	2,301,504	2,275,235	2,261,185
Business-type activities⁽¹⁾										
Net investment in capital assets	389,728	395,461	384,397	2,206	1,652	1,131	(18)	(798)	(1,713)	(2,047)
Restricted	52,406	57,052	69,936	6,156	4,532	3,070	3,978	2,894	3,089	3,006
Unrestricted	52,806	48,554	54,673	801	929	912	995	3,665	6,124	8,676
Total business-type activities net position	494,940	501,067	509,006	9,163	7,113	5,113	4,955	5,761	7,500	9,635
Primary government⁽¹⁾										
Net investment in capital assets	2,524,668	2,504,311	2,477,889	2,076,818	2,055,901	2,023,566	2,001,425	2,028,178	1,969,644	1,959,411
Restricted	53,317	63,582	162,938	102,098	101,477	115,931	156,079	178,970	277,973	266,493
Unrestricted	283,380	268,376	200,502	150,012	157,297	178,394	181,042	100,117	35,118	44,916
Total primary government net position	2,861,365	2,836,269	2,841,329	2,328,928	2,314,675	2,317,891	2,338,546	2,307,265	2,282,735	2,270,820
Component unit⁽¹⁾										
Net investment in capital assets	—	—	—	388,941	391,886	383,718	406,700	436,636	477,185	512,558
Restricted	—	—	—	68,909	96,441	119,140	127,787	131,179	127,024	120,428
Unrestricted	—	—	—	64,777	79,630	100,907	103,503	119,347	144,231	171,038
Total component unit net position	\$ —	—	—	522,627	567,957	603,765	637,990	687,162	748,440	804,024

⁽¹⁾ Years prior to 2012 not restated for reporting of component units under GASB #61

Source: Current and prior years financial statements.

WASHINGTON COUNTY, OREGON

Changes in Net Position by Component

Last Ten Fiscal Years

(Dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Primary Government										
Governmental activities:										
General government	\$ 42,319	42,869	39,318	38,677	46,517	51,051	35,191	66,480	51,157	58,201
Public safety and justice	97,512	98,562	104,664	109,222	111,808	115,730	92,801	160,300	139,761	147,036
Land use and transportation	106,306	108,616	115,096	119,714	110,622	123,464	103,196	128,019	139,231	133,995
Housing, health and human services	56,474	58,467	59,013	58,443	59,979	61,068	52,051	90,559	71,283	72,862
Culture, education and recreation	25,728	26,261	26,882	28,476	29,435	30,172	30,009	36,422	37,597	41,704
Non-operating expense	11,663	10,653	9,225	9,234	14,273	5,542	8,465	7,842	20,928	28,906
Interest	5,665	5,013	4,599	4,202	3,430	3,235	2,932	2,071	5,855	8,337
Total governmental activities	345,667	350,441	358,797	367,968	376,064	390,262	324,645	491,693	465,812	491,041
Business-type activities:										
Housing authority	27,421	28,132	28,400	28,496	28,581	29,198	31,287	31,537	34,683	37,381
Sanitation and surface water	91,279	97,252	100,941	—	—	—	—	—	—	—
Street lighting	1,856	1,842	1,803	1,839	1,838	1,918	1,917	1,945	1,953	2,031
Total business-type activities expenses	120,556	127,226	131,144	30,335	30,419	31,116	33,204	33,482	36,636	39,412
Total primary government expenses	466,223	477,667	489,941	398,303	406,483	421,378	357,849	525,175	502,448	530,453
Component unit:										
Sanitation and surface water	—	—	—	97,604	102,309	108,897	99,272	117,728	114,698	120,853
Program Revenues										
Governmental activities:										
Charges for services:										
General government	6,363	5,371	4,797	5,334	5,833	4,728	1,603	2,095	2,402	2,857
Public safety and justice	5,536	5,719	7,140	8,048	7,410	8,031	9,867	10,362	9,542	9,909
Land use and transportation	10,837	10,568	11,974	13,636	16,934	23,187	27,097	43,858	15,706	22,799
Housing, health and human services	19,671	21,800	26,420	23,308	24,727	28,179	36,395	37,156	21,033	21,571
Culture, education and recreation	1,488	1,241	1,309	1,497	1,471	1,384	1,519	1,265	1,655	1,622
Non-operating revenue	16,387	16,604	20,013	17,777	18,051	19,015	24,099	25,412	31,833	35,774
Operating grants and contributions	91,902	92,531	97,640	100,922	97,116	101,600	112,651	111,190	121,618	129,187
Capital grants and contributions	1,851	686	1,462	1,608	12,130	12,278	18,625	9,862	11,051	10,451
Total governmental activities program revenue	154,035	154,520	170,755	172,130	183,672	198,402	231,856	241,200	214,840	234,170
Business-type activities:										
Charges for services:										
Housing authority	5,099	5,779	5,790	5,994	6,130	6,384	6,863	7,718	8,997	10,616
Sanitation and surface water	89,585	96,329	103,374	—	—	—	—	—	—	—
Street lighting	1,828	1,725	1,746	1,929	1,787	1,709	2,237	2,125	1,619	1,913
Operating grants and contributions	20,141	20,855	21,574	19,885	19,906	20,918	23,788	23,473	26,818	28,048
Capital grants and contributions	16,629	6,803	5,053	165	509	111	34	340	319	443
Total business-type activities program revenue	133,282	131,491	137,537	27,973	28,332	29,122	32,922	33,656	37,753	41,020
Total primary government program revenue	287,317	286,011	308,292	200,103	212,004	227,524	264,778	274,856	252,593	275,190
Component unit:										
Charges for services:										
Sanitation and surface water	—	—	—	107,029	117,098	121,680	125,449	130,052	137,186	144,329
Capital grants and contributions	—	—	—	14,296	33,875	23,194	29,004	34,606	37,499	31,808
Total component unit program revenue	—	—	—	121,325	150,973	144,874	154,453	164,658	174,685	176,137
Net Revenue (Expense)										
Governmental activities	(191,632)	(195,921)	(188,042)	(195,838)	(192,392)	(191,860)	(92,789)	(250,493)	(250,972)	(256,871)
Business-type activities	12,726	4,265	6,393	(2,362)	(2,087)	(1,994)	(282)	174	1,117	1,608
Total primary government net revenues (expenses)	(178,906)	(191,656)	(181,649)	(198,200)	(194,479)	(193,854)	(93,071)	(250,319)	(249,855)	(255,263)
Component unit	\$ —	—	—	23,721	48,664	35,977	55,181	46,930	59,987	55,284

Source: Current and prior years financial statements

(Continued)

WASHINGTON COUNTY, OREGON

Changes in Net Position by Component, Continued

Last Ten Fiscal Years

(Dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total primary government net revenues (expenses) (brought forward)	\$ (178,906)	(191,656)	(181,649)	(198,200)	(194,479)	(193,854)	(93,071)	(250,319)	(249,855)	(255,263)
Total component unit net revenues (brought forward)	—	—	—	23,721	48,664	35,977	55,181	46,930	59,987	55,284
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	142,298	147,250	152,065	157,586	158,919	167,160	174,441	185,477	195,772	204,264
Property taxes, levied for debt service	6,137	6,335	6,407	6,389	6,260	6,398	—	—	4,077	4,198
Other taxes	7,775	7,497	8,450	9,094	10,323	11,390	13,708	15,902	17,926	17,634
Interest income	8,247	3,197	1,984	2,575	1,264	2,833	3,330	4,147	4,069	3,461
Miscellaneous revenue	13,024	419	16,257	7,636	3,416	9,703	7,583	13,016	3,022	12,546
Transfers in from proprietary funds	—	—	—	—	7	31	(91)	(136)	(163)	(292)
Total governmental activities revenue	177,481	164,698	185,163	183,280	180,189	197,515	198,971	218,406	224,703	241,811
Business-type activities:										
Interest income	2,636	1,514	1,568	52	19	25	33	55	88	21
Gain on sale of capital assets	1,031	418	54	—	25	—	—	13	—	3
Gain (loss) on equity in limited partnership	(70)	(70)	(76)	—	—	—	—	428	371	211
Transfers in (out) to governmental funds	—	—	—	—	(7)	(31)	91	136	163	292
Total business-type activities revenue	3,597	1,862	1,546	52	37	(6)	124	632	622	527
Total primary government	181,078	166,560	186,709	183,332	180,226	197,509	199,095	219,038	225,325	242,338
Component unit: ⁽¹⁾										
Interest income	—	—	—	1,562	517	1,653	1,888	2,319	1,364	786
Gain on sale of capital assets	—	—	—	(116)	(3,774)	—	—	—	—	—
Loss on equity in joint venture	—	—	—	(73)	(77)	(78)	(75)	(77)	(73)	(78)
Total component unit	—	—	—	1,373	(3,334)	1,575	1,813	2,242	1,291	708
Change in Net Position										
Governmental activities	(14,151)	(31,223)	(2,879)	(12,558)	(12,203)	5,655	106,182	(32,087)	(26,269)	(15,060)
Restatement	(993)	—	—	—	—	(439)	(85,369)	—	—	1,010
Total Governmental activities	(15,144)	(31,223)	(2,879)	(12,558)	(12,203)	5,216	20,813	(32,087)	(26,269)	(14,050)
Business-type activities	16,323	6,127	7,939	(2,310)	(2,050)	(2,000)	(158)	806	1,739	2,135
Restatement	—	—	—	(497,533)	—	—	—	—	—	—
Total Business-type activities	16,323	6,127	7,939	(499,843)	(2,050)	(2,000)	(158)	806	1,739	2,135
Total primary government	1,179	(25,096)	5,060	(512,401)	(14,253)	3,216	20,655	(31,281)	(24,530)	(11,915)
Component unit	—	—	—	25,094	45,330	37,552	56,994	49,172	61,278	55,992
Restatement	—	—	—	497,533	—	(1,744)	(22,769)	—	—	(408)
Total component unit	\$ —	—	—	522,627	45,330	35,808	34,225	49,172	61,278	55,584

⁽¹⁾ Years prior to 2012 not restated for reporting of component units under GASB #61

⁽²⁾ Years prior to restatements have not been restated

Source: Current and prior years financial statements

WASHINGTON COUNTY, OREGON

Fund Balances of Governmental Funds⁽¹⁾

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Reserved	\$ 2,000	177	—	—	—	—	—	—	—	—
Nonspendable	—	—	155	134	122	116	109	106	93	103
Assigned	—	—	527	530	646	809	791	7,612	7,718	7,713
Unreserved/unassigned	30,806	33,874	32,513	29,642	33,321	39,828	54,397	59,595	68,072	58,232
Total General Fund	32,806	34,051	33,195	30,306	34,089	40,753	55,297	67,313	75,883	66,048
All other governmental funds										
Reserved	320	295	—	—	—	—	—	—	—	—
Nonspendable	—	—	127	135	2,416	2,414	1,886	128	121	114
Restricted	—	—	93,002	95,942	96,945	112,861	152,101	176,076	274,884	263,487
Committed	—	—	55,278	62,637	67,972	81,821	97,063	81,334	192,228	177,969
Assigned	—	—	773	149	2,992	841	2,133	2,014	4,183	4,316
Unreserved/unassigned	146,267	142,105	(203)	(32)	(225)	(2,317)	(1,684)	(529)	(13)	(80)
Total all other governmental funds	146,587	142,400	148,977	158,831	170,100	195,620	251,499	259,023	471,403	445,806
Total governmental funds	\$ 179,393	176,451	182,172	189,137	204,189	236,373	306,796	326,336	547,286	511,854

⁽¹⁾ Years prior to 2011 not restated for reporting of fund balances under GASB #54

Source: Current and prior years financial statements.

WASHINGTON COUNTY, OREGON

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Dollars in thousands)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 154,379	160,234	166,766	170,704	175,520	183,966	188,103	199,949	216,464	225,638
Licenses and permits	8,126	8,200	8,482	9,167	10,895	11,350	12,438	13,445	14,240	13,025
Intergovernmental revenues	89,839	90,197	96,237	100,540	106,863	111,339	120,523	118,912	130,036	134,879
Charges for services	39,625	41,180	48,865	46,053	49,400	55,618	74,043	84,006	58,395	66,777
Fines and forfeitures	2,826	3,058	3,431	3,658	3,044	3,077	3,330	3,243	2,959	2,719
Special assessments	241	190	188	134	232	181	175	173	154	167
Miscellaneous revenues	34,534	28,256	30,784	30,466	30,178	34,214	43,849	36,295	41,506	42,387
Interfund revenues	28,423	29,160	29,619	27,924	28,494	29,764	29,906	32,551	35,938	36,607
Total revenues	357,993	360,475	384,372	388,646	404,626	429,509	472,367	488,574	499,692	522,199
Expenditures:										
Current:										
General government	36,136	34,265	35,019	36,912	36,874	39,030	40,953	43,039	47,026	51,237
Public safety and justice	120,744	121,021	129,651	134,389	137,305	144,170	149,900	155,493	163,423	175,802
Land use and transportation	99,590	92,495	97,662	95,019	94,605	94,749	90,023	123,864	123,335	127,820
Housing, health and human services	58,405	60,313	60,975	59,989	61,495	63,072	61,804	79,232	71,677	73,024
Culture, education and recreation	25,774	26,353	27,193	29,526	29,305	30,356	31,702	34,114	36,765	41,194
Nonoperating	7,372	5,673	6,153	5,736	10,773	2,717	3,790	3,843	4,220	31,204
Capital outlay	8,739	9,288	8,097	10,066	6,923	9,146	15,895	28,000	29,942	31,463
Debt service:										
Principal	8,452	8,908	9,340	10,181	10,552	10,807	4,967	42,204	6,745	12,451
Interest	5,748	5,098	4,683	4,267	6,164	3,309	2,969	3,840	4,715	11,144
Issuance costs	—	—	—	—	199	—	—	142	871	—
Total expenditures	370,960	363,414	378,773	386,085	394,195	397,356	402,003	513,771	488,719	555,339
Excess (deficiency) of revenues over (under) expenditures	(12,967)	(2,939)	5,599	2,561	10,431	32,153	70,364	(25,197)	10,973	(33,140)
Other financing sources (uses):										
Proceeds from issuance of debt	—	—	—	2,284	18,860	—	150	31,960	210,140	—
Premiums	—	—	—	—	2,355	—	—	6,369	—	—
Payment to refunded bond escrow agent	—	—	—	—	(18,530)	—	—	—	—	—
Transfers in from other funds	73,738	79,801	61,538	69,330	80,020	75,945	82,826	90,071	99,550	119,044
Transfers out to other funds	(73,234)	(81,795)	(61,416)	(67,210)	(78,084)	(75,914)	(82,917)	(90,207)	(99,713)	(121,336)
Total other financing sources (uses)	504	(1,994)	122	4,404	4,621	31	59	38,193	209,977	(2,292)
Net change in fund balances	\$ (12,463)	(4,933)	5,721	6,965	15,052	32,184	70,423	12,996	220,950	(35,432)
Debt service as a percentage of noncapital expenditures	4.49%	4.20%	4.26%	4.24%	4.69%	3.84%	2.25%	11.11%	2.76%	5.15%

Source: Current and prior years financial statements.

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REVENUE CAPACITY

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WASHINGTON COUNTY, OREGON
Valuation of Taxable Property
Last Ten Fiscal Years
(Dollars in thousands, except direct tax rate)

Fiscal year ended June 30	Assessed Value				Total direct tax rate ⁽¹⁾	True cash valuation	Ratio of assessed valuation to true cash valuation
	Real property	Personal property	Public utility property	Total			
2009	\$ 40,540,532	1,911,303	1,411,287	43,863,122	2.99	79,498,937	55.17 %
2010	41,974,973	1,833,195	1,591,315	45,399,483	2.99	75,512,292	60.12
2011	43,397,583	1,781,436	1,622,849	46,801,868	2.98	71,983,750	65.02
2012	44,863,711	1,818,743	1,554,328	48,236,782	2.98	69,045,256	69.86
2013	45,951,024	1,873,616	1,531,019	49,355,659	2.97	67,614,912	73.00
2014	47,642,930	1,961,029	1,576,282	51,180,241	2.97	75,755,731	67.56
2015	49,735,366	2,083,823	1,696,673	53,515,862	2.84	84,758,607	63.14
2016	52,937,496	2,258,296	1,715,100	56,910,892	2.84	90,947,469	62.58
2017	55,196,795	2,387,834	1,862,069	59,446,698	2.96	101,500,233	58.57
2018	57,613,733	2,758,863	1,968,052	62,340,648	2.96	112,236,654	55.54

⁽¹⁾ The total direct tax rate is comprised of the following:

Fiscal year ended June 30	General	Special revenue	Debt service	Total direct tax rate
2009	\$ 2.25	0.59	0.15	2.99
2010	2.25	0.59	0.15	2.99
2011	2.25	0.59	0.14	2.98
2012	2.25	0.59	0.14	2.98
2013	2.25	0.59	0.13	2.97
2014	2.25	0.59	0.13	2.97
2015	2.25	0.59	—	2.84
2016	2.25	0.59	—	2.84
2017	2.25	0.64	0.07	2.96
2018	2.25	0.64	0.07	2.96

Source: Washington County Department of Assessment and Taxation

WASHINGTON COUNTY, OREGON

Certified Property Tax Levies -
Direct and Overlapping Governments

Last Ten Fiscal Years

(Dollars in thousands)

Fiscal year ended June 30	Total Tax Levies	Washington County ⁽¹⁾	Component ⁽²⁾	School Districts	Fire Districts
			Units of Washington County		
2009	\$ 715,850	130,338	23,855	313,624	61,864
2010	766,167	135,477	24,234	334,352	65,439
2011	783,036	140,212	24,614	341,593	67,422
2012	800,942	144,382	25,198	350,927	70,828
2013	817,382	147,070	25,505	353,922	72,173
2014	876,877	152,306	27,748	386,896	74,193
2015	915,947	152,359	29,213	411,644	76,789
2016	962,850	161,901	30,699	432,959	89,169
2017	1,020,652	175,783	31,736	453,494	92,505
2018	1,081,329	184,257	33,648	485,140	96,746

(Continued)

⁽¹⁾ Includes General Fund, Metzger Park, Road Maintenance LID, Local Option Levy, and County bonds and interest

⁽²⁾ Includes ESPD (Enhanced Sheriff's Patrol District), NBCSDR (North Bethany County Service District for Roads), URMD (Urban Road Maintenance District), and SDL (Street Lighting District)

Source: Washington County Department of Assessment and Taxation

<u>Cities</u>	<u>Parks and Recreation</u>	<u>Development and Urban Renewal Agencies</u>	<u>Port of Portland</u>	<u>Portland Community College</u>	<u>Metropolitan Service District</u>	<u>Other</u>
108,078	25,139	6,652	3,040	21,738	19,398	2,124
112,334	31,528	7,180	3,145	28,367	21,948	2,163
120,524	33,394	913	3,269	29,567	21,528	—
125,758	34,105	1,022	3,371	28,649	16,702	—
124,802	34,955	4,429	3,446	32,538	18,542	—
131,051	36,124	5,554	3,570	37,265	22,170	—
137,563	37,286	6,173	3,732	38,397	22,791	—
148,174	36,981	5,344	3,970	33,097	20,556	—
153,330	38,730	8,965	4,132	40,025	21,952	—
159,911	45,190	10,917	4,334	37,434	23,752	—

WASHINGTON COUNTY, OREGON

Property Tax Levies and Collections⁽¹⁾

Last Ten Fiscal Years

(Dollars in thousands)

Fiscal year ended June 30	Certified tax levies			Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
	General Fund	Special levies	Total	Amount	Percentage of levy		Amount	Percentage of levy
2009 \$	98,297	56,017	154,314	145,503	94.29 %	\$ 4,891	150,394	97.46 %
2010	102,210	57,501	159,711	150,799	94.42	4,248	155,047	97.08
2011	106,055	58,771	164,826	156,041	94.67	2,950	158,991	96.46
2012	109,453	60,127	169,580	161,338	95.14	2,561	163,899	96.65
2013	111,611	60,964	172,575	164,775	95.48	2,899	167,674	97.16
2014	115,908	64,145	180,053	171,302	95.14	2,593	173,895	96.58
2015	121,112	60,460	181,572	173,583	95.60	1,834	175,417	96.61
2016	128,654	63,947	192,601	184,069	95.57	346	184,415	95.75
2017	133,800	73,720	207,520	198,099	95.46	1,307	199,406	96.09
2018	140,304 ⁽¹⁾	77,602	217,906	208,057	95.48	—	208,057	95.48

⁽¹⁾ Includes small levies paid off early to other jurisdictions by the General Fund totaling \$439 in FY 2017-18.

Source: Washington County Finance Division

WASHINGTON COUNTY, OREGON

Principal Taxpayers Within the County
Current Year and Nine Years Ago

(Dollars in Thousands)

	2018				2009			
	Rank	Assessed valuation	Percent of total		Rank	Assessed valuation	Percent of total	
Private enterprises:								
Intel Corporation	1	\$ 2,387,794	3.83	%	1	\$ 1,101,357	2.51	%
Nike, Inc.	2	876,939	1.41		3	411,843	0.94	
Comcast Corporation	4	462,372	0.74					
Pacific Realty Associates	5	379,445	0.61		6	283,367	0.65	
Verizon Communications	7	214,438	0.34		2	438,549	1.00	
Frontier Coummunications	8	191,382	0.31					
Genentech, Inc.	9	189,957	0.30					
PPR Washington Square LLC	10	151,425	0.24					
Maxim Integrated Products, Inc.					7	171,437	0.39	
Tektronix, Inc.					8	135,300	0.31	
ERP Operating, LP					9	115,413	0.26	
PS Business Parks					10	102,806	0.23	
Public utilities:								
Portland General Electric	3	521,188	0.84		4	343,428	0.78	
Northwest Natural Gas	6	355,967	0.57		5	286,150	0.65	
All other taxpayers		<u>56,609,740</u>	<u>90.81</u>			<u>40,473,472</u>	<u>92.28</u>	
Total		<u>\$ 62,340,647</u>	<u>100.00</u>			<u>\$ 43,863,122</u>	<u>100.00</u>	

Source: Washington County Department of Assessment and Taxation

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DEBT CAPACITY

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WASHINGTON COUNTY, OREGON

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Dollars in thousands, except per capita)

County

<u>Fiscal Year</u>	<u>Governmental Activities GO Bonds Payable</u>	<u>Business-Type Activities GO Bonds Payable</u>	<u>Premiums, Discounts, & Adjustments</u>	<u>Net GO Bonds Payable</u>	<u>Total Taxable Assessed Value</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Debt Outstanding Per Capita</u>
2009	\$ 28,570	—	201	28,771	43,863,122	0.07 %	\$ 55
2010	23,325	—	155	23,480	45,399,483	0.05	45
2011	17,845	—	109	17,954	46,801,868	0.04	34
2012	12,140	—	62	12,202	48,236,782	0.03	23
2013	6,195	—	16	6,211	49,355,659	0.01	11
2014	—	—	—	—	51,180,241	—	—
2015	—	—	—	—	53,515,862	—	—
2016	—	—	—	—	56,910,892	—	—
2017	75,400	—	11,074	86,474	59,446,698	0.15	148
2018	73,995	—	10,453	84,448	62,340,648	0.14	142

⁽¹⁾ District amounts are reported in County table for years prior to 2012.

Source: Washington County Finance Division and Department of Assessment and Taxation

WASHINGTON COUNTY, OREGON

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

(Dollars in thousands, except per capita)

County

Fiscal Year	Governmental Activities				
	General Obligation Bonds Payable	FFC & Notes Payable	Premiums, Discounts, & Adjustments	Contracts Payable	Capital Lease Obligations
2009	\$ 28,570	84,930	115	505	1,343
2010	23,325	81,510	79	454	1,160
2011	17,845	77,897	45	402	964
2012	12,140	74,149	3	380	2,586
2013	6,195	70,352	(308)	357	2,092
2014	—	66,133	3,551	334	1,715
2015	—	61,719	3,222	312	1,334
2016	—	51,890	7,918	290	941
2017	75,400	155,098	31,274	268	535
2018	73,995	144,340	28,953	245	270

District⁽¹⁾

Fiscal Year	Component Unit			Percentage of Personal Income	Outstanding Debt Per Capita
	Other Bonds & Notes Payable	Premiums, Discounts, & Adjustments	Total Component Unit		
2009	\$ —	—	—	— %	—
2010	—	—	—	—	—
2011	—	—	—	—	—
2012	287,865	9,631	297,496	1.29	555
2013	265,260	8,179	273,439	1.14	504
2014	251,990	7,827	259,817	1.05	472
2015	238,175	6,557	244,732	0.93	436
2016	223,690	5,448	229,138	0.77	401
2017	202,995	11,340	214,335	0.68	367
2018	191,025	9,394	200,419	N/A	336

(Continued)

N/A: Data was not available for this fiscal year

⁽¹⁾ District amounts are reported in County table for years prior to 2012.

Source: Washington County Finance Division

Business-Type Activities					
FFC & Notes Payable	Premiums, Discounts, & Adjustments	Total Primary Government	Percentage of Personal Income		Outstanding Debt Per Capita
236,201	1,592	353,256	1.66	% \$	679
316,078	(83)	422,523	2.00		802
295,506	(340)	392,319	1.80		736
31,124	(2,524)	117,858	0.51		220
30,577	(2,376)	106,889	0.45		197
30,043	(236)	101,540	0.41		184
31,572	(220)	97,939	0.37		175
31,023	(204)	91,858	0.31		161
30,569	(188)	292,956	0.93		502
30,291	(173)	277,921	N/A		466

WASHINGTON COUNTY, OREGON

Legal Debt Margin Information

Last Ten Fiscal Years

(Dollars in thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Washington County:					
-ORS 287A.100 provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's legal boundaries.					
Real market value	\$ 112,236,654	101,500,233	90,947,469	84,758,607	75,755,731
Debt limit rate	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>
Debt limit	2,244,733	2,030,005	1,818,949	1,695,172	1,515,115
Less general obligation debt at June 30 ⁽¹⁾	<u>84,448</u>	<u>86,474</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal debt margin	<u>2,160,285</u>	<u>1,943,531</u>	<u>1,818,949</u>	<u>1,695,172</u>	<u>1,515,115</u>
Total net debt applicable to the limit as a percentage of debt limit	3.76%	4.26%	—	—	—

-ORS 287A.105 provides a debt limit on full faith and credit obligations of 1% of the real market value of all taxable property within the County's legal boundaries.

Real market value	<u>112,236,654</u>	<u>101,500,233</u>	<u>90,947,469</u>	<u>84,758,607</u>	<u>75,755,731</u>
Debt limit rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Debt limit	1,122,367	1,015,002	909,475	847,586	757,557
Less full faith and credit obligations at June 30 ⁽¹⁾	<u>162,395</u>	<u>174,720</u>	<u>59,053</u>	<u>63,992</u>	<u>68,646</u>
Legal debt margin	<u>959,972</u>	<u>840,282</u>	<u>850,422</u>	<u>783,594</u>	<u>688,911</u>
Total net debt applicable to the limit as a percentage of debt limit	14.47%	17.21%	6.49%	7.55%	9.06%

Housing Authority of Washington County:

-ORS 451.545 provides a debt limit on general obligation bonds of 13% of the real market value of all taxable property within the Authority's legal boundaries.

Real market value	<u>112,236,654</u>	<u>101,500,233</u>	<u>90,947,469</u>	<u>84,758,607</u>	<u>75,755,731</u>
Debt limit rate	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
Debt limit	14,590,765	13,195,030	11,823,171	11,018,619	9,848,245
Less general obligation debt at June 30 ⁽¹⁾	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal debt margin	<u>14,590,765</u>	<u>13,195,030</u>	<u>11,823,171</u>	<u>11,018,619</u>	<u>9,848,245</u>
Total net debt applicable to the limit as a percentage of debt limit	—	—	—	—	—

Clean Water Services:

-ORS 451.545 provides a debt limit on general obligation bonds of 13% of the real market value of all taxable property within the District's legal boundaries

Real market value	<u>103,347,613</u>	<u>93,028,765</u>	<u>77,171,791</u>	<u>77,171,791</u>	<u>68,905,327</u>
Debt limit rate	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>	<u>13.00%</u>
Debt limit	13,435,190	12,093,739	10,032,333	10,032,333	8,957,693
Less general obligation debt at June 30 ⁽¹⁾	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Legal debt margin	\$ <u>13,435,190</u>	<u>12,093,739</u>	<u>10,032,333</u>	<u>10,032,333</u>	<u>8,957,693</u>
Total net debt applicable to the limit as a percentage of debt limit	—	—	—	—	—

(Continued)

⁽¹⁾ Amounts expressed net of premiums, discounts, and adjustments

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>67,614,912</u>	<u>69,045,256</u>	<u>71,983,750</u>	<u>75,512,292</u>	<u>79,498,937</u>
2.00%	2.00%	2.00%	2.00%	2.00%
1,352,298	1,380,905	1,439,675	1,510,246	1,589,979
6,211	12,202	17,954	23,480	28,771
<u>1,346,087</u>	<u>1,368,703</u>	<u>1,421,721</u>	<u>1,486,766</u>	<u>1,561,208</u>
0.46%	0.88%	1.25%	1.55%	1.81%
<u>67,614,912</u>	<u>69,045,256</u>	<u>71,983,750</u>	<u>75,512,292</u>	<u>79,498,937</u>
1.00%	1.00%	1.00%	1.00%	1.00%
676,149	690,453	719,838	755,123	794,989
68,806	72,686	76,236	79,639	82,834
<u>607,343</u>	<u>617,767</u>	<u>643,602</u>	<u>675,484</u>	<u>712,155</u>
10.18%	10.53%	10.59%	10.55%	10.42%
<u>67,614,912</u>	<u>69,045,256</u>	<u>71,983,750</u>	<u>75,512,292</u>	<u>79,498,937</u>
13.00%	13.00%	13.00%	13.00%	13.00%
8,789,939	8,975,883	9,357,888	9,816,598	10,334,862
—	—	—	—	—
<u>8,789,939</u>	<u>8,975,883</u>	<u>9,357,888</u>	<u>9,816,598</u>	<u>10,334,862</u>
—	—	—	—	—
<u>60,917,987</u>	<u>61,998,156</u>	<u>64,712,780</u>	<u>67,333,674</u>	<u>67,466,438</u>
13.00%	13.00%	13.00%	13.00%	13.00%
7,919,338	8,059,760	8,412,661	8,753,378	8,770,637
—	—	—	—	—
<u>7,919,338</u>	<u>8,059,760</u>	<u>8,412,661</u>	<u>8,753,378</u>	<u>8,770,637</u>
—	—	—	—	—

WASHINGTON COUNTY, OREGON

Direct and Overlapping Governmental Activities Debt

June 30, 2018

(Dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to County
Debt repaid with property taxes:			
Overlapping debt outstanding:			
City of Banks	\$ 1,261	100.00 %	\$ 1,261
City of Beaverton	34,218	100.00	34,218
City of Cornelius	1,062	100.00	1,062
City of Durham	120	100.00	120
City of Forest Grove	—	100.00	—
City of Hillsboro	42,280	100.00	42,280
City of Lake Oswego	80	0.14	—
City of North Plains	210	100.00	210
City of Portland	312	0.18	1
City of Sherwood	21,175	100.00	21,175
City of Tigard	20,089	100.00	20,089
City of Tualatin	4,486	86.53	3,882
City of Wilsonville	—	10.03	—
Clackamas County Education Service District	106	0.48	1
Clackamas County School District 3J (West Linn - Wilsonville)	3,672	1.66	61
Clackamas County School District 7J (Lake Oswego)	2,204	0.91	20
Columbia County School District 1J (Scappoose)	107	0.40	—
Columbia County School District 47J (Vernonia)	371	1.85	7
Metro	60,994	29.65	18,085
Multnomah County School District 1J (Portland)	4,633	0.47	22
Multnomah Education Service District	—	0.36	—
Northwest Regional Education Service District	28	80.08	22
Port of Portland	—	29.22	—
Portland Community College	182,465	39.57	72,201
Rivergrove Water District 14J	7	1.27	—
Tualatin Hills Parks & Recreation District	77,702	99.99	77,694
Tualatin Valley Fire & Rescue District	25,488	83.20	21,206
Washington County School District 13 (Banks)	12,553	100.00	12,553
Washington County School District 15 (Forest Grove)	89,581	100.00	89,581
Washington County School District 1J (Hillsboro 7 Bond)	2,862	100.00	2,862
Washington County School District 1J (Hillsboro)	479,121	99.98	479,025
Washington County School District 23J (Tigard - Tualatin)	251,904	95.84	241,425
Washington County School District 48J (Beaverton)	1,031,658	99.62	1,027,738
Washington County School District 511J (Gaston)	12,264	81.85	10,038
Washington County School District 88J (Sherwood)	313,552	93.79	294,080
Willamette Education Service District	30	0.33	—
Yamhill County School District 29J (Newberg)	1,290	3.31	43
Total overlapping debt outstanding	2,677,885		2,470,962
Direct debt outstanding:			
Washington County ⁽¹⁾	247,803	100.00	247,803
Total direct and overlapping debt outstanding	\$ 2,925,688		\$ 2,718,765

⁽¹⁾ Washington County governmental activities direct debt outstanding is comprised of the following:

Contracts, notes, and bonds outstanding	218,580
Unamortized bond premiums and discounts	28,953
Capital lease obligations	270
Total direct debt outstanding	247,803

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the County. This process recognizes that, when considering the County's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Oregon State Treasury, Debt Management Division

DEMOGRAPHIC AND ECONOMIC INFORMATION

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WASHINGTON COUNTY, OREGON

Demographic Statistics

Last Ten Fiscal Years

(Amounts in thousands, except Personal Income)

<u>Fiscal Year</u>	<u>Population (estimated)</u>		<u>Personal Income</u>	<u>Per Capita Income</u>	<u>Unemployment Rate</u>
2009	520	\$	21,186	41	10.20 %
2010	527		21,205	40	8.40
2011	533		21,587	41	7.60
2012	536		23,043	43	6.80
2013	543		24,314	45	6.30
2014	551		24,840	45	5.70
2015	561		26,299	47	4.60
2016	571		29,813	52	4.10
2017	584		31,588	54	3.10
2018	596		N/A	N/A	3.30

N/A: Information not available as of printing.

Source: Portland State University Population Research Center, Bureau of Economic Analysis, and Oregon Employment Department.

WASHINGTON COUNTY, OREGON

Major Employment Industries

Current Year and Nine Years Ago

	2018*		2009	
	Annual Average Positions	% of Total	Annual Average Positions	% of Total
Construction	16,143	6%	11,167	5%
Manufacturing:				
Wood products	1,018		1,091	
Fabricated metal products	3,509		2,507	
Food	2,149		1,612	
Plastics and rubber products	2,365		1,500	
Computer and electronic products	27,037		24,733	
Machinery	4,858		2,773	
Other	7,773		6,342	
Total Manufacturing	48,709	17%	40,558	18%
Trade, Transportation, and Utilities:				
Wholesale	13,347		16,562	
Retail	31,879		27,225	
Transportation, Warehousing, and Utilities	5,276		3,436	
Total Trade, Transportation, and Utilities	50,502	17%	47,223	20%
Information:				
Publishing	3,327		3,321	
Telecommunications	1,970		2,025	
Other (broadcasting, ISP's, etc.)	2,616		2,553	
Total Information	7,913	3%	7,899	3%
Financial Activities:				
Finance and Insurance	10,699		10,115	
Real Estate	3,698		3,245	
Total Financial Activities	14,397	5%	13,360	6%
Professional and Business Services	53,713	19%	31,938	14%
Educational Services	5,656	2%	4,407	2%
Healthcare and Social Assistance	29,294	10%	22,758	10%
Leisure and Hospitality	26,398	9%	19,384	8%
Other Services (agriculture, repairs, private homes, misc.)	13,394	4%	10,705	4%
Government (federal, state, and local)	23,366	8%	22,324	10%
Total Employment	<u>289,485</u>	<u>100%</u>	<u>231,723</u>	<u>100%</u>

*Fiscal year 2018 information includes data through December 31, 2017.

Source: Oregon Labor Market Information System (OLMIS)

OPERATING INFORMATION

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WASHINGTON COUNTY, OREGON

Full-time Equivalent Employees by Function

Last Ten Fiscal Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	300	297	297	297	298	299	304	318	331	337
Public safety and justice	834	837	833	823	825	824	941	945	950	959
Land use and transportation	424	392	357	349	337	336	324	286	297	300
Housing, health and human services	240	239	250	254	255	252	260	322	322	359
Culture, education and recreation	44	45	44	47	47	48	50	53	53	52
Total	<u>1,842</u>	<u>1,810</u>	<u>1,781</u>	<u>1,770</u>	<u>1,762</u>	<u>1,759</u>	<u>1,879</u>	<u>1,924</u>	<u>1,953</u>	<u>2,007</u>

Source: Washington County Support Services Department

WASHINGTON COUNTY, OREGON

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012
General Government:				
Assessment & Taxation:				
Real property accounts	177,155	177,924	178,440	178,971
Personal property accounts	24,100	24,591	24,077	23,893
Mobile home accounts	5,336	5,239	5,205	5,188
Utility property accounts	940	1,026	1,167	1,278
County Counsel:				
Hours booked for General Fund programs	6,072	8,376	6,102	6,945
Hours booked for Special Revenue funds and miscellaneous	7,081	5,639	6,223	6,200
Hours booked for internal work	2,087	2,187	2,066	2,269
Support Services:				
Number of budgeted permanent FTE positions within the County	1,843	1,810	1,782	1,770
Number of collective bargaining units	5	5	5	5
Public Safety & Justice:				
Sheriff (measured in calendar years):				
Citizen generated calls for service	49,296	48,343	47,050	49,109
Officer-initiated calls for service (including traffic responses)	88,239	96,182	94,258	94,258
Bookings per year at jail	18,698	17,967	17,761	17,761
Average length of stay in jail (in days)	19	18	48	48
Average daily jail population	613	579	568	568
Case numbers issued (all documented law enforcement actions taken)	20,657	20,386	19,249	19,249
Juvenile (measured in calendar years):				
Total referrals to juvenile department	4,087	4,106	3,738	3,539
Percent of youth with no new offenses	74%	74%	75%	74%
Total admissions to secure detention	724	727	715	597
Total admissions to shelter care evaluation	163	160	134	121
Community Corrections:				
Number of offenders residing at the Community Corrections Center	2,026	2,040	2,044	1,953
Average daily Community Corrections Center population	194	198	195	181
Average length of stay in Community Corrections Center (in days)	33	36	36	34
Number of offenders on supervision	4,162	4,123	4,035	3,694
Law Library:				
Total in-library users	9,797	9,630	5,569	4,833
Items checked out	802	865	867	796
Land Use & Transportation:				
Land Use & Transportation:				
Total land use case files	413	380	357	394
Total land use actions	488	456	431	476
New subdivisions	4	8	5	7
Building permits issued (single family residential & remodels/additions)	988	1,110	1,053	1,254
Housing, Health & Human Services:				
Housing Services:				
Rent subsidies (units)	2,610	2,810	2,810	2,823
Affordable housing (units)	2,684	2,005	2,086	1,135
Public housing (units)	257	255	255	255
Homeownership (units)	6	4	4	4
Homeless services (beds)	544	604	594	739
Community Development:				
Number of people served by all CDBG programs	19,978	14,509	16,763	21,184
Number of households served by all CDBG programs	341	523	491	435
Health & Human Services:				
Swimming pool inspections, reviews, investigations	1,328	1,264	1,196	1,130
Solid waste and recycling phone calls received	3,442	3,502	3,600	4,200
Health clinic - communicable disease client visits	10,378	11,169	13,257	8,943
Emergency Medical Services:				
CPR/AED people trained (measured in calendar years)	605	556	468	N/A
Ambulance licenses issued	98	99	97	111
Total ambulances inspected	7	10	—	4
Wheelchair car licenses issued	134	135	144	174
Culture, Education, & Recreation:				
Cooperative Library Services:				
Total library materials circulated	9,776,585	11,143,345	12,711,299	13,047,677
New users registered	44,797	38,108	40,374	35,770
Attendance at summer reading programs and events	41,234	48,136	46,846	51,009
Items delivered to member libraries via WCCLS couriers	3,170,517	3,721,876	4,138,471	4,108,984

N/A: Information not available

(Continued)

Source: Washington County Support Services Department

	2013	2014	2015	2016	2017	2018
	179,843	180,705	181,985	183,721	186,353	187,913
	24,210	23,614	23,672	22,673	22,728	22,422
	5,142	5,118	5,101	5,096	5,068	5,080
	1,443	1,492	1,458	1,477	1,321	1,298
	5,851	6,536	7,127	7,087	7,003	6,820
	7,915	7,204	6,417	6,456	6,650	8,204
	2,710	2,489	2,902	2,757	2,900	2,570
	1,762	1,759	1,818	1,872	1,951	2,001
	5	5	5	5	5	5
	48,058	52,041	56,186	57,446	59,806	N/A
	89,252	88,551	96,321	90,139	90,757	N/A
	18,020	17,944	17,173	17,111	17,133	N/A
	18	17	19	19	17	N/A
	565	547	538	534	506	N/A
	19,344	20,374	20,802	21,035	22,179	N/A
	3,309	2,975	2,822	2,165	2,249	2,249
	72%	75%	72%	71%	71%	N/A
	650	644	574	498	501	466
	127	108	111	105	105	102
	1,765	2,060	2,169	2,044	1,976	1,786
	170	182	179	181	186	136
	35	32	32	32	34	33
	3,540	3,725	3,797	3,286	3,357	3,367
	8,529	9,115	9,892	8,140	6,028	5,716
	1,405	1,437	1,502	1,909	1,211	1,091
	432	495	456	519	521	475
	529	584	568	652	634	594
	22	29	31	27	33	19
	1,183	1,511	1,735	2,081	1,960	1,472
	2,823	2,882	2,981	2,981	2,669	2,828
	1,138	1,138	1,138	1,139	1,818	1,821
	255	255	255	255	243	244
	5	5	4	4	4	4
	796	940	905	881	863	847
	14,727	20,051	27,121	73,550	11,275	43,735
	283	306	314	280	273	343
	1,145	1,083	1,190	1,183	1,018	1,127
	3,672	4,100	3,900	3,470	3,707	3,800
	9,866	7,857	7,672	2,917	2,861	2,407
	505	346	637	420	755	667
	149	121	140	158	146	151
	4	28	39	13	8	—
	192	190	196	226	247	247
	13,070,159	12,742,087	12,240,066	11,872,665	11,149,410	11,104,635
	32,951	32,788	31,981	31,659	33,313	33,052
	50,157	58,233	59,506	63,358	76,782	76,899
	3,978,705	3,649,568	3,704,098	3,616,203	3,444,670	3,445,849

WASHINGTON COUNTY, OREGON

Capital Assets

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Government:										
Facilities:										
Number of buildings - owned	23	23	23	23	24	24	25	25	27	27
Number of buildings - leased	9	9	8	7	9	9	10	12	15	16
Square feet - owned space	1,304,265	1,304,265	1,304,265	1,304,265	1,304,265	1,304,265	1,378,190	1,378,190	1,403,944	1,403,944
Square feet - leased space	24,722	24,722	24,079	19,867	21,659	18,652	27,252	37,207	78,833	90,325
Fleet:										
Number of units maintained	564	561	562	557	562	572	605	626	654	676
Gallons of fuel dispensed	433,119	426,712	445,207	436,180	422,455	416,709	415,547	407,414	414,582	407,411
Miles driven	4,554,668	4,565,634	4,613,964	4,485,547	4,510,196	4,434,719	4,593,052	4,467,139	4,585,838	4,541,628
Number of work orders	4,440	3,837	4,145	4,059	3,930	4,024	4,034	3,975	4,127	3,473
Information Technology Services:										
Computers supported	2,127	2,116	2,116	2,385	2,173	2,149	2,372	2,425	2,496	2,652
Applications supported	665	698	709	783	844	851	1,028	1,320	1,299	965
Land Use and Transportation:										
County road system:										
Total miles maintained	1,271	1,280	1,300	1,279	1,279	1,286	1,286	1,290	1,297	1,295
Paved miles	1,035	1,055	1,075	1,062	1,062	1,068	1,073	1,073	1,079	1,078
Gravel miles	236	225	225	217	217	218	218	217	218	217
Urban miles	630	639	639	650	650	657	657	661	668	669
Rural miles	641	641	661	629	629	629	629	629	629	626
Bridges	187	189	189	188	188	186	186	186	183	186
Traffic signals	379	404	445	470	470	472	505	515	518	518

Source: Washington County Support Services Department

**WASHINGTON COUNTY,
OREGON**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH OREGON STATE REGULATIONS**

SECTION IV

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Talbot, Korvola
& Warwick, LLP

4800 Meadows Road, Suite 200
Lake Oswego, OR 97035

P 503.274.2849
F 503.274.2853

www.tkw.com

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS**

Board of County Commissioners
Washington County, Oregon
Hillsboro, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Washington County, Oregon (the County), as of and for the year ended June 30, 2018, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 21, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report includes a reference to other auditors. We did not audit the financial statements of Clean Water Services (CWS), the discretely presented component unit of the County. The financial statements of CWS were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by the other auditors.

COMPLIANCE

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Highway revenues used for public highways, roads, and streets.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
OREGON STATE REGULATIONS (Continued)**

COMPLIANCE (Continued)

In connection with our testing, nothing came to our attention that caused us to believe the County was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-330 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except as follows:

- Under ORS 294.471(3)(b) and ORS 294.473(1)(b), when a supplemental budget changes estimated expenditures by less or more than 10%, respectively, then a notice of a regular meeting in which the changes will be considered, is required to be published at least 5 days prior to the meeting date. The County published a notice of meeting dates related to two such supplemental budgets 4 days prior to the meeting date.
- The District Patrol Fund reported a deficit fund balance of \$1,000.
- The Sheriff's Office Contract Services Fund reported a deficit fund balance of \$79,000.
- The Fleet Services Fund reported a deficit net position of \$834,000 on a GAAP basis.
- The Internal Support Services Fund reported a deficit net position of \$39,000 on a GAAP basis.

OR 162-10-0230 INTERNAL CONTROL

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, as described in the Washington County, Oregon's Federal Grant Programs reporting of the Schedule of Findings and Questioned Costs, that we consider to be a significant deficiency.

PURPOSE OF THIS REPORT

This report is intended solely for the information and use of the Audit Committee, Board of County Commissioners, Oregon Secretary of State Audits Division, and management and is not intended to be and should not be used by anyone other than these specified parties.

Talbot, Kenneth A. Warwick, CPA

Lake Oswego, Oregon
December 21, 2018

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155 N. First Ave., Hillsboro, OR 97124-3072
503-846-8811
www.co.washington.or.us