COMPETITIVE SALE—The Obligations will be sold pursuant to competitive sales held at 9:00 a.m. and 9:30 a.m. (Pacific Time) on January 31, 2013, as further described in the Notice of Sale attached hereto.

This is a Preliminary Official Statement, subject to correction and change. The County has authorized the distribution of the Preliminary Official Statement to prospective purchasers and others. Upon the sale of the Obligations the County will complete and deliver a final Official Statement substantially in this form.

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 18, 2013

$20,575,000(1)
Washington County, Oregon
Full Faith and Credit Refunding Obligations, Series 2013

$1,420,000(1) Series 2013A (Federally Taxable)	$19,155,000(1) Series 2013B (Tax-Exempt)

DATED: February 14, 2013 (estimated "Date of Delivery") **DUE: June 1, as shown on the inside cover**

PURPOSE— The $20,575,000(1) Full Faith and Credit Refunding Obligations, Series 2013A (the "2013A Obligations") and $19,155,000(1) Full Faith and Credit Refunding Obligations, Series 2013B (the "2013B Obligations," collectively, the "Obligations") are being issued by Washington County, Oregon (the "County"). The Obligations are being issued to refinance certain outstanding Full Faith and Credit Obligations, Series 2004 and Full Faith and Credit Obligations, Series 2006 that financed capital projects, and to pay the costs of issuance of the Obligations. See "Purpose and Use of Proceeds" herein.

MOODY'S RATING—Applied for. See "Rating" herein.

NOT BANK QUALIFIED—The County has NOT designated the 2013B Financing Agreement (as hereinafter defined) as a "qualified tax-exempt obligation" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

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

PRINCIPAL AND INTEREST PAYMENTS—Each Series of Obligations evidence and represent undivided proportionate interests of their Owners thereof (as hereinafter defined) in the Loan Payments to be made by the County pursuant to the Financing Agreement (as hereinafter defined) for that series. The interest component of the Loan Payments evidenced and represented by the Obligations is payable on June 1, 2013 and semiannually thereafter on June 1 and December 1 of each year. The principal and interest components of the Loan Payments evidenced and represented by each series of Obligations will be payable by the County's paying agent, registrar and escrow agent, initially U.S. Bank National Association (the "Paying Agent"), to DTC which, in turn, will remit such principal and interest components to the DTC participants for subsequent disbursement to the beneficial owners of the Obligations at the address appearing upon the registration books on the 15th day (the "Record Date") of the month preceding a payment date.

MATURITY SCHEDULE—SEE INSIDE COVER

PREPAYMENT—The 2013A Obligations are not subject to prepayment prior to their stated maturities. The 2013B Obligations are subject to prepayment prior to their stated maturities as further described herein.

SECURITY—Each Financing Agreement obligates the County to make the Loan Payments from any lawfully available funds of the County including any general property taxes levied by and for the County within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The County has pledged its full faith and credit and its taxing power to make the Loan Payments, and the obligation of the County to make the Loan Payments is not subject to appropriation. The Owners of the Obligations do not have a lien on or security interest in property of the County. The Obligations do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County.

TAX MATTERS— *The portions of the payments made under the 2013A Financing Agreement that constitute interest and that are received by the owners of the 2013A Obligations ("Taxable Interest") are* ***not*** *excludable from gross income for Federal income tax purposes. In the opinion of Hawkins Delafield & Wood LLP, Special Counsel to the County ("Special Counsel"), under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) the portion of the payments made under the 2013B Financing Agreement that constitute interest and that are received by the owners of the 2013B Obligations ("Tax-Exempt Interest") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) Tax-Exempt Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such Tax-Exempt Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In the opinion of Special Counsel, Tax-Exempt Interest and Taxable Interest is exempt from State of Oregon personal income tax under existing law. See "Tax Matters" herein.*

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

(1) Preliminary, subject to change.

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

Washington County, Oregon
Full Faith and Credit Refunding Obligations, Series 2013

DATED: Date of Delivery **DUE: June 1, as shown below**

MATURITY SCHEDULE—

$1,420,000[1] Series 2013A (Federally Taxable)

Due June 1	Amounts[1]	Interest Rates	Yields	CUSIP®	Due June 1	Amounts[1]	Interest Rates	Yields	CUSIP®
2014	$ 100,000				2017	$ 410,000			
2015	100,000				2018	405,000			
2016	405,000								

$19,155,000[1] Series 2013B (Tax-Exempt)

Due June 1	Amounts[1]	Interest Rates	Yields	CUSIP®	Due June 1	Amounts[1]	Interest Rates	Yields	CUSIP®
2013	$ 190,000				2020	$ 1,750,000			
2014	110,000				2021	1,785,000			
2015	115,000				2022	1,855,000			
2016	115,000				2023	1,930,000			
2017	1,650,000				2024	2,005,000			
2018	1,680,000				2025	2,090,000			
2019	1,710,000				2026	2,170,000			

(1) Preliminary, subject to change.

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

Certain information contained herein has been obtained from the County and other sources which are believed to be reliable, but the accuracy or completeness of such information is not guaranteed and such information is not to be construed to be a representation of the County, or Seattle-Northwest Securities Corporation (the "Financial Advisor"). The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information. Neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the parties referred to above since the date hereof.

The CUSIP® numbers herein are provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by Standard and Poor's, a division of The McGraw-Hill Companies, Inc. CUSIP is a registered trademark of the American Bankers Association. CUSIP numbers are provided for convenience of reference only. CUSIP numbers are subject to change. Neither the County nor the Underwriter take any responsibility for the accuracy of such CUSIP numbers.

Web addresses contained in this Official Statement are inactive textual references, not hyperlinks, and any websites, by such reference, are not incorporated herein.

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

The prices at which the Obligations are offered to the public by the Purchaser (and the yields resulting therefrom) may vary from the initial public offering prices appearing on this inside cover page hereof. In addition, the Purchaser may allow concessions or discounts from such initial public offering prices to dealers and others. In connection with the offering of the Obligations, the Purchaser may effect transactions that stabilize or maintain the market price of the Obligations at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

This Official Statement has been "deemed final" by the County, pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended, except for information which is permitted to be excluded from this Official Statement under said rule 15c2-12.

Washington County, Oregon

155 N. First Avenue, Suite 330
Hillsboro, Oregon 97124
(503) 846-8756

Board of Commissioners

Andy Duyck	Chair
Dick Shouten	Vice-Chair
Greg Malinowski	Commissioner
Roy Rogers	Commissioner
Bob Terry	Commissioner

Select Administrative Staff

Robert Davis	County Administrator
Don Bohn	Assistant County Administrator
Mary Gruss	Chief Finance Officer
Alan A. Rappleyea	County Counsel

Special Counsel

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

Financial Advisor

Seattle-Northwest Securities Corporation
Portland, Oregon
(503) 275-8300

Paying Agent, Registrar and Escrow Agent

U.S. Bank National Association
Portland, Oregon
(503) 275-5659

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Official Notice of Sale

$1,420,000[(1)]
Washington County, Oregon
Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable)

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the Washington County, Oregon, Washington County, Oregon (the "County") for the purchase of the above-captioned Full Faith and Credit Refunding Obligations, Series 2013A (the "2013A Obligations") on:

Bid Date:	**Thursday, January 31, 2013**
Bid Time:	**9:00 a.m., Prevailing Pacific Time**
Electronic Bids:	**PARITY Bidding System ("Parity")**

Security

The 2013A Obligations evidence and represent undivided proportionate ownership interests in loan payments (the "2013A Loan Payments") that the County will be obligated to make under the 2013A Financing Agreement. The 2013A Financing Agreement obligates the County to make the 2013A Loan Payments from any lawfully available funds of the County including any general property taxes levied by and for the County within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The County has pledged its full faith and credit and its taxing power to make the 2013A Loan Payments, and the obligation of the County to make the 2013A Loan Payments is not subject to appropriation. The Owners of the 2013A Obligations do not have a lien on or security interest in any revenues or property of the County. The 2013A Obligations do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County. See "Security for the Obligations" in the Preliminary Official Statement.

THE 2013A FINANCING AGREEMENT IS NOT A GENERAL OBLIGATION OF THE COUNTY OR A DEBT OR OTHER OBLIGATION OF THE STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COUNTY.

Ratings

The County has applied for a rating on the 2013A Obligations from Moody's Investors Service, and will pay the cost thereof. See "Rating" in the Preliminary Official Statement.

Interest Payments and Maturity

Interest on the 2013A Obligations is payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2013. The 2013A Obligations will be dated with their date of delivery, will be issued in the aggregate principal amount of $1,420,000[(1)], and will mature on June 1 of the following dates in the following amounts, subject to adjustment as provided below:

Due June 1	Amounts[(1)]	Due June 1	Amounts[(1)]
2014	$ 100,000	2017	$ 410,000
2015	100,000	2018	405,000
2016	405,000		

Adjustment of Par Amount and Maturities

The 2013A Obligations will be awarded based on the maturity schedule above. However, the County reserves the right to increase or decrease the total principal amount of the 2013A Obligations by an amount not to exceed ten percent (10%) of the total following the opening of the bids. The County also reserves the right to increase or decrease the par amount of any maturity by ten percent (10%) of the par amount of that maturity in

(1) Preliminary, subject to change.

order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter's spread will be preserved at the same percentage as bid.

Optional Redemption

The 2013A Obligations are not subject to optional redemption prior to maturity.

Term Obligations

Bidders may designate two or more consecutive maturities of the 2013A Obligations, with identical interest rates, as Term Obligations. Each Term Obligation will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Obligations will be subject to mandatory prepayment at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "Description of the Obligations – prepayment Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Obligations are designated in the winning bid, the 2013A Obligations will mature serially as provided in this Official Notice of Sale.

Book-Entry Only

The 2013A Obligations will be issued in registered, book-entry only form through DTC. The 2013A Obligations will be available in denominations of $5,000, or integral multiples. Unless the book-entry-only system is discontinued, 2013A Obligation principal and interest payments will be made by the County to DTC through the County's Paying Agent. DTC will be responsible for making payments to beneficial owners of 2013A Obligations.

Authorization and Purpose

The 2013A Obligations are being issued pursuant to Resolution and Order No. 13-2 (the "Resolution") adopted by the County's Board of Commissioners (the "Board") on January 8, 2013 that authorized the County to enter into the 2013A Financing Agreement, and the 2013A Escrow Agreement, and provide for the execution and delivery of the 2013A Obligations. These transactions do not require a vote of the people. The 2013A Obligations are being issued to refinance certain outstanding Full Faith and Credit Obligations, Series 2004 that refinanced capital projects, and to pay the costs of issuance of the 2013A Obligations.

Bidding Constraints

All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the 2013A Obligations must comply with the following conditions: (1) the interest rate must be a multiple of $1/1000^{th}$ of one percent; (2) the 2013A Obligations must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all 2013A Obligations maturing on the same date must bear the same rate of interest; (4) bids must be for a purchase price of not less than ninety-seven percent (97.00%) and not more than one hundred and three percent (103.00%) of the principal amount of the 2013A Obligations; and (5) the reoffering prices for each maturity cannot be less than ninety-nine percent (99.00%) of the principal amount of such maturity; (6) the maximum true interest cost shall be 1.75%; and (7) no bid will be considered that does not offer to purchase all of the 2013A Obligations.

Bids

Bids must be submitted via ***PARITY***. Bids must be received by the ***PARITY*** system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. To the extent any instructions or directions set forth in ***PARITY*** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through ***PARITY*** must obtain access to the ***PARITY*** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using ***PARITY***, potential bidders may contact ***PARITY*** at Telephone: (212) 849-5021.

Best Bid

Unless all bids are rejected, the 2013A Obligations will be awarded to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the County. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the 2013A Obligations to February 14, 2013 (the estimated closing date of the 2013A Obligations), and the price bid for the 2013A Obligations. Each bidder is requested to supply the total interest cost and the true interest cost that the County will pay on the 2013A Obligations if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the 2013A Obligations to their date of delivery.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit in the amount of $15,000 in immediately available funds wired to the County not later than 2:00 p.m. (Prevailing Pacific Time) on January 31, 2013. The County or the County's Financial Advisor will provide the wire information immediately upon the award of bids.

The good faith deposit will be held by the County to secure the County from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the County as liquidated damages if the bidder to whom the 2013A Obligations are awarded withdraws its bid or fails to complete its purchase of the 2013A Obligations in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the County, and will not be credited against the purchase price of the 2013A Obligations. The successful bidder shall pay the balance of the purchase price of the 2013A Obligations at closing, in funds immediately available to the County on the date and at the time of closing.

Right of Rejection

The County reserves the right to reject any or all bids, and to waive any irregularities.

Right to Cancel, Change Timing and Terms of Sale

The County reserves the right to change the date, timing or terms under which the 2013A Obligations are offered for sale, or to cancel the sale based on market conditions, as communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network.

Reoffering Prices

The successful bidder shall provide the Financial Advisor with the reoffering prices and yields within 1 hour after award of the bid. The reoffering prices and yields so provided will be printed on the inside cover of the final official statement. If the successful bidder fails to provide the reoffering prices and yields, the County may cancel the sale of the 2013A Obligations and retain the successful bidder's good faith deposit as liquidated damages.

Legal Opinion

The approving opinion of Hawkins Delafield & Wood LLP, Special Counsel, of Portland, Oregon, will be provided at no cost to the purchaser.

Tax Status

In the opinion of Special Counsel, the portion of the payments made under the 2013A Financing Agreement that constitute interest and that are received by the owners of the 2013A obligations ("Taxable Interest") is not excluded from Federal income tax purposes as provided in greater detail in the Preliminary Official Statement for the 2013A Obligations. In the opinion of Special Counsel, Taxable Interest is exempt from State of Oregon personal income tax under existing law.

Delivery

It is expected that delivery of the 2013A Obligations will be made to the Paying Agent under DTC's Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the 2013A Obligations will be made on or about February 14, 2013.

CUSIP

The successful bidder for the Obligations is responsible for obtaining CUSIP numbers. The charge of the CUSIP Service Bureau will be paid by the successful bidder; however, all expenses for printing CUSIP numbers on the Obligations shall be paid by the County.

CUSIP identification numbers will appear on the 2013A Obligations, but neither the failure to insert such numbers on the 2013A Obligations nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the 2013A Obligations in accordance with the terms of this Official Notice of Sale.

Continuing Disclosure

The County will undertake to provide continuing disclosure for the benefit of the 2013A Obligation Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the preliminary official statement.

Compliance with SEC Rules

The County agrees to provide the successful bidder with a sufficient number of copies of the official statement in a form "deemed final" by the County to enable the successful bidder to satisfy its responsibilities under the SEC rules, at the expense of the County, and such additional copies as the successful bidder may request at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the County, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

Bidder's Option Insurance

Bids for the Obligations may not be conditioned upon obtaining insurance or any other credit enhancement. The County does not intend to qualify the Obligations qualify for municipal bond insurance. If the successful bidder wishes to obtain municipal bond insurance for any of the Obligations, the County will cooperate with the bidder and the insurer to allow the insurance to be issued, but only if doing so does not increase the County's risks or expense. All costs related to municipal bond insurance for the Obligations must be paid by the successful bidder, and no difficulty with, or failure to obtain, any municipal bond insurance will excuse the successful bidder from its obligation to purchase the Obligations pursuant to its bid.

Closing Certificates

At the time of payment for the delivery of the 2013A Obligations, the County will furnish the successful bidder a certificate confirming that there is no material litigation pending that is not disclosed in the final official statement, and that the official statement does not contain any material misstatements or omissions.

Financial Advisor

Requests for additional information about this sale should also be directed to Mary Macpherson, Seattle-Northwest Securities Corporation (the "Financial Advisor") at (503) 275-8307.

Preliminary Official Statement and Additional Information

The preliminary official statement for the 2013A Obligations (with this Official Notice of Sale) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Financial Advisor.

- End of Official Notice of Sale -

Official Notice of Sale

$19,155,000[1]
Washington County, Oregon
Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt)

NOTICE IS HEREBY GIVEN that bids will be received on behalf of the Washington County, Oregon, Washington County, Oregon (the "County") for the purchase of the above-captioned Full Faith and Credit Refunding Obligations, Series 2013B (the "2013B Obligations") on:

Bid Date:	**Thursday, January 31, 2013**
Bid Time:	**9:30 a.m., Prevailing Pacific Time**
Electronic Bids:	**PARITY Bidding System ("Parity")**

Security

The 2013B Obligations evidence and represent undivided proportionate ownership interests in 2013B Loan Payments (the "Loan Payments") that the County will be obligated to make under a 2013B Financing Agreement. The 2013B Financing Agreement obligates the County to make the 2013B Loan Payments from any lawfully available funds of the County including any general property taxes levied by and for the County within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The County has pledged its full faith and credit and its taxing power to make the 2013 Loan Payments, and the obligation of the County to make the 2013 Loan Payments is not subject to appropriation. The Owners of the 2013B Obligations do not have a lien on or security in any revenues or property of the County. The 2013B Obligations do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County. See "Security for the Obligations" in the Preliminary Official Statement.

THE 2013B FINANCING AGREEMENT IS NOT A GENERAL OBLIGATION OF THE COUNTY OR A DEBT OR OTHER OBLIGATION OF THE STATE OF OREGON OR ANY POLITICAL SUBDIVISION THEREOF OTHER THAN THE COUNTY.

Ratings

The County has applied for a rating on the 2013B Obligations from Moody's Investors Service, and will pay the cost thereof. See "Rating" in the Preliminary Official Statement.

Interest Payments and Maturity

Interest on the 2013B Obligations is payable semiannually on June 1 and December 1 of each year until maturity, commencing June 1, 2013. The 2013B Obligations will be dated with their date of delivery, will be issued in the aggregate principal amount of $19,155,000[1], and will mature on June 1 of the following dates in the following amounts, subject to adjustment as provided below:

Due June 1	Amounts[1]	Due June 1	Amounts[1]
2013	$ 190,000	2020	$ 1,750,000
2014	110,000	2021	1,785,000
2015	115,000	2022	1,855,000
2016	115,000	2023	1,930,000
2017	1,650,000	2024	2,005,000
2018	1,680,000	2025	2,090,000
2019	1,710,000	2026	2,170,000

(1) Preliminary, subject to change.

Adjustment of Par Amount and Maturities

The 2013B Obligations will be awarded based on the maturity schedule above. However, the County reserves the right to increase or decrease the total principal amount of the 2013B Obligations by an amount not to exceed twenty percent (20%) of the total following the opening of the bids. The County also reserves the right to decrease the par amount of the 2017 maturity by $1,600,000, and increase or decrease the par amount of any other maturity by the greater of twenty percent (20%) of the par amount of that maturity or $200,000 in order to properly size the issue and adjust debt service. Notice of any adjustment will be given to the winning bidder after bid opening. The underwriter's spread will be preserved at the same percentage as bid.

Optional Redemption

The 2013B Obligations maturing in years 2013 through 2023, inclusive, are not subject to optional redemption prior to maturity. The 2013B Obligations maturing on June 1, 2024 and on any date thereafter are subject to redemption at the option of the County prior to their stated maturity dates at any time on or after June 1, 2023, as a whole or in part, and if in part, with maturities to be selected by the County at a price of par, plus accrued interest, if any, to the date of redemption. See "Description of the Obligations–prepayment Provisions" in the Preliminary Official Statement for a summary of such terms.

Term Obligations

Bidders may designate two or more consecutive maturities of the 2013B Obligations, with identical interest rates, as Term Obligations. Each Term Obligation will mature on the final maturity date of its consecutive maturities, in an aggregate principal amount equal to the sum of the principal amounts of its consecutive maturities. Term Obligations will be subject to mandatory prepayment at par and in accordance with operational procedures then in effect for The Depository Trust Company ("DTC"), New York, New York, in the amounts and on the dates which would have been consecutive maturities. See "Description of the Obligations – prepayment Provisions" in the Preliminary Official Statement for a summary of such terms. If no Term Obligations are designated in the winning bid, the 2013B Obligations will mature serially as provided in this Official Notice of Sale.

Book-Entry Only

The 2013B Obligations will be issued in registered, book-entry only form through DTC. The 2013B Obligations will be available in denominations of $5,000, or integral multiples. Unless the book-entry-only system is discontinued, 2013B Obligation principal and interest payments will be made by the County to DTC through the County's Paying Agent. DTC will be responsible for making payments to beneficial owners of 2013B Obligations.

Authorization and Purpose

The 2013B Obligations are being issued pursuant to Resolution and Order No. 13-2 (the "Resolution") adopted by the County's Board of Commissioners (the "Board") on January 8, 2013 that authorized the County to enter into the 2013B Financing Agreement, and the 2013B Escrow Agreement for the execution and delivery of the 2013B Obligations. Such execution and delivery of the 2013B Obligations does not require a vote of the people. The 2013B Obligations are being issued to refinance certain outstanding Full Faith and Credit Obligations, Series 2006 that financed capital projects, and to pay the costs of issuance of the 2013B Obligations.

Bidding Constraints

All bids will be subject to the terms and conditions of this Official Notice of Sale. All bids for the 2013B Obligations must comply with the following conditions: ((1) the interest rate must be a multiple of 1/8 or 1/20th of one percent; (2) the 2013B Obligations must bear interest from their date to their stated maturity date at the interest rate specified in the bid; (3) all 2013B Obligations maturing on the same date must bear the same rate of interest; (4) bids must be for a purchase price of not less than ninety-eight percent (98.00%) and not more than one hundred and eighteen percent (118.00%) of the principal amount of the Obligations; and (5) the reoffering prices for each maturity cannot be less than ninety-nine percent (99.00%) of the principal amount of such maturity; (6) the maximum true interest cost shall be 3.00%; and (7) no bid will be considered that does not offer to purchase all of the 2013B Obligations.

Bids

Bids must be submitted via ***PARITY***. Bids must be received by the ***PARITY*** system not later than the date and time indicated in the first paragraph of this Official Notice of Sale. To the extent any instructions or directions set forth in ***PARITY*** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. Bidders electing to submit bids through ***PARITY*** must obtain access to the ***PARITY*** system and bear all risks associated with using that system, including errors and delays in receipt of bids.

For further information about submitting a bid using ***PARITY***, potential bidders may contact ***PARITY*** at Telephone: (212) 849-5021.

Best Bid

Unless all bids are rejected, the 2013B Obligations will be awarded to the responsible bidder submitting the bid which results in the lowest true interest cost based on the submitted bid to the County. True interest cost will be determined by doubling the semiannual interest rate necessary to discount the debt service on the 2013B Obligations to February 14, 2013 (the estimated closing date of the 2013B Obligations), and the price bid for the 2013B Obligations. Each bidder is requested to supply the total interest cost and the true interest cost that the County will pay on the 2013B Obligations if the bid is accepted. The purchaser must pay accrued interest, computed on a 360-day basis, from the date of the 2013B Obligations to their date of delivery.

Good Faith Deposit

The winning bidder will be required to provide a good faith deposit in the amount of $200,000 in immediately available funds wired to the County not later than 2:00 p.m. (Prevailing Pacific Time) on January 31, 2013. The County or the County's Financial Advisor will provide the wire information immediately upon the award of bids.

The good faith deposit will be held by the County to secure the County from any loss resulting from the failure of the bidder to comply with the terms of its bid, and will be forfeited to the County as liquidated damages if the bidder to whom the 2013B Obligations are awarded withdraws its bid or fails to complete its purchase of the 2013B Obligations in accordance with this Official Notice of Sale and its bid.

Interest earnings on the good faith deposit will be the property of the County, and will not be credited against the purchase price of the 2013B Obligations. The successful bidder shall pay the balance of the purchase price of the 2013B Obligations at closing, in funds immediately available to the County on the date and at the time of closing.

Right of Rejection

The County reserves the right to reject any or all bids, and to waive any irregularities.

Right to Cancel, Change Timing and Terms of Sale

The County reserves the right to change the date, timing or terms under which the 2013B Obligations are offered for sale, or to cancel the sale based on market conditions, by communicated through TM3, the Bond Buyer Wire, or the Bloomberg News Network.

Reoffering Prices

The successful bidder shall provide the Financial Advisor with the reoffering prices and yields within 1 hour after award of the bid. The reoffering prices and yields so provided will be printed on the inside cover of the final official statement. In addition, the winning bidder must provide an Issue Price Certificate, substantially as shown below under "**Form of Issue Price Certificate"** and satisfactory to Special Counsel, not later than two business days prior to the closing of the 2013B Obligations, containing information reasonably requested by the County and Special Counsel that will enable the County to determine the "issue price" (within the meaning of Treasury Regulations Section 1.148-1) for each maturity of the 2013B Obligations. If the successful bidder fails to provide the reoffering prices and yields, or the certificate required by this Notice of Sale, the County may cancel the sale of the 2013B Obligations and retain the successful bidder's good faith deposit as liquidated damages.

Legal Opinion

The approving opinion of Hawkins Delafield & Wood LLP, Special Counsel, of Portland, Oregon, will be provided at no cost to the purchaser.

Tax-Exempt Status

In the opinion of Special Counsel, under existing law and conditioned on the County complying with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"), the portion of the payments made under the 2013B 2013B Financing Agreement designated and constituting interest received by the holders of the 2013B Obligations ("Tax-Exempt Interest") is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; however Tax-Exempt Interest is included in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations, as provided in greater detail in the Preliminary Official Statement for the 2013B Obligations. In the opinion of Special Counsel, Tax-Exempt Interest is exempt from Oregon personal income tax under existing law.

Not Bank Qualified

The County has not designated the 2013B 2013B Financing Agreement as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code.

Delivery

It is expected that delivery of the 2013B Obligations will be made to the Paying Agent under DTC's Fast Automated Securities Transfer (FAST) program, without cost to the bidder. Delivery of the 2013B Obligations will be made on or about February 14, 2013.

CUSIP

The successful bidder for the Obligations is responsible for obtaining CUSIP numbers. The charge of the CUSIP Service Bureau will be paid by the successful bidder; however, all expenses for printing CUSIP numbers on the Obligations shall be paid by the County.

CUSIP identification numbers will appear on the 2013B Obligations, but neither the failure to insert such numbers on the 2013B Obligations nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the 2013B Obligations in accordance with the terms of this Official Notice of Sale.

Continuing Disclosure

The County will undertake to provide continuing disclosure for the benefit of the 2013B Obligation Owners in compliance with SEC Rule 15c2-12. The form of the undertaking is attached as Appendix D to the preliminary official statement.

Compliance with SEC Rules

The County agrees to provide the successful bidder with a sufficient number of copies of the official statement in a form "deemed final" by the County to enable the successful bidder to satisfy its responsibilities under the SEC rules at the expense of the County, and such additional copies as the successful bidder may request at the expense of the bidder, not later than the seventh business day following the date on which bids are due. Bidders should expect that the official statements will not be available prior to the seventh business day following the date on which bids are due, and should not issue confirmations which request payment prior to that date. This provision will constitute a contract with the successful bidder upon acceptance of its bid by the County, in compliance with Section 240.15c2-12(b)(3) in Chapter II of Title 17 of the Code of Federal Regulations.

Bidder's Option Insurance

Bids for the Obligations may not be conditioned upon obtaining insurance or any other credit enhancement. The County does not intend to qualify the Obligations qualify for municipal bond insurance. If the successful bidder wishes to obtain municipal bond insurance for any of the Obligations, the County will cooperate with the bidder and the insurer to allow the insurance to be issued, but only if doing so does not increase the

County's risks or expense. All costs related to municipal bond insurance for the Obligations must be paid by the successful bidder, and no difficulty with, or failure to obtain, any municipal bond insurance will excuse the successful bidder from its obligation to purchase the Obligations pursuant to its bid.

Closing Certificates

At the time of payment for the delivery of the 2013B Obligations, the County will furnish the successful bidder a certificate confirming that there is no material litigation pending that is not disclosed in the final official statement, and that the official statement does not contain any material misstatements or omissions.

Financial Advisor

Requests for additional information about this sale should also be directed to Mary Macpherson, Seattle-Northwest Securities Corporation (the "Financial Advisor") at (503) 275-8307.

Preliminary Official Statement and Additional Information

The preliminary official statement for the 2013B Obligations (with this Official Notice of Sale) is available in electronic form from i-Deal Prospectus. For information on electronic delivery, please call the i-Deal Prospectus at (212) 849-5024 or contact the Financial Advisor.

- End of Official Notice of Sale -

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FORM OF ISSUE PRICE CERTIFICATE FOR THE 2013B OBLIGATIONS

$19,155,000
Washington County, Oregon
Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt)

On behalf of ____________________, the undersigned, as authorized representative of the underwriters for the above-referenced 2013B Obligations (the "2013B Obligations") being issued by Washington County, Oregon, Washington County, Oregon (the "County"), based on available records and information which the undersigned believes to be correct, hereby represents that:

1. On the date of the 2013B Obligations' sale (the "Sale Date"), all 2013B Obligations of all maturities have been the subject of an initial offering to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters or wholesalers), at prices not higher than, or, in the case of 2013B Obligations sold on a yield basis, at yields not lower than, those shown in the final Official Statement relating to the 2013B Obligations (the "Official Statement").

2. On the Sale Date, to the best of our knowledge based on our records, the first price or yield at which at least ten percent (10%) of each maturity of the 2013B Obligations (except the 2013B Obligations maturing in the years [list maturities for which at least 10% was not sold at the reoffering price on the sale date], was sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) was not greater than the respective price, or was not lower than the respective yield, shown in the Official Statement. Less than ten percent of the 2013B Obligations maturing in the year[s] [repeat list of maturities for which at least 10% was not sold at the reoffering price on the sale date] was sold to the public following a *bona fide* public offering at the prices or yields shown in the Official Statement.

3. On the Sale Date, based on our assessment of the then prevailing market conditions, we had no reason to believe that any of the 2013B Obligations would be initially sold to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices, or yields lower than the yields, shown in the Official Statement.

4. The prices and yields of the 2013B Obligations, maturity-by-maturity, shown in the Official Statement, represented our best judgment of the fair market value of the 2013B Obligations.

We understand that the representations contained herein may be relied upon by the County in making certain of the representations contained in the Tax Certificate executed by the County in connection with the 2013B Obligations, and we further understand that Hawkins Delafield & Wood, as Special Counsel to the County for the 2013B Obligations, may rely upon this certificate, among other things, in providing an opinion with respect to the exclusion from gross income of the interest paid with respect to the 2013B Obligations pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), provided, however, that nothing herein represents our interpretation of any laws and, in particular, regulations under Section 103 of the Code.

Dated as of the _____ day of __________, 2013.

[successful bidder]______________________________

By:____
Authorized Officer

Name:_______________________________________

Title:________________________________

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OFFICIAL STATEMENT
Washington County, Oregon
$20,575,000(1)
Full Faith and Credit Refunding Obligations, Series 2013

$1,420,000(1) Series 2013A (Federally Taxable)

$19,155,000(1) Series 2013B (Tax-Exempt)

Washington County, Oregon in Washington County, Oregon (the "County"), a political subdivision duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of $1,420,000(1) aggregate principal amount of Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) (the "2013A Obligations"), and $19,155,000(1) aggregate principal amount of Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) (the "2013B Obligations," collectively, the "Obligations") dated the Date of Delivery. This Official Statement, which includes the cover page, inside cover page, Notice of Sale, bid form and appendices, provides information concerning the County and the Obligations.

The information set forth herein has been obtained from the County and other sources that are believed to be reliable. Seattle-Northwest Securities Corporation the "Financial Advisor" has relied on the County with respect to the accuracy and sufficiency of such information and such information is not to be construed as a representation, warranty or guarantee by the Financial Advisor. So far as any statement herein includes matters of opinion, or estimates of future expenses and income, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

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

Description of the Obligations

The 2013A Obligations evidence and represent undivided proportionate interests of their Owners in loan payments (the "2013A Loan Payments") to be made by the County pursuant to the 2013A Financing Agreement. The 2013B Obligations evidence and represent undivided proportionate interests of their Owners in loan payments (the "2013B Loan Payments") to be made by the County pursuant to the the 2013B Financing Agreement. The 2013A Financing Agreement and the 2013B Financing Agreement (collectively, the "Financing Agreements") are dated as of the Date of Delivery between the County and U.S. Bank National Association, as paying agent, registrar and escrow agent (the "Escrow Agent"). The 2013A Obligations are executed and delivered by the Escrow Agent pursuant to an escrow agreement (the "2013A Escrow Agreement") and the 2013B Obligations are executed and delivered by the Escrow Agent pursuant to a separate escrow agreement (the "2013B Escrow Agreement"). The 2013A Escrow Agreement and the 2013B Escrow Agreement (collectively, the "Escrow Agreements") are dated as of the Date of Delivery, between the County and the Escrow Agent.

Financing Amount, Date, Interest Rates and Maturities

The Obligations will be issued in the aggregate principal amount posted on the cover of this Official Statement and will be dated and will pay interest that accrues from the Date of Delivery. The principal components of the Loan Payments will mature on the dates and in the amounts set forth on the inside cover of this Official Statement. The interest components of the Loan Payments ("Interest") are payable semiannually on June 1 and

(1) Preliminary, subject to change.

December 1 of each year, commencing June 1, 2013, until the maturity or earlier prepayment of the Obligations and will be computed on the basis of a 360-day year consisting of twelve 30-day months.

Disbursement Features

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

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

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC ceases to act as depository for the Obligations the County will request the Escrow Agent to, and the Escrow Agent and the County shall, amend the Escrow Agreements to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the County shall amend the Escrow Agreement to provide that printed, registered Obligations shall be issued to beneficial owners of the Obligations, and shall give notice of those amendments to all Owners.

Prepayment Provisions

Optional prepayment – Series 2013A Obligations. The 2013A Obligations are not subject to optional prepayment prior to maturity.

Optional prepayment – Series 2013B Obligations. The 2013B Obligations maturing in years 2013 through 2023, inclusive, are not subject to optional prepayment prior to maturity. The 2013B Obligations maturing on June 1, 2024 and on any date thereafter are subject to prepayment at the option of the County prior to their stated maturity dates at any time on or after June 1, 2023, as a whole or in part, and if in part, with maturities to be selected by the County at a price of par, plus accrued interest, if any, to the date of prepayment. [A Term Bond subject to optional prepayment and redeemed in part will have the principal amount within the respective mandatory prepayment dates selected by the County.]

For as long as the 2013B Obligations are in book-entry only form, if fewer than all of the 2013B Obligations of a maturity are called for prepayment, the selection of 2013B Obligations within a maturity to be redeemed shall be made by DTC in accordance with its operational procedures then in effect. See Appendix C attached hereto. If the 2013B Obligations are no longer held in book-entry only form, then the Paying Agent would select 2013B Obligations for prepayment by lot.

[*Mandatory prepayment – Series 2013B Obligations.* If not previously redeemed under the provisions for optional prepayment, the 2013B Term Obligations maturing on June 1 in the years ____ and ____ are subject to mandatory prepayment (in such manner as the Escrow Agent and DTC will determine or by lot by the Paying Agent) on June 1 of the following years in the following principal amounts, at a price of par plus accrued interest to the date of prepayment.]

[TO COME]

Notice of prepayment (Book-Entry). So long as the Obligations are in book-entry only form and unless DTC consents to a shorter period, the Paying Agent shall notify DTC of an early prepayment no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for prepayment, and shall provide such information as required by a letter of representation submitted to DTC in connection with the issuance of the Obligations.

Notice of prepayment (No Book-Entry). During any period in which the Obligations are not in book-entry only form, unless waived by any Owner of the Obligations (as defined herein) to be redeemed, official notice of any prepayment of Obligations shall be given by the Escrow Agent on behalf of the County by mailing a copy of an official prepayment notice by first class mail, postage prepaid, no fewer than 30 calendar days nor more than 60 calendar days prior to the date fixed for prepayment, to the Owners of the Obligations to be redeemed at the address shown on the Obligation register or at such other address as is furnished in writing by such Owner to the Paying Agent.

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

Events of Default

Each Financing Agreement provides that the occurrence of one or more of the following shall constitute an Event of Default under the Financing Agreements:

a. Failure by the County to pay the Loan Payments, when due;

b. Failure by the County to comply with any other covenant, condition or agreement of the County under the Agreements for a period of sixty (60) days after written notice from the Escrow Agent absent an extension of time not to exceed 180 days from date of notice of default by the Escrow Agent; or

c. The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors or the taking of any action by the County in furtherance of any of the foregoing.

d. Any statement, representation or warranty made by the County in or pursuant to the Financing Agreement or Escrow Agent shall have proven to be false, incorrect, misleading or breached n any material respect on the date when made.

The 2013A Financing Agreement and the related 2013A Escrow Agreement are separate transactions from the 2013B Financing Agreement and the 2013B Escrow Agreement. A default under the 2013A documents will not necessarily constitute a default under the 2013B documents, and a default under the 2013B documents will not necessarily constitute a default under the 2013A documents.

Remedies

Upon the occurrence and continuance of any Event of Default under the documents for a series, the Escrow Agent for that series may proceed, and upon written request the Owners of fifty-one (51%) percent or more of the principal amount of Obligations of that series that are then Outstanding may take whatever action may appear necessary or desirable to enforce the Financing Agreement for that series or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by the Escrow Agreement for that series or by the Obligations of that series, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in the Escrow Agreement for that series or in aid of the exercise of any power granted in the Escrow Agent for that series or for the enforcement of any other legal or equitable right vested in the Escrow Agent for that series by the Escrow Agreement for that series or by law. Provided, however, that the unpaid principal components of the Loan Payments are not subject to acceleration if any Event of Default occurs.

Authorization for Issuance

The County is authorized pursuant to the Constitution and laws of the State, namely, Oregon Revised Statutes ("ORS") Section 271.390, to enter into Financing Agreements, lease-purchase agreements or other contracts of purchase to finance or refinance real or personal property and to authorize certificates of participation in the payment obligations of the County under such Financing Agreements, lease-purchase agreements or other contracts of purchase.

The Obligations are being issued pursuant to Resolution and Order No. 13-2 (the "Resolution") adopted by the County's Board of Commissioners (the "Board") on January 8, 2013 that authorized the County to enter into the Financing Agreements and the Escrow Agreements and provide for the execution and delivery of the Obligations. Execution of the Financing Agreements and Escrow Agreements and execution and delivery of the Obligations does not require a vote of the people.

The County previously issued its Full Faith and Credit Refunding Obligations, Series 2004, dated May 15, 2004, in the original aggregate principal amount of $3,925,000 (the "Series 2004 Obligations") pursuant to a resolution adopted by the County's Board on April 27, 2004. The Series 2004 Obligations were issued to refund the County's Certificates of Participation, Series 1993, and to pay costs of issuance of the Series 2004 Obligations. The Series 1993 Certificates of Participation was issued to finance and refinance the completion of the juvenile justice/law library building, construction of a new animal shelter, and three information technology projects.

The County previously issued its Full Faith and Credit Obligations, Series 2006, dated March 31, 2006, in the original aggregate principal amount of $30,850,000 (the "Series 2006 Obligations") pursuant to a resolution adopted by the County's Board on December 20, 2005. The Series 2006 Obligations were issued to finance road improvements, a backup data center, improvements to two parking lots, and the purchase, equipping, and improvement of space in the public services building, and to pay costs of issuance of the Series 2006 Obligations.

Proceeds of the 2013A Obligations will be used to refund all or a portion of the Series 2004 Obligations (the "2004 Refunded Obligations") and to pay the costs of issuance of the 2013A Obligations. Proceeds of the 2013B Obligations will be used to refund all or a portion of the Series 2006 Obligations (the "2006 Refunded Obligations") and to pay the costs of issuance of the 2013B Obligations. Collectively, the 2004 Refunded Obligations and 2006 Refunded Obligations are referred to herein as the "Refunded Obligations." The advance refunding of the Series 2004 Obligations and Series 2006 Obligations is contingent upon the County's receipt of actual, cumulative debt service savings of not less than the amount required under Oregon law and advance refunding plan approval by the State Treasurer.

Purpose and Use of Proceeds

Purpose

The Obligations are being issued so that the County can obtain a benefit of a savings in total debt service requirements.

Refunding Procedure

A portion of the proceeds of the Obligations will be used to provide funds to establish an irrevocable trust escrow pursuant to an escrow deposit agreement (the "Escrow Deposit Agreement") between the County and U.S. Bank National Association, as escrow agent thereunder (the "Escrow Agent") to refund the Refunded Obligations, as shown below.

Refunded Obligations

Series	Total Amount Outstanding	Amount Refunded(1)	Call Date	Call Price (2)
Series 2004 Obligations	$ 1,910,000	$ 1,320,000	07/01/14	100%
Series 2006 Obligations	24,125,000	18,530,000	06/01/16	100%
Total	$ 26,035,000	$ 19,850,000		

Series 2004 Obligations			
Outstanding Maturities	Maturity Amount	Amount Refunded (1)	CUSIP 938234
7/1/13	$ 290,000	$ 0	LN9
7/1/14	300,000	0	LP4
7/1/15	310,000	310,000	LQ2
7/1/16	325,000	325,000	LR0
7/1/17	335,000	335,000	LS8
7/1/18	350,000	350,000	LT6

Series 2006 Obligations			
Outstanding Maturities	Maturity Amount	Amount Refunded (1)	CUSIP 938234
6/1/13	$ 1,300,000	$ 0	ND9
6/1/14	1,360,000	0	NE7

Series 2006 Obligations			
Outstanding Maturities	Maturity Amount	Amount Refunded (1)	CUSIP 938234
6/1/15	$ 1,430,000	$ 0	NF4
6/1/16	1,505,000	0	NG2
6/1/17	1,530,000	1,530,000	NH0
6/1/18	1,590,000	1,590,000	NJ6
6/1/19	1,650,000	1,650,000	NK3
6/1/20	1,725,000	1,725,000	NL1
6/1/21	1,800,000	1,800,000	NM9
6/1/22	1,875,000	1,875,000	NN7
6/1/23	1,955,000	1,955,000	NP2
6/1/24	2,035,000	2,035,000	NQ0
6/1/25	2,140,000	2,140,000	NR8
6/1/26	2,230,000	2,230,000	NS6

(1) Preliminary, subject to change.
(2) Call price is expressed as a percentage of the principal amount.

From the proceeds of the Obligations, the County will purchase noncallable direct obligations of the United States or noncallable obligations the principal of and interest on are unconditionally guaranteed by the United States (referred to herein as "Defeasance Obligations"). These Defeasance Obligations will be deposited in the custody of the Escrow Agent. The maturing principal of the Defeasance Obligations, interest earned thereon, and necessary cash balance, if any, will provide payment of interest on the Refunded Obligations beginning June 1, 2013, and provide funds sufficient to redeem all remaining principal on the call dates shown in the preceding table.

The Defeasance Obligations, interest earned thereon, and any necessary cash balance, if any, will irrevocably be pledged to and held in escrow for the benefit of the Owners of the Refunded Obligations by the Escrow Agent, pursuant to the Escrow Deposit Agreement.

Verification of Mathematical Calculations

Talbot, Korvola & Warwick, LLP, a firm of independent public accountants (the "Verification Agent"), will deliver to the County, on or before the Date of Delivery, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Government Obligations, to pay, when due, the maturing principal of, interest on and related call premium requirements of the Refunded Obligations and (b) the mathematical computations of yield used by Special Counsel to support its opinion that the portion of the payments made under the 2013B Financing Agreement designated and constituting interest received by the 2013B Obligations will be excluded from gross income for federal income tax purposes.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to the Verification Agent by the County and its representatives. The Verification Agent has restricted its procedures to recalculating the computations provided by the County and its representatives and has not evaluated or examined the assumptions or information used in the computations.

Sources and Uses of Funds

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

Estimated Sources and Uses of Funds

Sources of Funds[1]	**2013A Obligations**	**2013B Obligations**	**Total Obligations**
Par Amount of Bonds[2]	$ 1,420,000	$ 19,155,000	$ 20,575,000
Original Issue Premium/(Discount)	0	0	0
Total Sources of Funds			
Uses of Funds[1]			
Project Requirements	$ 0	$ 0	$ 0
Underwriting and Costs of Issuance	0	0	0
Total Uses of Funds			$ 0

(1) Amounts will be provided in the final Official Statement.
(2) Preliminary, subject to change.

Security for the Obligations

General

Each series of the Obligations evidence and represent undivided proportionate ownership interests in the installment payments of principal and interest due (the "Loan Payments") from the County under the corresponding Financing Agreement.

Each Financing Agreement obligates the County to make the Loan Payments from any lawfully available funds of the County including any general property taxes levied by and for the County within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The County has pledged its full faith and credit and its taxing power to make the Loan Payments, and the obligation of the County to make the Loan Payments is not subject to appropriation.

The Owners of the Obligations do not have a lien on or security interest in any revenues or other property of the County. The Obligations do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County.

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

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

(1) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;

(2) any insolvency, bankruptcy, reorganization or similar proceedings by the County;

(3) abatement through damage, destruction or nonavailability of the Project; or

(4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

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

Ratings

As noted on the cover page of this Official Statement, the County has applied for an underlying rating on the Obligations from Moody's Investors Service. When and if obtained, the rating will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the ratings will be likely to have an adverse effect on the market price of the Obligations.

Bonded Indebtedness

Debt Limitation

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

Washington County, Oregon
Debt Capacity

Real Market Value (Fiscal Year 2013)(1):		$ 61,073,392,037			
	Debt Limit (% of RMV)	Total Debt Capacity	Outstanding Debt Subject to Limit	Remaining Legal Capacity	Percent of Capacity Issued
General Obligation Bonds (2)	2.0%	$ 1,221,467,841	$ 6,195,000	$ 1,215,272,841	0.51%
Limited Tax Pension Bonds (3)	5.0%	3,053,669,602	-	3,053,669,602	0.00%
Limited Tax Bonds (4)	1.0%	610,733,920	103,858,846	506,875,074	17.01%

(1) The County's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). *Source: Washington County Department of Assessment and Taxation.*
(2) Represents voter-approved, unlimited-tax general obligations of the County. This limit does not affect the Obligations.
(3) Includes the County's pension bonds. This limit does not affect the Obligations.
(4) Includes the County's limited-tax obligations and full faith and credit obligations. This limit applies to the Obligations and includes the Obligations and net of the Refunded Obligations.

Source: Washington County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2012, and this Obligation issue.

Full Faith and Credit Obligations. Local governments may pledge their full faith and credit for "limited tax bonded indebtedness" or "full faith and credit obligations." Except for pension bonds, a county may not have limited tax full faith and credit obligations outstanding in an amount that exceeds one percent of the Real Market Value of all taxable properties within the county. Full faith and credit obligations can take the form of bonds, certificates of participation, notes or capital leases. Collection of property taxes to pay principal and interest on such limited-tax debt is subject to the limitations of Article XI, Sections 11 and 11b. **The Financing Agreements are full faith and credit obligations and are subject to this debt limit.**

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

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

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity		Amount Issued	Amount Outstanding
General Obligation Bonds					
Series 2007 Refunding	10/02/07	12/01/13		$ 34,125,000	$ 6,195,000
Full Faith and Credit Obligations					
Contracts and Capital Leases					
U.S. Dept. of Interior (Hagg Lake Contract)	03/01/80	02/01/29		1,111,273	401,274
Multnomah Co. COP (Juvenile Detention Facility)	10/17/96	10/01/16		1,861,862	771,512
OEDD (Harkin House Expansion)	10/11/00	12/01/20		2,000,000	1,246,791
Ricoh Corp. (Copier Lease)	11/01/09	10/31/13		6,828	4,215
Oregon Department of Energy					
2002 Note (L00466D)	09/11/02	09/15/17		113,899	59,343
2004 Note (L00635 - Service Center East)	06/01/04	08/15/15		604,776	255,711
Full Faith and Credit Obligations (not subject to annual appropriation)					
Series 2004 Refunding Obligations	05/15/04	07/01/14	(2)	3,925,000	1,910,000
Less: Refunded Obligations					(1,320,000)
Series 2006 Refunding Obligations	02/28/06	06/01/26		49,475,000	46,435,000
Series 2006A Obligations	03/31/06	06/01/16	(2)	30,850,000	24,125,000
Less: Refunded Obligations					(18,530,000)
Series 2013A Refunding Obligations(1)	02/14/13	06/01/18		1,420,000	1,420,000
Series 2013B Refunding Obligations(1)	02/14/13	06/01/26		19,155,000	19,155,000
Total Full Faith and Credit Obligations					75,933,846
Total Governmental Activities Debt					**$ 82,128,846**
Business-type Activities					
Clean Water Services					
Sewer Revenue Bonds					
Series 2001	10/01/01	10/01/21		55,975,000	37,200,000
Series 2004 Refunding	07/01/04	10/01/28		26,445,000	20,450,000
Series 2009A	03/25/09	10/01/28		58,755,000	58,755,000
Series 2010A	04/01/10	10/01/15		8,895,000	8,895,000
Series 2010B	04/01/10	10/01/36		90,260,000	90,260,000
Revenue Pension Bonds					
Series 2004	05/27/04	06/01/28		15,990,000	15,685,000
Housing Authority of Washington County					
Full Faith and Credit Obligations					
Series 2009 Refunding Obligations (HAWC)	11/05/09	07/01/44		28,985,000	27,925,000
Notes Payable					
Farmers Home Administration (USDA)	01/08/88	02/01/38		361,000	337,000
State of Oregon Specialty Housing (4 notes)	12/02/88	01/01/18		181,148	65,000
OCD-Home Loan Amberwood	11/10/95	10/15/16		604,300	604,300
Washington County IGA	06/30/03	06/30/10		1,300,000	619,000
OCD-Home Loan Bonita Villa	09/29/03	06/30/29		500,000	500,000
Aloha Park Apartments	10/01/10	10/01/15		251,000	213,000
Total Business-Type Activites Debt					**$ 261,508,300**

(1) This issue. Preliminary, subject to change.
(2) Final maturity following redemption of the Refunded Obligations.

Source: Washington County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2012.

The County has six component units Clean Water Services of Washington County ("Clean Water Services"), the Housing Authority of Washington County (the "Housing Authority"), Washington County Enhanced Sheriff Patrol District, Washington County Service District for Lighting No. 1, Washington County Urban Road Maintenance Service District, and North Bethany County Service District for Roads. The component units are separate legal entities that are included as blended component units in the County's CAFR because the governing body is the same or substantially the same as the Board. Clean Water Services and the Housing Authority have each issued bonds as shown in the above table.

Full Faith and Credit Refunding Obligations
Projected Debt Service Requirements

Fiscal	Outstanding Obligations		Less: Refunded Obligations[1]		2013A Obligations[1]		2013B Obligations[1]		Total
Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service[1]
2013	$ 3,745,000	$ 3,340,148	$ 0	$ 397,494	$ 0	$ 4,439	$ 190,000	$ 184,218	$ 7,066,311
2014	3,990,000	3,180,866	0	854,103	100,000	14,934	110,000	616,000	7,157,697
2015	4,280,000	2,994,690	0	854,103	100,000	14,413	115,000	613,800	7,263,800
2016	4,600,000	2,802,620	310,000	847,283	405,000	13,806	115,000	611,500	7,390,643
2017	4,865,000	2,600,650	1,855,000	833,313	410,000	10,254	1,650,000	609,200	7,456,792
2018	5,215,000	2,374,263	1,925,000	757,425	405,000	6,043	1,680,000	576,200	7,574,081
2019	5,595,000	2,130,575	2,000,000	678,238	0	0	1,710,000	542,600	7,299,938
2020	5,650,000	1,872,650	1,725,000	600,063	0	0	1,750,000	508,400	7,455,988
2021	6,080,000	1,603,088	1,800,000	526,750	0	0	1,785,000	473,400	7,614,738
2022	4,910,000	1,312,588	1,875,000	450,250	0	0	1,855,000	402,000	6,154,338
2023	5,300,000	1,081,150	1,955,000	370,563	0	0	1,930,000	327,800	6,313,388
2024	5,715,000	830,813	2,035,000	287,475	0	0	2,005,000	250,600	6,478,938
2025	6,180,000	545,063	2,140,000	185,725	0	0	2,090,000	170,400	6,659,738
2026	6,620,000	286,838	2,230,000	94,775	0	0	2,170,000	86,800	6,838,863
	$ 72,745,000	$ 26,955,999	$ 19,850,000	$ 7,737,556	$ 1,420,000	$ 63,889	$ 19,155,000	$ 5,972,918	$ 98,725,249

(1) Principal and interest are provided for illustrative purposes only; amounts and structure are preliminary, subject to change.

Summary of Overlapping Debt
(As of December 6, 2012)

Overlapping Issuer Name	Real Market Value	Percent Overlapping	Gross Direct Debt(1)	Net Direct Debt(2)
Banks Fire District 13	$ 581,519,795	100.00%	$ 885,000	$ 885,000
City of Banks	132,974,988	100.00%	1,693,622	1,480,000
City of Beaverton	10,334,543,667	100.00%	9,495,000	0
City of Cornelius	738,086,261	100.00%	2,420,000	0
City of Durham	195,375,448	100.00%	1,185,000	1,185,000
City of Forest Grove	1,572,445,477	100.00%	5,200,000	1,865,000
City of Hillsboro	11,370,126,702	100.00%	51,165,000	37,225,000
City of North Plains	209,755,757	100.00%	260,000	260,000
City of Sherwood	2,082,741,617	100.00%	25,782,930	6,082,930
City of Tigard	6,904,779,394	100.00%	30,776,612	30,110,000
Forest Grove RFPD	523,463,999	100.00%	40,000	40,000
Tualatin Hills Park & Rec District	25,378,840,802	100.00%	105,830,000	105,770,000
Washington County SD 13 (Banks)	668,237,145	100.00%	18,752,495	18,752,495
Washington County SD 15 (Forest Grove)	2,671,843,624	100.00%	123,568,115	123,568,115
Washington County SD 1J (Hillsboro)	14,168,928,250	99.98%	314,990,715	314,990,715
Washington County SD 48J (Beaverton)	30,166,591,572	99.51%	498,528,101	498,528,101
Washington County SD 23J (Tigard-Tualatin)	12,169,399,883	95.01%	126,384,685	126,384,685
Washington County SD 88J (Sherwood)	3,807,347,708	93.45%	113,533,187	113,533,187
City of Tualatin	5,141,875,140	85.14%	7,283,556	7,283,556
Tualatin Valley Fire & Rescue District	55,724,813,188	82.49%	51,533,752	39,159,712
Washington County SD 511J (Gaston)	312,695,951	79.15%	2,803,562	2,803,562
Gaston RFPD	422,447,530	77.11%	138,805	138,805
Northwest Regional ESD	82,595,259,515	76.12%	4,445,262	0
Portland Community College	151,131,432,801	42.09%	152,319,539	78,719,054
Metro	188,213,817,015	31.31%	97,741,047	82,909,168
Port of Portland	206,003,917,447	30.88%	21,402,084	0
City of Wilsonville	2,905,420,141	12.08%	5,723,054	0
Yamhill County SD 29J (Newberg)	3,633,273,993	4.01%	3,453,475	3,453,475
Columbia County SD 47J (Vernonia)	532,815,788	1.77%	280,849	280,849
Clackamas County SD 3J (W.Linn-Wilsonville)	7,105,548,919	1.35%	2,860,822	2,860,822
Clackamas County SD 7J (Lake Oswego)	8,387,014,112	0.88%	970,095	970,095
Multnomah County SD 1J (Portland)	71,565,796,882	0.55%	2,520,549	2,520,549
Columbia County SD 1J (Scappoose)	1,705,864,901	0.50%	159,990	159,990
Clackamas County ESD	44,081,280,604	0.47%	131,108	9,939
Multnomah ESD	97,184,919,419	0.40%	140,196	0
Willamette ESD	43,305,779,203	0.34%	71,611	5,613
City of Portland	81,911,043,430	0.22%	1,566,962	324,519
City of Lake Oswego	7,677,304,835	0.15%	201,898	50,042
			$ 1,786,238,678	$ 1,602,309,978

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

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

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

Debt Ratios

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

Debt Ratios

Real Market Value	$ 61,073,392,037	
Estimated Population	542,845	
Per Capita Real Market Value	$ 112,506	
Debt Information	**Gross Direct Debt(1)**	**Net Direct Debt(2)**
County Direct Debt	$ 82,128,846	$ 82,128,846
Overlapping Direct Debt	1,786,238,678	1,602,309,978
Total Direct Debt	$ 1,868,367,524	$ 1,684,438,824
Bonded Debt Ratios		
County Direct Debt to Real Market Value	0.13%	0.13%
Total Direct Debt to Real Market Value	3.06%	2.76%
Per Capita County Direct Debt	$ 151	$ 151
Per Capita Total Direct Debt	$ 3,442	$ 3,103

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt.
(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt.

Sources: Debt Management Division, The Office of the State Treasurer as of December 6, 2012 and Washington County, Oregon Audited Financial Reports for the Fiscal Year Ended June 30, 2012.

Debt Payment Record

The County has promptly met principal and interest payments on outstanding bonds and other indebtedness in the past ten years when due. Additionally, no refunding bonds have been issued for the purpose of preventing an impending default.

Future Financings

Capital Projects. Other than the Obligations, the County has no authorized but unissued bonds outstanding, nor does it anticipate issuing additional long-term debt within calendar year 2013.

Short-term Notes. The County does not anticipate issuing short-term debt within calendar year 2013.

Revenue Sources

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

County Funding

The County derives revenue from a variety of sources including ad valorem property taxes, state and federal fees, grants and contributions, and charges for services. Property taxes accounted for 62.2% of the County's Fiscal Year 2012 General Fund revenues, followed by charges for services (10.6%), interfund revenues (10.5%) and intergovernmental revenue (9.3%). The following section summarizes certain of the major revenue sources of the County.

Property Taxes

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

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

Local Option Levies that fund operating expenses are limited to five years, and Local Option Levies that are dedicated to capital expenditures are limited to ten years.

The County currently has a Local Option Levy of $0.5900 that funds public safety and library operations. The levy was approved by County voters in November 2011 and is effective through June 30, 2016. The County received $27,033,688 in Fiscal Year 2012 from the Local Option Levy.

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

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

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

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

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

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

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

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called "Measure 5") separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, "Education Taxes") and one to fund government operations other than the public school system ("General Government Taxes"). Education Taxes are limited to $5 per $1,000 and General Government taxes are limited to $10 per $1,000 of the Taxable Real Market Value of property (the "Measure 5 Limits"). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2013, there was $1,112.71 of compression of the County's Permanent Rate due to the tax rate limitation. In addition, there was $123,454.42 of compression of the County's Local Option Levy.

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

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

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

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

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

The following tables represent historical tax information for the County.

Taxable Property Values

Fiscal Year	Real Market Value(1)	Total Assessed Valuation	Urban Renewal Excess	AV Used to Calculate Rates(2)
2013	$ 61,073,392,037	$ 49,355,659,075	$ 220,721,584	$ 49,134,937,491
2012	62,768,035,534	48,236,782,163	208,366,374	48,028,415,789
2011	65,313,656,702	46,801,868,237	198,629,051	46,603,239,186
2010	68,906,340,513	45,399,482,562	623,490,753	44,775,991,809
2009	73,237,599,380	43,863,121,849	584,368,712	43,278,753,137
2008	70,931,234,586	41,696,683,430	547,763,449	41,148,919,981

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(2) Assessed value of property in the County on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Source: Washington County Department of Assessment and Taxation.

The following table presents the Fiscal Year 2013 tax rates for the County and other taxing jurisdictions within the County. The County's Operating Tax Rate Limit is $2.2484 per $1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

Fiscal Year 2013 Representative Levy Rate
(Rates Per $1,000 of Assessed Value)

General Government	Billing Rate	Bond Levy Rate	Local Option Rate(1)	Consolidated Rate
Washington County	$ 2.2484	$ 0.1317	$ 0.5900	$ 2.9701
Enhanced Sheriff Patrol	0.6365	0.0000	0.5920	1.2285
Urban Road Maintenance	0.2456	0.0000	0.0000	0.2456
Tualatin Hills Park and Rec	1.3073	0.4225	0.0000	1.7298
Tualatin Valley Fire and Rescue	1.5252	0.1393	0.2500	1.9145
Port of Portland	0.0701	0.0000	0.0000	0.0701
Metro	0.0966	0.3077	0.0000	0.4043
Total General Government	6.1297	1.0012	1.4320	8.5629
Education				
NW Regional ESD	0.1538	0.0000	0.0000	0.1538
Portland Community College	0.2828	0.3823	0.0000	0.6651
Beaverton School District No. 48	4.6930	2.0819	0.0000	6.7749
Total Education	5.1296	2.4642	0.0000	7.5938
Total Tax Rate	$ 11.2593	$ 3.4654	$ 1.4320	$ 16.1567

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

(1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).

Source: Washington County Department of Assessment and Taxation. Note that there are 286 tax codes in the County and Tax Code 51.50 has the highest property value of these tax codes. Total tax levies in the County range from $8.9085 to $20.8657 per $1,000 of assessed property value.

Washington County
Tax Collection Record(1)

Fiscal Year	Percent Collected as of Levy Year(2)	6/30/2012(3)
2012	97.52%	97.52%
2011	97.63%	99.36%
2010	97.20%	99.12%
2009	96.94%	99.70%
2008	97.57%	99.67%

(1) Percentage of total tax levy collection in Washington County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
(2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
(3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2012.

Source: Washington County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2013)
Washington County, Oregon

Taxpayer	Business/Service	Tax (1)	Assessed Value (2)	Percent of Value
Intel Corporation (3)	Semiconductors	$ 21,794,417	$ 1,317,485,109	2.67%
Nike, Inc.	Athletic Shoes and Apparel	7,440,124	458,134,800	0.93%
Portland General Electric	Electrical Utility	6,829,088	430,132,692	0.87%
Pacific Realty Associates	Real Estate Investment	4,949,821	301,554,205	0.61%
Northwest Natural Gas CO.	Natural Gas Utility	4,698,617	303,517,250	0.61%
Comcast Corporation	Telecommunications	4,197,086	247,208,700	0.50%
Frontier Communications	Telecommunications	4,159,162	250,268,000	0.51%
Fred Meyer Stores, Inc.	Retail, grocery	2,586,367	149,532,916	0.30%
Maxim Integrated Products	Electronics	2,312,951	142,776,738	0.29%
PS Business Parks LP	Real Estate Investment	2,111,660	131,116,871	0.27%
Subtotal - ten of County's largest taxpayers			3,731,727,281	7.56%
All other County's taxpayers			45,623,931,794	92.44%
Total County			$ 49,355,659,075	100.00%

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the County and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.
(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.
(3) Intel is one of the State's largest employers with about 15,000 employees. It has 8 campuses in Oregon. Intel's Oregon administrative offices are in the City of Hillsboro.

Source: Washington County Department of Assessment and Taxation.

Strategic Investments Program

The Strategic Investments Program ("SIP") was authorized by the Legislative Assembly in 1993 to provide tax incentives for capital investments by "traded-sector" businesses, including manufacturing. SIP recipients receive a 15 year property tax exemption on new construction over $25 million outside of urban areas, and over $100 million in urban areas. The exemption value ($25 million or $100 million) then increases three percent per year. SIP recipients pay an annual Community Service Fee which is equal to 25 percent of the value of the tax break, which is allocated to local governments through local negotiations. The Community Service Fee is not considered a property tax and thus is outside of the Measure 5 Limit. In 2007 the Legislature adopted the Gain Share program in which fifty percent of the State income tax revenue attributed to employment at the SIP projects is distributed to taxing jurisdictions in the same manner as the SIP Community Service Fee. The County has SIP agreements in place with Intel Corporation and Genentech. The County received $7,636,980 in SIP revenues in Fiscal Year 2012 and $7,743,069 in Fiscal Year 2011. The County did not receive revenue from the Gain Share revenues in Fiscal Year 2012.

Other Taxes

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

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

Local Government Fees

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

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

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

State of Oregon Funding

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

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

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

Federal Funding

Oregon local governments receive federal funding for a variety of purposes. That funding is generally restricted to specific purposes.

The County

General Description

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 in the State, encompasses 727 square miles, and has as current population of 542,845.

Services

The County provides a full range of County services including general government and administration, public safety and justice, land use and public works, housing, health and human services, and cultural and recreational services.

Staff

As of December 21, 2012, the County had 1,645 full-time employees and 39 part-time employees.

Bargaining Units

Bargaining Unit	No. of Employees	Contract Expires
Washington Co. Police Officers Assn.	326	June 30, 2013
Teamsters Local No. 223	115	June 30, 2013
American Federation of State, County, and Municipal Employees	31	June 30, 2014
Oregon Nurses Association	25	June 30, 2014
Federation of Oregon Parole and Probation Officers	37	June 30, 2013

Source: Washington County, Oregon.

The Board of Commissioners

The policies of the County are established by an elected five-member Board. The current members of the Board are:

Board of Commissioners

Name	Position	Occupation	Service Began	Term Expires
Andy Duyck	Chair	Owner, Duyck Machine Inc.	Jan. 1, 2011	Dec. 31, 2014
Dick Schouten	Vice Chair	Lawyer	Jan. 1, 2013	Dec. 31, 2016
Greg Malinowski	Commissioner	Owner/operator family farm	Jan. 1, 2011	Dec. 31, 2014
Roy Rogers	Commissioner	Accountant	Jan. 1, 2013	Dec. 31, 2016
Bob Terry	Commissioner	Owner, Fisher Farms	Jan. 1, 2011	Dec. 31, 2014

Source: Washington County, Oregon.

Key Administrative Officials

The day-to-day affairs of the County are managed by a professional administrative staff which includes the following principal officials:

Robert Davis, County Administrator. Mr. Davis has been with the County since 1983 and has served as County Administrator since May 2006. Mr. Davis was selected by the Board of County Commissioners to serve as the Interim County Administrator, effective January 10, 2006. Prior to that he served as Assistant County Administrator since 1986. He manages the day-to-day affairs of the County. His previous professional experience includes service with San Luis Obispo County, California, and the City of Lakewood, Colorado. Mr. Davis received a B.A. in public administration from California State University, Chico, and a Master's degree in public affairs from the University of Colorado, Boulder. He is a member of the International City Management Association.

Don Bohn, Assistant County Administrator. Mr. Bohn has been with the County since 1991 and has served as Assistant County Administrator since 2006. He previously served as Deputy County Administrator and various other positions within the County Administrative Office. He manages internal departments and oversees the County budget process. Mr. Bohn received a B.A. in psychology from Pacific University and a Master’s degree in public administration from Lewis and Clark College. He is a member of the Oregon City/County Management Association.

Mary Gruss, Chief Finance Officer. Ms. Gruss has been with the County since 2008. Her previous professional experience includes service with the cities of Hillsboro, Oregon and, Tigard, Oregon and KPMG LLP. She is a certified public accountant and received her B.S. from the University of Idaho. Ms. Gruss is a member of several professional organizations.

Alan A. Rappleyea, County Counsel. Mr. Rappleyea was appointed by the Board to be County Counsel in 2011. Prior to that, he was the City Attorney for the City of Beaverton, Oregon for 8 years, a Washington County Sr. Assistant County Counsel for 7 years and County Counsel in Crook County, Oregon for 5 years. He is the Treasurer for the Oregon State Bar's Government Law Section and several other professional organizations and has published articles and lectured on a wide range of legal topics. He is admitted to practice law in the Supreme Court of the United States, the Ninth Circuit Court of Appeals, and the States of Oregon and Washington.

Financial Factors

Financial Reporting and Accounting Policies

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

Additional information on the County's accounting methods is available in the County's audited financial statements. A copy of the County's audited financial report for Fiscal Year 2011 is attached hereto as Appendix B.

Auditing

Each Oregon municipal corporation must obtain an audit and examination of its funds and account groups at least once each year pursuant to the Oregon Municipal Audit Law, ORS 297.405-297.555. Municipalities having annual expenditures of less than $500,000, with the exception of counties and school districts, are exempt from this requirement. All Oregon counties and school districts, regardless of amount of annual expenditures, must obtain an audit annually. The required audit may be performed by the State Division of Audits or by independent public accountants certified by the State as capable of auditing municipal corporations.

The County audits for the Fiscal Years 2008 through 2012 ("County Audited Financial Statements") were performed by Talbot, Korvola & Warwick, LLP, CPAs, Portland, Oregon (the "Auditor"). The audit report for Fiscal Year 2012 indicates the financial statements, in all material respects, fairly present the County's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2012 Fiscal Year.

Future financial statements may be obtained from the Electronic Municipal Market Access system, a free, centralized repository located at: www.emma.msrb.org.

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

Statement of Net Assets – Governmental Activities

(Fiscal Years - $ in thousands)

Assets	2008	2009	2010	2011	2012
Current assets	$ 161,626	$ 75,337	$ 40,807	$ 70,900	$ 36,245
Noncurent assets	139,292	217,658	245,661	222,710	264,504
Capital assets (net of depreciation)	2,258,583	2,249,316	2,214,467	2,195,066	2,167,886
Total Assets	2,559,501	2,542,311	2,500,935	2,488,676	2,468,635
Liabilities					
Current liabilities	59,967	65,555	63,654	62,969	63,518
Noncurrent liabilities	117,965	110,331	102,079	93,384	85,352
Total Liabilities	177,932	175,886	165,733	156,353	148,870
Net Assets					
Invested in capital assets, net of related debt	2,135,921	2,134,940	2,108,850	2,093,492	2,074,612
Restricted	239	935	6,530	93,002	95,942
Unrestricted	245,409	230,550	219,822	145,829	149,211
Total Net Assets	**$ 2,381,569**	**$ 2,366,425**	**$ 2,335,202**	**$ 2,332,323**	**$ 2,319,765**

NOTE: The Net Assets presents information on all the County's assets and liabilities with the difference between the two reported as net assets.

Source: County Audited Financial Statements.

Statement of Revenues, Expenses and Changes in Net Assets

(Fiscal Years - $ in thousands)

Revenues:	**2008**	**2009**	**2010**	**2011**	**2012**
Program Revenues:					
Charges for services	$ 96,805	$ 60,282	$ 61,303	$ 71,653	$ 69,600
Operating grants and contributions	88,512	91,902	92,531	97,640	100,922
Capital grants and contributions	1,690	1,851	686	1,462	1,608
General Revenues:					
Taxes	153,432	156,210	161,082	166,922	173,069
Interest income	10,377	8,247	3,197	1,984	2,575
Miscellaneous revenue	641	13,024	419	16,257	7,636
Total Revenues	351,457	331,516	319,218	355,918	355,410
Expenses:					
General government	41,833	42,319	42,869	39,318	38,677
Public safety and justice	101,859	97,512	98,562	104,664	109,222
Land use, housing and transportation	111,906	106,306	108,616	115,096	119,714
Health and human services	51,555	56,474	58,467	59,013	58,443
Culture, education and recreation	23,218	25,728	26,261	26,882	28,476
Non-departmental	21,078	11,663	10,653	9,225	9,234
Interest expense	6,818	5,665	5,013	4,599	4,202
Total Expenses	358,267	345,667	350,441	358,797	367,968
Change in net assets	(6,810)	(14,151)	(31,223)	(2,879)	(12,558)
Net assets - July 1	2,388,379	2,381,569	2,366,425	2,335,202	2,332,323
Remediation note	0	(993)	0	0	0
Total Net Assets	**$ 2,381,569**	**$ 2,366,425**	**$ 2,335,202**	**$ 2,332,323**	**$ 2,319,765**

NOTE: The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the County's net assets changed during a given Fiscal Year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Revenues and expenses are reported in this statement for some items that will result in cash flows in future periods, such as uncollected taxes and earned, but unused, vacation leave.

Source: County Audited Financial Statements.

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

General Fund Balance Sheet

(Fiscal Years - $ in thousands)

Assets	2008	2009	2010	2011	2012
Cash and investments	$ 37,409	$ 31,184	$ 32,202	$ 34,544	$ 30,021
Property taxes receivable	3,229	4,226	4,505	4,300	5,373
Assessment receivable	3	2	0	0	0
Accounts receivable	5,505	4,838	4,584	3,750	4,240
Accrued interest receivable	1,807	2,445	1,560	893	1,137
Due from other funds	4,373	2,546	3,104	810	978
Inventory	0	0	177	155	134
Other assets	21	3	58	1	255
Total Assets and Other Debits	52,347	45,244	46,190	44,453	42,138
Liabilities and Fund Balances					
Liabilities:					
Accounts payable	$ 2,707	$ 2,339	$ 2,581	$ 1,501	$ 1,666
Accrued payroll liabilities	4,196	5,396	4,817	4,902	4,019
Deposits payable	113	247	51	432	404
Amounts held in trust	266	240	541	600	603
Due to other funds	6	0	0	0	0
Deferred revenue	3,538	4,216	4,149	3,823	5,140
Total Liabilities:	10,826	12,438	12,139	11,258	11,832
Fund Balances:					
Nonspendable	4,000	2,000	177	155	134
Assigned	0	0	0	527	530
Unreserved	37,522	30,806	33,874	32,513	29,642
Total Fund Balances	41,522	32,806	34,051	33,195	30,306
Total Liabilities and Fund Equity	$ 52,348	$ 45,244	$ 46,190	$ 44,453	$ 42,138

Source: County Audited Financial Statements.

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance
(Fiscal Years - $ in thousands)

Revenues	**2008**	**2009**	**2010**	**2011**	**2012**
Taxes	$ 96,653	$ 98,743	$ 102,916	$ 107,489	$ 110,398
Licenses and permits	5,606	5,413	5,693	5,877	6,022
Intergovernmental revenues	18,104	17,733	17,132	16,954	16,532
Charges for services	6,763	6,653	6,515	19,686	18,726
Fines and forfeitures	3,167	2,505	2,736	3,004	3,153
Miscellaneous revenues	6,737	6,262	3,997	3,932	3,945
Interfund revenues	5,472	5,601	5,834	18,245	18,596
Total Revenues	142,502	142,910	144,823	175,187	177,372
Expenditures					
Current					
General government	32,603	36,130	34,258	35,019	36,912
Public safety and justice	51,722	53,496	53,199	56,332	59,039
Land use, housing and transportation	2,979	2,993	2,697	2,868	3,471
Health and human services	16,265	17,332	16,333	16,901	17,279
Culture, education and recreation	955	982	946	974	973
Nonoperating	1,469	0	0	6,136	5,726
Capital outlay	585	312	318	628	2,398
Debt service:					
Principal	285	298	313	316	822
Interest	142	128	113	97	82
Total Expenditures	107,005	111,671	108,177	119,271	126,702
Excess of revenues over expenditures	35,497	31,239	36,646	55,916	50,670
Other Financing Sources					
Transfers in from other funds	12,993	13,975	19,514	0	1,047
Transfers out to other funds	(50,449)	(53,930)	(54,915)	(57,419)	(56,890)
Proceeds from debt	0	0	0	0	2,284
Total Other Financing Sources	(37,456)	(39,955)	(35,401)	(57,419)	(53,559)
Net change in fund balances (deficit)	(1,959)	(8,716)	1,245	(1,503)	(2,889)
Fund balance at beginning of year	43,480	41,522	32,806	34,051	33,195
Restatement	0	0	0	647	0
Ending fund balance	$ 41,521	$ 32,806	$ 34,051	$ 33,195	$ 30,306

Source: County Audited Financial Statements.

Budgetary Process

The County prepares an annual budget in accordance with Oregon Local Budget Law (ORS Chapter 294) which establishes standard procedures for all budget functions for Oregon local governments. Under the applicable provisions, there must be public participation in the budget process and the adopted budget must be balanced.

The County's administrative staff evaluates the budget requests of the various departments of the County to determine the funding levels of the operating programs. The budget is presented to the public through public hearings held by a budget committee consisting of Board members and lay members. After giving due consideration to the input received from the citizens, the Board of Commissioners adopts the budget, authorizes the levying of taxes and sets appropriations. The budget must be adopted no later than June 30 of each Fiscal Year.

The budget may be amended during the applicable Fiscal Year through the adoption of a supplemental budget. Supplemental budgets may be adopted by the Board pursuant to ORS 294.480.

General Fund Adopted Budget
(Fiscal Years)

Resources	2012 Modified	2013 Adopted
Taxes	$ 109,323,691	$ 113,482,443
Licenses & Permits	5,624,337	6,146,195
Intergovernmental	20,688,637	16,900,637
Charges for Services	7,511,116	7,596,566
Fines & Forfeitures	3,026,900	2,489,650
Interdepartmental	1,010,496	2,184,467
Intradepartmental	4,719,461	4,537,772
Miscellaneous	3,602,636	4,064,968
Operating Transfers In	18,924,310	19,848,991
Beginning Fund Balance	31,702,930	32,373,300
Total Resources	**$ 206,134,514**	**$ 209,624,989**
Expenditures		
General Government	$ 38,275,436	$ 39,329,735
Public Safety & Justice	62,696,427	64,560,070
Land Use & Transportation	3,851,879	3,916,749
Health & Human Services	21,020,710	19,468,214
Culture, Education & Recreation	1,022,199	1,030,987
Non-Departmental	9,440,852	11,007,550
Non-Operating	69,827,011	70,311,684
Total Expenditures	**$ 206,134,514**	**$ 209,624,989**

Source: County Adopted Fiscal Year 2013 Budget.

Investments

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

Municipalities are also authorized to invest approximately $44.9 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State

Treasury website under "Other OSTF Reports – OSTF Detailed Monthly Reports" at www.ost.state.or.us/about/boards/OSTF/About.htm.

Pension System

General. The County participates in a retirement pension benefit program under the State of Oregon Public Employees Retirement System ("PERS" or the "System"). After six full months of employment, all County employees are required to participate in PERS.

T1/T2 Pension Programs. Employees hired before August 29, 2003 participate in the "Tier 1" and "Tier 2" pension programs (the "T1/T2 Pension Programs"). The benefits provided through the T1/T2 Pension Programs are based primarily on a defined benefit model and provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Different benefit structures apply to participants depending on their date of hire. Effective January 1, 2004, T1/T2 Pension Program participant contributions fund individual retirement accounts under the separate defined contribution program described below. Participant contributions may be paid by the employee or the employer, depending on the individual contract negotiated between the two. See "Employer Contribution Rates" herein.

OPSRP. Employees hired on or after August 29, 2003 participate in the Oregon Public Service Retirement Plan ("OPSRP") unless membership was previously established in the T1/T2 Pension Programs. OPSRP is a hybrid defined contribution/defined benefit pension plan with two components. Employer contributions fund the defined benefit program and employee contributions fund individual retirement accounts under the separate defined contribution program.

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years the Public Employees Retirement Board ("PERB") establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2010) used for advisory purposes only and valuations as of December 31 of odd-number years (such as 2011) used to set payroll contribution rates. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the County (the "County Valuation"). Valuations are released nine to eleven months after the valuation date. PERS' current actuary is Milliman, Inc. ("Milliman") which replaced the prior actuary, Mercer (US), Inc. in January 2012.

Valuation Date	Release Date	Rates Effective
December 31, 2009	October 2010	July 1, 2011 – June 30, 2013
December 31, 2010	November 2011	Advisory only
December 31, 2011	October 2012	July 1, 2013 – June 30, 2015

The 2011 System Valuation indicated that the System-wide funded status decreased from approximately 87 percent at December 31, 2010 to 82 percent at December 31, 2011 due to lower than assumed investment returns, taking into account offsets for deposits made by individual employers from bond proceeds or cash on hand into Side Accounts (see "Pension Bonds and Side Accounts" herein).

Employer Assets, Liabilities, and Unfunded Actuarial Liabilities. An employer's unfunded actuarial liability ("UAL") is the excess of the actuarially determined present value of the employer's benefit obligations to employees over the existing actuarially determined assets available to pay those benefits.

County UAL. For the T1/T2 Pension Programs, the County is pooled with the State and Oregon local government and community college public employers (the "State and Local Government Rate Pool" or "SLGRP"). The County's portion of the SLGRP's assets and liabilities is based on the County's proportionate share of the SLGRP's pooled payroll (the "County Allocated T1/T2 UAL"). Changes in the County's relative growth in payroll will cause the County Allocated T1/T2 UAL to shift. The County Allocated T1/T2 UAL may increase if other pool participants fail to pay their full employer contributions.

OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The County's allocated share of OPSRP's assets and liabilities is based on the County's proportionate share of OPSRP's pooled payroll (the "County Allocated OPSRP UAL"). Changes in the County's relative growth in payroll will cause the County Allocated OPSRP UAL to shift.

Pension Bonds and Side Accounts. In 2001 the County made a $17,617,125 lump-sum payment to PERS. The payment was deposited in the PERS fund to finance the County's transition liability and all or a portion of the County Allocated T1/T2 UAL and County Allocated OPSRP UAL, reducing the County's contribution rates, although debt service payments are also due on the pension bonds.

The County's net unfunded pension UAL is the total of the County Allocated T1/T2 UAL, and County Allocated OPSRP UAL. The County's net unfunded pension UAL as of the 2009 Valuation and 2011 Valuation is shown in the following table.

Washington County, Oregon -- Net Unfunded Pension UAL

	2009 Valuation	2011 Valuation
Allocated pooled SLGRP T1/T2 UAL	$ 148,398,664	$ 179,857,284
Allocated pre-SLGRP pooled liability/(surplus)	(23,545,222)	(23,022,000)
Transition liability/(surplus)	488,054	467,489
Allocated pooled OPSRP UAL	1,162,523	1,925,031
County Side Account	0	0
Net unfunded pension actuarial accrued liability	$ 126,504,019	$ 159,227,804

(1) The transition surplus represents the surplus that was created when the County joined the LGRP. The transition surplus is solely the County's.

Source: 2009 County Valuation and 2011 County Valuation.

The funded status of PERS and of the County as reported by Milliman, will change over time depending on a variety of factors, including the market performance of the securities in which the OPERF is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS.

Significant actuarial assumptions and methods used in the valuations included: (a) Projected Unit Credit actuarial cost method, (b) asset valuation method based on market value, (c) rate of return on the investment of present and future assets of 8%, (d) payroll growth rate of 3.75%, (e) consumer price inflation of 2.75% per year, and (f) UAL amortization method of a level percentage of payroll over 21 years (fixed) for the T1/T2 Pension Programs and 16 years (fixed) for OPSRP.

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations, litigation, decisions by the PERS Board and changes in benefits resulting from legislative modifications. Pursuant to ORS 238.225 all employers participating in PERS are required to make their contribution to PERS based on the employer contribution rates set by the PERS Board. Employees are required to contribute 6 percent of their annual salary to the respective programs. Employers are allowed to pay the employees' contribution in addition to the required employers' contribution. The County has not elected to make the employee contribution except for WCPOA members per contractual agreement.

Contribution Rate Collar. In January 2010 the PERS Board adopted a revised implementation of the rate collar limiting increases in employer contribution rates from biennium to biennium (the "Rate Collar"). Under normal conditions, the Rate Collar is the greater of three percent of payroll or 20 percent of the current base rate. If the funded status of the SLGRP is below 80 percent, the Rate Collar increases by 0.3 percent for every percentage point under the 80 percent funded level until it reaches six percent at the 70 percent funded level (if under the three percent parameter), or by two percent for every percentage point under the 80 percent funded level (if under the 20 percent of current base rate parameter). The collar that will be applied in the 2013-15 biennium will defer rates by 2.2% into future biennia. Further, the 2011 System Valuation found that the SLGRP was 75 percent funded, resulting in a rate collar of 4.52 percent to be applied in the 2015-17 biennium. The Rate Collar limits increases in employer contribution rates before rate reductions from side accounts are deducted, and does not cover charges associated with RHIA and RHIPA.

County Contribution Rates. The County's current contribution rates are based on the 2009 Valuation. The following table shows the County's contribution rates effective July 1, 2011 to June 30, 2013 (2009 Valuation) and the rates effective July 1, 2013 through June 30, 2015 (2011 Valuation)

Washington County, Oregon - Pension Contribution Rates

	2009 Valuation			2011 Valuation		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	9.94%	6.13%	8.84%	10.25%	6.27%	9.00%
T1/T2 UAL rate	6.10	6.10	6.10	10.36	10.36	10.36
OPSRP UAL rate	0.08	0.08	0.08	0.15	0.15	0.15
Pre-SLGRP pooled liability rate	(1.70)	(1.70)	(1.70)	(1.76)	(1.76)	(1.76)
Transition liability/(surplus) rate	0.04	0.04	0.04	0.04	0.04	0.04
Side account rate relief	0.00	0.00	0.00	0.00	0.00	0.00
Retiree Healthcare rate (RHIA)(1)	0.59	0.50	0.50	0.59	0.49	0.49
Total net contribution rate	**15.05%**	**11.15%**	**13.86%**	**19.63%**	**15.55%**	**18.28%**

(1) Contribution rates to fund RHIA benefits are included in the total County employer contribution rate, but are not a pension cost. See "Other Postemployment Benefits – Retirement Health Insurance Account" below.

Source: 2009 County Valuation and 2011 County Valuation.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to $60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2011 System Valuation, this program had a UAL of approximately $221.5 million. The County's allocated share of the RHIA program's assets and liabilities is based on the County's proportionate share of the program's pooled payroll. According to the 2011 County Valuation, the County's allocated share of the RHIA program's UAL was $2,922,742.

GASB 45. GASB 45 requires the County to determine the extent of its liabilities for post employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current County employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported.

The County's annual other post-employment benefit cost is calculated based on the ARC, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities based solely on the implicit subsidy over a period of 30 years. The following tables detail the County's ARC and Net OPEB Obligation.

Annual Required Contribution - $ in thousands

	2008	2009	2010	2011	2012
Annual required contribution	$ 2,416	$ 2,417	$ 1,747	$ 1,748	$ 1,074
Interest on prior net OPEB obligation	-	50	93	134	147
Adjustment to annual required contribution	-	(1,171)	(140)	(140)	(243)
Annual OPEB cost	2,416	1,296	1,700	1,742	978
Contributions made	(521)	(521)	(544)	(673)	(609)
Increase in net obligation	1,895	775	1,156	1,069	369
Net OPEB obligation - beginning of Fiscal Year	-	1,895	2,670	3,826	4,895
Net OPEB obligation - end of Fiscal Year	$ 1,895	$ 2,670	$ 3,826	$ 4,895	$ 5,264

Source: County Audited Financial Statements.

Cumulative Net OPEB Obligation - $ in thousands

Fiscal Year	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Cumulative Net OPEB Obligation
2012	$ 978	56.7%	$ 5,264
2011	1,741	38.5%	4,895
2010	1,701	31.1%	3,826
2009	1,296	40.2%	2,670
2008	2,416	21.6%	1,895

Source: County Audited Financial Statements.

See Note 4 "Annual OPEB Cost and Net OPEB Obligation" of the County's audited financial statements for Fiscal Year 2012 for more information on the County's liability under GASB 45.

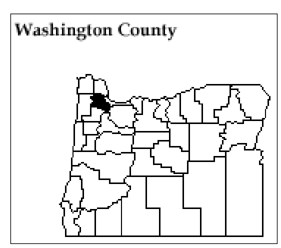
Risk Management

The County is exposed to various risks of loss. A description of the risks is provided in the County's audited financial statements. The audited financial statement for Fiscal Year 2012 is attached hereto as Appendix B.

Demographic Information

General

The County is located in the northwestern part of Oregon and is the second largest county in the State. The county includes eleven incorporated cities including Hillsboro, Beaverton, Tigard and Tualatin as well as a portion of the City of Portland.



The County is part of the Portland-Vancouver-Hillsboro Primary Metropolitan Statistical Area (hereinafter, the "Portland PMSA") which includes Multnomah, Washington, Clackamas, Columbia and Yamhill counties in Oregon, and Clark and Skamania County in Washington.

Historical data have been collected from generally accepted standard sources, usually from public bodies. This section will focus on the County and cities of the County. Portland PMSA statistics are included in this section where County statistics cannot be separated.

Population

The following table shows the historical population for the State and the County:

Population

July 1[(1)]	State of Oregon	Washington County
2012	3,883,735	542,845
2011	3,857,625	536,370
2010	3,837,300	531,070
2009	3,823,465	527,140
2008	3,791,075	519,925
2007	3,745,455	511,075
2006	3,690,505	500,585
2005	3,631,440	489,785
2004	3,582,600	480,200
2003	3,541,500	472,600
April 1[(2)]		
2010	3,831,074	529,710
2000	3,421,399	445,342
1990	2,842,321	311,554

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

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

Economic Overview

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

The number of acres harvested and gross farm sales in the County are as follows:

Washington County
Harvested Acreage and Gross Farm Sales

		Gross Farm Sales ($ in thousands)		
Year	Harvested Acreage	Crop Sales	Animal Products Sales	Total Gross Farm Sales
2011	84,817	$ 265,249	$ 19,529	$ 284,778
2010	83,733	212,009	16,830	228,839
2009	82,924	224,697	14,248	238,945
2008	90,403	282,407	19,650	302,057
2007	79,614	330,470	20,837	351,307

Top Commodities in
Washington County (2011)

Commodity	Sales
Nursery Crops	$ 110,623,000
Greenhouse Crops	29,131,000
Blueberries	18,450,000
Wheat	14,626,563
Tall Fescue	13,246,272

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, Harvested Acreage Summary Report, Gross Farm Sales Reports, Commodity Report; March 14, 2012.

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

Washington County and State of Oregon
Total Personal and Per Capita Income

	Washington County				State of Oregon			
Year	Personal Income ($000 Omitted)	Dividends, Interest, Rent ($000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income ($000 Omitted)	Dividends, Interest, Rent ($000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2012	N/A	N/A	N/A	N/A	$ 151,881,000	$ 27,153,000	$ 39,107	$ 6,991
2011	$ 23,042,656	$ 3,546,564	$ 42,639	$ 6,563	145,299,628	26,016,176	37,527	6,719
2010	21,521,570	3,283,946	40,484	6,177	142,113,170	28,423,161	37,095	7,419
2009	20,787,356	3,327,509	39,618	6,342	138,453,340	28,181,017	36,191	7,366
2008	21,624,353	3,992,477	41,923	7,740	139,306,268	29,341,456	36,824	7,756
2007	20,598,236	3,602,531	40,481	7,080	133,821,268	27,217,289	35,849	7,291

Note: 2012 data as of third quarter, preliminary and subject to change.
Source: U.S. Department of Commerce, Bureau of Economic Analysis, December 2012.

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

Washington County
Labor Force Summary (1)
(by place of residence)

	2007	2008	2009	2010	2011	2012 (2)	2012 Change from 2007	2008	2009	2010	2011
Civilian Labor Force	284,401	290,281	288,884	289,061	295,931	293,307	8,906	3,026	4,423	4,246	-2,624
Unemployment	12,220	14,920	26,884	25,617	22,865	19,478	7,258	4,558	-7,406	-6,139	-3,387
Percent of Labor Force	4.3%	5.1%	9.3%	8.9%	7.7%	6.6%	xx	xx	xx	xx	xx
Total Employment	272,181	275,361	262,000	263,444	273,066	273,829	1,648	-1,532	11,829	10,385	763

Non-Agricultural Wage & Salary Employment (3)

	2007	2008	2009	2010	2011	2012 (2)	2012 Change from 2007	2008	2009	2010	2011
TOTAL NONFARM PAYROLL EMPLOYMENT	251,700	249,200	232,600	228,200	238,600	251,100	-600	1,900	18,500	22,900	12,500
TOTAL PRIVATE	229,900	226,500	209,500	205,100	216,200	228,900	-1,000	2,400	19,400	23,800	12,700
Natural resources and mining	400	400	400	400	300	300	-100	-100	-100	-100	0
Construction	15,600	14,600	11,400	10,100	11,300	12,000	-3,600	-2,600	600	1,900	700
Manufacturing	47,600	44,800	40,800	39,900	42,300	44,300	-3,300	-500	3,500	4,400	2,000
Trade, transportation, and utilities	51,400	50,800	47,300	46,400	47,100	51,600	200	800	4,300	5,200	4,500
Information	8,000	8,000	7,900	7,600	7,800	7,700	-300	-300	-200	100	-100
Financial activities	17,200	16,400	15,300	14,800	15,300	15,500	-1,700	-900	200	700	200
Professional and business services	35,100	35,400	32,000	32,300	35,500	38,900	3,800	3,500	6,900	6,600	3,400
Educational and health services	26,600	27,600	27,900	27,800	29,800	31,200	4,600	3,600	3,300	3,400	1,400
Leisure and hospitality	20,300	21,100	19,400	18,900	19,900	19,900	-400	-1,200	500	1,000	0
Other services	7,600	7,500	7,100	6,900	7,000	7,500	-100	0	400	600	500
GOVERNMENT	21,800	22,700	23,100	23,000	22,400	22,200	400	-500	-900	-800	-200

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.
(2) Data for month of November 2012, preliminary and subject to change.
(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, January 3, 2012.

Major Employers in the County
(2012)

Company	Service	Location	No. Employees
Intel Corporation	Semiconductor integrated circuits	Hillsboro	16,250
Nike, Inc.	Sports shoes and apparel	Beaverton	6,587
Beaverton School District	Education	Beaverton	4,000
TriQuint Semiconductor, Inc.	Semiconductors	Hillsboro	2,905
Columbia Sportswear Company	Apparel design/manufacturing	Portland	2,700
Stancorp Mortgage Investors LLC	Life Insurance	Hillsboro	2,630
State Government	Government	County-wide	2,600
Hillsboro School District	Education	Hillsboro	2,500
FEI Company	Analytical instruments	Hillsboro	2,074
IDT Inc.	Semiconductor manufacturing	Hillsboro	2,004
Washington County	Government	County-wide	1,800
Tektronix, Inc.	Electronic instruments	Beaverton	1,600
Wilbanks International, Inc.	Farm and garden machinery	Hillsboro	1,400
Tigard-Tualatin School District No. 23-J	K-12 Education	Tigard	1,400
Tuality Community Hospital	Healthcare	Hillsboro	1,300
SolarWorld Industries America Inc.	Solar panels	Hillsboro	1,200
RadiSys Corporation	Electronics manufacturing	Hillsboro	1,024
Viasystems Corporation	Circuit boards	Forest Grove	915
Lattice Semiconductor Corporation	Semiconductors	Hillsboro	852
Encompass TeleServices Inc.	Telephone Answering Services	Beaverton	800
Sorel Corporation	Sports apparel	Portland	800
Mattei Insurance Services Inc.	Insurance	Tualatin	715
U.S. Government	Government	County-wide	700
City of Hillsboro	Government	Hillsboro	650
Comcast Cable	Telecommunications	Beaverton	620
Ibridge LLC	Data processing, hosting	Beaverton	600
AFA Forest Products (USA) Inc.	Forest products	Portland	600
Resellerclub	Computer graphic services	Beaverton	550
Maxim Integrated Products	Electronic instruments	Beaverton	528
City of Beaverton	Government	Beaverton	509
Leupold & Stevens Inc.	Sporting goods	Beaverton	500
Willamette Dental Management Corpo	Insurance	Hillsboro	500
Forest Grove School District	K-12 Education	Forest Grove	500

Source: Hoover's business database; Oregon Employment Department; December 2012.

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

Washington County
Residential Building Permits

	New Single Family		New Multi Family			Total
Year	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost
2012 (1)	1,093	$ 278,155,265	59	658	$ 68,583,984	$ 346,739,249
2011	924	229,242,339	25	485	53,458,742	282,701,081
2010	1,033	247,545,370	26	238	26,850,491	274,395,861
2009	871	200,340,443	41	332	35,166,798	235,507,241
2008	1,149	271,075,724	55	589	59,283,903	330,359,627
2007	2,144	514,157,078	65	720	64,679,961	578,837,039

(1) As of October 31, 2012.
Source: U.S. Census Bureau, December 13, 2012.

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

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

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

The Initiative and Referendum Process

Article IV, Section 1 of the Oregon Constitution reserves to the people of the State the initiative power to amend the State Constitution or to enact legislation by placing measures on the statewide general election ballot for consideration by the voters. Oregon law therefore permits any registered Oregon voter to file a proposed initiative with the Oregon Secretary of State's office without payment of fees or other burdensome requirements. Consequently, a large number of initiative measures are submitted to the Oregon Secretary of State's office, and a much smaller number of petitions obtain sufficient signatures to be placed on the ballot.

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

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

Referendum

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

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

Initiative Process

To place a proposed statewide initiative on a general election ballot, the proponents must submit to the Secretary of State initiative petitions signed by the number of qualified voters equal to a specified percentage of the total number of votes cast for all candidates for governor at the gubernatorial election at which a governor was elected for a term of four years next preceding the filing of the petition with the Secretary of State. For the 2012 general election, the requirement is eight percent (116,284 signatures) for a constitutional amendment measure and six percent (87,213 signatures) for a statutory initiative. The last day for submitting signed initiative petitions for the 2012 general election was July 6, 2012. Any elector may sign an initiative petition for any measure on which the elector is entitled to vote. Statewide initiatives may only be filed for general elections in even-numbered years. The next general election for which statewide initiative petitions may be filed will be in November 2014.

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

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

Historical Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2004	6	2
2006	10	3
2008	8	0
2010	4	2
2012	7	2

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.
Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Recent Initiative Petitions. Two initiative measures were approved at the November 6, 2012 election (Measure 79 and Measure 85). These measures may have a fiscal impact on the State's General Fund which could have an impact on the County. The County cannot estimate at this time what such impact would be, if any.

Measure 79 amends the Constitution, prohibiting real estate transfer taxes, fees, other assessments, except those operative on December 31, 2009. The measure prohibits the State from imposing taxes, fees, or assessments on the transfer of any interest in real property. Local governments are already prohibited from imposing fees of this type.

Measure 85 amends the Constitution, allocating corporate income/excise tax "kicker" refund to additionally fund K through 12 public education. The financial impact of this measure is indeterminate because it is affected by unknown future events. The "corporate kicker" would be retained in the General Fund instead of being returned to corporate income and excise taxpayers. The Legislature has full discretion over how it allocates General Fund moneys, including the total amount allocated to K through 12 public education.

Home Rule Charter

In addition to statutory and constitutional changes by the Legislative Assembly and the initiative and referendum process, the County, and eight other Oregon counties have adopted "home rule" charters. County charters may provide for the exercise by the county of authority over matters of county concern. The County adopted its charter in 1962.

Legal Matters and Litigation

Legal Matters

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

Litigation

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

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

Personal Injury and Death Claim. The liability of a local public body and its officers, employees and agents acting within the scope of their employment or duties, to any *single claimant* for covered personal injury or death claims (and not property claims) arising out of a single accident or occurrence may not exceed $500,000, for causes of action arising on or after July 1, 2009, and before July 1, 2010. From July 1, 2010 through June 30, 2015, this cap increases incrementally to $666,700. The liability limits to *all claimants* for covered personal injury or death claims (and not property claims) arising from a single accident or occurrence increase from $1 million, for causes of action arising on or after July 1, 2009, and before July 1, 2010, incrementally to $1,333,300, for causes of action arising on or after July 1, 2014, and before July 1, 2015.

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Property Damage or Destruction Claim. The liability of a public body and its officers, employees and agents acting within the scope of their employment or duties, for covered claims for damage and destruction of property that arise from causes of action arising on or after July 1, 2009 are as follows: (a) $100,000, adjusted as described below, to any single claimant, and (b) $500,000, adjusted as described below, to all claimants.

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the statutory formula. The adjustment may not exceed 3% for any year.

Tax Matters

2013A Obligations – Federally Taxable

Opinion of Special Counsel

In the opinion of Hawkins Delafield & Wood LLP, Special Counsel to the County ("Special Counsel"), the portion of the payments made under the 2013A Financing Agreement designated and constituting interest received by the holders of the 2013A Obligations ("Taxable Interest") (i) is included in gross income for Federal income tax purposes pursuant to the Internal Revenue Code of 1986, as amended (the "Code") and (ii) is exempt, under existing statutes, from personal income taxes imposed by the State of Oregon.

The following discussion is a brief summary of the principal United States Federal income tax consequences of the acquisition, ownership and disposition of 2013A Obligations by original purchasers of the 2013A Obligations who are "U.S. Holders", as defined herein. This summary (i) is based on the Code, Treasury Regulations, revenue rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect; (ii) assumes that the 2013A Obligations will be held as "capital assets"; and (iii) does not discuss all of the United States Federal income tax consequences that may be relevant to a holder in light of its particular circumstances or to holders subject to special rules, such as insurance companies, financial institutions, tax-exempt organizations, dealers in securities or foreign currencies, persons holding the 2013A Obligations as a position in a "hedge" or "straddle", holders whose functional currency (as defined in Section 985 of the Code) is not the United States dollar, holders who acquire 2013A Obligations in the secondary market, or individuals, estates and trusts subject to the tax on unearned income imposed by Section 1411 of the Code.

Holders of 2013A Obligations should consult with their own tax advisors concerning the United States Federal income tax and other consequences with respect to the acquisition, ownership and disposition of the 2013A Obligations as well as any tax consequences that may arise under the laws of any state, local or foreign tax jurisdiction.

Original Issue Discount

In general, if "original issue discount" ("OID") is greater than a statutorily defined *de minimis* amount, a holder of a 2013A Obligation having a maturity of more than one year from its date of issue must include in Federal gross income (for each day of the taxable year, or portion of the taxable year, in which such holder holds such 2013A Obligation) the daily portion of OID, as it accrues (generally on a constant yield method) and regardless of the holder's method of accounting. "OID" is the excess of (i) the "stated redemption price at maturity" over (ii) the "issue price". For purposes of the foregoing: "issue price" means the first price at which a substantial amount of the 2013A Obligation is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers); "stated redemption price at maturity" means the sum of all payments, other than "qualified stated interest", provided by such 2013A Obligation; "qualified stated interest" is stated interest that is unconditionally payable in cash or property (other than debt instruments of the County) at least annually at a single fixed rate; and "*de minimis* amount" is an amount equal to 0.25 percent of the 2013A Obligation's stated redemption price at maturity multiplied by the number of complete years to its maturity. A holder may irrevocably elect to include in gross income all interest that accrues with respect to a 2013A Obligation using the constant-yield method, subject to certain modifications.

Acquisition Discount on Short-Term 2013A Obligations

Each holder of a 2013A Obligation with a maturity not longer than one year (a "Short-Term 2013A Obligation") is subject to rules of Sections 1281 through 1283 of the Code, if such holder is an accrual method taxpayer, bank, regulated investment company, common trust fund or among certain types of pass-through entities, or if the Short-Term 2013A Obligation is held primarily for sale to customers, is identified under Section 1256(e)(2) of the Code as part of a hedging transaction, or is a stripped bond or coupon held by the person responsible for the underlying stripping transaction. In any such instance, interest on, and "acquisition discount" with respect to, the Short-Term 2013A Obligation accrue on a ratable (straight-line) basis, subject to an election to accrue such interest and acquisition discount on a constant interest rate basis using daily compounding. "Acquisition discount" means the excess of the stated redemption price of a Short-Term 2013A Obligation at maturity over the holder's tax basis therefor.

A holder of a Short-Term 2013A Obligation not described in the preceding paragraph, including a cash-method taxpayer, must report interest income in accordance with the holder's regular method of tax accounting, unless such holder irrevocably elects to accrue acquisition discount currently.

Bond Premium

In general, if a 2013A Obligation is originally issued for an issue price (excluding accrued interest) that reflects a premium over the sum of all amounts payable on the 2013A Obligation other than "qualified stated interest" (a "Taxable Premium Bond"), that Taxable Premium Bond will be subject to Section 171 of the Code, relating to bond premium. In general, if the holder of a Taxable Premium Bond elects to amortize the premium as "amortizable bond premium" over the remaining term of the Taxable Premium Bond, determined based on constant yield principles (in certain cases involving a Taxable Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the highest yield on such bond), the amortizable premium is treated as an offset to interest income; the holder will make a corresponding adjustment to the holder's basis in the Taxable Premium Bond. Any such election is generally irrevocable and applies to all debt instruments of the holder (other than tax-exempt bonds) held at the beginning of the first taxable year to which the election applies and to all such debt instruments thereafter acquired. Under certain circumstances, the holder of a Taxable Premium Bond may realize a taxable gain upon disposition of the Taxable Premium Bond even though it is sold or redeemed for an amount less than or equal to the holder's original acquisition cost.

Disposition and Defeasance

Generally, upon the sale, exchange, redemption, or other disposition (which would include a legal defeasance) of a 2013A Obligation, a holder generally will recognize taxable gain or loss in an amount equal to the difference between the amount realized (other than amounts attributable to accrued interest not previously includable in income) and such holder's adjusted tax basis in the 2013A Obligation.

The County may cause the deposit of moneys or securities in escrow in such amount and manner as to cause the 2013A Obligations to be deemed to be no longer outstanding under the 2013A Escrow Agreement (a "defeasance"). For Federal income tax purposes, such defeasance could result in a deemed exchange under Section 1001 of the Code and a recognition by such owner of taxable income or loss, without any corresponding receipt of moneys. In addition, the character and timing of receipt of payments received by holders of the 2013A Obligations subsequent to any such defeasance could also be affected.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders of the 2013A Obligations with respect to payments of principal, payments of interest, and the accrual of OID with respect to a 2013A Obligation and the proceeds of the sale of a 2013A Obligation before maturity within the United States. Backup withholding may apply to holders of 2013A Obligations under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service.

U.S. Holders

The term "U.S. Holder" means a beneficial owner of a 2013A Obligation that is: (i) a citizen or resident of the United States, (ii) a corporation, partnership or other entity created or organized in or under the laws of the United States or of any political subdivision thereof, (iii) an estate the income of which is subject to United States Federal income taxation regardless of its source or (iv) a trust whose administration is subject to the primary jurisdiction of a United States court and which has one or more United States fiduciaries who have the authority to control all substantial decisions of the trust.

IRS Circular 230 Disclosure

The advice under the caption, "TAX MATTERS - 2013A OBLIGATIONS – FEDERALLY TAXABLE", concerning certain income tax consequences of the acquisition, ownership and disposition of the 2013A Obligations, was written to support the marketing of the 2013A Obligations. To ensure compliance with requirements imposed by the Internal Revenue Service, each prospective purchaser of the 2013A Obligations is advised that (i) any Federal tax advice contained in this official statement (including any attachments) or in writings furnished by Special Counsel to the County is not intended to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under the Code, and (ii) the taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of Taxable Interest under Oregon state law or otherwise prevent beneficial owners of the 2013A Obligations from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2013A Obligations.

Prospective purchasers of the 2013A Obligations should consult their own tax advisors regarding the foregoing matters.

2013B Obligations – Federally Tax-Exempt

Opinion of Special Counsel

In the opinion of Special Counsel, under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described herein, (i) the portion of the payments made under the 2013B Financing Agreement that constitute interest and are received by the Owners of the 2013B ("Tax-Exempt Interest") is excluded from gross income for Federal income tax pursuant to Section 103 of the Code, and (ii) Tax-Exempt Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such Tax-Exempt Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In rendering its opinion, Special Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County in connection with the 2013B Obligations, and Special Counsel has assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of Tax-Exempt Interest from gross income under Section 103 of the Code.

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

Special Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the 2013B Obligations. Special Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Special Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of Tax-Exempt Interest, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the 2013B Obligations in order that Tax-Exempt Interest be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the 2013B Obligations, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause Tax-Exempt Interest to become included in gross income for Federal income tax purposes retroactive to the issue date of the 2013B Obligations, irrespective of the date on which such noncompliance occurs or is discovered. The County has covenanted to comply with certain applicable requirements of the Code to assure the exclusion of Tax-Exempt Interest from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the 2013B Obligations. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a 2013B Obligation. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the 2013B Obligations.

Prospective owners of the 2013B Obligations should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Tax-Exempt Interest may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

"Original issue discount" ("OID") is the excess of the sum of all amounts payable at the stated maturity of a 2013B Obligation (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the "issue price" of a maturity means the first price at which a substantial amount of the 2013B Obligations of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of 2013B Obligations is expected to be the initial public offering price set forth on the cover page of the Official Statement. Special Counsel further is of the opinion that, for any 2013B Obligations having OID (a "Discount Obligation"), OID that has accrued and is properly allocable to the owners of the Discount Obligations under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other Tax-Exempt Interest.

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

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

Bond Premium

In general, if an owner acquires a 2013B Obligation for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the 2013B Obligation after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "bond premium" on that 2013B Obligation (a "Premium Obligation"). In general, under Section 171 of the Code, an owner of a Premium Obligation must amortize the bond premium over the remaining term of the Premium Obligation, based on the owner's yield over the remaining term of the Premium Obligation determined based on constant yield principles (in certain cases involving a Premium Obligation callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such bond). An owner of a Premium Obligation must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Obligation, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Obligation may realize a taxable gain upon disposition of the Premium Obligation even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Obligations should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Obligations.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the 2013B Obligations. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a 2013B Obligation through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of Tax-Exempt Interest from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of Tax-Exempt Interest under Federal or state law or otherwise prevent beneficial owners of the 2013B Obligations from realizing the full current benefit of the tax status of such Tax-Exempt Interest. In addition, such legislation or actions (whether currently proposed,

proposed in the future, or enacted) and such decisions could affect the market price or marketability of the 2013B Obligations.

Prospective purchasers of the 2013B Obligations should consult their own tax advisors regarding the foregoing matters.

Continuing Disclosure

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

Prior Undertakings. Prior to July 1, 2009, Continuing Disclosure filings were required to be made with four nationally recognized municipal securities information repositories ("NRMSIRs"). Beginning July 1, 2009, Continuing Disclosure is required to be filed with the MSRB's Electronic Municipal Market Access system. The County has entered into prior undertakings to provide Continuing Disclosure filings for seven separate bond issues which were outstanding in any of the previous five years. All of the County's undertakings require its annual Continuing Disclosure filings within nine months following the end of the Fiscal Year.

Compliance with Prior Undertakings – The County complied with each of its prior Continuing Disclosure undertakings in the previous five years as shown in the following table.

Bond Issue	Date of Issue	Date of Maturity	Date of Continuing Disclosure Filing				
			2007	2008	2009	2010	2011
General Obligation Bonds:							
Series 2001A	05/01/01	06/01/10	09/24/08	03/06/09	01/05/10	01/03/11	NR
Series 2001C	10/15/01	06/01/11	09/24/08	03/06/09	01/26/10	01/19/11	01/06/12
Series 2007 Refunding	10/02/07	12/01/13	09/24/08	03/06/09	01/05/10	01/03/11	01/06/12
Full Faith and Credit Obligations:							
Series 2004 Refunding	05/15/04	07/01/18	09/24/08	03/06/09	01/05/10	01/03/11	01/06/12
Series 2006 Refunding	02/28/06	06/01/26	09/24/08	03/06/09	01/05/10	01/03/11	01/06/12
Series 2006A	03/31/06	06/01/26	09/24/08	03/06/09	01/05/10	01/03/11	01/06/12
Series 2009 Refunding (HAWC)	11/05/09	07/01/44			01/05/10	01/03/11	01/06/12

A copy of the form of the County's Continuing Disclosure Certificate for the Obligations is attached hereto as Appendix D.

Financial Advisor

In connection with the authorization and issuance of the Obligations, the County has retained Seattle-Northwest Securities Corporation, Portland, Oregon, as its financial advisor (the "Financial Advisor").

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

Official Statement

The County has executed a "deemed final" letter that deems final the Official Statement as of its date pursuant to Securities and Exchange Commission Rule 15c2-12 (except for the omission of the following information: offering prices, interest rates, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, credit enhancement, if any, ratings, insurance, and other terms of the securities depending on such matters). The County has also confirmed that the information in this Official Statement, except for matters relating to DTC, the Paying Agent, and the statement regarding the Financial Advisor in the italicized paragraph on the page immediately preceding the table of contents does not contain any untrue statement of a material fact or omit any statement or information which is necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Purchaser of the Obligations

The 2013A Obligations are being purchased by _____________ at a price of $______________ and will be reoffered at a price of $___________. The purchaser of the 2013A Obligations may offer and sell the 2013A Obligations to certain dealers (including dealers depositing the 2013A Obligations into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

The 2013B Obligations are being purchased by _____________ at a price of $______________ and will be reoffered at a price of $___________. The purchaser of the 2013B Obligations may offer and sell the 2013B Obligations to certain dealers (including dealers depositing the 2013B Obligations into investment trusts) and others at prices lower than the initial offering prices corresponding to the yields set forth on page i of this Official Statement, and such initial offering prices may be changed from time to time by such purchaser. After the initial public offering, the public offering prices may be varied from time to time.

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

Certificate with Respect to Official Statement

At the time of the original delivery of and payment for the Obligations, the County will deliver a certificate of its authorized representative to the effect that he has examined this Official Statement and the financial and other data concerning the County contained herein and that to the best of his knowledge and belief, (i) the Official Statement, both as of its date and as of the date of delivery of the Obligations, does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of the Official Statement and the date of delivery of the Obligations there has been no material adverse change in the affairs (financial or other), financial condition or results of operations of the County except as set forth in or contemplated by the Official Statement.

Appendix A

Form of Special Counsel Opinion

On the date of issuance of the Obligations, Hawkins Delafield & Wood LLP, Special Counsel, proposes to issue its opinion in substantially the following form:

__________, 2013

Washington County
155 N. First Avenue, Suite 330
Hillsboro, Oregon 97124

Subject: $_________ Washington County, Oregon, Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable)

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of a Financing Agreement (the "Financing Agreement") between Washington County, Oregon (the "County"), and U.S. Bank National Association (the "Escrow Agent") in the aggregate principal amount of $__________. The County has also entered into an Escrow Agreement (the "Escrow Agreement") with the Escrow Agent in which the County has instructed the Escrow Agent to issue Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) (the "Obligations") representing proportionate interests in the financing payments (the "Financing Payments") to be made by the County under the Financing Agreement. The Financing Agreement is authorized by Oregon Revised Statutes Sections 271.390 and County Resolution and Order No.13-2 adopted January 8, 2013 (the "Resolution").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials which have been or may be supplied to the purchasers of the Obligations, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the County in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Financing Agreement and the Escrow Agreement have been legally authorized, executed and delivered by the County under and pursuant to the Constitution and Statutes of the State of Oregon and the Resolution. The Financing Agreement and the Escrow Agreement constitute valid and legally binding obligations of the County that are enforceable in accordance with their terms.

2. The Financing Payments are payable from any and all of the County's legally available funds. The County has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments.

3. The portion of the Financing Payments designated as and constituting interest received by the holders of the Obligations ("Interest") is not excludable from gross income for federal income tax purposes.

4. Interest is exempt from Oregon personal income tax.

Except as stated in paragraphs 3 and 4 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Obligations or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

The portion of this opinion that is set forth in paragraph 1 above is qualified only to the extent that enforceability of the Financing Agreement and the Escrow Agreement may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the County.

This opinion is given as of the date hereof and is based on existing law, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

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

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

We have served as special counsel only to the County in connection with the Obligations and have not represented and are not representing any other party in connection with the Obligations. This opinion is given solely for the benefit of the County in connection with the Obligations and may not be relied on in any manner or for any purpose by any person or entity other than the County, the owners of the Obligations, and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

On the date of issuance of the Obligations, Hawkins Delafield & Wood LLP, Special Counsel, proposes to issue its opinion in substantially the following form:

__________, 2013

Washington County
155 N. First Avenue, Suite 330
Hillsboro, Oregon 97124

Subject: $_________ Washington County, Oregon, Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt)

Ladies and Gentlemen:

We have acted as special counsel in connection with the execution and delivery of a Financing Agreement (the "Financing Agreement") between Washington County, Oregon (the "County"), and U.S. Bank National Association (the "Escrow Agent") in the aggregate principal amount of $__________. The County has also entered into an Escrow Agreement (the "Escrow Agreement") with the Escrow Agent in which the County has instructed the Escrow Agent to issue Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) (the "Obligations") representing proportionate interests in the financing payments (the "Financing Payments") to be made by the County under the Financing Agreement. The Financing Agreement is authorized by Oregon Revised Statutes Sections 271.390 and County Resolution and Order No.13-2 adopted January 8, 2013 (the "Resolution").

We have examined the law and such certified proceedings and other documents as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the official statement or other offering materials which have been or may be supplied to the purchasers of the Obligations, and we express no opinion relating thereto, excepting only the matters set forth as our opinion in the official statement.

Regarding questions of fact material to our opinion, we have relied on representations of the County in the Resolution and in the certified proceedings and on other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, we are of the opinion that, under existing law:

1. The Financing Agreement and the Escrow Agreement have been legally authorized, executed and delivered by the County under and pursuant to the Constitution and Statutes of the State of Oregon and the Resolution. The Financing Agreement and the Escrow Agreement constitute valid and legally binding obligations of the County that are enforceable in accordance with their terms.

2. The Financing Payments are payable from any and all of the County's legally available funds. The County has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments.

3. Under existing statutes and court decisions and assuming continuing compliance with certain tax covenants described below, (i) the portion of the Financing Payments designated as and constituting interest received by the holders of the Obligations ("Interest") is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) Interest is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; Interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. [Special counsel further is of the opinion that, for any Obligations having original issue discount (a "Discount Obligation"), original issue discount that has

accrued and is properly allocable to the owners of the Discount Obligations under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other Interest.] In rendering our opinion, we have relied on certain representations, certifications of fact, and statements of reasonable expectations made by the County, and others in connection with the Obligations, and we have assumed compliance by the County with certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of Interest from gross income under Section 103 of the Code.

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

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

In rendering the opinion in paragraph 3 hereof, we have relied upon and assumed (i) the material accuracy of the representations, statements of intention and reasonable expectation, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of Interest, and (ii) compliance by the County with the procedures and covenants set forth in the Tax Certificate as to such tax matters.

4. Interest is exempt from Oregon personal income tax.

We note that the County has not designated the Financing Agreement as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code.

Except as stated in paragraphs 3 and 4 above, we express no opinion as to any other Federal, state or local tax consequences arising with respect to the Obligations or the ownership or disposition thereof. We render our opinion under existing statutes and court decisions as of the issue date, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason. Furthermore, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of counsel other than ourselves on the exclusion from gross income for Federal income tax purposes of Interest.

The portion of this opinion that is set forth in paragraph 1 above is qualified only to the extent that enforceability of the Financing Agreement and the Escrow Agreement may be limited by or rendered ineffective by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the County.

This opinion is given as of the date hereof and is based on existing law, and we assume no obligation to update, revise or supplement this opinion to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to our attention or any changes in law or interpretations thereof that may hereafter arise or occur, or for any other reason.

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

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

We have served as special counsel only to the County in connection with the Obligations and have not represented and are not representing any other party in connection with the Obligations. This opinion is given solely for the benefit of the County in connection with the Obligations and may not be relied on in any manner or for any purpose by any person or entity other than the County, the owners of the Obligations, and any person to whom we may send a formal reliance letter indicating that the recipient is entitled to rely on this opinion.

Very truly yours,

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Appendix B

Financial Statements

The County's Auditor has not performed any further review of the County's financial statements since the date of the audit contained herein.

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WASHINGTON COUNTY, OREGON
155 North First Avenue
Hillsboro, Oregon 97124-3072

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2012

Prepared by:

Washington County Finance Division

WASHINGTON COUNTY, OREGON

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WASHINGTON COUNTY, OREGON

INTRODUCTORY SECTION

SECTION I

WASHINGTON COUNTY, OREGON

Principal Officials

Commissioners as of June 30, 2012

Name	Term Expires
Andy Duyck, Chair Commissioner-At-Large	December 31, 2014
Dick Schouten, Vice Chair District 1	December 31, 2012
Greg Malinowski District 2	December 31, 2014
Roy Rogers District 3	December 31, 2012
Bob Terry District 4	December 31, 2014

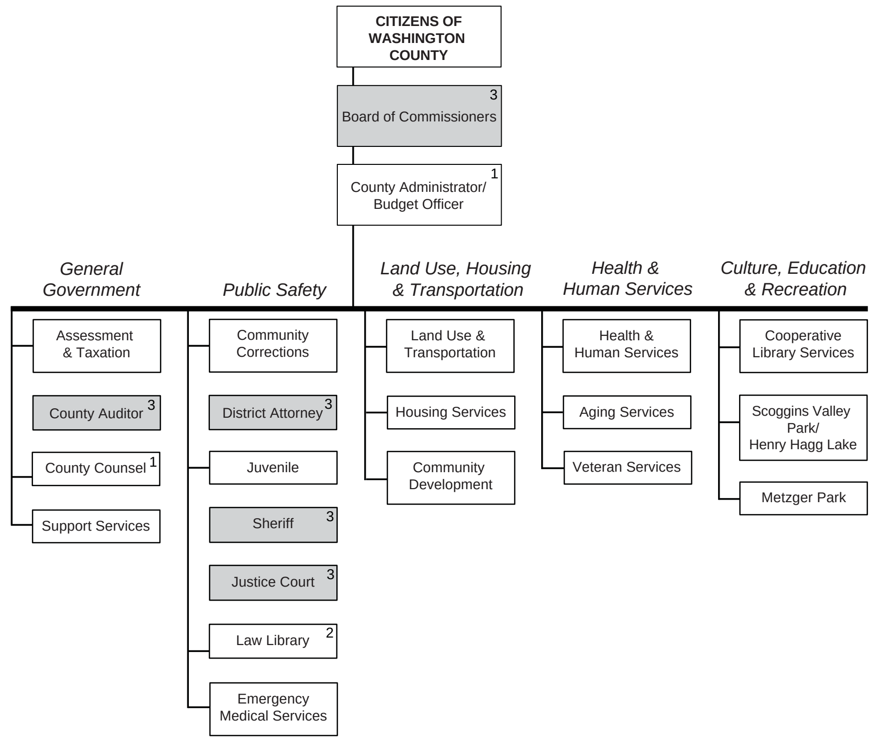
Administrative Staff

Robert Davis, County Administrator
Don Bohn, Assistant County Administrator
Rob Massar, Assistant County Administrator
Mary Gruss, Chief Finance Officer
Roger Dawes, Controller
Josh Salaets, Chief Accountant

Administrative Offices

Washington County, Oregon
155 North 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.

WASHINGTON COUNTY
OREGON

December 18, 2012

To the Board of 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, 2012.

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 have issued an unqualified (clean) opinion on Washington County's financial statements for the fiscal year ended June 30, 2012. The independent auditor's report is located at the front of the financial section of this report.

In addition, they have issued an annual single audit report in accordance with the Federal Single Audit Act. 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. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the County

Washington 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 in the State, encompasses 727 square miles, and serves a population of approximately 536,000. There are 16 incorporated cities in the County. The three largest cities, Hillsboro, Beaverton & Tigard account for 43% of the overall population; the unincorporated area has 41% of the County's population. This unincorporated area 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.

Department of Support Services – Finance Division
155 N First Avenue, Suite 270, MS 25, Hillsboro, OR 97124 - 3072
(503) 846-4419 • fax (503) 846-4464

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, Auditor and District Attorney are elected officials.

Washington County provides a full range of County services including general government, public safety and justice, land use and transportation, housing, health and human services, and cultural and recreational services. This report includes all funds of the County as well as all of its component units, which are legally separate units for which the County has the authority to exercise influence over their operations and include Housing Authority of Washington County, Washington County Service District for Lighting No. 1, Washington County Enhanced Sheriff Patrol District, Washington County Urban Road Maintenance Service District, and North Bethany County Service District. Because the County cannot impose its will on Clean Water Services (the District) nor is there a fiscal benefit/burden relationship, it 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), organization unit (e.g., Public Safety), and program (e.g., County-wide Law Enforcement Services) and legally adopted at the organization unit level. Department management may transfer resources within an organization unit as they see fit. Transfers between organization 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, Safeway, Oregon Health & Sciences University, Fred Meyer, Kaiser Foundation Health Plan, Legacy Health System, and Nike.

Currently, manufacturing accounts for 18% of the total non-farm employment in the Portland PMSA, while trade, transportation and utilities accounts for 20%, government jobs 10%, professional and business services 15%, education and health services 12%, and leisure and hospitality 8%.

Major employers in the County are shown in the following table:

Company	Products/Services	Location	Number of Employees
Intel Corporation	Semiconductor integrated circuits	Hillsboro	16,250
Nike, Inc.	Athletic footwear and apparel	Beaverton	7,000
Providence St. Vincent Hospital	Health Care	various	5,541
Beaverton School District	Education	Beaverton	5,000
Hillsboro School District	Education	Hillsboro	2,408
Home Depot	Home improvement	Tigard	2,000
Fred Meyer	Retail	Portland	1,900
Kaiser Permanente	Health Care	various	1,850
Washington County	Government	Hillsboro	1,776
Tuality Healthcare	Health Care	Hillsboro	1,400
Xerox Office Business Group	Technology and services enterprise vendor	Wilsonville	1,400
Target Stores	Retail chain	Tualatin	1,378
Tektronix	Technology	Beaverton	1,227
IBM	Technology	Beaverton	1,200
Solar World	Solar	Hillsboro	1,200
TriQuint Semiconductor	Semiconductors	Hillsboro	1,040

Source: Westside Economic Alliance, 2011 Data

The Strategic Investments 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.

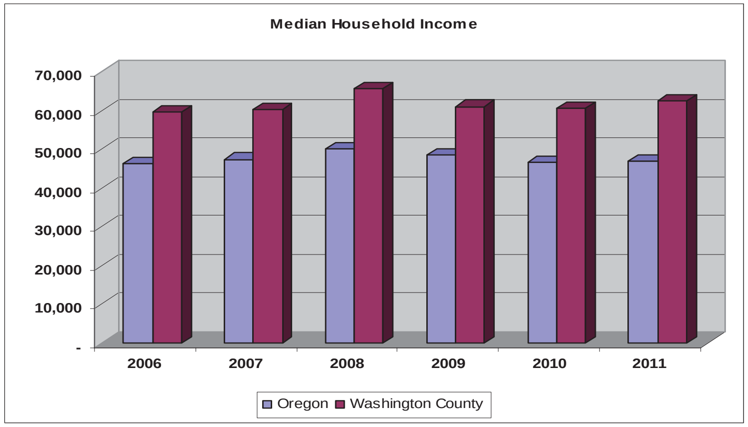
In 2005 Intel and the County entered into a strategic investment program covering the potential investment of $25 million to commence when the 1999 SIP agreement reached the limits of its investment ceiling. The 2005 agreement went into effect July 1, 2010 and will end in 2025-26. The intent of the 2005 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.

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

Agreements	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
1994/96 Intel	$ 1,416	1,635	1,412	1,316	1,103	-
1999 Intel	8,978	9,670	9,200	9,332	9,066	8,715
2005 Intel	-	-	-	-	2,115	2,316
2006 Genentech	-	-	-	-	500	500
Totals	**10,394**	**11,305**	**10,612**	**10,648**	**12,784**	**11,531**
Distributed to:						
Washington County	5,820	6,076	5,756	5,846	7,752	7,644
Other agencies	4,574	5,229	4,856	4,802	5,032	3,887
Totals	**$ 10,394**	**11,305**	**10,612**	**10,648**	**12,784**	**11,531**

Source: Washington County Finance Division

Historic personal median household income levels for the County and the State are shown below:



Source: United States Census 2011 (table S1901)

Long term financial planning

The 2012-13 adopted budget includes General Fund reserves of $28 million or 16 percent of the adopted General Fund 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. Executive management will work with departments periodically to meet the upper reserve amount at each fiscal year end. The Board will be updated on the General Fund forecast, and other funds as deemed appropriate, quarterly.

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.

The County has a Major Streets and Transportation Improvement Program (MSTIP) that is funded from the permanent tax rate. The 2012-13 budget includes $32 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 Commissioners. County funds are pooled for investment purposes; investment instruments may include U.S. Treasury securities, Government Sponsored Enterprises, and the State of Oregon Local Government Investment Pool.

Debt Management
The County has the following outstanding obligations – general obligation (GO) bonds, limited tax bonded indebtedness, notes, contracts, and revenue bonds. The County's current GO rating from Moody's and S&P (Standard & Poor's) are Aaa1 and AA+, respectively; and Aa2 by Moody's for limited tax bonded indebtedness (backed by the full faith and credit of the County). 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.

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, 2012.

Risk Management
The County is self-insured for liability, workers' compensation, and unemployment. 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

A transportation tax approved by voters in November 2008 is dedicated to road and transit projects that increase the transportation system capacity within the County. The tax is being phased in from July 1, 2009 through June 30, 2015.

In November 2012 voters approved a $0.68 fixed rate levy for the Enhanced Sheriff's Patrol District; the levy will cover the period July 1, 2013 – June 30, 2018 and is expected to generate an estimated $47 million over the five years.

Voters renewed the fixed rate County-wide public safety ($0.42) and library ($0.17) local option tax levies in November 2010. The public safety levy was expected to generate an estimated $106 million over the five years. Funds are used for enhanced public safety activities and include continued funding for an estimated 122 positions including patrol, corrections, district attorney and the 911 center. The County-wide library levy was expected to generate an estimated $42 million over the five years. The renewed levies began July 1, 2011 and expire June 30, 2016.

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 for the fiscal year ended June 30, 2011. This was the twenty-sixth 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 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,

Mary E. Gruss
Chief Finance Officer

Roger Dawes
Controller

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, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Linda C. Davison

President

Jeffrey R. Emer

Executive Director

WASHINGTON COUNTY, OREGON

FINANCIAL SECTION

SECTION II

Talbot, Korvola
& Warwick, LLP

INDEPENDENT AUDITOR'S REPORT

December 18, 2012

Board of Commissioners
Washington County, Oregon
Hillsboro, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Washington County, Oregon (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. 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 (the District), a discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provides a reasonable basis for our 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, 2012 and the respective changes in financial position and the cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

McGladrey Alliance | McGladrey

Board of Commissioners
Washington County, Oregon
December 18, 2012

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2012, on our consideration of the County's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and Schedules of Funding Progress, 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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying budgetary comparisons for the General Fund and major special revenue funds, listed in the Table of Contents as Required Supplementary Information, is not a required part of the basic financial statements and is presented for purposes of additional analysis as required by the Governmental Accounting Standards Board, who considers it to be an essential part of basic financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, and other schedules, collectively presented as Other Supplementary Information, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The

INDEPENDENT AUDITOR'S REPORT (Continued)

Board of Commissioners
Washington County, Oregon
December 18, 2012

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 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory and Statistical Sections, as listed in the Table of Contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements by us, and accordingly, we do not express an opinion or provide any assurance on it.

TALBOT, KORVOLA & WARWICK, LLP
Certified Public Accountants

By____________________________
Robert G. Moody, Jr., Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2012. 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 8 of this report. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

The County has five blended component units included in this presentation - Housing Authority of Washington County (the Authority), Washington County Service District for Lighting No. 1, Washington County Enhanced Sheriff Patrol District, the Washington County Urban Road Maintenance Service District, and the North Bethany County Service District. 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 of Washington County exceeded its liabilities at June 30, 2012 by $2,328,928. Net assets invested in capital assets (net of depreciation and related debt) were $2,076,818 and account for 89% of total net assets. Of the remaining net assets, $150,012 may be used to meet the County's ongoing obligations to citizens and creditors.

- As of June 30, 2012, Washington County's governmental funds reported combined unassigned ending fund balances of $29,610.

- Unassigned fund balance for the General Fund was $29,642 at June 30, 2012, amounting to 23% of total General Fund expenditures for 2012.

- Committed fund balance for the Major Streets Transportation Improvement Program III Fund (MSTIP III) was $55,818 at June 30, 2012, amounting to 170% of total MSTIP III expenditures. Restricted fund balance for the Road Fund was $14,637 at June 30, 2012, amounting to 46% of total Road Fund expenditures. Restricted fund balance for the Human Services Fund was $4,376 or 22% of fund expenditures. The HOME fund had a restricted fund of $40 or 3% of fund expenditures.

- Washington County has issued general obligation bonds for capital construction, capital acquisition, and refunding bonds to refund prior bond issuances with higher interest rates. The bonds are payable through fiscal year 2014. All the general obligation bonds and refunding bonds will be paid with property tax revenues.

- Washington County's governmental activities total general obligation debt at June 30, 2012 was $12,140, with a remaining capacity for voter-approved debt at $1,368,765. Total non-voter approved full faith and credit debt at June 30, 2012 was $72,745, with remaining capacity for this type of debt at $617,708.

- Component Unit - District has issued sewer revenue bonds for capital expansion of the sewer treatment plants and collection system. The bonds are payable through fiscal year 2036. All the sewer revenue bonds will be paid with the District's net revenue as defined in the bond indenture agreements.

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 similar to a private-sector business.

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

The s*tatement of activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets 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 of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government; public safety and justice; land use and transportation; health and human services; culture, education and recreation; and other non-departmental activities. The business-type activities include housing, sanitation, surface water 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 24 and 25 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 implementing GASB Statement No. 61 for the year ended June 30, 2012, and will present Clean Water Services (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 of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *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 long-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.

The County maintains fifty-five 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, Major Streets Transportation Improvement Program III Fund, and Road Fund, all of which are considered to be 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 26 and 28 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 Housing Authority's programs and the Service Lighting District. *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 30 through 32 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 33 and 34 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 35 through 88 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning Washington County's major governmental funds and schedules of funding progress related to other postemployment benefits. Required supplementary information can be found beginning on page 89 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information on major governmental funds. Combining and individual fund statements and schedules can be found on pages 104 through 166 of this report.

Government-wide Financial Analysis.

As noted earlier, over time net assets may serve as a useful indicator of a government's financial position. In the case of Washington County, assets exceeded liabilities by $2,328,928 at the close of the most recent fiscal year.

Statement of Net Assets

		Washington County - Primary Government						Discretely Presented Component Unit	
		Government activities		Business-type activities		County Total		District	
		2012	2011	2012	2011 as restated	2012	2011 as restated	2012	2011 as restated
Current assets	$	36,245	70,900	10,500	12,989	46,745	83,889	210,564	176,251
Noncurrent assets		264,504	222,710	529	467	265,033	223,177	18,229	18,785
Capital assets (net of depreciation)		2,167,886	2,195,066	30,807	32,318	2,198,693	2,227,384	613,722	595,227
Total assets		2,468,635	2,488,676	41,836	45,774	2,510,471	2,534,450	842,515	790,263
Current liabilities		63,518	62,969	4,900	6,225	68,418	69,194	45,914	48,124
Noncurrent liabilities		85,352	93,384	27,773	28,076	113,125	121,460	273,974	244,606
Total liabilities		148,870	156,353	32,673	34,301	181,543	190,654	319,888	292,730
Net assets:									
Invested in capital assets, net of related debt		2,074,612	2,093,492	2,206	3,330	2,076,818	2,096,822	388,941	381,067
Restricted		95,942	93,002	6,156	8,160	102,098	101,162	68,909	61,776
Unrestricted		149,211	145,829	801	(17)	150,012	145,812	64,777	54,690
Total net assets	$	2,319,765	2,332,323	9,163	11,473	2,328,928	2,343,796	522,627	497,533

By far the largest portion of the County's net assets (89%) 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 assets (4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($150,012) 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 assets, both for the County as a whole as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The County's net assets decreased by $14,868 during the current fiscal year; the result of a $2,310 decrease in business-type activity net assets and a $12,558 decrease in governmental activity net assets.

Business Type – Authority's restricted net assets decreased by $2,004, which is attributable to a change in reserve requirements on the Authority's outstanding debt service agreements and the cash restrictions imposed on the Authority by the Department of Housing and Urban Development (HUD) through various contracts and agreements.

Component Unit – District's restricted net assets increased by $7,133, which is primarily the result of additional funds being restricted for debt service reserve requirements as well as for capital asset construction.

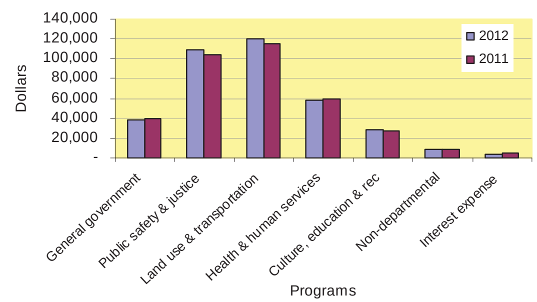
Governmental activities. Governmental activities decreased the County's net assets by $12,558. Key elements of this decrease are as follows:

- Program expenses increased $9,171 compared to prior year. Public Safety and Justice, Land Use and Transportation, and Health and Human Services all had increased expenses due in large part to personal services costs for the current year. There were also increased costs for major road construction and surface treatment projects in the Administration program and Operations & Maintenance program in Land Use and Transportation functional area.
- Program income increased overall by $1,375 while general revenues decreased $1,883 compared to prior year. Land Use and Transportation increased $3,359 in Operating Grant and Contributions while Health and Human Services funds decreased $2,103. The increases in General revenue were due mostly to property taxes increasing by over $5,000.
- Fund balance within the County's General Fund decreased by $2,889 during the current year, which can be attributed to an increase in total expenditures of $7,431, a decrease in total other financing uses of $3,860, and a corresponding increase in total revenues of $2,185.

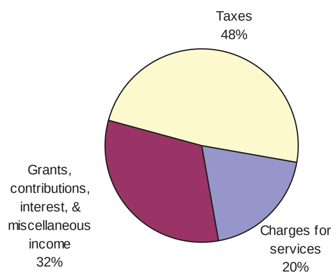
Changes in Net Assets

	Washington County - Primary Government						Discretely Presented Component Unit	
	Government activities		Business-type activities		County Total		District	
	2012	2011	2012	2011 as restated	2012	2011 as restated	2012	2011 as restated
Revenues								
Program Revenues								
Charges for services	$ 69,600	71,653	7,924	7,536	77,524	79,189	107,029	103,374
Operating grants and contributions	100,922	97,640	19,885	21,574	120,807	119,214	-	-
Capital grants and contributions	1,608	1,462	164	189	1,772	1,651	14,296	4,864
General Revenues								
Taxes	173,069	166,922	-	-	173,069	166,922	-	-
Interest income	2,575	1,984	52	71	2,627	2,055	1,562	1,497
Miscellaneous revenue	7,636	16,257	-	-	7,636	16,257	-	-
Gain (Loss) on disposal of capital assets	-	-	-	-	-	-	(116)	54
Loss on equity in joint venture	-	-	-	-	-	-	(73)	(76)
Total revenues	355,410	355,918	28,025	29,370	383,435	385,288	122,698	109,713
Program Expenses								
General government	38,677	39,318	-	-	38,677	39,318	-	-
Public safety and justice	109,222	104,664	-	-	109,222	104,664	-	-
Land use, housing and transportation	119,714	115,096	28,496	28,400	148,210	143,496	-	-
Health and human services	58,443	59,013	-	-	58,443	59,013	-	-
Culture, education and recreation	28,476	26,882	-	-	28,476	26,882	-	-
Sanitation and surface water	-	-	-	-	-	-	97,604	100,941
Street lighting	-	-	1,839	1,803	1,839	1,803	-	-
Non-departmental	9,234	9,225	-	-	9,234	9,225	-	-
Interest expense	4,202	4,599	-	-	4,202	4,599		-
Total expenses	367,968	358,797	30,335	30,203	398,303	389,000	97,604	100,941
Change in net assets	(12,558)	(2,879)	(2,310)	(833)	(14,868)	(3,712)	25,094	8,772
Net assets July 1, 2011	2,332,323	2,335,202	11,473	12,306	2,343,796	2,347,508	497,533	488,761
Net assets June 30, 2012	$ 2,319,765	2,332,323	9,163	11,473	2,328,928	2,343,796	522,627	497,533

Expenses - Governmental Activities

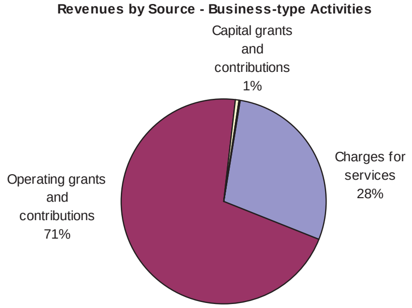


Revenues by Source - Governmental Activities



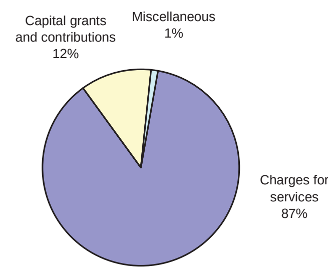
Business-type activities – Business-type net assets decreased by $2,310. The Authority's total net assets decreased by $2,412, due to total operating expenses exceeding total operating revenues by $1,101, nonoperating expenses exceeding nonoperating revenues $1,457, and capital contributions of $164. The Street Lighting District's net assets increased $102, with operating revenues exceeding operating expenses by $90 and nonoperating interest income of $12.

Revenues by Source - Business-type Activities



Component unit – District - Total net assets increased by $25,094 during fiscal year 2012, due to total revenues exceeding total expenses by $10,798 and capital contributions from developers of $14,296.

Revenues by Source - Component Unit - District



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. In particular, *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 $189,137; an increase of $6,965 in comparison with the prior year. Of this amount, $29,610 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 chief operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of $29,642. 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 23% of total General Fund expenditures.

The fund balance of the County's General Fund decreased by $2,889 during the current fiscal year; key factors in this increase are as follows:

- Increased total revenues by $2,185
- Net transfers for other financing sources/uses decreased by $3,860

- The remaining decrease is mainly attributable to increased total expenditures of $7,431; $2,707 of which is the result of increased costs in the public safety and justice functional area, $1,893 in increased costs in the general government functional area, and $2,831 in increased costs in other functional areas.

The Major Streets Transportation Improvement Program III fund has a total committed fund balance of $55,818; all of which has been committed to road improvements within the County.

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

Business-type activities - Unrestricted net assets at the end of the year for the Service District for Lighting were $1,208 and the Housing Authority deficit was $407. The total changes in net assets for these two funds were $102 and $716 respectively.

General Fund Budgetary Highlights

During the year there was a $217 increase in appropriations between the adopted and revised budget. Following are the main components of the increase:

- $171 supplemental appropriations related to an unexpected medical emergency in the Public Safety and Justice functional area in the jail health care program.
- $33 supplemental appropriations related to the Board approval of additional funding for the transfers out to other funds to cover reduced interest earnings.
- $13 supplemental appropriations related to higher than unanticipated Materials and Supplies costs in Parks program in Culture, Education and Recreation functional area.

Total expenditures in the General Fund were $29,510 or 20% under the final amended budget for the year. Key factors in this savings include:

- $19,025 in operating contingency that was not utilized during the fiscal year.
- $3,731 in savings recognized in the Health and Human Services functional area during the fiscal year; $3,374 of which is due to expenditures being lower than anticipated in the Public Health program area.
- $3,232 in total cost savings across all programs in the General Government functional area; $1,052 of which is attributable to savings in the Assessment and Taxation program area.
- The remaining $3,522 reduction is from savings recognized in other functional areas of the General Fund, including $2,851 from Public Safety and Justice, $661 from Land Use Housing, and Transportation, and $13 from Culture, Education, and Recreation, and $(3) for miscellaneous expenditures from the Nonoperating functional area.

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, 2012, amounts to $2,198,693 (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 1.4% was held by the County's business-type activities, with the balance being held by the County's governmental activities.

		Washington County - Primary Government						Discretely Presented Component Unit	
		Governmental activities		Business-type Activities		County Total		District	
		2012	2011	2012	2011 as restated	2012	2011 as restated	2012	2011 as restated
Land and Artwork	$	944,880	940,514	8,014	8,014	952,894	948,528	13,653	10,542
Land improvements		1,257	1,418	-	-	1,257	1,418	72,150	-
Buildings and improvements		102,510	104,682	22,598	24,099	125,108	128,781	27,844	105,383
Sewer lines		-	-	-	-	-	-	135,221	124,286
Treatment plants		-	-	-	-	-	-	209,235	212,055
Machinery and equipment		15,903	13,300	31	60	15,934	13,360	35,375	41,156
Infrastructure		1,053,629	1,090,180	-	-	1,053,629	1,090,180	-	-
Construction in progress		49,708	44,972	162	146	49,870	45,118	120,243	101,866
	$	2,167,886	2,195,066	30,805	32,319	2,198,692	2,227,385	613,722	595,288

Additional information on the County's capital assets can be found in the Capital Assets note on pages 52 through 54 of this report.

Long-term debt. At the end of the current fiscal year, the County had total bonded debt outstanding of $113,185. Of this amount $101,045 comprises debt backed by the full faith and credit of the County.

Component unit – District - At the end of the current fiscal year, the District had $287,865 in revenue bonds secured solely by specified revenue sources by the District.

		Governmental activities		Business-type Activities		County Total		Component Unit District	
		2012	2011	2012	2011 as restated	2012	2011 as restated	2012	2011 as restated
General obligation bonds	$	12,140	17,845	-	-	12,140	17,845	-	-
Full Faith & Credit bonds		72,745	76,300	28,300	28,670	101,045	104,970	-	-
Revenue bonds		-	-	-		-	-	287,865	263,845
	$	84,885	94,145	28,300	28,670	113,185	122,815	287,865	263,845

The County maintains an "Aa1" rating from Moody's Investor Services and "AA+" from Standard & Poor's (S&P) for general obligation debt and "Aa2" from Moody's for limited tax bonded indebtedness. The revenue bonds of the County's discretely presented component unit, Clean Water Services, maintain an "Aa2" rating from Moody's and "AA" rating from S&P.

State statutes limit the amount of general obligation debt a governmental entity may issue up to 10 percent of its total assessed valuation. The current debt limitation for the County is $1,368,765, which is significantly in excess of the County outstanding general obligation debt.

Additional information on the County's long-term debt can be found on pages 55 through 67 of this report.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the County is currently 6.8%, which is a decrease from a rate of 7.6% a year ago. This compares favorably to the State's average unemployment rate of 8.5% and to the national average rate of 8.2%.

The County government is funded through a variety of revenue sources including property taxes, state and federal funding, user fees and other revenues. The recessionary economy of the past several years has affected those programs dependent on state funding due to the decreases in income tax revenues to the State of Oregon. State funded programs include public safety, mental health, aging and disability services and other public health programs.

Over the past several years, the County funded an enhanced level of public safety and library services through local option levies approved by the voters. In November 2010 voters approved the renewal of both levies for an additional five years with an expiration date of June 30, 2016. In November 2012 voters approved an Enhanced Sheriff's Patrol District levy with an expiration date of June 30, 2018 Property tax revenues are still increasing, but the rate of growth for the real estate transfer tax continues to lag behind during 2011-12 due to the general slow down in the real estate market. This revenue source has been and is anticipated to grow slowly during the upcoming year. The real estate transfer tax is a General Fund discretionary revenue source.

All of these factors were considered in preparing the County's budget for the 2012-13 fiscal year.

During the current fiscal year, the unassigned fund balance in the General Fund decreased to $29,642. This decrease will need to be taken into account as the County works through fiscal year 2012-13 and begins the budget process for the 2013-14 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, 155 N. First Avenue, Hillsboro, Oregon 97124-3072.

BASIC FINANCIAL STATEMENTS

WASHINGTON COUNTY, OREGON

Statement of Net Assets

June 30, 2012

(Dollars in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities (as restated)	Total	Clean Water Services of Washington County (District)
Current assets:				
Cash and investments	$ 11,046	2,631	13,677	42,813
Restricted cash	93	7,569	7,662	149,253
Property taxes receivable	8,233	—	8,233	—
Assessments receivable, short-term portion	26	95	121	—
Accounts receivable	11,551	238	11,789	14,866
Prepaids	—	—	—	550
Accrued interest receivable	3,315	—	3,315	—
Housing Authority Loan receivable, short term portion-internal balance	96	(96)	—	—
Contract receivable, short-term portion	218	5	223	—
Connection charges receivable	—	—	—	736
Supply inventory	600	—	600	875
Prepaid pension obligation, short-term portion	678	—	678	584
Prepaid bond issuance costs, short-term portion	49	32	81	138
Other current assets	340	26	366	749
Total current assets	36,245	10,500	46,745	210,564
Noncurrent assets:				
Long-term investments	228,621	—	228,621	—
Long-term assessments receivable	141	438	579	375
Contracts receivable, net - long-term portion	25,218	—	25,218	—
Housing Authority loan receivable, net - internal balance long-term portion	428	(428)	—	—
Investments in Joint Venture	—	—	—	2,799
Other noncurrent assets	—	—	—	1,351
Prepaid bond issuance costs, long-term portion	389	519	908	1,744
Prepaid pension obligation, net	9,707	—	9,707	11,960
Non-capital assets	264,504	529	265,033	18,229
Capital assets:				
Land, CIP and other assets not being depreciated	994,588	8,175	1,002,763	133,896
Buildings and equipment, infrastructure and other assets net of depreciation	1,173,298	22,632	1,195,930	479,826
Capital assets, net	2,167,886	30,807	2,198,693	613,722
Total noncurrent assets	2,432,390	31,336	2,463,726	631,951
Total assets	2,468,635	41,836	2,510,471	842,515
Current liabilities:				
Overdraft	—	3,038	3,038	—
Accounts payable	12,575	311	12,886	13,996
Accrued payroll liabilities	5,357	—	5,357	4,229
Accrued self insurance	3,766	—	3,766	266
Accrued OHP payable	2,088	—	2,088	—
Amounts held in trust	635	—	635	—
Unearned revenue	13,574	9	13,583	—
Tenant and other deposits	6,372	579	6,951	—
Accrued interest payable	461	660	1,121	3,365
Pollution remediation obligation, current portion	39	—	39	—
Capital lease obligations, current portion	494	—	494	—
Other long-term obligations, current portion, net of discount	18,157	303	18,460	24,058
Total current liabilities	63,518	4,900	68,418	45,914
Noncurrent liabilities:				
Pollution remediation obligation	1,021	—	1,021	—
Capital lease obligations	2,092	—	2,092	—
Bond and bond anticipation notes payable, net of discount	6,452	—	6,452	273,438
Noncurrent portion of other long term obligations, net of discount	70,523	27,773	98,296	—
Net other postemployment benefits obligation	5,264	—	5,264	536
Total noncurrent portion of long-term obligations	85,352	27,773	113,125	273,974
Total liabilities	148,870	32,673	181,543	319,888
Net assets:				
Investment in capital assets, net of related debt	2,074,612	2,206	2,076,818	388,941
Restricted for:				
Public safety and justice	28,445	—	28,445	—
Land use, housing, and transportation	30,193	—	30,193	—
Health and human services	17,355	—	17,355	—
Culture, education, and recreation	1,957	—	1,957	—
Debt service	63	6,156	6,219	20,264
Capital projects	17,929	—	17,929	48,645
Total restricted	95,942	6,156	102,098	68,909
Unrestricted	149,211	801	150,012	64,777
Total net assets	$ 2,319,765	9,163	2,328,928	522,627

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Activities

For the fiscal year ended June 30, 2012

(Dollars in thousands)

		Program Income		Net Revenue (Expense) and Changes in Net Assets			
				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Clean Water Services of Washington County (District)
Functions/Programs:								
Primary Government:								
Governmental activities:								
General government	$ 38,677	5,334	1,965	—	(31,378)	—	(31,378)	—
Public safety and justice	109,222	8,048	16,854	142	(84,178)	—	(84,178)	—
Land use, housing and transportation	119,714	13,636	45,885	249	(59,944)	—	(59,944)	—
Health and human services	58,443	23,308	28,799	—	(6,336)	—	(6,336)	—
Culture, education and recreation	28,476	1,497	442	—	(26,537)	—	(26,537)	—
Non-operating functional area	9,234	17,777	6,977	1,217	16,737	—	16,737	—
Interest expense	4,202	—	—	—	(4,202)	—	(4,202)	—
Total governmental activities	367,968	69,600	100,922	1,608	(195,838)	—	(195,838)	—
Business-type activities:								
Housing authority	28,496	5,995	19,885	164	—	(2,452)	(2,452)	—
Street lighting	1,839	1,929	—	—	—	90	90	—
Total business-type activities	30,335	7,924	19,885	164	—	(2,362)	(2,362)	—
Total primary government	398,303	77,524	120,807	1,772	(195,838)	(2,362)	(198,200)	—
Component Unit:								
Clean Water Services of Washington County	$ 97,604	107,029	—	14,296	—	—	—	23,721
General revenues:								
Taxes:								
Property taxes, levied for general purposes					157,586	—	157,586	—
Property taxes, levied for debt service					6,389	—	6,389	—
Other taxes:								
Transient lodging					5,524	—	5,524	—
Real property transfer tax					2,768	—	2,768	—
County fuel tax					755	—	755	—
Other tax					47	—	47	—
Total taxes					173,069	—	173,069	—
Interest income					2,575	52	2,627	1,562
Miscellaneous revenues					7,636	—	7,636	—
Gain on disposal of capital assets					—	—	—	(116)
Loss on equity in joint venture					—	—	—	(73)
Total general revenues					183,280	52	183,332	1,373
Change in net assets					(12,558)	(2,310)	(14,868)	25,094
Net assets July 1, 2011					2,332,323	509,006	2,841,329	—
Restatement (See Note 4)					—	(497,533)	(497,533)	497,533
Net assets July 1, 2011, as restated					2,332,323	11,473	2,343,796	497,533
Net assets June 30, 2012					$ 2,319,765	9,163	2,328,928	522,627

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Balance Sheet

Governmental Funds

June 30, 2012

(Dollars in thousands)

Assets	General Fund	HOME Fund	Human Services Fund	Major Streets Transportation Improvement Program III Fund	Road Fund	Other Governmental Funds	Total
Cash and investments	$ 30,021	—	18,769	57,593	18,981	90,504	215,868
Property taxes receivable	5,373	—	—	—	—	2,860	8,233
Assessments receivable	—	—	—	—	95	72	167
Accounts receivable	4,240	397	464	403	2,381	3,624	11,509
Accrued interest receivable	1,137	1,954	—	—	—	224	3,315
Contracts receivable	—	20,643	—	—	—	4,793	25,436
Due from other funds	978	—	—	—	—	—	978
Inventory	134	—	—	—	134	1	269
Other assets	255	—	—	—	—	85	340
Total assets	42,138	22,994	19,233	57,996	21,591	102,163	266,115
Liabilities and Fund Balances							
Liabilities:							
Accounts payable	1,666	26	2,601	2,165	562	5,138	12,158
Accrued payroll liabilities	4,019	3	76	—	306	920	5,324
Deposits payable	404	—	—	—	5,669	299	6,372
Amounts held in trust	603	—	—	—	11	21	635
Accrued OHP payable	—	—	—	—	—	2,088	2,088
Due to other funds	—	327	—	—	—	651	978
Deferred revenue	5,140	22,598	12,180	13	272	9,220	49,423
Total liabilities	11,832	22,954	14,857	2,178	6,820	18,337	76,978
Fund balances:							
Nonspendable	134	—	—	—	134	1	269
Restricted	—	40	4,376	—	14,637	76,889	95,942
Committed	—	—	—	55,818	—	6,819	62,637
Assigned	530	—	—	—	—	149	679
Unassigned	29,642	—	—	—	—	(32)	29,610
Total fund balances	30,306	40	4,376	55,818	14,771	83,826	189,137
Total liabilities and fund balances	$ 42,138	22,994	19,233	57,996	21,591	102,163	266,115

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

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

June 30, 2012

(Dollars in thousands)

Fund balances - total governmental funds	$ 189,137
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the governmental funds.	2,160,272
Prepaid pension obligations are not financial resources in governmental funds, but are reported in the Statement of Net Assets at their net unamortized value.	10,385
Bond issuance costs are recognized in the period paid in governmental funds, but are deferred and amortized in the Statement of Net Assets.	438
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds	524
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the governmental funds.	35,849
Long-term liabilities, including bonds payable, are not due and payable in the current period, and; therefore, are not reported in the governmental funds.	(104,330)
Internal Service Funds are used by management to charge the costs of activities to individual funds. Net assets of the internal service funds that are reported with governmental activities	27,490
Net assets of governmental activities	$ 2,319,765

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, 2012

(Dollars in thousands)

	General Fund	HOME Fund	Human Services Fund	Major Streets Transportation Improvement Program III Fund	Road Fund	Other Governmental Funds	Total
Revenues:							
Taxes	$ 110,398	—	—	—	755	59,551	170,704
Licenses and permits	6,022	—	—	—	254	2,891	9,167
Intergovernmental revenues	16,532	1,206	16,770	10,626	25,111	30,295	100,540
Charges for services	18,726	—	20	—	302	27,005	46,053
Fines and forfeitures	3,153	—	—	—	—	505	3,658
Special assessments	—	—	—	—	20	114	134
Miscellaneous revenues	3,945	284	177	504	489	25,067	30,466
Interfund revenues	18,596	—	150	—	6,851	2,327	27,924
Total revenues	177,372	1,490	17,117	11,130	33,782	147,755	388,646
Expenditures:							
Current:							
General government	36,912	—	—	—	—	—	36,912
Public safety and justice	59,039	—	—	—	—	75,350	134,389
Land use, housing and transportation	3,471	1,451	—	31,145	31,744	27,208	95,019
Health and human services	17,279	—	20,058	—	—	22,652	59,989
Culture, education and recreation	973	—	—	—	—	28,553	29,526
Nonoperating	5,726	—	—	—	—	10	5,736
Total current	123,400	1,451	20,058	31,145	31,744	153,773	361,571
Capital outlay	2,398	—	—	1,607	125	5,936	10,066
Debt service:							
Principal	822	—	—	—	—	9,359	10,181
Interest	82	—	—	—	—	4,185	4,267
Total debt service	904	—	—	—	—	13,544	14,448
Total expenditures	126,702	1,451	20,058	32,752	31,869	173,253	386,085
Revenues over (under) expenditures	50,670	39	(2,941)	(21,622)	1,913	(25,498)	2,561
Other financing sources(uses):							
Proceeds from debt	2,284	—	—	—	—	—	2,284
Transfers in from other funds	1,047	3	3,121	31,276	803	33,080	69,330
Transfers out to other funds	(56,890)	—	(30)	(1,503)	(2,970)	(5,817)	(67,210)
Total other financing sources (uses)	(53,559)	3	3,091	29,773	(2,167)	27,263	4,404
Net changes in fund balances (deficit)	(2,889)	42	150	8,151	(254)	1,765	6,965
Fund balances (deficit) July 1, 2011	33,195	(2)	4,226	47,667	15,025	82,061	182,172
Fund balances June 30, 2012	$ 30,306	40	4,376	55,818	14,771	83,826	189,137

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, 2012

(Dollars in thousands)

Net change in fund balances - Governmental Funds		$ 6,965
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.		
Expenditures for capital assets	$ 45,113	
Current year depreciation expense	(71,457)	(26,344)
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 assets. Also, governmental funds report the effect of issuance costs, 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.		
Issuance of long-term debt	(2,284)	
Repayment of long-term debt	10,181	
Amortization of premiums, discounts and related deferrals	(9)	7,888
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		1,919
Prepaid pension obligation -- current year amortization		(678)
Change in net OPEB obligation		(370)
Change in net pollution remediation obligation		39
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 expenditures reported in the Statement of Activities		(1,977)
Change in net assets		$ (12,558)

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Net Assets - Proprietary Funds

June 30, 2012

(Dollars in thousands)

	Enterprise Funds			
	Housing Authority of Washington County	Washington County Service District for Lighting No. 1	Total	Internal Service Funds
Assets				
Current assets:				
Cash and investments	$ 1,380	1,251	2,631	23,892
Restricted cash	7,569	—	7,569	—
Assessments receivable	—	95	95	—
Accounts receivable - net of allowance for uncollectibles	238	—	238	42
Short-term portion of contracts receivable	5	—	5	—
Supply inventory	—	—	—	331
Current portion of bond issuance costs	32	—	32	—
Other current assets	26	—	26	—
Total current assets	9,250	1,346	10,596	24,265
Noncurrent assets:				
Long-term assessments and contracts receivable	438	—	438	—
Capital assets:				
Land, artwork, CIP, and other assets not being depreciated	8,175	—	8,175	—
Buildings and equipment and infrastructure, net of depreciation	22,632	—	22,632	7,614
Bond issuance costs	519	—	519	—
Total noncurrent assets	31,764	—	31,764	7,614
Total assets	41,014	1,346	42,360	31,879
Liabilities and Net Assets				
Current liabilities:				
Overdraft	3,038	—	3,038	—
Accounts payable	173	138	311	417
Accrued payroll liabilities	—	—	—	95
Accrued self-insurance	—	—	—	3,766
Deposits	579	—	579	—
Unearned revenue	9	—	9	—
Accrued interest payable	660	—	660	—
Current portion of long-term obligations, net of discount	399	—	399	37
Total current liabilities	4,858	138	4,996	4,315
Noncurrent liabilities:				
Capital lease obligations	—	—	—	7
Other long-term obligations	28,201	—	28,201	—
Net other postemployment benefits obligation	—	—	—	67
Total noncurrent liabilities	28,201	—	28,201	74
Total liabilities	33,059	138	33,197	4,389
Net assets:				
Investment in capital assets, net of related debt	2,206	—	2,206	7,570
Restricted for:				
Capital projects	—	—	—	—
Debt service	6,156	—	6,156	—
Unrestricted (deficit)	(407)	1,208	801	19,920
Total net assets	7,955	1,208	9,163	27,490
Total liabilities and net assets	$ 41,014	1,346	42,360	31,879

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

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

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Enterprise Funds			
	Housing Authority of Washington County	Washington County Service District for Lighting No. 1	Total	Internal Service Funds
Operating revenues:				
Charges for services	$ —	—	—	35,521
Intergovernmental revenue	19,885	—	19,885	—
Rental income	5,123	—	5,123	—
Street lighting assessments	—	1,929	1,929	—
Other	872	—	872	1,904
Total operating revenues	25,880	1,929	27,809	37,425
Operating expenses:				
Labor and fringe benefits	—	—	—	1,905
Housing assistance payments	18,696	—	18,696	—
Utilities	548	1,622	2,170	28
Professional services	—	—	—	344
Supplies	—	1	1	2,762
Administrative costs	3,189	216	3,405	2,295
Depreciation and amortization	1,696	—	1,696	1,916
Insurance claims and premiums	—	—	—	27,887
Repairs and maintenance	2,512	—	2,512	294
Other	340	—	340	—
Total operating expenses	26,981	1,839	28,820	37,431
Operating income(loss)	(1,101)	90	(1,011)	(6)
Nonoperating income(expense):				
Interest income	40	12	52	179
Loss on sale of capital assets	—	—	—	(66)
Interest expense	(1,488)	—	(1,488)	—
Contribution to Dept of Housing Services	(27)	—	(27)	—
Total nonoperating income(expense)	(1,475)	12	(1,463)	113
Contributions/transfers:				
Capital contributions	164	—	164	—
Transfer in from other funds	—	—	—	23
Transfer out to other funds	—	—	—	(2,107)
Total contributions/transfers	164	—	164	(2,084)
Change in net assets	(2,412)	102	(2,310)	(1,977)
Net assets July 1, 2011	10,367	1,106	11,473	29,467
Net assets June 30, 2012	$ 7,955	1,208	9,163	27,490

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Cash Flows - Proprietary Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Enterprise Funds			
	Housing Authority of Washington County	Washington County Service District for Lighting No. 1	Total	Internal Service Funds
Cash flows provided by (used in) operating activities:				
Cash received for services provided	$ 25,748	1,909	27,657	35,412
Cash payments for labor and fringe benefits	(3,415)	—	(3,415)	(1,910)
Cash payments for goods and services	(21,897)	(1,835)	(23,732)	(33,832)
Other operating revenue	—	—	—	1,955
Other receipts	—	—	—	51
Other expense	—	—	—	(1)
Net cash provided by (used in) operating activities	436	74	510	1,675
Cash flows from noncapital financing activities:				
Payment to Department of Housing Services	(27)	—	(27)	—
PERS rate stabilization subsidy	—	—	—	(2,084)
Net cash used in noncapital financing activities	(27)	—	(27)	(2,084)
Cash flows provided by (used in) capital and related financing activities:				
Acquisition and construction of capital assets	(184)	—	(184)	(1,305)
Proceeds from sale of capital assets	—	—	—	159
Decrease in contracts receivable	5	—	5	—
Principal paid on notes payable	(537)	—	(537)	—
Interest paid on bonds and notes payable	(1,312)	—	(1,312)	—
Capital contributed by customers and cities	165	—	165	—
Net cash from capital and related financing activities	(1,863)	—	(1,863)	(1,146)
Cash flows provided by investing activities:				
Interest on investments	40	12	52	179
Net increase (decrease) in cash and investments	(1,414)	86	(1,328)	(1,376)
Cash and investments, July 1, 2011	7,325	1,165	8,490	25,268
Cash and investments, June 30, 2012[(1)]	5,911	1,251	7,162	23,892
Reconciliation of operating income (loss) to net cash from operating activities:				
Operating income (loss)	(1,101)	90	(1,011)	(6)
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation and amortization	1,696	—	1,696	1,916
Other expense	—	—	—	3
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(115)	—	(115)	(11)
(Increase) decrease in assessments receivable	—	(20)	(20)	—
(Increase) decrease in supply inventory	—	—	—	38
(Increase) decrease in other assets	3	—	3	—
Increase (decrease) in accounts payable	(22)	4	(18)	(394)
Increase (decrease) in deposits	(7)	—	(7)	—
Increase (decrease) in deferred revenue	(18)	—	(18)	—
Increase (decrease) in accrued liabilities	—	—	—	129
Net cash provided by (used in) operating activities	436	74	510	1,675

[(1)] Cash and investments are reflected on the Statement of Net Assets as follows:

Current assets - Cash and investments	1,380	1,251	2,631	23,892
Current assets - Restricted cash	7,569	—	7,569	—
Current liabilities - Bank overdraft	(3,038)	—	(3,038)	—
	$ 5,911	1,251	7,162	23,892

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Fiduciary Net Assets

June 30, 2012

(Dollars in thousands)

	Private-Purpose Trust Funds	Agency Funds
Assets:		
Cash and investments	$ 244	4,402
Accounts receivable	—	1,821
Property taxes receivable	—	31,163
Total assets	244	37,386
Liabilities:		
Accounts payable	—	405
Amounts held in trust	—	5,817
Undistributed taxes	—	31,164
Total liabilities	—	37,386
Net assets		
Amounts held in trust and other purposes	$ 244	

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Statement of Changes in Fiduciary Net Assets

For the fiscal year ended June 30, 2012

(Dollars in thousands)

		Private-Purpose Trust Funds
Additions:		
Intergovernmental revenues	$	1,308
Contributions		126
Interest earnings		3
Total additions		1,437
Deductions:		
Distributions		1,242
Change in net assets		195
Net assets, July 1, 2011		49
Net assets, June 30, 2012	$	244

See accompanying notes to basic financial statements.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements

June 30, 2012

(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 and its five blended component units, and one discretely presented component unit, which are separate legal entities that meet the component unit criteria and whose governing body is the same or substantially the same as the County Board of Commissioners.

Blended Component Units

Housing Authority of Washington County (Authority)

The Authority operates housing 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 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 (NBCSD)

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

Urban Road Maintenance Service 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, the ESPD, URMD, and NBCSD are reported 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 - Reporting Entity

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, 2012, 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.

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

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets 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 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.

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

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

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), revenue bonds, and rental income.

The *Washington County Service District for Lighting 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 earmarked 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

WASHINGTON COUNTY, OREGON
Notes to Basic Financial Statements (continued)
June 30, 2012
(Dollars in thousands)

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 and capital outlay. Effects of these transactions are substantially eliminated in the government-wide statements because the net operating income is proportionately distributed back to each of the Funds' customers and reported as revenue to the County's other operating department in the Governmental Fund Statements.

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

The *Agency Fund* accounts 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 and of the County's internal service funds are charges to customers for services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

Assets, liabilities, and net assets or equity

Deposits and investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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 State Treasurer's 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.

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 deferred 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 May 16 are considered delinquent.

WASHINGTON COUNTY, OREGON
Notes to Basic Financial Statements (continued)
June 30, 2012
(Dollars in thousands)

Assessments receivable represent uncollected amounts levied against benefited property for the cost of local improvements. Assessments receivable are offset by deferred revenue and have not been recognized as revenue. 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

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.

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) are reported in the applicable governmental activity, business-type activities, or discrete component unit columns in the government-wide financial statements.

As the County and Authority 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 the estimated fair value as of the date of its donation.

Capital assets, other than infrastructure assets, are defined by the County and Authority 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 historical cost if actual historical cost is not available. Contributed capital assets are recorded at estimated fair market 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) 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 one year 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.

The District does not report exhaustible intangible capital assets in the current year. Amortization on exhaustible intangible capital assets would be 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.

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

Asset Type	Years
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
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

WASHINGTON COUNTY, OREGON
Notes to Basic Financial Statements (continued)
June 30, 2012
(Dollars in thousands)

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).

Leases

Leases that meet certain criteria are classified as capital leases and recorded at the lower of the present value of minimum least payments or the fair value of the leased property.

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's personnel are exclusively contracted Washington County employees. Accordingly, the liability of 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.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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.

The District amortizes premiums and discounts on bonds payable by the effective interest method over the life of the respective debt instruments. Bonds payable are reported net of the applicable bond premium or discount.

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 and errors and omissions. The County carries excess workers' compensation coverage for individual claims exceeding $600.

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 incurred but not reported (IBNR) claims for general liability claims (sewer back-ups and other flooding issues) and employment liability claims. IBNR claims are claims that are incurred through the end of the fiscal year but not reported until after that date.

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:

- 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 may commit fund balance by resolution. The Board 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. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.

- 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.

(Dollars in thousands)

Fund balances by classification for the year ended June 30, 2012 were as follows:

	General Fund	HOME Fund	Human Services Fund	Major Streets Transportation Improvement Program III Fund	Road Fund	Other Governmental Funds	Total
Fund balances (deficit):							
Nonspendable:							
Inventory	$ 134	—	—	—	134	1	269
Total nonspendable fund balances	134	—	—	—	134	1	269
Restricted for:							
Public safety and justice	—	—	—	—	—	28,445	28,445
Land use, housing and transportation	—	40	—	—	14,637	15,516	30,193
Health and human services	—	—	4,376	—	—	12,979	17,355
Culture, education and recreation	—	—	—	—	—	1,957	1,957
Debt service	—	—	—	—	—	63	63
Capital projects	—	—	—	—	—	17,929	17,929
Total restricted fund balances	—	40	4,376	—	14,637	76,889	95,942
Committed to:							
Culture, education, and recreation	—	—	—	—	—	4,878	4,878
Capital projects	—	—	—	55,818	—	1,941	57,759
Total committed fund balances	—	—	—	55,818	—	6,819	62,637
Assigned to:							
Land use, housing and transportation	530	—	—	—	—	—	530
Capital projects	—	—	—	—	—	149	149
Total assigned fund balances	530	—	—	—	—	149	679
Unassigned	29,642	—	—	—	—	(32)	29,610
Total fund balances	30,306	40	4,376	55,818	14,771	83,826	189,137
Fund balances (deficit) summary:							
Nonspendable	134	—	—	—	134	1	269
Restricted	—	40	4,376	—	14,637	76,889	95,942
Committed	—	—	—	55,818	—	6,819	62,637
Assigned	530	—	—	—	—	149	679
Unassigned	29,642	—	—	—	—	(32)	29,610
Total fund balances	$ 30,306	40	4,376	55,818	14,771	83,826	189,137

To preserve a sound financial system and to provide a stable financial base, the County Board of Commissioners has established a minimum General Fund balance at a goal of 20% of annual General Fund revenues with a minimum level not to drop below 15%.

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. All annual appropriations lapse at fiscal year-end.

3. Detailed notes on all funds

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, 2012:

Petty cash	$	37
Deposits		3,841
Investments		247,690
		251,568

Cash and investments are reported as follows:

Unrestricted:		
Cash and investments		242,298
Restricted for:		
Contractor working capital, construction and payment of bond debt service		7,662
Overdraft		(3,038)
Primary government cash and investments		246,922
Fiduciary Funds		4,646
	$	251,568

District – Discretely Presented Component Unit

Cash and investments are comprised of the following at June 30, 2012:

Petty cash	$	4
Deposits		96
Investments		191,966
		192,066

Cash and investments are reported as follows:

Unrestricted:		
Cash and investments	$	192,066

(Dollars in thousands)

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

Governmental Funds	$	215,868
Internal Service Funds		23,892
Enterprise Funds		10,200
Overdraft		(3,038)
District		192,066
Fiduciary Funds		4,646
	$	443,634

Deposits custodial credit risk – County and Blended Component Units

This is the risk that in the event of a bank failure, the County and blended component units may not be returned to them. At June 30, 2012, the carrying amount of the County and blended component units' deposits was $3,502 and the bank balance was $6.072. $2,979 of the bank balance was covered by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statues, 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.

Deposits custodial credit risk – District

This is the risk that in the event of a bank failure, the District may not be returned to them. At June 30, 2012, the carrying amount of the District's deposits was $435 and the bank balance was $2,358. $1,723 of the bank balance was covered by the Federal Depository Insurance Corporation (FDIC). As required by Oregon Revised Statues, 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 District's remaining deposits in excess of FDIC insurance are considered to be fully 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.

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.

Maturities of investments as of June 30, 2012 are as follows:

Maturity	Minimum Allowed	Actual
Less than 30 days	10%	11%
Less than 1 year	25%	48%
5 years or less	100%	100%
Weighted Average Maturity	2.0 years	1.6 years

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 three 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 following information is including Fiduciary Funds investments of $4,646. The actual rating at year-end for each investment type is as follows:

Rating by Standard & Poor's Investment Service		AAA	AA	Not Rated	Total Invested Value	Percent Allocation
Federal agency coupon securities	$	58,457	136,881	—	195,338	79%
Treasury Coupon Securities		19,748	—	—	19,748	8%
Corporate notes		—	5,700	—	5,700	2%
Municipal Bonds		—	588	—	588	1%
Certificates of Deposit - Bank		—	—	2,817	2,817	1%
State of Oregon Local Government Investment Pool (LGIP)		—	—	23,499	23,499	9%
Total Investments	$	78,205	143,169	26,316	247,690	100%

The State of Oregon Local Government Investment Pool (Pool) 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 Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. 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 following table outlines the LGIP's investment maturity limitations and the actual maturities at June 30, 2012.

(Dollars in thousands)

LGIP Maturity	per Policy	Actual
Up to 93 days	Minimum of 50%	63%
94 days to 1 year	Maximum of 25%	17%
1 to 3 years	Maximum of 25%	20%

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 three 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:

Rating by Standard & Poor's Investment Service	AAA	AA	Not Rated	Total Invested Value	Percent Allocation
Federal agency coupon securities	$ 45,305	106,088	—	151,393	79%
Treasury Coupon Securities	15,305	—	—	15,305	8%
Corporate notes	—	4,417	—	4,417	2%
Municipal Bonds	—	455	—	455	1%
Certificates of Deposit - Bank	—	—	2,183	2,183	1%
State of Oregon Local Government Investment Pool (LGIP)	—	—	18,213	18,213	9%
Total Investments	$ 60,610	110,960	20,396	191,966	100%

The State of Oregon Local Government Investment Pool (Pool) 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 Pool's investment policies. The State Treasurer is the investment officer for the Pool and is responsible for all funds in the Pool. 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 following table outlines the LGIP's investment maturity limitations and the actual maturities at June 30, 2012.

LGIP Maturity	per Policy	Actual
Up to 93 days	Minimum of 50%	63%
94 days to 1 year	Maximum of 25%	17%
1 to 3 years	Maximum of 25%	20%

Receivables – County and Blended Component Units

The County Board of Commissioners approved an intergovernmental agreement between the County and Washington County Consolidated Communications Agency (WCCCA) in September 2011 for $2,284. The Zone Controller Tower purchase is financed as a capital lease which will provide for the lease-purchase, installation and maintenance for 911 center equipment. The County is responsible for lease-purchasing of the Zone Controller. The County will receive full reimbursement from WCCCA for all lease payments, including finance costs, change orders, cost overruns and increases due to non-performance.

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, 2012, the allowance was $265.

Deferred revenue

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. The various components of the deferred and unearned revenue reported in the governmental funds as of June 30, 2012 were as follows:

	Property Taxes	Assessments	Contracts Receivable	Accounts Receivable	Unearned Revenue	Total
General Fund	$ 4,870	-	-	258	12	5,140
HOME Fund	-	-	22,598	-	-	22,598
Human Services Fund	-	-	-	-	12,180	12,180
MSTIP III	-	-	-	13	-	13
Road Fund		95	-	19	158	272
Other Governmental Funds	2,595	67	5,047	287	1,224	9,220
Total deferred revenue	$ 7,465	162	27,645	577	13,574	49,423

(Dollars in thousands)

Capital assets

Capital asset activity for governmental activities for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	$ 940,163	4,571	(205)	-	944,529
Artwork	351	-	-	-	351
Construction in progress	44,972	28,727	-	(23,991)	49,708
Total capital assets not being depreciated	985,486	33,298	(205)	(23,991)	994,588
Capital assets being depreciated:					
Land improvements	4,707	-	-	-	4,707
Buildings and improvements	153,197	1,547	(130)	-	154,614
Machinery and equipment	43,961	6,305	(3,584)	-	46,682
Road network	1,741,051	4,980	(899)	19,241	1,764,373
Bridge network	93,676	-	(166)	3,529	97,039
Culverts	13,555	-	(17)	698	14,236
Signals	58,152	786	(405)	523	59,056
Total capital assets being depreciated	2,108,299	13,618	(5,201)	23,991	2,140,707
Less accumulated depreciation for:					
Land improvements	(3,289)	(161)	-	-	(3,450)
Building and improvements	(48,515)	(3,693)	104	-	(52,104)
Machinery and equipment	(30,661)	(3,431)	3,312	-	(30,780)
Road network	(742,342)	(60,828)	714	-	(802,456)
Bridge network	(28,691)	(1,822)	138	-	(30,375)
Culverts	(5,013)	(274)	11	-	(5,276)
Signals	(40,208)	(3,165)	405	-	(42,968)
Total accumulated depreciation	(898,719)	(73,374)	4,684	-	(967,409)
Total capital assets being depreciated, net	1,209,580	(59,756)	(517)	23,991	1,173,298
Governmental activities capital assets, net	2,195,066	(26,458)	(722)	-	2,167,886

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	2,004
Public safety and justice	3,542
Land use, housing, and transportation	67,391
Health and human services	177
Culture, education, and recreation	260
Total depreciation expense	$ 73,374

Capital asset activity for business-type activities for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	$ 8,014	-	-	-	8,014
Construction in progress	146	164	-	(149)	161
Total capital assets not being depreciated	8,160	164	-	(149)	8,175
Capital assets being depreciated:					
Buildings and improvements	45,979	20	-	149	46,148
Automotive equipment	320	-	-	-	320
Office equipment	113	-	-	-	113
Total capital assets being depreciated	46,412	20	-	149	46,581
Less accumulated depreciation for:					
Buildings and improvements	(21,880)	(1,668)	-	-	(23,548)
Automotive equipment	(260)	(28)	-	-	(288)
Office equipment	(113)	-	-	-	(113)
Total accumulated depreciation	(22,253)	(1,696)	-	-	(23,949)
Total capital assets being depreciated, net	24,159	(1,676)	-	149	22,632
Business-type activities capital assets, net	32,319	(1,512)	-	-	30,807

Depreciation expense was charged to functions as follows:

Business-type activities:	
Housing	1,696
Total depreciation expense	$ 1,696

(Dollars in thousands)

Capital asset activity for the District for the year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Increases	Decreases	Transfers	Balance June 30, 2012
Capital assets not being depreciated:					
Land	$ 10,542	1,072	-	2,039	13,653
Construction in progress	101,866	54,148	(1,170)	(34,601)	120,243
Total capital assets not being depreciated	112,408	55,220	(1,170)	(32,562)	133,896
Capital assets being depreciated:					
Buildings and improvements	206,070	1,191	-	1,113	208,374
Treatment plants	500,675	-	-	15,093	515,768
Sewer lines	187,325	534	-	14,292	202,151
Plant equipment	67,903	-	(111)	1,362	69,154
Automotive equipment	10,110	-	(487)	372	9,995
Plans and studies	12,829	-	-	158	12,987
Office equipment	19,527	-	(806)	172	18,893
Total capital assets being depreciated	1,004,439	1,725	(1,404)	32,562	1,037,322
Less accumulated depreciation for:					
Buildings and improvements	(100,687)	(7,692)	-	-	(108,379)
Treatment plants	(288,620)	(17,913)	-	-	(306,533)
Sewer lines	(63,039)	(3,891)	-	-	(66,930)
Plant equipment	(35,026)	(4,951)	111	-	(39,866)
Automotive equipment	(8,232)	(641)	487	-	(8,386)
Plans and studies	(7,820)	(1,633)	-	-	(9,453)
Office equipment	(18,195)	(560)	806	-	(17,949)
Total accumulated depreciation	(521,619)	(37,281)	1,404	-	(557,496)
Total capital assets being depreciated, net	482,820	(35,556)	-	32,562	479,826
Component-type activities capital assets, net	595,228	19,664	(1,170)	-	613,722

Depreciation expense was charged to functions as follows:	
Component activities:	
Sanitation	30,857
Surface Water Management	6,424
Total depreciation expense	$ 37,281

Decrease in construction in progress is comprised of:	
Capital donations	922
Items ineligible for capitalization	248
Total depreciation expense	$ 1,170

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 District's year-end equity investment in the Commission was $2,799.

Long-term obligations

In the following paragraph 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.

	Balance July 1, 2011	Increase	Decreases	Balance June 30, 2012	Due In One Year	Long-term portion
Governmental activities:						
Compensated absences	$ 7,745	8,460	7,745	8,460	8,460	-
Contracts Payable						
US Dept of Interior	402	-	22	380	22	358
subtotal Contracts Payable	402	-	22	380	22	358
Notes Payable						
State of Oregon, Dept. of Energy	350	-	96	254	80	174
State of Oregon, Econ. Dev. Dept.	1,247	-	97	1,150	102	1,048
Full Faith & Credit Obligations						
Series 2001 C	50	-	50	-	-	-
Series 2004	2,455	-	270	2,185	275	1,910
Series 2006 - Refunding	48,420	-	1,985	46,435	2,170	44,265
Series 2006 - New Money	25,375	-	1,250	24,125	1,300	22,825
subtotal Notes and FF&C Obligations	77,897	-	3,748	74,149	3,927	70,222
General Obligation Bonds						
Series 2007 - Refunding	17,845	-	5,705	12,140	5,705	6,435
Total notes and bonds	96,144	-	9,475	86,669	9,632	76,657
Total governmental activities	$ 103,889	8,460	17,220	95,129	18,114	77,015
Unamortized bond premium				2,328	304	2,024
Deferred amounts on refunding				(2,325)	(261)	(2,064)
Total Government Activities				95,132	18,157	76,975

From the Statement of Net Assets:	
Other long-term obligations, current portion, net of discount	18,157
Bond and bond anticipation notes payable, net of discount	6,452
Noncurrent portion of other long term obligations, net of discount	70,523
Total non current	76,975
Total governmental activities	95,132

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements (continued)

June 30, 2012

(Dollars in thousands)

In the following paragraph 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.

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Due In One Year	Long-term portion
Business-type activities:						
Notes Payable						
Farmers Home Administration	$ 337	-	3	334	3	331
State of Oregon	65	-	8	57	9	48
Office of Community Development	652	-	-	652	-	652
HOME Contracts	1,104	-	-	1,104	-	1,104
Washington County IGA	620	-	96	524	96	428
Berkadia Bank Mortgage	213	-	60	153	64	89
subtotal Notes Payable	2,991	-	167	2,824	172	2,652
Housing Authority FF&C Obligations						
Series 2009 - Refunding	28,670	-	370	28,300	375	27,925
Total notes and bonds	31,661	-	537	31,124	547	30,577
Total business-type activities	$ 31,661	-	537	31,124	547	30,577
Unamortized bond premium				-	-	-
Unamortized bond discounts				(267)	(16)	(251)
Deferred amounts on refunding				(2,257)	(132)	(2,125)
				28,600	399	28,201

Housing Authority Note Payable to County, current portion*	96
Other long-term obligations, current portion, net of discount	303
	399
Housing Authority Note Payable to County, noncurrent portion*	428
Bond and bond anticipation notes payable, net of discount	25,549
Noncurrent portion of other long term obligations, net of discount	2,224
Total non current	28,201
Total business-type activities	28,600

* The Note Payable to the County and Note Receivable from the Authority net each other out on the Statement of Net Assets; the Note Payable to the County is correctly included above in the summary of Business-type Activities.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements (continued)

June 30, 2012

(Dollars in thousands)

In the following paragraph 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.

	July 1, 2011	Increases	Decreases	June 30, 2012	One Year	portion
District activities:						
Compensated absences	$ 1,895	2,075	1,895	2,075	2,075	-
Sewer Revenue Bonds						
Series A 1997	19,280	-	9,360	9,920	9,920	-
Series One 1997	13,320	-	6,470	6,850	6,850	-
Series 2001	37,200	-	37,200	-	-	-
2004 Refunding of 1996 Bonds	20,450	-	3,000	17,450	3,140	14,310
Series A 2009	58,755	-	-	58,755	-	58,755
Series A 2010	8,895	-	-	8,895	-	8,895
Series B 2010	90,260	-	-	90,260	-	90,260
Series A 2011	-	30,255	-	30,255	2,430	27,825
Series B 2011	-	50,000	-	50,000	-	50,000
Revenue Pension Bonds						
Series 2004	15,685	-	205	15,480	265	15,215
Total notes and bonds	263,845	80,255	56,235	287,865	22,605	265,260
Total district activities	$ 265,740	82,330	58,130	289,940	24,680	265,260
Unamortized bond premium				11,099	1,745	9,354
Unamortized bond discounts				(44)	(11)	(33)
Deferred amounts on refunding				(1,424)	(281)	(1,143)
				299,571	26,133	273,438

District compensated absences (recorded in business-type activities as an accrued payroll liability)	2,075
Other long-term obligations, current portion, net of discount	24,058
	26,133
Bond and bond anticipation notes payable, net of discount	273,438
Total non current	273,438
Total district activities	299,571

(Dollars in thousands)

Governmental Activities

Contracts 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 follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	22	13	3.500%
2014		22	12	3.500%
2015		22	12	3.500%
2016		22	11	3.500%
2017		22	10	3.500%
2018 - 2022		111	39	3.500%
2023 - 2027		111	20	3.500%
2028 - 2029		48	2	3.500%
	$	380	119	

Notes Payable

State of Oregon, Department of Energy - In November 1997, the County issued a note with Oregon Department of Energy for County-wide energy measures in the amount of $293. The final maturity is in October 2012. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	8	-	4.200%

State of Oregon, Department of Energy - In September 2002, the County issued a note with Oregon Department of Energy for County-wide energy measures in the amount of $114. The final maturity is in September 2017. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	9	3	5.750%
2014		9	2	5.750%
2015		10	2	5.750%
2016		10	1	5.750%
2017		11	-	5.750%
2018		3	-	5.750%
	$	52	8	

State of Oregon, Department of Energy - In June 2004, the County issued a note with Oregon Department of Energy for County-wide energy measures in the amount of $605. The final maturity is in June 2015. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	63	7	4.500%
2014		66	5	4.500%
2015		65	2	4.500%
	$	194	14	

State of Oregon, Economic Development Department - In October 2000, the County issued a note with Oregon Economic Development Department was issued in the amount of $2,000. This was 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 follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	103	62	5.280%
2014		108	56	5.280%
2015		114	51	5.280%
2016		120	45	5.280%
2017		127	38	5.280%
2018-2021		578	81	5.280%
	$	1,150	333	

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, building of a new animal shelter, and completion of several information services projects. The final maturity is in July 2018. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	275	90	4.000%
2014		290	79	4.125%
2015		300	66	4.500%
2016		310	52	4.400%
2017		325	38	4.400%
2018 - 2019		685	32	4.500 - 4.600%
	$	2,185	357	

(Dollars in thousands)

Series 2006 Refunding - In February 2006, Full Faith & Credit obligations were issued for $49,475. These obligations were issued to provide funding for the partial advance refunding of the May 2001 – Series 2001A Full Faith & Credit issue. The final maturity is in June 2026. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	2,170	2,175	5.500%
2014		2,340	2,093	5.500%
2015		2,550	1,987	5.000%
2016		2,785	1,880	5.500%
2017		3,010	1,767	5.000%
2018 - 2022		18,125	6,280	5.000 - 5.125%
2023 - 2026		15,455	1,805	5.000 - 5.125%
	$	46,435	17,987	

Series 2006 New Money - In March 2006, Full Faith & Credit obligations were issued for $30,850. These obligations were issued to provide funding for the purchase of the District's share of the Public Services Building, upgrade data and phone systems in several County buildings, and improve and repair several County-owned parking lots. The maturity is in June 2026. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	1,300	1,075	5.000%
2014		1,360	1,010	5.000%
2015		1,430	942	5.000%
2016		1,505	870	5.000%
2017		1,530	795	4.000%
2018 - 2022		8,640	2,981	4.000 - 4.250%
2023 - 2026		8,360	939	4.250 - 5.000%
	$	24,125	8,612	

General Obligation Bonds

Series 2007 Refunding - The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for capital construction, capital acquisition, and refunding bonds to refund prior bond issuances with higher interest rates. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The bonds are payable through fiscal year 2014. All the general obligation bonds and refunding bonds will be paid with property tax revenues. The Series 2007 – Refunding Bonds were issued for of $34,270. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	5,945	390	5.000%
2014		6,195	132	5.000%
		12,140	522	
Deferred amounts on refunding		(143)	-	
Unamortized bond premiums		205	-	
	$	12,202	522	

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 follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	3	32	9.000 - 9.500%
2014		3	31	9.000 - 9.500%
2015		4	31	9.000 - 9.500%
2016		4	30	9.000 - 9.500%
2017		5	30	9.000 - 9.500%
2018 - 2022		32	142	9.000 - 9.500%
2023 - 2027		51	123	9.000 - 9.500%
2028 - 2032		81	92	9.000 - 9.500%
2033 - 2036		99	40	9.000 - 9.500%
2037 - 2038		52	3	9.000 - 9.500%
	$	334	554	

(Dollars in thousands)

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. The final maturity is in January 2018. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2103	$	6	3	8.970%
2014		6	3	8.970%
2015		7	2	8.970%
2016		8	2	8.970%
2017		9	1	8.970%
2018		5	-	8.970%
	$	41	11	

Fiscal Year		Principal	Interest	Interest Rate
2013	$	3	-	0.000%
2014		3	-	0.000%
2015		3	-	0.000%
2016		3	-	0.000%
2017		3	-	0.000%
2018		1	-	0.000%
	$	16	-	

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 $652 and is due when the properties are sold. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
Due on sale	$	652	-	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 October 2016. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	-	18	3.000%
2014		-	18	3.000%
2015		-	18	3.000%
2016		-	18	3.000%
2017		604	5	3.000%
	$	604	77	

HOME Contracts - 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 follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	-	15	3.000%
2014		-	15	3.000%
2015		-	15	3.000%
2016		-	15	3.000%
2017		-	15	3.000%
2018 - 2022		-	75	3.000%
2023 - 2027		-	75	3.000%
2028 - 2029		500	30	3.000%
	$	500	255	

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 and the final maturity is in June 2018. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	96	4	Variable
2014		97	3	Variable
2015		98	2	Variable
2016		98	2	Variable
2017		99	1	Variable
2018		36	-	Variable
	$	524	12	

Berkadia Bank Mortgage - In October, 2010, the Authority purchased Aloha Park Apartments and assumed the existing mortgage from the previous owner. The remaining balance on the note was $251. The final maturity is in October of 2014. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	64	9	4.590%
2014		69	4	4.590%
2015		20	-	4.590%
	$	153	13	

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. The aggregate difference between the debt service of the refunding debt and the refunded debt is $10,938. The net present value benefit of the transaction is $1,909, or 6.7% of the refunded principal. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	375	1,217	2.250%
2014		385	1,209	2.250%
2015		395	1,199	2.500%
2016		405	1,189	2.750%
2017		-	1,183	2.750%
2018 - 2022		2,605	5,701	3.250 - 5.000%
2023 - 2027		3,525	5,035	4.000 - 5.000%
2028 - 2032		3,790	4,314	4.000 - 4.500%
2033 - 2037		5,345	3,284	4.500%
2038 - 2042		6,700	1,931	4.500 - 4.625%
2043 - 2045		4,775	354	4.625 - 5.000%
	$	28,300	26,616	

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 1997 - Issued August 1997 for $47,060. The final maturity is in October 2012. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	9,920	285	5.750%

WASHINGTON COUNTY, OREGON
Notes to Basic Financial Statements (continued)
June 30, 2012
(Dollars in thousands)

Series One 1997 - Issued August 1997 for $45,435. The final maturity is in October 2012. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	6,850	197	5.750%

2004 Refunding of 1996 Bonds - Issued July 2004 for $26,455 to refund bonds which were issued in 1996. The final maturity is in October 2016. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	3,140	813	5.000%
2014		3,310	652	5.000%
2015		3,480	482	5.000%
2016		3,660	299	5.250%
2017		3,860	101	5.250%
	$	17,450	2,347	

Series A 2009 - Issued March 2009 in the amount of $58,755. The final maturity is in October 2028. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	-	2,843	3.000%
2014		2,535	2,805	3.000%
2015		2,625	2,715	4.000%
2016		2,735	2,608	4.000%
2017		2,845	2,496	4.000%
2018 - 2022		16,495	10,212	5.000 - 5.250%
2023 - 2027		21,350	5,347	5.000 - 5.250%
2028 - 2029		10,170	509	4.750 - 5.000%
	$	58,755	29,535	

Series A 2010 - Issued April 2010 in the amount of $8,895. The final maturity is in October 2015. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	-	357	4.000%
2014		2,850	357	4.000%
2015		2,965	300	3.000%
2016		3,080	198	5.000%
	$	8,895	1,212	

(Dollars in thousands)

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

Fiscal Year		Principal	Interest	Interest Rate
2013	$	-	4,792	3.970%
2014		-	4,792	3.970%
2015		-	4,792	3.970%
2016		-	4,792	3.970%
2017		3,300	4,726	4.120%
2018 - 2022		17,905	21,386	4.428 - 4.828%
2023 - 2027		20,835	16,738	4.978 - 5.701%
2028 - 2032		24,815	10,452	5.701 - 5.801%
2033 - 2036		23,405	2,778	5.801%
	$	90,260	75,250	

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

Fiscal Year		Principal	Interest	Interest Rate
2013	$	2,430	1,338	2.000%
2014		2,590	1,288	2.000%
2015		2,640	1,196	5.000%
2016		2,775	1,060	5.000%
2017		2,915	918	5.000%
2018 - 2022		16,905	2,196	5.000%
	$	30,255	7,995	

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

Fiscal Year		Principal	Interest	Interest Rate
2013	$	-	2,059	2.500%
2014		1,655	2,038	2.500%
2015		1,700	1,992	3.000%
2016		1,755	1,940	3.000%
2017		1,815	1,877	4.000%
2018 - 2022		10,355	8,114	4.000 - 5.000%
2023 - 2027		13,020	5,450	4.000 - 5.000%
2028 - 2032		16,080	2,383	4.000%
2033		3,620	72	4.000%
	$	50,000	25,926	

Sewer Pension Revenue Bonds

Series 2004 - In May 2004, the District issued $16 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 follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	265	930	5.350%
2014		330	916	5.571%
2015		405	898	5.671%
2016		480	875	5.771%
2017		565	847	5.871%
2018 - 2022		4,405	3,611	5.941 - 6.015%
2023 - 2027		7,990	1,883	6.015 - 6.095%
2028		1,040	63	6.095%
	$	15,480	10,023	

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, 2012, prior years' refunded revenue bonds defeased totaled $34,645.

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, 2012, there were two series of multi-family Housing Revenue Bonds outstanding, with an aggregate principal amount payable of approximately $11,349.

(Dollars in thousands)

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, 2012:

Fiscal Year	Capital Lease Future Minimum Payments
2013	$ 573
2014	437
2015	429
2016	429
2017	429
2018-2019	551
Future minimum lease payments	2,848
Less amounts representing interest	(262)
Present value of future minimum lease payments	2,586
Current portion	494
Long-term portion	2,092
	$ 2,586

Changes in the capital lease obligations for the year ended June 30, 2012, are as follows:

	Outstanding July 1, 2011	Increases	Decreases	Outstanding June 30, 2012
Capital lease obligations	$ 964	2,362	(740)	2,586

Multnomah County, Oregon - 1992 - In 1992 the County entered into a capital lease obligation with Multnomah County, Oregon for the purchase of juvenile detention facility space for the amount of $1,180. This is a non-cancelable lease agreement. Final maturity is in October 2012. Detail obligation and interest rates follows:

Fiscal Year	Principal	Interest	Interest Rate
2013	$ 97	6	5.980%

Multnomah County, Oregon - 1997 - In 1997 the County entered into a capital lease obligation with Multnomah County, Oregon for the purchase of juvenile detention facility space for the amount of $1,862. This is a non-cancelable lease agreement. Final maturity is in October 2016. Detail obligation and interest rates follows:

Fiscal Year	Principal	Interest	Interest Rate
2013	$ 118	35	5.330%
2014	125	29	5.330%
2015	132	22	5.330%
2016	138	15	5.330%
2017	146	8	5.330%
	$ 659	109	

IKON Office Solution 2002 - In 2008 the County entered into a capital lease obligation with IKON Office Solutions for the purchase of copier in the amount of $159. This is a non-cancelable lease agreement. Final maturity is in October 2013. Detail obligation and interest rates follows:

Fiscal Year	Principal	Interest	Interest Rate
2013	$ 37	2	8.866%
2014	7	-	8.866%
	$ 44	2	

Ricoh Corporation 2009 - In 2009 the County entered into a capital lease obligation with Ricoh Corporation for the purchase of a copier for use at the Fair Complex in the amount of $7. This is a non-cancelable lease agreement. Final maturity is in October 2013. Detail obligation and interest rates follows:

Fiscal Year	Principal	Interest	Interest Rate
2013	$ 2	-	7.090%
2014	1	-	7.090%
	$ 3	-	

(Dollars in thousands)

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 is a non-cancelable lease agreement. Final maturity is in October 2018. Detail obligation and interest rates follows:

Fiscal Year		Principal	Interest	Interest Rate
2013	$	240	35	1.989%
2014		245	31	1.989%
2015		250	26	1.989%
2016		254	21	1.989%
2017		260	16	1.989%
2018 - 2019		535	16	1.989%
	$	1,784	145	

Operating leases - County

The County 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 $164 for the year ended June 30, 2012.

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

Fiscal Year		Amount
2013	$	112

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 $78 for the year ended June 30, 2012.

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

Fiscal Year		Amount
2013	$	66
2014		69
2015		69
2016		69
	$	273

Due To/From Other funds

Interfund accounts at June 30, 2012, consist of:

Fund		Due to other funds	Due from other funds
Major governmental funds:			
General Fund	$	-	978
HOME Fund		327	-
Other governmental funds		651	-
	$	978	978

Interfund receivables of the General Fund consist of $327 in cash advanced to the HOME Fund and $651 in cash advanced to the non-major funds to cover negative cash balances at year end.

The following interfund loan receivable is included in the Statement of Net Assets Internal Balances for Governmental Activities and in the Authority's *Notes and Contracts Payable*:

Description	Interest Rate		Outstanding July 1, 2011	Decrease	Outstanding June 30, 2012
Washington County IGA	variable	$	619	(95)	524

The County Board of 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, with the balance, if any, due June 30, 2020. The variable interest rate is based on the annualized return on the County's pooled investments.

4. Other information

Pension Plan - County

Substantially all County employees, after six months of employment, are participants in the State of Oregon PERS. The County's policy is to fund pension costs as determined by actuarial valuations.

The County contributes to the Oregon Public Employees Retirement System (PERS) and to the Oregon Public Service Retirement Plan (OPSRP). PERS is a cost sharing multi-employer defined benefit public employee retirement system. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee. OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for political subdivisions in the State of Oregon.

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS. The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996. This level is called Tier Two. Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits, but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statutes.

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, P.O. Box 23700, Tigard, Oregon 97281-3700 or by calling 1-888-320-7377.

Funding Policy - County

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Contributions to PERS have historically been made based on the annual required contribution and were charged to expenses/expenditures as funded.

In fiscal year 2002, the County contributed $17,617 in excess of the annual required contribution. Pursuant to the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, these contributions in excess of the annual required contributions were recorded as prepaid pension assets which are reported on the Statement of Net Assets as prepaid pension obligation. These prepaid pension assets are being amortized over 26 years for the County and 30 years for the District on a straight-line basis.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements (continued)

June 30, 2012

(Dollars in thousands)

The County's annual required contribution rate for fiscal 2012 was 14.46% of covered employees' salaries for PERS and 10.65% for general OPSRP and 13.36% for OPSRP police. The employee contribution rate is 6% for the County.

Annual Pension Cost - County

For fiscal 2012, the County's actual annual pension cost of $16,822 was equal to their annual required contributions plus current fiscal year amortization of prepaid pension assets. The actual pension cost without amortization of the prepaid pension obligation was $10,385. The required contribution was determined as part of the actuarial valuation at December 31, 2009 using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation included: (a) rate of return on the investment of present and future assets of 8%; (b) projected salary increases which include 3.75% per year in addition to salary increases due to promotions and longevity that may vary by age and service; (c) post-retirement benefit increases of 2% per year (the maximum allowable); (d) consumer price inflation of 2.75% per year; and, (e) thirty-year open amortization of the unfunded actuarial liability as a level percentage of projected annual payroll.

Beginning in 2000, the actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. No obligation for retirees is attributed to the County as PERS pools the risk related to retired employees among all employers. PERS assumes the obligation for benefits from the individual entity, as a whole, when benefits become payable.

Three-year trend information for the years ended December 31 is presented as follows:

	Annual pension cost (APC)	Percentage of APC contributed	Prepaid pension obligation
2010	$ 12,325	100 %	$ 11,741
2011	12,838	100	11,063
2012	16,822	100	10,385

Pension Plan - District

Substantially all District employees, after six months of employment, are participants in the State of Oregon PERS. The District's policy is to fund pension costs as determined by actuarial valuations.

The District contributes to the Oregon Public Employees Retirement System (PERS) and to the Oregon Public Service Retirement Plan (OPSRP). PERS is a cost sharing multiple-employer defined benefit public employee retirement system established under Oregon Revised Statues 238.600. OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit; established and maintained as a tax-qualified governmental defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). A defined benefit plan is benefit-based and uses predictable criteria such as a pension determined by salary multiplied by length of service multiplied by a factor. A defined contribution plan has no guarantee.

(Dollars in thousands)

OPSRP is administered by PERS. PERS acts as a common investment and administrative agent for public employers in the State of Oregon. Benefits are established by state statute.

The 2003 Oregon Legislature established OPSRP. Public employees hired on or after August 29, 2003 become part of OPSRP, unless membership was previously established in PERS. The 1995 Oregon Legislature established a different level of benefits for employees who began their six-month waiting period on or after January 1, 1996. This level is called Tier Two.

The defined contribution portion of OPSRP is provided to all members who are PERS or OPSRP eligible. State statute requires that covered employees contribute 6.0% of their annual covered salary to the IAP plan effective January 1, 2004. Those employees who had established a PERS membership prior to the creation of OPSRP will retain their existing PERS accounts, but member contributions made after the beginning of 2004 will be deposited into the members IAP account.

Benefits generally vest after five years of continuous service. Retirement is allowed at age fifty-eight with unreduced benefits but retirement is generally available after age fifty-five with reduced benefits. Retirement benefits based on salary and length of service are calculated using a formula and are payable in a lump sum or monthly using several payment options. PERS also provides death and disability benefits. These benefit provisions and other requirements are established by state statute.

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board (OPERB). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to the Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/PERS/.

Funding Policy - District

The rate of employer contributions to PERS is determined periodically by PERS based on actuarial valuations performed at least every two years. Contributions to PERS have historically been made based on the annual required contribution and were charged to expenses/expenditures as funded.

In fiscal years 2000 and 2004, The District contributed $2,232 and $15,278 in excess of the annual required contribution, respectively. Pursuant to the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, these contributions in excess of the annual required contributions were recorded as prepaid pension assets which are reported on the Statement of Net Assets

as prepaid pension obligation. These prepaid pension assets are being amortized over 26 years for the County and 30 years for the District on a straight-line basis.
The District's annual contribution rate for fiscal 2011 was 7.65% for PERS and 6.74% for OPSRP. The employee contribution rate is 6% for the District.

Annual Pension Cost - District

For fiscal 2012, the District's actual annual pension cost of $2,380, which was equal to their annual required contributions plus current fiscal year amortization of prepaid pension assets. The actual pension cost without amortization of the prepaid pension obligation was $1,797. The required contribution was determined as part of the actuarial valuation at December 31, 2009 using the entry age actuarial cost method. Significant actuarial assumptions used in the valuation included: (a) rate of return on the investment of present and future assets of 8%; (b) projected salary increases which include 3.75% per year in addition to salary increases due to promotions and longevity that may vary by age and service; (c) post-retirement benefit increases of 2% per year (the maximum allowable); (d) consumer price inflation of 2.75% per year; and, (e) thirty-year open amortization of the unfunded actuarial liability as a level percentage of projected annual payroll.

Beginning in 2000, the actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of investments over a five-year period. No obligation for retirees is attributed to the County as PERS pools the risk related to retired employees among all employers. PERS assumes the obligation for benefits from the individual entity, as a whole, when benefits become payable.

Three-year trend information for the years ended December 31 is presented as follows:

	Annual pension cost (APC)	Percentage of APC contributed	Prepaid pension obligation
2010	886	100	13,710
2011	902	100	13,127
2012	2,380	100	12,544

(Dollars in thousands)

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. 45 (GASB 45) is applicable to the County due to the resulting implicit rate subsidy. The County's post employment 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 prefund future benefits as determined by the actuary.

For fiscal year 2011-12, the County contributed $609 and retirees made payments of $1,237. The County has elected to not pre-fund the actuarially determined future cost amount of $1,074.

Below are the required monthly contributions of the plan members for the year ending June 30, 2012. The rates are established through negotiation with the County's insurance carrier each year and approved by the Board of County Commissioners.

(Not in $1,000's)		**Health Insurance**		**Dental/Vision Insurance**		
		Providence	**Kaiser**	**ODS**	**ODS Vision**	**Willamette**
Employee	$	481	457	51	9	36
Employee + 1		962	914	101	9	69
Full Family		1,443	1,371	160	9	135
Employee + Children		866	823	105	9	101

Annual OPEB Cost and Net OPEB Obligation

The County's annual other post employment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over an open 30 year period. The following schedule shows the components of the County's OPEB cost for the year, the amount actually contributed to the plan, and changes in the respective OPEB obligations to the plan:

		June 30, 2012	**June 30, 2011**	**June 30, 2010**
Annual required contribution (ARC)	$	1,074	1,748	1,747
Interest on net OPEB obligation		147	134	93
Adjustment to ARC		(243)	(140)	(140)
Annual OPEB cost		978	1,742	1,700
Contributions made		(609)	(673)	(544)
Increase in net OPEB obligation		369	1,069	1,156
Net OPEB obligation, beginning of year		4,895	3,826	2,670
Net OPEB obligation, end of year	$	5,264	4,895	3,826
Percent of Annual OPEB cost contributed		56.70%	38.50%	31.14%

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the plan was funded on a pay-as-you-go basis and therefore had no assets. The County's actuarial accrued liability for benefits was $10,638, also equaled the unfunded actuarial accrued liability (UAAL). The annual payroll of active employees covered by the plan (covered payroll) for 2011-12 was $115,644 the ratio of the UAAL to the covered payroll was 9.4.

The actuarial valuation of this plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future such as future employment, mortality and healthcare cost trends. Amounts determined about the funding status of the plan and annual required contributions are subject to periodic revision as actual results for each period are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the health benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial results consistent with the long term perspective of the calculations.

In the June 30, 2012 valuation, the entry age normal actuarial cost method was used. Under this method, the actuarial present value of the projected benefits of each active employee included in the valuation is allocated on a level dollar basis over the service of the active employee. The investment return for the County was assumed to be 3.0% to reflect the rate of return on the county's investment portfolio. Health care cost trends (net of inflation) were assumed to be 7.6% for Providence and 7.0% for Kaiser initially, then declining to 5.0%. It is assumed that the future cost of the retiree health plan will retain its current relationship to the active plan, and that the active plan cost will maintain a reasonable relationship to direct compensation. The UAAL is being amortized over an open period of 30 years.

(Dollars in thousands)

Other Post Employment Benefits - District

Plan Description

The District does not have a formal post-employment benefits plan for any employee groups; however 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 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.

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 pre-fund future benefits as determined by the actuary.

For fiscal year 2011-12, the District contributed $108 consisting of retiree payments. The District has elected to not pre-fund the actuarially determined future cost amount of $536. The required monthly contributions of the plan members were as follows for the year ended June 30, 2012.

(Not in $1,000's)		Health Insurance	
		Providence	Kaiser
Employee	$	437	422
Employee + 1		888	903
Full Family		1,246	1,261

Annual OPEB Cost and Net OPEB Obligation

The District's annual other post employment benefit cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a 30 year period. The following schedule shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the respective OPEB obligations to the plan:

		June 30, 2012	June 30, 2011	June 30, 2010
Annual required contribution (ARC)	$	151	192	186
Interest on net OPEB obligation		21	19	17
Adjustment to ARC		(42)	(39)	(35)
Annual OPEB cost		130	172	168
Contributions made		(108)	(140)	(111)
Increase in net OPEB obligation		22	32	57
Net OPEB obligation, beginning of year		514	482	425
Net OPEB obligation, end of year	$	536	514	482
		71.52%	72.92%	59.68%

Funding Status and Funding Progress

As of the most recent actuarial valuation date, the plan was funded on a pay-as-you-go basis and therefore had no assets. The District's actuarial accrued liability for benefits was $1,548, also equaled the unfunded actuarial accrued liability (UAAL). The annual payroll of active employees covered by the plan (covered payroll) for 2011-12 was $21,609 the ratio of the UAAL to the covered payroll was 7.2%.

The actuarial valuation of this plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future such as future employment, mortality and healthcare cost trends. Amounts determined about the funding status of the plan and annual required contributions are subject to periodic revision as actual results for each period are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan and include the health benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions include techniques that are designed to reduce the effects of short-term volatility in actuarial results consistent with the long term perspective of the calculations.

In the July 1, 2011 valuation, the projected unit credit actuarial cost method was used, with accrued benefits allocated in equal proportion over the participant's years of service from hire to expected retirement. The actuarial assumptions included (a) a 4 percent accrued liability discount rate, (b) a 3.5 percent inflation component, and (c) healthcare cost trend rate of 8.5 percent for 2012 grading down over nineteen years to 5 percent. The UAAL is being amortized over an open period of 30 years as a level percentage of payrolls for Non-Represented Retirees and over a closed period of eight years as a flat dollar amount for Represented Retirees.

Retirement Health Insurance Account (RHIA) - County

Plan Description

As members of Oregon Public Employees Retirement System (OPERS), the County contributes to the Retirement Health Insurance Account (RHIA) for each of is 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 benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that 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 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.

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The County's contributions to RHIA for the years ended June 30, 2010, 2011 and 2012 were $309, $320 and $682, respectively, which equaled the required contributions each year.

Retirement Health Insurance Account (RHIA) - District

Plan Description

As members of Oregon Public Employees Retirement System (OPERS), the District contributes to the Retirement Health Insurance Account (RHIA) for each of is 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 benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that 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 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.

Participating municipal corporations are contractually required to contribute to RHIA at a rate assessed each year by OPERS, currently 0.59% of annual covered payroll. The OPERS Board of Trustees sets the employer contribution rate based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the years ended June 30, 2010, 2011 and 2012 were $66, $69, and $144, respectively, which equaled the required contributions each year.

(Dollars in thousands)

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 workers' compensation, liability/casualty and unemployment compensation claims, the County funds such liabilities on a pay-as-you-go basis from its own resources.

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, based on historical trend analyses of similar injuries and claims and include an amount for claims that have been incurred but not reported and 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:

Fiscal Year		Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	Balance at fiscal year-end
2009-10	$	3,387	2,352	(1,700)	4,039
2010-11		4,039	987	(1,393)	3,633
2011-12		3,633	1,229	(1,096)	3,766

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

Insured Risks - 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.). During the past three fiscal years, there were no settlements which exceeded insurance coverage.

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, based on historical trend analyses of similar injuries and claims and include an amount for claims that have been incurred but not reported and 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:

Fiscal Year		Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	Balance at fiscal year-end
2009-10	$	263	75	(54)	284
2010-11		284	51	(81)	254
2011-12		254	45	(33)	266

Solid Waste Landfill Closure and Postclosure Care Costs

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 the Voluntary Cleanup Program. The cleanup activities are currently expected to be completed near the end of 2013-14 and the County expects to get a certificate from DEQ at that time stating that only minimal monitoring of the site will be required for approximately two years after the cleanup process is complete.

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 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.

(Dollars in thousands)

Two County properties were determined to have pollution remediation obligations where obligating events had occurred and amounts were estimable. The first property with estimable pollution remediation obligations is the Bridgeport Village Development. A former gravel quarry, the County has owned the site 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 was previously contracted by the County to perform the on-going monitoring and meet DEQ reporting requirements; however County employees took over these responsibilities in 2009-10. The pollution remediation obligation estimate at June 30, 2012 for the on-going monitoring and DEQ reporting costs is $1,060.

The second property with estimable pollution remediation obligations is the PacTrust Business Center. This site is adjacent to the Bridgeport Village Development property and had the same pollution remediation issues. In June 2005 Pacific Realty Associates (Pac Trust) and the County entered into a voluntary cleanup program with DEQ. All the cleanup work has been completed and the DEQ has issued a conditional "No Further Action" Record of Decision for the site, requiring only minimal ongoing monitoring.

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	$	1,047	1%
HOME		3	0%
Human services fund		3,121	5%
Major streets improvement program III fund		31,276	45%
Road fund		803	1%
Non-major funds		33,080	48%
Total governmental funds		69,330	100%
Internal service funds		23	
		69,353	
Transfers out:			
General fund		56,890	85%
Human services fund		30	0%
Major streets improvement program III fund		1,503	2%
Road fund		2,970	4%
Non-major funds		5,817	9%
Total governmental funds		67,210	100%
Internal service funds		2,107	
Recorded as Other expenses in the Enterprise funds		36	
	$	69,353	

The following are the major reasons for the above transfers:

Major streets improvement programs, and Cooperative Library Services 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 $31,000 to major streets improvement programs and $16,000 to Cooperative Library Services. These transfers are responsible for 68% of all transfers. Transfers between the other operating departments are a result of normal course of operations.

Related Party Transactions

On September 21, 2010, the District entered into an 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 charge CWI for such support. The District has not billed CWI for any services under the Operating Agreement as of June 30, 2012.

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 $400,000 over the next four fiscal years. 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. As of June 30, 2012 the District had loaned CWI $250,000 and CWI was charged $1,274 in interest.

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. The District has not received any such revenues as of June 30, 2012.

Clean Water Institute billed the District approximate $13,000 for professional services during fiscal year 2012.

Contingency - County

Amounts received or receivable 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 (continued)
June 30, 2012
(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 $52,464 to fund certain specific road construction projects over the next three to four years; $1,004 for jail inmate health care services over the upcoming year; $76,930 for County-wide library services over the next four years; $1,064 for kitchen services at the jail for the next year; and dispatch services for the Sheriff's Office through the Washington County Consolidated Communications Agency are approximately $1,511 for the upcoming year; and $1,086 for entrance security services for the State Courts in the County buildings for the next two years.

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 $1,686.
The County has contracted for fuel for all County vehicles and equipment for $3,706 for the next two years and $1,972 for janitorial services for all County facilities over the next year.

Juvenile detention services at the Donald E. Long facility have been contracted for with Multnomah County for approximately $2,231 over the next two years.

Commitments – District

The District is committed for approximately $36,500 for various construction projects at June 30, 2012.

Reclassifications

Based on analysis by County staff, the Major Streets Transportation Improvement Program III Fund has been reclassified from a major Special Revenue Fund to a major Capital Projects Fund and the Building Equipment Replacement Fund has been reclassified from a nonmajor Special Revenue Fund to a nonmajor Capital Projects Fund beginning fiscal year 2011-12. This reclassification did not result in any financial statement impacts.

WASHINGTON COUNTY, OREGON

Notes to Basic Financial Statements (continued)

June 30, 2012

(Dollars in thousands)

Restatements

Based on the implementation of GASB Statement No. 61, certain June 30, 2011 amounts in the County's business-type activities have been restated to conform to the District being reported as a discretely presented component unit beginning fiscal year 2011-12. The following discloses the restatement of net assets as of the beginning of the fiscal year resulting from the District now being discretely presented under GASB Statement No. 61:

		Change in Net Assets			
		Primary Government			Component Unit
		Governmental Activities	Business-type Activities	Total	Clean Water Services of Washington County (District)
Net assets July 1, 2011	$	2,332,323	509,006	2,841,329	—
Restatement		—	(497,533)	(497,533)	497,533
Net assets July 1, 2011, as restated	$	2,332,323	11,473	2,343,796	497,533

Subsequent Events

On August 23, 2012 a federal court jury in Portland returned a $2,575 verdict against Washington County. The settlement is for all outstanding claims, including attorney fees and costs in this action. The County will not appeal the verdict. Washington County Board of Commissioners approved the settlement payment on November 20, 2012. Funds for payment of this settlement will come from the County's insurance liability fund. The schedule of three payments will be spread over the next two fiscal years from operating funds. There is no accrual of interest provided payments are made in accordance to the set schedule.

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY, OREGON

Budgetary Comparison

General Fund

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Taxes	$ 109,324	109,324	110,398	1,074
Licenses and permits	5,624	5,624	6,022	398
Intergovernmental revenues	20,689	20,689	16,473	(4,216)
Charges for services	7,511	7,511	6,885	(626)
Fines and forfeitures	3,027	3,027	3,153	126
Miscellaneous revenues	3,602	3,601	3,939	338
Interfund revenues	5,730	5,730	5,422	(308)
Total revenues	155,507	155,506	152,292	(3,214)
Expenditures:				
General government:				
Board of County Commissioners	437	437	420	17
County administrative office	1,789	1,789	1,667	122
Community network	603	603	603	—
County counsel	1,858	1,858	1,713	145
County auditor	228	228	179	49
Elections division	2,109	2,109	1,597	512
Assessment and taxation	8,628	8,628	7,576	1,052
County communications	689	689	631	58
Financial management	2,172	2,172	2,035	137
Human resources	1,867	1,867	1,822	45
Information services	9,946	9,946	9,275	671
Purchasing	410	410	407	3
Facilities management	8,142	8,142	7,721	421
Subtotal	38,878	38,878	35,646	3,232
Public safety and justice:				
Law enforcement services	17,054	17,054	16,505	549
Jail operations	20,750	20,750	19,989	761
Sheriff's office administration	3,589	3,589	3,436	153
Jail health care	4,565	4,736	4,083	653
District Attorney	8,960	8,960	8,577	383
Washington County justice court	700	700	674	26
Juvenile	5,621	5,621	5,322	299
Juvenile administration	1,285	1,285	1,258	27
Subtotal	62,524	62,695	59,844	2,851
Land use, housing and transportation				
Planning	3,581	3,581	2,928	653
Water Master	184	184	176	8
Subtotal	3,765	3,765	3,104	661
Health and human services:				
Public health	17,149	17,149	13,775	3,374
Health and human services administration	998	998	920	78
Animal services	2,180	2,180	1,953	227
Veterans' services	694	694	642	52
Subtotal	21,021	21,021	17,290	3,731
Subtotal of expenditures carried forward	126,188	126,359	115,884	10,475

(continued)

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

General Fund

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Adopted budget	Revised budget	Actual	Variance positive (negative)
Subtotal of expenditures brought forward	$ 126,188	126,359	115,884	10,475
Expenditures, continued:				
Culture, education and recreation:				
Agriculture activities	301	301	301	—
Parks	708	721	708	13
Subtotal	1,009	1,022	1,009	13
Non-operating:				
Miscellaneous	1,429	1,429	1,432	(3)
Subtotal	1,429	1,429	1,432	(3)
Operating contingency	19,242	19,025	—	19,025
Total expenditures	147,868	147,835	118,325	29,510
Revenues over expenditures	7,639	7,671	33,967	26,296
Other financing sources(uses):				
Transfers in from other funds	18,924	18,924	18,648	(276)
Transfers out to other funds	(58,266)	(58,298)	(55,518)	2,780
Total other financing uses	(39,342)	(39,374)	(36,870)	2,504
Net change in fund balance	(31,703)	(31,703)	(2,903)	28,800
Fund balance July 1, 2011	31,703	31,703	32,658	955
Fund balance June 30, 2012	$ —	—	29,755	29,755

WASHINGTON COUNTY, OREGON

Budgetary Comparison

Major Special Revenue Funds

For the fiscal year ended June 30, 2012

(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	$ 2,432	2,432	1,206	(1,226)	26,035	28,330	16,770	(11,560)
Charges for services	—	—	—	—	37	37	20	(17)
Miscellaneous revenues	233	233	284	51	187	187	177	(10)
Interfund revenues	—	—	—	—	116	116	150	34
Total revenues	2,665	2,665	1,490	(1,175)	26,375	28,670	17,117	(11,553)
Expenditures:								
Current:								
Land use, housing and transportation	2,667	2,667	1,451	1,216	—	—	—	—
Health and human services	—	—	—	—	28,582	30,876	20,058	10,818
Operating contingency	—	—	—	—	2,996	2,996	—	2,996
Total current	2,667	2,667	1,451	1,216	31,578	33,872	20,058	13,814
Total expenditures	2,667	2,667	1,451	1,216	31,578	33,872	20,058	13,814
Revenues over (under) expenditures	(2)	(2)	39	41	(5,203)	(5,202)	(2,941)	2,261
Other financing sources (uses):								
Transfers in from other funds	2	4	3	(1)	2,059	2,059	3,122	1,063
Transfers out to other funds	—	—	—	—	—	—	(30)	(30)
Total other financing sources	2	4	3	(1)	2,059	2,059	3,092	1,033
Net change in fund balances	—	2	42	40	(3,144)	(3,143)	151	3,294
Fund balance (deficit) July 1, 2011	—	(2)	(2)	—	3,144	3,143	3,490	347
Fund balances June 30, 2012	$ —	—	40	40	—	—	3,641	3,641

* 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, 2012

(Dollars in thousands)

	Road Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Taxes	$ 844	844	755	(89)
Licenses and permits	138	138	254	116
Intergovernmental revenues	26,389	26,389	25,111	(1,278)
Charges for services	216	216	302	86
Special assessments	65	65	20	(45)
Miscellaneous revenues	411	411	489	78
Interfund revenues	7,214	7,214	6,851	(363)
Total revenues	35,277	35,277	33,782	(1,495)
Expenditures:				
Current:				
Land use, housing and transportation:				
Administration	6,384	6,384	5,719	665
Engineering services	3,307	3,307	2,491	816
Capital projects management	4,601	4,601	4,391	210
Operations and maintenance	20,400	20,400	19,143	1,257
Operating contingency	11,428	11,428	—	11,428
Total current	46,120	46,120	31,744	14,376
Capital outlay	183	183	125	58
Total expenditures	46,303	46,303	31,869	14,434
Revenues over (under) expenditures	(11,026)	(11,026)	1,913	12,939
Other financing sources (uses):				
Transfers in from other funds	803	803	803	—
Transfers out to other funds	(4,026)	(4,026)	(2,970)	1,056
Total other financing uses	(3,223)	(3,223)	(2,167)	1,056
Net change in fund balances	(14,249)	(14,249)	(254)	13,995
Fund balances July 1, 2011	14,249	14,249	15,025	776
Fund balances June 30, 2012	$ —	—	14,771	14,771

WASHINGTON COUNTY, OREGON

Required Supplementary Information

Schedule of Funding Progress

Other Post Employment Benefits

(Dollars in thousands)

County

Actuarial Valuation Date		Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio		Covered Payroll	UAAL as a Percent of Covered Payroll
6/30/10	$	—	16,446	16,446	0%	$	106,605	15.4%
6/30/11		—	17,251	17,251	0%		110,241	15.6%
6/30/12		—	10,638	10,638	0%		115,644	9.2%

District

Actuarial Valuation Date		Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio		Covered Payroll	UAAL as a Percent of Covered Payroll
7/1/07	$	—	4,641	4,641	0%	$	18,702	24.8%
7/1/09		—	1,885	1,885	0%		20,314	9.3%
7/1/11		—	1,548	1,548	0%		21,609	7.2%

WASHINGTON COUNTY, OREGON

Notes to Required Supplementary Information

June 30, 2012

(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 $8,142.

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 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 one supplemental budget and seven contingency transfers during the year ended June 30, 2012. 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.

OTHER SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY, OREGON

Budgetary Comparison

Major Capital Projects Fund

For the fiscal year ended June 30, 2012

(Dollars in thousands)

		Major Streets Transportation Improvement Program III Fund			
		Adopted budget	**Revised budget**	**Actual**	**Variance positive (negative)**
Revenues:					
Intergovernmental revenues	$	4,151	4,151	10,626	6,475
Miscellaneous revenues		350	350	504	154
Total revenues		4,501	4,501	11,130	6,629
Expenditures:					
Current:					
Land use, housing and transportation:					
Administration		71,755	71,755	31,145	40,610
Total current		71,755	71,755	31,145	40,610
Capital outlay		7,335	7,335	1,607	5,728
Total expenditures		79,090	79,090	32,752	46,338
Revenues over (under) expenditures		(74,589)	(74,589)	(21,622)	52,967
Other financing sources (uses):					
Transfers in from other funds		31,042	31,042	31,276	234
Transfers out to other funds		(9,563)	(9,563)	(1,503)	8,060
Total other financing sources		21,479	21,479	29,773	8,294
Net change in fund balances		(53,110)	(53,110)	8,151	61,261
Fund balances July 1, 2011		53,110	53,110	47,667	(5,443)
Fund balances June 30, 2012	$	—	—	55,818	55,818

NON-MAJOR FUND FINANCIAL STATEMENTS

WASHINGTON COUNTY, OREGON

Fund Descriptions

Non-major Funds

June 30, 2012

SPECIAL REVENUE FUNDS

The Special Revenue Funds account for revenue derived from specific tax or other earmarked 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.

- Animal Services Gifts and Donation 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.

- Child Abuse Multidisciplinary Intervention Fund – This fund provides education and support to victims of child abuse and their families and serves as a liaison for the victim in dealing with police officers, attorneys, and other professionals throughout the investigation and prosecution of the case.

- 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 Housing Authority of Washington County housing programs.

- 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 Patrol District.

- Emergency Medical Services Fund – This fund accounts for the coordination of ambulance services in the County.

- Enhanced Sheriff 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 May 2008 that became effective July 1, 2008. The District contracts with Washington County to provide the required police patrols.

- 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.

- 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.

WASHINGTON COUNTY, OREGON
Fund Descriptions
Non-major Funds
June 30, 2012

- 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 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 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.

- Senate Bill 1145 Fund – This fund is the repository for those funds dedicated exclusively to services for criminal offenders sentenced under the provisions of Senate Bill 1145 (1995 Legislature).

- 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 Service 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.

The following funds are presented individually for budgetary purposes. For reporting purposes these funds are combined with the General Fund in accordance with Generally Accepted Accounting Principles. See combining schedules on pages 104 and 116.

- 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.

- Strategic Investment Program Fund – This fund accounts for payments and other contributions/payments from companies receiving property tax exemptions under the State's Strategic Investment Plan (SIP).

- 1999 Strategic Investment Program Fund – This fund accounts for receipt of all fees from the 1999 SIP agreement and the County's payment of a portion of the community service fee to the City of Hillsboro and other administration functions for the fund.

- Survey Fund – This fund encompasses the duties and responsibilities of the County Surveyor, which include documentation, 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 fund is presented individually for budgetary purposes. For reporting purposes this fund is combined with the Human Services Fund in accordance with Generally Accepted Accounting Principles. See combining schedules on pages 105 and 117.

- Human Services HB-2145 Fund – This fund accounts for beer and wine tax revenues designated for alcoholism treatment and rehabilitation services.

DEBT SERVICE FUNDS

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

- Criminal Justice Bond Fund – This fund is used to pay principal and interest on the Series 2007 refunding of the Criminal Justice Facilities Bonds.

- Miscellaneous Debt Service Fund – This fund is an accounting unit for the payment of all other debt owed by the County.

CAPITAL PROJECTS FUNDS

The Capital Projects Funds account for expenditures on major construction projects. Revenue is derived primarily from issuance of debt and interest income. Funds included in this category are:

- 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.

- 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.

WASHINGTON COUNTY, OREGON
Fund Descriptions
Non-major Funds
June 30, 2012

- 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.

- OTIA Capital Projects Fund – This fund accounts for resources made available to the County under House Bill 2041 for the creation of the Oregon Transportation Investment Act III (OTIA3) State Bridge Delivery Program. OTIA3 was created to maximize ease of traffic movement, while providing expedient project delivery and economic stimulus through the use of Oregon firms and their employees. Funds received are expended to repair or replace selected County bridge facilities.

- 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.

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 expenditures of the Internal Service Funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes, the accrual basis of accounting is used. The differences relate primarily to the methods of accounting for depreciation and capital outlay. Funds included in this category are:

- Fleet Management 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.

WASHINGTON COUNTY, OREGON

Fund Descriptions

Non-major Funds

June 30, 2012

- 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.

- 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.

- 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.

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

General Fund

June 30, 2012

(Dollars in thousands)

Assets	General Fund	Strategic Investment Program Fund	Survey Fund	Total General Fund
Cash and investments	$ 29,077	21	923	30,021
Property taxes receivable	5,373	—	—	5,373
Accounts receivable	4,240	—	—	4,240
Investment interest receivable	1,137	—	—	1,137
Due from other funds	978	—	—	978
Inventory	134	—	—	134
Other assets	255	—	—	255
Total assets	41,194	21	923	42,138
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	1,656	—	10	1,666
Accrued payroll liabilities	4,015	—	4	4,019
Deposits payable	25	—	379	404
Amounts held in trust	603	—	—	603
Deferred revenue	5,140	—	—	5,140
Total liabilities	11,439	—	393	11,832
Fund balances:				
Nonspendable	134	—	—	134
Assigned	—	—	530	530
Unassigned	29,621	21	—	29,642
Total fund balances	29,755	21	530	30,306
Total liabilities and fund balances	$ 41,194	21	923	42,138

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Human Services Fund

June 30, 2012

(Dollars in thousands)

Assets		Human Services Fund	Human Services HB-2145 Fund	Total Human Services Fund
Cash and investments	$	18,034	735	18,769
Accounts receivable		464	—	464
Total assets		18,498	735	19,233
Liabilities and Fund Balances				
Liabilities:				
Accounts payable		2,601	—	2,601
Accrued payroll liabilities		76	—	76
Deferred revenue		12,180	—	12,180
Total liabilities		14,857	—	14,857
Fund balances				
Restricted		3,641	735	4,376
Total fund balances		3,641	735	4,376
Total liabilities and fund balances	$	18,498	735	19,233

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Summary

June 30, 2012

(Dollars in thousands)

Assets		Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Non-major Funds
Cash and investments	$	68,165	43	22,296	90,504
Property taxes receivable		2,529	331	—	2,860
Assessments receivable		5	—	67	72
Accounts receivable		3,449	—	175	3,624
Investment interest receivable		224	—	—	224
Contracts receivable		4,793	—	—	4,793
Inventory		1	—	—	1
Other assets		85	—	—	85
Total assets		79,251	374	22,538	102,163
Liabilities and Fund Balances					
Liabilities:					
Accounts payable		3,192	—	1,946	5,138
Accrued payroll liabilities		920	—	—	920
Deposits payable		299	—	—	299
Amounts held in trust		21	—	—	21
Accrued OHP Reserve		2,088	—	—	2,088
Due to other funds		640	11	—	651
Deferred revenue		8,347	300	573	9,220
Total liabilities		15,507	311	2,519	18,337
Fund balances (deficit):					
Nonspendable		1	—	—	1
Restricted		58,897	63	17,929	76,889
Committed		4,878	—	1,941	6,819
Assigned		—	—	149	149
Unassigned		(32)	—	—	(32)
Total fund balances		63,744	63	20,019	83,826
Total liabilities and fund balances	$	79,251	374	22,538	102,163

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Special Revenue Funds

June 30, 2012

(Dollars in thousands)

Assets		Aging, Disability & Veteran Services Fund	Animal Services Gifts and Donation Fund	Building Services Fund	Child Abuse Multidisciplinary Intervention Fund	Children and Youth Services Commission Fund	Community Corrections Fund
Cash and investments	$	422	497	6,435	297	688	1,503
Accounts receivable		380	—	7	112	374	162
Total assets		802	497	6,442	409	1,062	1,665
Liabilities and Fund Balances							
Liabilities:							
Accounts payable		106	—	21	397	431	172
Accrued payroll liabilities		17	—	52	1	6	118
Deposits payable		—	—	125	—	—	—
Amounts held in trust		—	—	—	—	—	19
Deferred revenue		20	116	7	—	395	—
Total liabilities		143	116	205	398	832	309
Fund balances:							
Restricted		659	381	6,237	11	230	1,356
Total fund balances		659	381	6,237	11	230	1,356
Total liabilities and fund balances	$	802	497	6,442	409	1,062	1,665

WASHINGTON COUNTY, OREGON

Combining Balance Sheet, Continued

Non-major Governmental Funds - Special Revenue Funds

June 30, 2012

(Dollars in thousands)

Assets		Cooperative Library Services Fund	Court Security Fund	Department of Housing Services Fund	Development Services Fund	District Patrol Fund	Emergency Medical Services Fund
Cash and investments	$	4,537	215	108	1,252	272	1,493
Property taxes receivable		395	—	—	—	—	—
Accounts receivable		5	8	136	93	—	2
Other assets		—	—	1	—	—	1
Total assets		4,937	223	245	1,345	272	1,496
Liabilities and Fund Balances							
Liabilities:							
Accounts payable		73	30	126	25	14	20
Accrued payroll liabilities		46	—	46	26	258	5
Deposits payable		—	—	—	172	—	—
Deferred revenue		358	—	—	65	—	—
Total liabilities		477	30	172	288	272	25
Fund balances:							
Restricted		—	193	73	1,057	—	1,471
Committed		4,460	—	—	—	—	—
Total fund balances		4,460	193	73	1,057	—	1,471
Total liabilities and fund balances	$	4,937	223	245	1,345	272	1,496

WASHINGTON COUNTY, OREGON

Combining Balance Sheet, Continued

Non-major Governmental Funds - Special Revenue Funds

June 30, 2012

(Dollars in thousands)

Assets		Enhanced Sheriff Patrol District Fund (Component Unit)	Human Services OHP Fund	Jail Commissary Fund	Juvenile Conciliation Services Fund	Juvenile Grants Fund
Cash and investments	$	14,382	12,876	359	83	—
Property taxes receivable		962	—	—	—	—
Accounts receivable		—	—	7	—	246
Other assets		—	1	—	—	—
Total assets		15,344	12,877	366	83	246
Liabilities and Fund Balances						
Liabilities:						
Accounts payable		—	525	—	8	5
Accrued payroll liabilities		—	26	—	6	9
Amounts held in trust		—	—	1	—	—
Accrued OHP IBNR Reserve		—	2,088	—	—	—
Due to other funds		—	—	—	—	141
Deferred revenue		872	—	—	—	4
Total liabilities		872	2,639	1	14	159
Fund balances:						
Restricted		14,472	10,238	365	69	87
Total fund balances		14,472	10,238	365	69	87
Total liabilities and fund balances	$	15,344	12,877	366	83	246

WASHINGTON COUNTY, OREGON

Combining Balance Sheet, Continued

Non-major Governmental Funds - Special Revenue Funds

June 30, 2012

(Dollars in thousands)

Assets		Juvenile High Risk Prevention Fund	Law Library Fund	Local Option Levy Fund	Maintenance Improvement District Fund	Metzger Park LID Fund
Cash and investments	$	—	1,218	9,619	255	57
Property taxes receivable		—	—	984	—	—
Assessments receivable		—	—	—	—	5
Accounts receivable		511	—	95	—	—
Inventory		1	—	—	—	—
Other assets		—	—	63	—	—
Total assets		512	1,218	10,761	255	62
Liabilities and Fund Balances (Deficits)						
Liabilities:						
Accounts payable		103	1	41	—	3
Accrued payroll liabilities		21	4	234	—	1
Deposits payable		—	—	—	—	1
Due to other funds		292	—	—	—	—
Deferred revenue		118	—	985	—	4
Total liabilities		534	5	1,260	—	9
Fund balances (deficits):						
Nonspendable		1	—	—	—	—
Restricted		—	1,213	9,501	255	53
Unassigned		(23)	—	—	—	—
Total fund balances (deficits)		(22)	1,213	9,501	255	53
Total liabilities and fund balances (deficits)	$	512	1,218	10,761	255	62

WASHINGTON COUNTY, OREGON

Combining Balance Sheet, Continued

Non-major Governmental Funds - Special Revenue Funds

June 30, 2012

(Dollars in thousands)

Assets		North Bethany County Service District 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
Cash and investments	$	45	—	—	1,169	—
Accounts receivable		—	358	69	7	62
Investment interest receivable		—	224	—	—	—
Contracts receivable		—	4,793	—	—	—
Other assets		—	—	—	7	—
Total assets		45	5,375	69	1,183	62
Liabilities and Fund Balances						
Liabilities:						
Accounts payable		—	223	2	5	12
Accrued payroll liabilities		—	9	3	—	2
Due to other funds		—	96	64	—	47
Deferred revenue		—	5,047	—	—	10
Total liabilities		—	5,375	69	5	71
Fund balances:						
Restricted		45	—	—	1,178	—
Unassigned		—	—	—	—	(9)
Total fund balances		45	—	—	1,178	(9)
Total liabilities and fund balances	$	45	5,375	69	1,183	62

WASHINGTON COUNTY, OREGON

Combining Balance Sheet, Continued

Non-major Governmental Funds - Special Revenue Funds

June 30, 2012

(Dollars in thousands)

Assets		Surveyor - Public Land Corner Fund	Tourism Dedicated Lodging Tax Fund	Urban Road Maintenance Service District Fund (Component Unit)	Washington County Fair Fund	West Slope Library Fund	Total Special Revenue Funds
Cash and investments	$	1,497	1,496	6,335	620	435	68,165
Property taxes receivable		—	—	188	—	—	2,529
Assessments receivable		—	—	—	—	—	5
Accounts receivable		9	599	—	207	—	3,449
Investment interest receivable		—	—	—	—	—	224
Contracts receivable		—	—	—	—	—	4,793
Inventory		—	—	—	—	—	1
Other assets		—	—	—	12	—	85
Total assets		1,506	2,095	6,523	839	435	79,251
Liabilities and Fund Balances (Deficits)							
Liabilities:							
Accounts payable		—	811	—	30	8	3,192
Accrued payroll liabilities		10	—	—	11	9	920
Deposits payable		—	—	—	1	—	299
Amounts held in trust		—	—	—	1	—	21
Accrued OHP IBNR Reserve		—	—	—	—	—	2,088
Due to other funds		—	—	—	—	—	640
Deferred revenue		—	—	170	176	—	8,347
Total liabilities		10	811	170	219	17	15,507
Fund balances (deficits):							
Nonspendable		—	—	—	—	—	1
Restricted		1,496	1,284	6,353	620	—	58,897
Committed		—	—	—	—	418	4,878
Unassigned		—	—	—	—	—	(32)
Total fund balances		1,496	1,284	6,353	620	418	63,744
Total liabilities and fund balances	$	1,506	2,095	6,523	839	435	79,251

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Debt Service Funds

June 30, 2012

(Dollars in thousands)

Assets		Criminal Justice Bond Fund	Miscellaneous Debt Service Fund	Total Debt Service Funds
Cash and investments	$	28	15	43
Property tax receivable		331	—	331
Total assets		359	15	374
Liabilities and Fund Balance				
Liabilities:				
Due to other funds		—	11	11
Deferred revenue		300	—	300
Total liabilities		300	11	311
Fund balance:				
Restricted		59	4	63
Total fund balances		59	4	63
Total liabilities and fund balances	$	359	15	374

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Capital Projects Funds

June 30, 2012

(Dollars in thousands)

Assets		Building Equipment Replace-ment Fund	County-wide Traffic Impact Fee Fund	Facilities General Capital Projects Fund	Facilities Park (THPRD) SDC Fund	ITS Capital Projects Fund	Major Streets Capital Projects Fund
Cash and investments	$	1,635	9,229	439	174	301	5,111
Assessments receivable		—	67	—	—	—	—
Accounts receivable		—	—	75	—	—	100
Total assets		1,635	9,296	514	174	301	5,211
Liabilities and Fund Balances							
Liabilities:							
Accounts payable		73	894	135	—	279	424
Deferred revenue		—	67	—	—	—	—
Total liabilities		73	961	135	—	279	424
Fund balances:							
Restricted		—	8,335	—	174	—	4,787
Committed		1,562	—	379	—	—	—
Assigned		—	—	—	—	22	—
Total fund balances		1,562	8,335	379	174	22	4,787
Total liabilities and fund balances	$	1,635	9,296	514	174	301	5,211

WASHINGTON COUNTY, OREGON

Combining Balance Sheet

Non-major Governmental Funds - Capital Projects Funds

June 30, 2012

(Dollars in thousands)

Assets		**OTIA Capital Projects Fund**	**Parks and Open Spaces Opportunity Projects Fund**	**Transportation Development Tax Fund**	**Total Capital Projects Funds**
Cash and investments	$	687	165	4,555	22,296
Assessments receivable		—	—	—	67
Accounts receivable		—	—	—	175
Total assets		687	165	4,555	22,538
Liabilities and Fund Balances					
Liabilities:					
Accounts payable		103	38	—	1,946
Deferred revenue		506	—	—	573
Total liabilities		609	38	—	2,519
Fund balances:					
Restricted		78	—	4,555	17,929
Committed		—	—	—	1,941
Assigned		—	127	—	149
Total fund balances		78	127	4,555	20,019
Total liabilities and fund balances	$	687	165	4,555	22,538

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

General Fund

For the fiscal year ended June 30, 2012

(Dollars in thousands)

		General Fund	**Indirect Cost Reimburse-ment Fund**	**Strategic Investment Program Fund**	**1999 Strategic Investment Program Fund**	**Survey Fund**	**Net Consolidation Adjustments**	**Total General Fund**
Revenues:								
Taxes	$	110,398	—	—	—	—	—	110,398
Licenses and permits		6,022	—	—	—	—	—	6,022
Intergovernmental revenues		16,473	59	—	—	—	—	16,532
Charges for services		6,885	—	11,531	—	310	—	18,726
Fines and forfeitures		3,153	—	—	—	—	—	3,153
Miscellaneous revenues		3,939	—	—	—	6	—	3,945
Interfund revenues		5,422	13,182	—	—	82	(90)	18,596
Total revenues		152,292	13,241	11,531	—	398	(90)	177,372
Expenditures:								
Current:								
General government		36,912	—	—	—	—	—	36,912
Public safety and justice		59,039	—	—	—	—	—	59,039
Land use, housing and transportation		3,104	—	—	—	457	(90)	3,471
Health and human services		17,279	—	—	—	—	—	17,279
Culture, education and recreation		973	—	—	—	—	—	973
Nonoperating		—	1,828	3,898	—	—	—	5,726
Total current		117,307	1,828	3,898	—	457	(90)	123,400
Capital outlay		114	—	—	—	—	2,284	2,398
Debt service:								
Principal		822	—	—	—	—	—	822
Interest		82	—	—	—	—	—	82
Total debt service		904	—	—	—	—	—	904
Total expenditures		118,325	1,828	3,898	—	457	2,194	126,702
Revenues over (under) expenditures		33,967	11,413	7,633	—	(59)	(2,284)	50,670
Other financing sources (uses):								
Proceeds from debt		—	—	—	—	—	2,284	2,284
Transfers in		18,648	—	—	—	77	(17,678)	1,047
Transfers out		(55,518)	(11,413)	(7,614)	(8)	(15)	17,678	(56,890)
Total other financing sources (uses)		(36,870)	(11,413)	(7,614)	(8)	62	2,284	(53,559)
Net change in fund balances		(2,903)	—	19	(8)	3	—	(2,889)
Fund balances July 1, 2011		32,658	—	2	8	527	—	33,195
Fund balances June 30, 2012	$	29,755	—	21	—	530	—	30,306

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Human Services Fund

For the fiscal year ended June 30, 2012

(Dollars in thousands)

		Human Services Fund	Human Services HB-2145 Fund	Net Consolidation Adjustments	Total Human Services Fund
Revenues:					
Intergovernmental revenues	$	16,770	—	—	16,770
Charges for services		20	—	—	20
Miscellaneous revenues		177	—	—	177
Interfund revenues		150	—	—	150
Total revenues		17,117	—	—	17,117
Expenditures:					
Current:					
Health and human services		20,058	—	—	20,058
Total current		20,058	—	—	20,058
Total expenditures		20,058	—	—	20,058
Revenues under expenditures		(2,941)	—	—	(2,941)
Other financing sources (uses):					
Transfers in		3,122	—	(1)	3,121
Transfers out		(30)	(1)	1	(30)
Total other financing sources (uses)		3,092	(1)	—	3,091
Net change in fund balances		151	(1)	—	150
Fund balances July 1, 2011		3,490	736	—	4,226
Fund balances June 30, 2012	$	3,641	735	—	4,376

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, 2012

(Dollars in thousands)

		Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Non-major Funds
Revenues:					
Taxes	$	53,232	6,319	—	59,551
Licenses and permits		2,891	—	—	2,891
Intergovernmental revenues		26,244	—	4,051	30,295
Charges for services		24,413	—	2,592	27,005
Fines and forfeitures		505	—	—	505
Special assessments		106	—	8	114
Miscellaneous revenues		24,880	3	184	25,067
Interfund revenues		1,622	—	705	2,327
Total revenues		133,893	6,322	7,540	147,755
Expenditures:					
Current:					
Public safety and justice		75,350	—	—	75,350
Land use, housing and transportation		19,217	—	7,991	27,208
Health and human services		22,652	—	—	22,652
Culture, education and recreation		28,553	—	—	28,553
Nonoperating		—	2	8	10
Total current		145,772	2	7,999	153,773
Capital outlay		1,307	—	4,629	5,936
Debt service:					
Principal		2	9,357	—	9,359
Interest		—	4,185	—	4,185
Total debt service		2	13,542	—	13,544
Total expenditures		147,081	13,544	12,628	173,253
Revenues under expenditures		(13,188)	(7,222)	(5,088)	(25,498)
Other financing sources (uses):					
Transfers in		21,398	7,218	4,464	33,080
Transfers out		(5,449)	—	(368)	(5,817)
Total other financing sources		15,949	7,218	4,096	27,263
Net change in fund balances		2,761	(4)	(992)	1,765
Fund balances July 1, 2011		60,983	67	21,011	82,061
Fund balances June 30, 2012	$	63,744	63	20,019	83,826

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances (deficit)

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Aging, Disability & Veterans Services Fund	Animal Services Gifts and Donation Fund	Building Services Fund	Child Abuse Multidisciplinary Intervention Fund	Children and Youth Services Commission Fund	Community Corrections Fund
Revenues:						
Licenses and permits	$ —	—	2,402	—	—	—
Intergovernmental revenues	2,189	12	43	—	2,836	5,810
Charges for services	—	—	2,079	—	81	857
Fines and forfeitures	—	—	5	—	—	—
Miscellaneous revenues	5	31	116	549	37	61
Interfund revenues	1	—	82	—	—	1,311
Total revenues	2,195	43	4,727	549	2,954	8,039
Expenditures:						
Current:						
Public safety and justice	—	—	—	601	—	10,448
Land use, housing and transportation	—	—	4,386	—	—	—
Health and human services	2,511	75	—	—	3,174	—
Total expenditures	2,511	75	4,386	601	3,174	10,448
Revenues over (under) expenditures	(316)	(32)	341	(52)	(220)	(2,409)
Other financing sources (uses):						
Transfers in	261	—	71	1	92	2,621
Transfers out	—	—	(206)	—	—	—
Total other financing sources (uses)	261	—	(135)	1	92	2,621
Net change in fund balances	(55)	(32)	206	(51)	(128)	212
Fund balances July 1, 2011	714	413	6,031	62	358	1,144
Fund balances June 30, 2012	$ 659	381	6,237	11	230	1,356

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, 2012

(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	$ 7,885	—	—	—	—	—
Licenses and permits	—	—	—	—	—	457
Intergovernmental revenues	31	—	2,244	177	—	—
Charges for services	8	—	—	1,303	21	10
Fines and forfeitures	—	440	—	60	—	—
Miscellaneous revenues	77	—	3,560	75	18,513	21
Interfund revenues	—	—	—	114	—	2
Total revenues	8,001	440	5,804	1,729	18,534	490
Expenditures:						
Current:						
Public safety and justice	—	383	—	—	18,374	—
Land use, housing and transportation	—	—	6,330	2,187	—	—
Health and human services	—	—	—	—	—	529
Culture, education and recreation	23,446	—	—	—	—	—
Total current	23,446	383	6,330	2,187	18,374	529
Capital outlay	268	48	—	—	314	147
Total expenditures	23,714	431	6,330	2,187	18,688	676
Revenues over (under) expenditures	(15,713)	9	(526)	(458)	(154)	(186)
Other financing sources (uses):						
Transfers in	15,702	—	529	1,028	154	3
Transfers out	(674)	—	(19)	(105)	—	—
Total other financing sources	15,028	—	510	923	154	3
Net change in fund balances	(685)	9	(16)	465	—	(183)
Fund balances July 1, 2011	5,145	184	89	592	—	1,654
Fund balances June 30, 2012	$ 4,460	193	73	1,057	—	1,471

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, 2012

(Dollars in thousands)

	Enhanced Sheriff Patrol District Fund (Component Unit)	Human Services OHP Fund	ITS Systems Replacement Fund	Jail Commissary Fund	Juvenile Conciliation Services Fund	Juvenile Grants Fund
Revenues:						
Taxes	$ 18,766	—	—	—	—	—
Licenses and permits	—	—	—	—	32	—
Intergovernmental revenues	—	—	—	—	—	705
Charges for services	—	17,500	—	—	527	—
Miscellaneous revenues	128	92	—	106	1	8
Total revenues	18,894	17,592	—	106	560	713
Expenditures:						
Current:						
Public safety and justice	18,499	—	—	104	541	744
Health and human services	—	16,363	—	—	—	—
Total expenditures	18,499	16,363	—	104	541	744
Revenues over (under) expenditures	395	1,229	—	2	19	(31)
Other financing sources (uses):						
Transfers in	—	44	—	—	4	8
Transfers out	—	(1,512)	(426)	—	—	—
Total other financing sources (uses)	—	(1,468)	(426)	—	4	8
Net change in fund balances	395	(239)	(426)	2	23	(23)
Fund balances July 1, 2011	14,077	10,477	426	363	46	110
Fund balances June 30, 2012	$ 14,472	10,238	—	365	69	87

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, 2012

(Dollars in thousands)

	Juvenile High Risk Prevention Fund	Law Library Fund	Local Option Levy Fund	Lottery Fund	Maintenance Improvement District Fund	Metzger Park LID Fund
Revenues:						
Taxes	$ —	—	19,481	—	—	—
Intergovernmental revenues	1,747	—	341	2,394	—	—
Charges for services	—	409	108	—	—	—
Special assessments	—	—	—	—	18	88
Miscellaneous revenues	21	10	112	—	1	26
Interfund revenues	—	—	24	—	—	—
Total revenues	1,768	419	20,066	2,394	19	114
Expenditures:						
Current:						
Public safety and justice	1,986	405	18,245	—	—	—
Land use, housing and transportation	—	—	—	—	21	—
Culture, education and recreation	—	—	—	—	—	117
Total current	1,986	405	18,245	—	21	117
Capital outlay	—	—	26	—	—	—
Total expenditures	1,986	405	18,271	—	21	117
Revenues over (under) expenditures	(218)	14	1,795	2,394	(2)	(3)
Other financing sources (uses):						
Transfers in	8	3	148	—	—	1
Transfers out	—	(18)	—	(2,394)	(1)	—
Total other financing sources (uses)	8	(15)	148	(2,394)	(1)	1
Net change in fund balances	(210)	(1)	1,943	—	(3)	(2)
Fund balances July 1, 2011	188	1,214	7,558	—	258	55
Fund balances (deficit) June 30, 2012	$ (22)	1,213	9,501	—	255	53

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, 2012

(Dollars in thousands)

	North Bethany County Service District Fund (Component Unit)	Office of Community Development Block Grant Fund	Senate Bill 1145 Fund	Sheriff's Office Contract Services Fund	Sheriff's Office Forfeitures Fund	Sheriff's Office Grants & Donations Fund
Revenues:						
Taxes	$ 48	—	—	—	—	—
Intergovernmental revenues	—	3,137	2,967	—	—	1,559
Charges for services	—	—	—	456	—	—
Miscellaneous revenues	—	140	—	88	415	—
Interfund revenues	—	—	36	23	—	—
Total revenues	48	3,277	3,003	567	415	1,559
Expenditures:						
Current:						
Public safety and justice	—	—	3,083	560	274	1,103
Land use, housing and transportation	3	3,257	—	—	—	—
Total current	3	3,257	3,083	560	274	1,103
Capital outlay	—	—	—	—	—	429
Total expenditures	3	3,257	3,083	560	274	1,532
Revenues over (under) expenditures	45	20	(80)	7	141	27
Other financing sources:						
Transfers in	—	16	—	6	—	2
Total other financing sources	—	16	—	6	—	2
Net change in fund balances (deficits)	45	36	(80)	13	141	29
Fund balances (deficits) July 1, 2011	—	(36)	80	(13)	1,037	(38)
Fund balances (deficit) June 30, 2012	$ 45	—	—	—	1,178	(9)

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, 2012

(Dollars in thousands)

	Surveyor - Public Land Corner Fund	Tourism Dedicated Lodging Tax Fund	Urban Road Maintenance Service District Fund (Component Unit)	Washington County Fair Fund	West Slope Library Fund	Total Special Revenue Funds
Revenues:						
Taxes	$ —	2,517	3,693	842	—	53,232
Licenses and permits	—	—	—	—	—	2,891
Intergovernmental revenues	—	—	—	50	2	26,244
Charges for services	472	—	—	582	—	24,413
Fines and forfeitures	—	—	—	—	—	505
Special assessments	—	—	—	—	—	106
Miscellaneous revenues	36	12	160	434	45	24,880
Interfund revenues	14	—	15	—	—	1,622
Total revenues	522	2,529	3,868	1,908	47	133,893
Expenditures:						
Current:						
Public safety and justice	—	—	—	—	—	75,350
Land use, housing and transportation	846	—	2,187	—	—	19,217
Health and human services	—	—	—	—	—	22,652
Culture, education and recreation	—	2,529	—	1,789	672	28,553
Total current	846	2,529	2,187	1,789	672	145,772
Capital outlay	—	—	—	75	—	1,307
Debt service:						
Principal	—	—	—	2	—	2
Total debt service	—	—	—	2	—	2
Total expenditures	846	2,529	2,187	1,866	672	147,081
Revenues over (under) expenditures	(324)	—	1,681	42	(625)	(13,188)
Other financing sources (uses):						
Transfers in	8	—	—	7	681	21,398
Transfers out	(29)	—	(14)	(51)	—	(5,449)
Total other financing sources (uses)	(21)	—	(14)	(44)	681	15,949
Net change in fund balances	(345)	—	1,667	(2)	56	2,761
Fund balances July 1, 2011	1,841	1,284	4,686	622	362	60,983
Fund balances June 30, 2012	$ 1,496	1,284	6,353	620	418	63,744

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balance (deficit)

Debt Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Criminal Justice Bond Fund	Miscellaneous Debt Service Fund	Total Debt Service Funds
Revenues:			
Taxes	$ 6,319	—	6,319
Miscellaneous revenues	3	—	3
Total revenues	6,322	—	6,322
Expenditures:			
Current:			
Nonoperating	—	2	2
Total current	—	2	2
Debt service:			
Principal	5,705	3,652	9,357
Interest	637	3,548	4,185
Total debt service	6,342	7,200	13,542
Total expenditures	6,342	7,202	13,544
Revenues under expenditures	(20)	(7,202)	(7,222)
Other financing sources:			
Transfers in	—	7,218	7,218
Total other financing sources	—	7,218	7,218
Net change in fund balance (deficit)	(20)	16	(4)
Fund balance (deficit) July 1, 2011	79	(12)	67
Fund balances June 30, 2012	$ 59	4	63

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

Capital Projects Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Building Equipment Replace-ment Fund	County-wide Traffic Impact Fee Fund	Facilities General Capital Projects Fund	Facilities Park (THPRD) SDC Fund	ITS Capital Projects Fund	Major Streets Capital Projects Fund
Revenues:						
Intergovernmental revenues	$ —	—	1,614	—	—	1,966
Charges for services	—	29	—	5	9	—
Special assessments	—	8	—	—	—	—
Miscellaneous revenues	12	85	8	2	2	36
Interfund revenues	—	—	198	—	507	—
Total revenues	12	122	1,820	7	518	2,002
Expenditures:						
Current:						
Land use, housing and transportation	—	4,714	—	—	—	2,824
Nonoperating	—	—	8	—	—	—
Total current	—	4,714	8	—	—	2,824
Capital outlay	447	622	1,562	—	1,527	89
Total expenditures	447	5,336	1,570	—	1,527	2,913
Revenues over (under) expenditures	(435)	(5,214)	250	7	(1,009)	(911)
Other financing sources (uses):						
Transfers in	324	970	124	—	765	2,281
Transfers out	—	(11)	—	—	—	(357)
Total other financing sources	324	959	124	—	765	1,924
Net change in fund balances	(111)	(4,255)	374	7	(244)	1,013
Fund balances July 1, 2011	1,673	12,590	5	167	266	3,774
Fund balances June 30, 2012	$ 1,562	8,335	379	174	22	4,787

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Projects Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	OTIA Capital Projects Fund	Parks and Open Spaces Opportunity Projects Fund	Transportation Development Tax Fund	Total Capital Projects Funds
Revenues:				
Intergovernmental revenues	$ 471	—	—	4,051
Charges for services	—	—	2,549	2,592
Special assessments	—	—	—	8
Miscellaneous revenues	4	2	33	184
Interfund revenues	—	—	—	705
Total revenues	475	2	2,582	7,540
Expenditures:				
Current:				
Land use, housing and transportation	295	—	158	7,991
Nonoperating	—	—	—	8
Total current	295	—	158	7,999
Capital outlay	—	382	—	4,629
Total expenditures	295	382	158	12,628
Revenues over (under) expenditures	180	(380)	2,424	(5,088)
Other financing sources (uses):				
Transfers in	—	—	—	4,464
Transfers out	—	—	—	(368)
Total other financing sources	—	—	—	4,096
Net change in fund balances	180	(380)	2,424	(992)
Fund balances (deficit) July 1, 2011	(102)	507	2,131	21,011
Fund balances June 30, 2012	$ 78	127	4,555	20,019

WASHINGTON COUNTY, OREGON

Budgetary Comparison

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Aging, Disability & Veterans Services Fund				Animal Services Gifts and Donations Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ 4,167	4,167	2,189	(1,978)	53	53	12	(41)
Miscellaneous revenues	10	10	5	(5)	25	25	31	6
Interfund revenues	—	—	1	1	—	—	—	—
Total revenues	4,177	4,177	2,195	(1,982)	78	78	43	(35)
Expenditures:								
Current:								
Health and human services	4,615	4,615	2,511	2,104	268	268	75	193
Operating contingency	428	428	—	428	228	228	—	228
Total current	5,043	5,043	2,511	2,532	496	496	75	421
Total expenditures	5,043	5,043	2,511	2,532	496	496	75	421
Revenues under expenditures	(866)	(866)	(316)	550	(418)	(418)	(32)	386
Other financing sources:								
Transfers in from other funds	261	261	261	—	—	—	—	—
Total other financing sources	261	261	261	—	—	—	—	—
Net change in fund balances	(605)	(605)	(55)	550	(418)	(418)	(32)	386
Fund balances July 1, 2011	605	605	714	109	418	418	413	(5)
Fund balances June 30, 2012	$ —	—	659	659	—	—	381	381

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Building Services Fund				Child Abuse Multidisciplinary Intervention Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Licenses and permits	$ 2,425	2,425	2,402	(23)	—	—	—	—
Intergovernmental revenues	44	44	43	(1)	—	—	—	—
Charges for services	1,791	1,791	2,079	288	—	—	—	—
Fines and forfeitures	3	3	5	2	—	—	—	—
Miscellaneous revenues	61	61	116	55	497	497	549	52
Interfund revenues	106	106	82	(24)	—	—	—	—
Total revenues	4,430	4,430	4,727	297	497	497	549	52
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	502	502	601	(99)
Land use, housing and transportation	5,237	5,237	4,386	851	—	—	—	—
Operating contingency	5,135	5,135	—	5,135	4	4	—	4
Total current	10,372	10,372	4,386	5,986	506	506	601	(95)
Total expenditures	10,372	10,372	4,386	5,986	506	506	601	(95)
Revenues over (under) expenditures	(5,942)	(5,942)	341	6,283	(9)	(9)	(52)	(43)
Other financing sources (uses):								
Transfers in from other funds	71	71	71	—	1	1	1	—
Transfers out to other funds	(206)	(206)	(206)	—	—	—	—	—
Total other financing sources (uses)	(135)	(135)	(135)	—	1	1	1	—
Net change in fund balances	(6,077)	(6,077)	206	6,283	(8)	(8)	(51)	(43)
Fund balances July 1, 2011	6,077	6,077	6,031	(46)	8	8	62	54
Fund balances June 30, 2012	$ —	—	6,237	6,237	—	—	11	11

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Children and Youth Services Commission Fund				Community Corrections Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ 3,487	3,487	2,836	(651)	5,607	5,724	5,810	86
Charges for services	150	150	81	(69)	861	861	857	(4)
Miscellaneous revenues	56	56	37	(19)	55	55	61	6
Interfund revenues	—	—	—	—	1,299	1,299	1,311	12
Total revenues	3,693	3,693	2,954	(739)	7,822	7,939	8,039	100
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	11,296	11,413	10,448	965
Health and human services	3,932	3,932	3,174	758	—	—	—	—
Operating contingency	11	11	—	11	—	—	—	—
Total current	3,943	3,943	3,174	769	11,296	11,413	10,448	965
Total expenditures	3,943	3,943	3,174	769	11,296	11,413	10,448	965
Revenues under expenditures	(250)	(250)	(220)	30	(3,474)	(3,474)	(2,409)	1,065
Other financing sources:								
Transfers in from other funds	92	92	92	—	2,621	2,621	2,621	—
Total other financing sources	92	92	92	—	2,621	2,621	2,621	—
Net change in fund balances	(158)	(158)	(128)	30	(853)	(853)	212	1,065
Fund balances July 1, 2011	158	158	358	200	853	853	1,144	291
Fund balances June 30, 2012	$ —	—	230	230	—	—	1,356	1,356

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(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	$ 7,851	7,851	7,885	34	—	—	—	—
Intergovernmental revenues	43	43	31	(12)	—	—	—	—
Charges for services	9	9	8	(1)	—	—	—	—
Fines and forfeitures	—	—	—	—	296	296	440	144
Miscellaneous revenues	67	67	77	10	6	6	—	(6)
Total revenues	7,970	7,970	8,001	31	302	302	440	138
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	380	430	383	47
Culture, education and recreation	24,514	24,514	23,446	1,068	—	—	—	—
Operating contingency	3,142	3,142	—	3,142	104	54	—	54
Total current	27,656	27,656	23,446	4,210	484	484	383	101
Capital outlay	142	142	268	(126)	—	—	48	(48)
Total expenditures	27,798	27,798	23,714	4,084	484	484	431	53
Revenues under expenditures	(19,828)	(19,828)	(15,713)	4,115	(182)	(182)	9	191
Other financing sources (uses):								
Transfers in from other funds	15,702	15,702	15,702	—	—	—	—	—
Transfers out to other funds	(671)	(671)	(674)	(3)	—	—	—	—
Total other financing sources	15,031	15,031	15,028	(3)	—	—	—	—
Net change in fund balances	(4,797)	(4,797)	(685)	4,112	(182)	(182)	9	191
Fund balances July 1, 2011	4,797	4,797	5,145	348	182	182	184	2
Fund balances June 30, 2012	$ —	—	4,460	4,460	—	—	193	193

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(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	$ 2,613	2,613	2,244	(369)	195	195	177	(18)
Charges for services	—	—	—	—	1,422	1,422	1,303	(119)
Fines and forfeitures	—	—	—	—	25	25	60	35
Miscellaneous revenues	3,909	3,909	3,560	(349)	6	6	75	69
Interfund revenues	—	—	—	—	242	242	114	(128)
Total revenues	6,522	6,522	5,804	(718)	1,890	1,890	1,729	(161)
Expenditures:								
Current:								
Land use, housing and transportation	6,957	6,957	6,330	627	2,596	2,596	2,187	409
Operating contingency	37	37	—	37	747	747	—	747
Total current	6,994	6,994	6,330	664	3,343	3,343	2,187	1,156
Total expenditures	6,994	6,994	6,330	664	3,343	3,343	2,187	1,156
Revenues over (under) expenditures	(472)	(472)	(526)	(54)	(1,453)	(1,453)	(458)	995
Other financing sources (uses):								
Transfers in from other funds	391	391	529	138	958	958	1,028	70
Transfers out to other funds	—	—	(19)	(19)	(105)	(105)	(105)	—
Total other financing sources	391	391	510	119	853	853	923	70
Net change in fund balances	(81)	(81)	(16)	65	(600)	(600)	465	1,065
Fund balances July 1, 2011	81	81	89	8	600	600	592	(8)
Fund balances June 30, 2012	$ —	—	73	73	—	—	1,057	1,057

* 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, 2012

(Dollars in thousands)

	District Patrol Fund				Emergency Medical Services Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Licenses and permits	$ —	—	—	—	460	460	457	(3)
Charges for services	21	21	21	—	5	5	10	5
Miscellaneous revenues	19,545	19,545	18,513	(1,032)	12	12	21	9
Interfund revenues	—	—	—	—	2	2	2	—
Total revenues	19,566	19,566	18,534	(1,032)	479	479	490	11
Expenditures:								
Current:								
Public safety and justice	19,198	19,198	18,374	824	—	—	—	—
Health and human services	—	—	—	—	762	762	529	233
Operating contingency	140	140	—	140	1,209	1,209	—	1,209
Total current	19,338	19,338	18,374	964	1,971	1,971	529	1,442
Capital outlay	389	389	314	75	140	140	147	(7)
Total expenditures	19,727	19,727	18,688	1,039	2,111	2,111	676	1,435
Revenues under expenditures	(161)	(161)	(154)	7	(1,632)	(1,632)	(186)	1,446
Other financing sources:								
Transfers in from other funds	154	154	154	—	3	3	3	—
Total other financing sources	154	154	154	—	3	3	3	—
Net change in fund balances	(7)	(7)	—	7	(1,629)	(1,629)	(183)	1,446
Fund balances July 1, 2011	7	7	—	(7)	1,629	1,629	1,654	25
Fund balances June 30, 2012	$ —	—	—	—	—	—	1,471	1,471

* 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, 2012

(Dollars in thousands)

	Enhanced Sheriff Patrol District Fund (Component Unit)				Human Services HB-2145 Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	$ 18,604	18,604	18,766	162	—	—	—	—
Miscellaneous revenues	60	60	128	68	—	—	—	—
Total revenues	18,664	18,664	18,894	230	—	—	—	—
Expenditures:								
Current:								
Public safety and justice	19,549	19,549	18,499	1,050	—	—	—	—
Operating contingency	12,662	12,662	—	12,662	49	49	—	49
Total current	32,211	32,211	18,499	13,712	49	49	—	49
Total expenditures	32,211	32,211	18,499	13,712	49	49	—	49
Revenues over (under) expenditures	(13,547)	(13,547)	395	13,942	(49)	(49)	—	49
Other financing uses:								
Transfers out to other funds	—	—	—	—	(400)	(400)	(1)	399
Total other financing uses	—	—	—	—	(400)	(400)	(1)	399
Net change in fund balances	(13,547)	(13,547)	395	13,942	(449)	(449)	(1)	448
Fund balances July 1, 2011	13,547	13,547	14,077	530	449	449	736	287
Fund balances June 30, 2012	$ —	—	14,472	14,472	—	—	735	735

WASHINGTON COUNTY, OREGON
Budgetary Comparison, Continued
Non-major Governmental Funds - Special Revenue Funds
For the fiscal year ended June 30, 2012
(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	$ —	—	—	—	59	59	59	—
Charges for services	19,034	19,034	17,500	(1,534)	—	—	—	—
Miscellaneous revenues	60	60	92	32	—	—	—	—
Interfund revenues	—	—	—	—	13,191	13,191	13,182	(9)
Total revenues	19,094	19,094	17,592	(1,502)	13,250	13,250	13,241	(9)
Expenditures:								
Current:								
Health and human services	19,075	19,075	16,363	2,712	—	—	—	—
Nonoperating	—	—	—	—	1,828	1,828	1,828	—
Operating contingency	5,764	5,764	—	5,764	—	—	—	—
Total current	24,839	24,839	16,363	8,476	1,828	1,828	1,828	—
Total expenditures	24,839	24,839	16,363	8,476	1,828	1,828	1,828	—
Revenues over (under) expenditures	(5,745)	(5,745)	1,229	6,974	11,422	11,422	11,413	(9)
Other financing sources (uses):								
Transfers in from other funds	14	14	44	30	—	—	—	—
Transfers out to other funds	(50)	(50)	(1,512)	(1,462)	(11,422)	(11,422)	(11,413)	9
Total other financing uses	(36)	(36)	(1,468)	(1,432)	(11,422)	(11,422)	(11,413)	9
Net change in fund balances	(5,781)	(5,781)	(239)	5,542	—	—	—	—
Fund balances July 1, 2011	5,781	5,781	10,477	4,696	—	—	—	—
Fund balances June 30, 2012	$ —	—	10,238	10,238	—	—	—	—

* 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, 2012
(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	$ —	—	—	—	102	102	106	4
Total revenues	—	—	—	—	102	102	106	4
Expenditures:								
Current:								
Public safety and justice	—	—	—	—	134	134	104	30
Operating contingency	—	—	—	—	296	296	—	296
Total current	—	—	—	—	430	430	104	326
Total expenditures	—	—	—	—	430	430	104	326
Revenues over (under) expenditures	—	—	—	—	(328)	(328)	2	330
Other financing uses:								
Transfers out to other funds	(543)	(543)	(426)	117	—	—	—	—
Total other financing uses	(543)	(543)	(426)	117	—	—	—	—
Net change in fund balances	(543)	(543)	(426)	117	(328)	(328)	2	330
Fund balances July 1, 2011	543	543	426	(117)	328	328	363	35
Fund balances June 30, 2012	$ —	—	—	—	—	—	365	365

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Juvenile Conciliation Services Fund				Juvenile Grants Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Licenses and permits	$ 33	33	32	(1)	—	—	—	—
Intergovernmental revenues	—	—	—	—	968	968	705	(263)
Charges for services	510	510	527	17	—	—	—	—
Miscellaneous revenues	1	1	1	—	13	13	8	(5)
Total revenues	544	544	560	16	981	981	713	(268)
Expenditures:								
Current:								
Public safety and justice	601	601	541	60	1,123	1,123	744	379
Total current	601	601	541	60	1,123	1,123	744	379
Total expenditures	601	601	541	60	1,123	1,123	744	379
Revenues over (under) expenditures	(57)	(57)	19	76	(142)	(142)	(31)	111
Other financing sources:								
Transfers in from other funds	4	4	4	—	8	8	8	—
Total other financing sources	4	4	4	—	8	8	8	—
Net change in fund balances	(53)	(53)	23	76	(134)	(134)	(23)	111
Fund balances July 1, 2011	53	53	46	(7)	134	134	110	(24)
Fund balances June 30, 2012	$ —	—	69	69	—	—	87	87

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Juvenile High Risk Prevention Fund				Law Library Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ 1,835	1,899	1,747	(152)	—	—	—	—
Charges for services	—	—	—	—	502	502	409	(93)
Miscellaneous revenues	30	30	21	(9)	6	6	10	4
Total revenues	1,865	1,929	1,768	(161)	508	508	419	(89)
Expenditures:								
Current:								
Public safety and justice	2,124	2,188	1,986	202	526	526	405	121
Operating contingency	—	—	—	—	872	872	—	872
Total current	2,124	2,188	1,986	202	1,398	1,398	405	993
Total expenditures	2,124	2,188	1,986	202	1,398	1,398	405	993
Revenues under expenditures	(259)	(259)	(218)	41	(890)	(890)	14	904
Other financing sources (uses):								
Transfers in from other funds	8	8	8	—	3	3	3	—
Transfers out to other funds	—	—	—	—	(18)	(18)	(18)	—
Total other financing sources (uses)	8	8	8	—	(15)	(15)	(15)	—
Net change in fund balances	(251)	(251)	(210)	41	(905)	(905)	(1)	904
Fund balances July 1, 2011	251	251	188	(63)	905	905	1,214	309
Fund balance (deficit) June 30, 2012	$ —	—	(22)	(22)	—	—	1,213	1,213

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(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	$ 19,397	19,397	19,481	84	—	—	—	—
Intergovernmental revenues	357	357	341	(16)	—	2,500	2,394	(106)
Charges for services	52	52	108	56	—	—	—	—
Miscellaneous revenues	63	63	112	49	—	—	—	—
Interfund revenues	25	25	24	(1)	—	—	—	—
Total revenues	19,894	19,894	20,066	172	—	2,500	2,394	(106)
Expenditures:								
Current:								
Public safety and justice								
County administration	834	837	774	63	—	—	—	—
Sheriff's office administration	890	890	856	34	—	—	—	—
Law enforcement services	8,562	8,562	8,312	250	—	—	—	—
Sheriff's Office - Jail	1,985	1,985	1,961	24	—	—	—	—
District Attorney	2,227	2,227	2,163	64	—	—	—	—
Community corrections	1,041	1,041	955	86	—	—	—	—
Juvenile services	3,406	3,406	3,224	182	—	—	—	—
Operating contingency	8,668	8,665	—	8,665	—	—	—	—
Total current	27,613	27,613	18,245	9,368	—	—	—	—
Capital outlay	74	74	26	48	—	—	—	—
Total expenditures	27,687	27,687	18,271	9,416	—	—	—	—
Revenues over (under) expenditures	(7,793)	(7,793)	1,795	9,588	—	2,500	2,394	(106)
Other financing sources (uses):								
Transfers in from other funds	156	156	148	(8)	—	—	—	—
Transfers out to other funds	—	—	—	—	—	(2,500)	(2,394)	106
Total other financing sources (uses)	156	156	148	(8)	—	(2,500)	(2,394)	106
Net change in fund balances	(7,637)	(7,637)	1,943	9,580	—	—	—	—
Fund balances July 1, 2011	7,637	7,637	7,558	(79)	—	—	—	—
Fund balances June 30, 2012	$ —	—	9,501	9,501	—	—	—	—

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Maintenance Improvement District Fund				Metzger Park LID Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Special assessments	$ 18	18	18	—	87	87	88	1
Miscellaneous revenues	2	2	1	(1)	27	27	26	(1)
Total revenues	20	20	19	(1)	114	114	114	—
Expenditures:								
Current:								
Land use, housing and transportation	203	203	21	182	—	—	—	—
Culture, education and recreation	—	—	—	—	151	151	117	34
Operating contingency	63	63	—	63	12	12	—	12
Total current	266	266	21	245	163	163	117	46
Total expenditures	266	266	21	245	163	163	117	46
Revenues over (under) expenditures	(246)	(246)	(2)	244	(49)	(49)	(3)	46
Other financing sources (uses):								
Transfers in from other funds	—	—	—	—	1	1	1	—
Transfers out to other funds	(1)	(1)	(1)	—	—	—	—	—
Total other financing sources (uses)	(1)	(1)	(1)	—	1	1	1	—
Net change in fund balances	(247)	(247)	(3)	244	(48)	(48)	(2)	46
Fund balances July 1, 2011	247	247	258	11	48	48	55	7
Fund balances June 30, 2012	$ —	—	255	255	—	—	53	53

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	North Bethany County Service District Fund (Component Unit)				Office of Community Development Block Grant Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	$ 32	32	48	16	—	—	—	—
Intergovernmental revenues	—	—	—	—	4,547	4,547	3,137	(1,410)
Miscellaneous revenues	—	—	—	—	68	68	140	72
Total revenues	32	32	48	16	4,615	4,615	3,277	(1,338)
Expenditures:								
Current:								
Land use, housing and transportation	1,833	1,833	3	1,830	4,616	4,615	3,257	1,358
Operating contingency	—	—	—	—	9	9	—	9
Total current	1,833	1,833	3	1,830	4,625	4,624	3,257	1,367
Capital outlay	500	500	—	500	—	—	—	—
Total expenditures	2,333	2,333	3	2,330	4,625	4,624	3,257	1,367
Revenues over (under) expenditures	(2,301)	(2,301)	45	2,346	(10)	(9)	20	29
Other financing sources:								
Transfers in from other funds	2,300	2,300	—	(2,300)	10	26	16	(10)
Total other financing sources	2,300	2,300	—	(2,300)	10	26	16	(10)
Net change in fund balances	(1)	(1)	45	46	—	17	36	19
Fund balance (deficit) July 1, 2011	1	1	—	(1)	—	(17)	(36)	(19)
Fund balances June 30, 2012	$ —	—	45	45	—	—	—	—

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Senate Bill 1145 Fund				Sheriff's Office Contract Services Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ 3,087	3,087	2,967	(120)	—	—	—	—
Charges for services	—	—	—	—	612	612	456	(156)
Miscellaneous revenues	—	—	—	—	109	109	88	(21)
Interfund revenues	36	36	36	—	40	40	23	(17)
Total revenues	3,123	3,123	3,003	(120)	761	761	567	(194)
Expenditures:								
Current:								
Public safety and justice	3,202	3,202	3,083	119	768	768	560	208
Total current	3,202	3,202	3,083	119	768	768	560	208
Total expenditures	3,202	3,202	3,083	119	768	768	560	208
Revenues over (under) expenditures	(79)	(79)	(80)	(1)	(7)	(7)	7	14
Other financing sources:								
Transfers in from other funds	—	—	—	—	6	6	6	—
Total other financing sources	—	—	—	—	6	6	6	—
Net change in fund balances	(79)	(79)	(80)	(1)	(1)	(1)	13	14
Fund balance (deficit) July 1, 2011	79	79	80	1	1	1	(13)	(14)
Fund balances June 30, 2012	$ —	—	—	—	—	—	—	—

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Sheriff's Office Forfeitures Fund				Sheriff's Office Grants & Donations Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Intergovernmental revenues	$ —	—	—	—	1,641	1,784	1,559	(225)
Miscellaneous revenues	410	410	415	5	10	10	—	(10)
Total revenues	410	410	415	5	1,651	1,794	1,559	(235)
Expenditures:								
Current:								
Public safety and justice	890	890	274	616	1,653	1,653	1,103	550
Operating contingency	200	200	—	200	—	—	—	—
Total current	1,090	1,090	274	816	1,653	1,653	1,103	550
Capital outlay	—	—	—	—	—	143	429	(286)
Total expenditures	1,090	1,090	274	816	1,653	1,796	1,532	264
Revenues over (under) expenditures	(680)	(680)	141	821	(2)	(2)	27	29
Other financing sources:								
Transfers in from other funds	—	—	—	—	2	2	2	—
Total other financing sources	—	—	—	—	2	2	2	—
Net change in fund balance (deficit)	(680)	(680)	141	821	—	—	29	29
Fund balance (deficit) July 1, 2011	680	680	1,037	357	—	—	(38)	(38)
Fund balance (deficit) June 30, 2012	$ —	—	1,178	1,178	—	—	(9)	(9)

* 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, 2012

(Dollars in thousands)

	Strategic Investment Program Fund				1999 Strategic Investment Program Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ —	3,000	—	(3,000)	—	—	—	—
Charges for services	11,950	11,950	11,531	(419)	—	—	—	—
Total revenues	11,950	14,950	11,531	(3,419)	—	—	—	—
Expenditures:								
Current:								
Nonoperating	4,092	6,966	3,898	3,068	—	—	—	—
Total current	4,092	6,966	3,898	3,068	—	—	—	—
Total expenditures	4,092	6,966	3,898	3,068	—	—	—	—
Revenues over (under) expenditures	7,858	7,984	7,633	(351)	—	—	—	—
Other financing uses:								
Transfers out to other funds	(7,859)	(7,985)	(7,614)	371	—	(8)	(8)	—
Total other financing uses	(7,859)	(7,985)	(7,614)	371	—	(8)	(8)	—
Net change in fund balances	(1)	(1)	19	20	—	(8)	(8)	—
Fund balances July 1, 2011	1	1	2	1	—	8	8	—
Fund balances June 30, 2012	$ —	—	21	21	—	—	—	—

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Survey Fund				Surveyor-Public Land Corner Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	$ 193	193	310	117	500	500	472	(28)
Miscellaneous revenues	7	7	6	(1)	16	16	36	20
Interfund revenues	64	64	82	18	4	4	14	10
Total revenues	264	264	398	134	520	520	522	2
Expenditures:								
Current:								
Land use, housing and transportation	458	458	457	1	868	868	846	22
Operating contingency	284	284	—	284	1,493	1,493	—	1,493
Total current	742	742	457	285	2,361	2,361	846	1,515
Total expenditures	742	742	457	285	2,361	2,361	846	1,515
Revenues over (under) expenditures	(478)	(478)	(59)	419	(1,841)	(1,841)	(324)	1,517
Other financing sources (uses):								
Transfers in from other funds	77	77	77	—	8	8	8	—
Transfers out to other funds	(15)	(15)	(15)	—	(29)	(29)	(29)	—
Total other financing sources (uses)	62	62	62	—	(21)	(21)	(21)	—
Net change in fund balances	(416)	(416)	3	419	(1,862)	(1,862)	(345)	1,517
Fund balances July 1, 2011	416	416	527	111	1,862	1,862	1,841	(21)
Fund balances June 30, 2012	$ —	—	530	530	—	—	1,496	1,496

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Tourism Dedicated Lodging Tax Fund				Urban Road Maintenance Service District Fund (Component Unit)			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	$ 2,063	2,063	2,517	454	3,645	3,645	3,693	48
Miscellaneous revenues	13	13	12	(1)	38	38	160	122
Interfund revenues	—	—	—	—	—	—	15	15
Total revenues	2,076	2,076	2,529	453	3,683	3,683	3,868	185
Expenditures:								
Current:								
Land use, housing and transportation	—	—	—	—	2,372	2,372	2,187	185
Culture, education and recreation	3,359	3,359	2,529	830	—	—	—	—
Operating contingency	—	—	—	—	5,182	5,182	—	5,182
Total current	3,359	3,359	2,529	830	7,554	7,554	2,187	5,367
Total expenditures	3,359	3,359	2,529	830	7,554	7,554	2,187	5,367
Revenues under expenditures	(1,283)	(1,283)	—	1,283	(3,871)	(3,871)	1,681	5,552
Other financing uses:								
Transfers out to other funds	—	—	—	—	(14)	(14)	(14)	—
Total other financing uses	—	—	—	—	(14)	(14)	(14)	—
Net change in fund balances	(1,283)	(1,283)	—	1,283	(3,885)	(3,885)	1,667	5,552
Fund balances July 1, 2011	1,283	1,283	1,284	1	3,885	3,885	4,686	801
Fund balances June 30, 2012	$ —	—	1,284	1,284	—	—	6,353	6,353

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Special Revenue Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Washington County Fair Fund				West Slope Library Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	$ 680	680	842	162	—	—	—	—
Intergovernmental revenues	36	36	50	14	3	3	2	(1)
Charges for services	601	601	582	(19)	—	—	—	—
Miscellaneous revenues	423	423	434	11	26	41	45	4
Total revenues	1,740	1,740	1,908	168	29	44	47	3
Expenditures:								
Current:								
Culture, education and recreation	1,707	1,777	1,789	(12)	757	772	672	100
Operating contingency	401	331	—	331	270	270	—	270
Total current	2,108	2,108	1,789	319	1,027	1,042	672	370
Capital outlay	68	68	75	(7)	—	—	—	—
Debt service:								
Principal	—	—	2	(2)	—	—	—	—
Total debt service	—	—	2	(2)	—	—	—	—
Total expenditures	2,176	2,176	1,866	310	1,027	1,042	672	370
Revenues over (under) expenditures	(436)	(436)	42	478	(998)	(998)	(625)	373
Other financing sources (uses):								
Transfers in from other funds	7	7	7	—	678	678	681	3
Transfers out to other funds	(51)	(51)	(51)	—	—	—	—	—
Total other financing sources (uses)	(44)	(44)	(44)	—	678	678	681	3
Net change in fund balances	(480)	(480)	(2)	478	(320)	(320)	56	376
Fund balances July 1, 2011	480	480	622	142	320	320	362	42
Fund balances June 30, 2012	$ —	—	620	620	—	—	418	418

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Debt Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Criminal Justice Bond Fund				Miscellaneous Debt Service Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Taxes	$ 6,336	6,336	6,319	(17)	—	—	—	—
Miscellaneous revenues	4	4	3	(1)	—	—	—	—
Total revenues	6,340	6,340	6,322	(18)	—	—	—	—
Expenditures:								
Current:								
Nonoperating	—	—	—	—	3	3	2	1
Total current	—	—	—	—	3	3	2	1
Debt service:								
Principal	5,705	5,705	5,705	—	3,652	3,652	3,652	—
Interest	637	637	637	—	3,548	3,548	3,548	—
Total debt service	6,342	6,342	6,342	—	7,200	7,200	7,200	—
Total expenditures	6,342	6,342	6,342	—	7,203	7,203	7,202	1
Revenues under expenditures	(2)	(2)	(20)	(18)	(7,203)	(7,203)	(7,202)	1
Other financing sources:								
Transfers in from other funds	—	—	—	—	7,203	7,218	7,218	—
Total other financing sources	—	—	—	—	7,203	7,218	7,218	—
Net change in fund balance	(2)	(2)	(20)	(18)	—	15	16	1
Fund balance (deficit) July 1, 2011	2	2	79	77	—	(15)	(12)	3
Fund balances June 30, 2012	$ —	—	59	59	—	—	4	4

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Capital Projects Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Building Equipment Replacement Fund				Countywide Traffic Impact Fee Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	$ —	—	—	—	110	110	29	(81)
Special assessments	—	—	—	—	—	—	8	8
Miscellaneous revenues	22	22	12	(10)	120	120	85	(35)
Total revenues	22	22	12	(10)	230	230	122	(108)
Expenditures:								
Current:								
Land use, housing and transportation	—	—	—	—	13,346	13,346	4,714	8,632
Operating contingency	814	814	—	814	—	—	—	—
Total current	814	814	—	814	13,346	13,346	4,714	8,632
Capital outlay	852	852	447	405	847	847	622	225
Total expenditures	1,666	1,666	447	1,219	14,193	14,193	5,336	8,857
Revenues over (under) expenditures	(1,644)	(1,644)	(435)	1,209	(13,963)	(13,963)	(5,214)	8,749
Other financing sources(uses):								
Transfers in from other funds	324	324	324	—	4,000	—	970	970
Transfers out to other funds	—	—	—	—	(11)	(11)	(11)	—
Total other financing sources (uses)	324	324	324	—	3,989	(11)	959	970
Net change in fund balances	(1,320)	(1,320)	(111)	1,209	(9,974)	(13,974)	(4,255)	9,719
Fund balances July 1, 2011	1,320	1,320	1,673	353	9,974	13,974	12,590	(1,384)
Fund balances June 30, 2012	$ —	—	1,562	1,562	—	—	8,335	8,335

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Capital Projects Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Facilities General Capital Projects Fund				Facilities Park (THPRD) SDC Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ 1,614	1,614	1,614	—	—	—	—	—
Charges for services	—	—	—	—	10	10	5	(5)
Miscellaneous revenues	12	12	8	(4)	2	2	2	—
Interfund revenues	166	166	198	32	—	—	—	—
Total revenues	1,792	1,792	1,820	28	12	12	7	(5)
Expenditures:								
Current:								
Nonoperating	12	12	8	4	176	176	—	176
Total current	12	12	8	4	176	176	—	176
Capital outlay	2,040	2,040	1,562	478	—	—	—	—
Total expenditures	2,052	2,052	1,570	482	176	176	—	176
Revenues over (under) expenditures	(260)	(260)	250	510	(164)	(164)	7	171
Other financing sources:								
Transfers in from other funds	160	160	124	(36)	—	—	—	—
Total other financing sources	160	160	124	(36)	—	—	—	—
Net change in fund balances	(100)	(100)	374	474	(164)	(164)	7	171
Fund balances July 1, 2011	100	100	5	(95)	164	164	167	3
Fund balances June 30, 2012	$ —	—	379	379	—	—	174	174

WASHINGTON COUNTY, OREGON
Budgetary Comparison, Continued
Non-major Governmental Funds - Capital Projects Funds
For the fiscal year ended June 30, 2012
(Dollars in thousands)

	ITS Capital Projects Fund				Major Streets Capital Projects Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)*
Revenues:								
Intergovernmental revenues	$ —	—	—	—	1,785	1,785	1,966	181
Charges for services	5	5	9	4	—	—	—	—
Miscellaneous revenues	—	—	2	2	35	35	36	1
Interfund revenues	826	826	507	(319)	—	—	—	—
Total revenues	831	831	518	(313)	1,820	1,820	2,002	182
Expenditures:								
Current:								
Land use, housing and transportation	—	—	—	—	7,879	7,879	2,824	5,055
Total current	—	—	—	—	7,879	7,879	2,824	5,055
Capital outlay	5,006	5,006	1,527	3,479	1,035	1,035	89	946
Total expenditures	5,006	5,006	1,527	3,479	8,914	8,914	2,913	6,001
Revenues over (under) expenditures	(4,175)	(4,175)	(1,009)	3,166	(7,094)	(7,094)	(911)	6,183
Other financing sources (uses):								
Transfers in from other funds	3,803	3,803	765	(3,038)	3,200	3,200	2,281	(919)
Transfers out to other funds	—	—	—	—	(257)	(257)	(357)	(100)
Total other financing sources (uses)	3,803	3,803	765	(3,038)	2,943	2,943	1,924	(1,019)
Net change in fund balances	(372)	(372)	(244)	128	(4,151)	(4,151)	1,013	5,164
Fund balances July 1, 2011	372	372	266	(106)	4,151	4,151	3,774	(377)
Fund balances June 30, 2012	$ —	—	22	22	—	—	4,787	4,787

* 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, 2012
(Dollars in thousands)

	North Bethany SDC Fund				OTIA Capital Projects Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Intergovernmental revenues	$ —	—	—	—	—	—	471	471
Charges for services	250	250	—	(250)	—	—	—	—
Miscellaneous revenues	2	2	—	(2)	1	1	4	3
Total revenues	252	252	—	(252)	1	1	475	474
Expenditures:								
Current:								
Land use, housing and transportation	252	252	—	252	1,010	1,010	295	715
Total current	252	252	—	252	1,010	1,010	295	715
Capital outlay	—	—	—	—	100	100	—	100
Total expenditures	252	252	—	252	1,110	1,110	295	815
Revenues over (under) expenditures	—	—	—	—	(1,109)	(1,109)	180	1,289
Other financing sources:								
Transfers in from other funds	—	—	—	—	500	500	—	(500)
Total other financing sources	—	—	—	—	500	500	—	(500)
Net change in fund balances	—	—	—	—	(609)	(609)	180	789
Fund balance (deficit) July 1, 2011	—	—	—	—	609	609	(102)	(711)
Fund balances June 30, 2012	$ —	—	—	—	—	—	78	78

WASHINGTON COUNTY, OREGON

Budgetary Comparison, Continued

Non-major Governmental Funds - Capital Projects Funds

For the fiscal year ended June 30, 2012

(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:								
Charges for services	$ —	—	—	—	1,500	1,500	2,549	1,049
Miscellaneous revenues	5	5	2	(3)	15	15	33	18
Total revenues	5	5	2	(3)	1,515	1,515	2,582	1,067
Expenditures:								
Current:								
Land use, housing and transportation	—	—	—	—	3,535	3,535	158	3,377
Nonoperating	55	55	—	55	—	—	—	—
Total current	55	55	—	55	3,535	3,535	158	3,377
Capital outlay	482	482	382	100	—	—	—	—
Total expenditures	537	537	382	155	3,535	3,535	158	3,377
Revenues over (under) expenditures	(532)	(532)	(380)	152	(2,020)	(2,020)	2,424	4,444
Net change in fund balances	(532)	(532)	(380)	152	(2,020)	(2,020)	2,424	4,444
Fund balances July 1, 2011	532	532	507	(25)	2,020	2,020	2,131	111
Fund balances June 30, 2012	$ —	—	127	127	—	—	4,555	4,555

WASHINGTON COUNTY, OREGON

Combining Statement of Net Assets

Internal Service Funds

June 30, 2012

(Dollars in thousands)

Assets	Fleet Management Fund	Fleet Replacement Fund	Internal Support Services Fund	Liability/ Casualty Insurance Fund	Life Insurance Fund
Current assets:					
Cash and investments	$ 421	7,243	420	3,266	124
Accounts receivable	2	25	15	—	—
Inventory	313	—	18	—	—
Total current assets	736	7,268	453	3,266	124
Capital assets, net of accumulated depreciation	—	7,245	369	—	—
Total assets	736	14,513	822	3,266	124
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	162	—	74	32	—
Accrued payroll liabilities	79	—	16	—	—
Accrued self-insurance	—	—	—	1,795	—
Current portion of capital lease	—	—	37	—	—
Total current liabilities	241	—	127	1,827	—
Noncurrent liabilities:					
Net OPEB obligation	48	—	19	—	—
Capital lease obligation	—	—	7	—	—
Total liabilities	289	—	153	1,827	—
Net assets:					
Invested in capital assets, net of related debt	—	7,245	325	—	—
Unrestricted	447	7,268	344	1,439	124
Total net assets	447	14,513	669	1,439	124
Total liabilities and net assets	$ 736	14,513	822	3,266	124

WASHINGTON COUNTY, OREGON

Combining Statement of Net Assets, Continued
Internal Service Funds
June 30, 2012
(Dollars in thousands)

Assets	Medical Insurance Fund	PERS Rate Stabilization Fund	Unemployment Insurance Fund	Workers' Compensation Insurance Fund	Total Internal Service Funds
Current assets:					
Cash and investments	$ 882	8,378	687	2,471	23,892
Accounts receivable	—	—	—	—	42
Inventory	—	—	—	—	331
Total current assets	882	8,378	687	2,471	24,265
Capital assets, net of accumulated depreciation	—	—	—	—	7,614
Total assets	882	8,378	687	2,471	31,879
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	27	—	71	51	417
Accrued payroll liabilities	—	—	—	—	95
Accrued self-insurance	—	—	—	1,971	3,766
Current portion of capital lease	—	—	—	—	37
Total current liabilities	27	—	71	2,022	4,315
Noncurrent liabilities:					
Net OPEB obligation	—	—	—	—	67
Capital lease obligation	—	—	—	—	7
Total liabilities	27	—	71	2,022	4,389
Net assets:					
Invested in capital assets, net of related debt	—	—	—	—	7,570
Unrestricted	855	8,378	616	449	19,920
Total net assets	855	8,378	616	449	27,490
Total liabilities and net assets	$ 882	8,378	687	2,471	31,879

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenses
and Changes in Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2012
(Dollars in thousands)

	Fleet Management Fund	Fleet Replacement Fund	Internal Support Services Fund	Liability/ Casualty Insurance Fund	Life Insurance Fund
Operating revenues:					
Charges for services	$ 4,262	1,493	1,508	1,861	398
Other	52	245	84	67	—
Total operating revenues	4,314	1,738	1,592	1,928	398
Operating expenses:					
Labor and fringe benefits	1,462	—	443	—	—
Utilities	28	—	—	—	—
Professional services	5	—	—	194	—
Supplies	2,044	—	717	—	—
Administrative costs	626	319	218	727	5
Depreciation and amortization	—	1,647	269	—	—
Insurance claims and premiums	—	—	—	844	389
Total operating expenses	4,422	2,003	1,647	1,765	394
Operating income (loss)	(108)	(265)	(55)	163	4
Nonoperating income:					
Interest income	2	54	2	26	1
Loss on sale of capital assets	—	(57)	(9)	—	—
Total nonoperating income (loss)	2	(3)	(7)	26	1
Other financing sources:					
Transfer in from other funds	18	—	5	—	—
Transfer out to other funds	—	—	—	—	—
Total other financing sources	18	—	5	—	—
Change in net assets	(88)	(268)	(57)	189	5
Net assets July 1, 2011	535	14,781	726	1,250	119
Net assets June 30, 2012	$ 447	14,513	669	1,439	124

WASHINGTON COUNTY, OREGON

Combining Statement of Revenues, Expenses and Changes in Net Assets (Deficit), Continued

Internal Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Medical Insurance Fund	PERS Rate Stabilization Fund	Unemployment Insurance Fund	Workers' Compensation Insurance Fund	Total Internal Service Funds
Operating revenues:					
Charges for services	$ 23,865	—	426	1,708	35,521
Other	1,361	—	—	95	1,904
Total operating revenues	25,226	—	426	1,803	37,425
Operating expenses:					
Labor and fringe benefits	—	—	—	—	1,905
Utilities	—	—	—	—	28
Professional services	136	—	4	5	344
Supplies	1	—	—	—	2,762
Administrative costs	82	126	6	186	2,295
Depreciation and amortization	—	—	—	—	1,916
Insurance claims and premiums	25,141	—	357	1,156	27,887
Repairs and maintenance	—	—	—	—	294
Total operating expenses	25,360	126	367	1,347	37,431
Operating income (loss)	(134)	(126)	59	456	(6)
Nonoperating income (expense):					
Interest income	5	67	5	17	179
Loss on sale of capital assets	—	—	—	—	(66)
Total nonoperating income	5	67	5	17	113
Other financing sources (uses):					
Transfer in from other funds	—	—	—	—	23
Transfer out to other funds	—	(2,107)	—	—	(2,107)
Total other financing uses	—	(2,107)	—	—	(2,084)
Change in net assets	(129)	(2,166)	64	473	(1,977)
Net assets (deficit) July 1, 2011	984	10,544	552	(24)	29,467
Net assets June 30, 2012	$ 855	8,378	616	449	27,490

WASHINGTON COUNTY, OREGON

Combining Statement of Cash Flows

Internal Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Fleet Management Fund	Fleet Replacement Fund	Internal Support Services Fund	Liability/ Casualty Insurance Fund	Life Insurance Fund
Cash flows from (used in) operating activities:					
Cash received for services provided	$ 3,917	1,741	1,497	1,861	398
Cash payments for labor and fringe benefits	(1,470)	—	(440)	—	—
Cash payments for goods and services	(2,964)	(726)	(876)	(1,781)	(394)
Other operating revenue	346	—	84	66	—
Other receipts	51	—	—	—	—
Other expense	(1)	—	—	—	—
Net cash provided by (used in) operating activities	(121)	1,015	265	146	4
Cash flows from noncapital financing activities:					
PERS rate stabilization subsidy	18	—	5	—	—
Net cash provided by noncapital financing activities	18	—	5	—	—
Cash flows provided by (used in) capital and related financing activities:					
Acquisition of capital assets	—	(1,028)	(277)	—	—
Proceeds from sale of capital assets	—	159	—	—	—
Net cash used in capital and related financing activities	—	(869)	(277)	—	—
Cash flows from investing activities:					
Interest on investments	2	54	2	26	1
Net cash provided by investing activities	2	54	2	26	1
Net increase (decrease) in cash and investments	(101)	200	(5)	172	5
Cash and investments, July 1, 2011	522	7,043	425	3,094	119
Cash and investments, June 30, 2012	421	7,243	420	3,266	124
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	(108)	(265)	(55)	163	4
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	—	1,647	269	—	—
Other expense	—	—	—	3	—
Increase (decrease) in accounts payable	(32)	(369)	48	16	—
Increase in accrued liabilities	(8)	—	5	(36)	—
Decrease (increase) in accounts receivable	(1)	2	(12)	—	—
Decrease in supply inventory	28	—	10	—	—
Net cash provided by (used in) operating activities	$ (121)	1,015	265	146	4

WASHINGTON COUNTY, OREGON

Combining Statement of Cash Flows, Continued

Internal Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Medical Insurance Fund	PERS Rate Stabilization Fund	Unemployment Insurance Fund	Workers' Compensation Insurance Fund	Total Internal Service Funds
Cash provided by (used in) operating activities:					
Cash received for services provided	$ 23,864	—	426	1,708	35,412
Cash payments for labor and fringe benefits	—	—	—	—	(1,910)
Cash payments for goods and services	(25,364)	(126)	(379)	(1,222)	(33,832)
Other operating revenue	1,363	—	—	96	1,955
Other receipts	—	—	—	—	51
Other expense	—	—	—	—	(1)
Net cash provided by (used in) operating activities	(137)	(126)	47	582	1,675
Cash flows from noncapital financing activities:					
PERS rate stabilization subsidy	—	(2,107)	—	—	(2,084)
Net cash used in noncapital financing activities	—	(2,107)	—	—	(2,084)
Cash flows provided by (used in) capital and related financing activities:					
Acquisition of capital assets	—	—	—	—	(1,305)
Proceeds from sale of capital assets	—	—	—	—	159
Net cash used in capital and related financing activities	—	—	—	—	(1,146)
Cash flows from investing activities:					
Interest on investments	5	67	5	17	179
Net cash provided by investing activities	5	67	5	17	179
Net increase (decrease) in cash and investments	(132)	(2,166)	52	599	(1,376)
Cash and investments, July 1, 2011	1,014	10,544	635	1,872	25,268
Cash and investments, June 30, 2012	882	8,378	687	2,471	23,892
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	(134)	(126)	59	456	(6)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	—	—	—	—	1,916
Other expense	—	—	—	—	3
Increase (decrease) in accounts payable	(3)	—	(12)	(42)	(394)
Increase in accrued liabilities	—	—	—	168	129
Increase in accounts receivable	—	—	—	—	(11)
Increase in supply inventory	—	—	—	—	38
Net cash provided by (used in) operating activities	$ (137)	(126)	47	582	1,675

WASHINGTON COUNTY, OREGON

Schedule of Revenues and Expenditures - Budget and Actual (Budgetary Basis)

Internal Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Fleet Management Fund				Fleet Replacement Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	$ 4,399	4,399	4,262	(137)	2,045	2,045	1,733	(312)
Miscellaneous revenues	4	4	3	(1)	201	201	245	44
Interfund revenues	51	51	51	—	—	—	—	—
Total revenues	4,454	4,454	4,316	(138)	2,246	2,246	1,978	(268)
Expenditures:								
Current:								
General government	4,472	4,472	4,395	77	—	—	—	—
Nonoperating	—	—	—	—	554	554	545	9
Operating contingency	501	501	—	501	6,887	6,887	—	6,887
Total current	4,973	4,973	4,395	578	7,441	7,441	545	6,896
Capital outlay	—	—	—	—	1,636	1,636	866	770
Total expenditures	4,973	4,973	4,395	578	9,077	9,077	1,411	7,666
Revenues over (under) expenditures	(519)	(519)	(79)	440	(6,831)	(6,831)	567	7,398
Other financing sources:								
Transfers in from other funds	18	18	18	—	—	—	—	—
Total other financing sources	18	18	18	—	—	—	—	—
Net change in fund balances	(501)	(501)	(61)	440	(6,831)	(6,831)	567	7,398
Fund balances July 1, 2011	501	501	556	55	6,831	6,831	6,701	(130)
Fund balances June 30, 2012	$ —	—	495	495	—	—	7,268	7,268

WASHINGTON COUNTY, OREGON

Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis)

Internal Service Funds

For the fiscal year ended June 30, 2012
(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	$ 1,801	1,801	1,508	(293)	1,863	1,863	1,861	(2)
Miscellaneous revenues	49	49	164	115	64	64	93	29
Total revenues	1,850	1,850	1,672	(178)	1,927	1,927	1,954	27
Expenditures:								
Current:								
General government	1,727	1,727	1,546	181	—	—	—	—
Nonoperating	—	—	—	—	1,982	1,982	1,765	217
Operating contingency	374	374	—	374	1,048	1,048	—	1,048
Total current	2,101	2,101	1,546	555	3,030	3,030	1,765	1,265
Capital outlay	145	145	130	15	—	—	—	—
Debt service:								
Principal	—	—	34	(34)	—	—	—	—
Interest	—	—	6	(6)	—	—	—	—
Total debt service	—	—	40	(40)	—	—	—	—
Total expenditures	2,246	2,246	1,716	530	3,030	3,030	1,765	1,265
Revenues over (under) expenditures	(396)	(396)	(44)	352	(1,103)	(1,103)	189	1,292
Other financing sources:								
Transfers in from other funds	5	5	5	—	—	—	—	—
Total other financing sources	5	5	5	—	—	—	—	—
Net change in fund balances	(391)	(391)	(39)	352	(1,103)	(1,103)	189	1,292
Fund balances July 1, 2011	391	391	403	12	1,103	1,103	1,250	147
Fund balances June 30, 2012	$ —	—	364	364	—	—	1,439	1,439

* 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, 2012
(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	$ —	—	—	—	25,509	25,509	23,865	(1,644)
Miscellaneous revenues	383	383	399	16	1,484	1,484	1,366	(118)
Total revenues	383	383	399	16	26,993	26,993	25,231	(1,762)
Expenditures:								
Current:								
Nonoperating	413	413	394	19	27,831	27,831	25,360	2,471
Operating contingency	79	79	—	79	—	—	—	—
Total current	492	492	394	98	27,831	27,831	25,360	2,471
Total expenditures	492	492	394	98	27,831	27,831	25,360	2,471
Revenues over (under) expenditures	(109)	(109)	5	114	(838)	(838)	(129)	709
Other financing sources (uses):								
Transfers in from other funds	5	5	—	(5)	—	—	—	—
Transfers out to other funds	—	—	—	—	(5)	(5)	—	5
Total other financing sources (uses)	5	5	—	(5)	(5)	(5)	—	5
Net change in fund balances	(104)	(104)	5	109	(843)	(843)	(129)	714
Fund balances July 1, 2011	104	104	119	15	843	843	984	141
Fund balances June 30, 2012	$ —	—	124	124	—	—	855	855

WASHINGTON COUNTY, OREGON

Schedule of Revenues and Expenditures -
Budget and Actual (Budgetary Basis)

Internal Service Funds

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	PERS Rate Stabilization Fund				Unemployment Insurance Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)*	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:								
Charges for services	$ —	—	—	—	389	389	426	37
Miscellaneous revenues	50	50	67	17	5	5	5	—
Total revenues	50	50	67	17	394	394	431	37
Expenditures:								
Nonoperating	8,544	8,544	126	8,418	711	711	367	344
Operating contingency	—	—	—	—	134	134	—	134
Total current	8,544	8,544	126	8,418	845	845	367	478
Total expenditures	8,544	8,544	126	8,418	845	845	367	478
Revenues over (under) expenditures	(8,494)	(8,494)	(59)	8,435	(451)	(451)	64	515
Other financing uses:								
Transfers out to other funds	(2,000)	(2,000)	(2,107)	(107)	—	—	—	—
Total other financing uses	(2,000)	(2,000)	(2,107)	(107)	—	—	—	—
Net change in fund balances	(10,494)	(10,494)	(2,166)	8,328	(451)	(451)	64	515
Fund balances July 1, 2011	10,494	10,494	10,544	50	451	451	552	101
Fund balances June 30, 2012	$ —	—	8,378	8,378	—	—	616	616

* 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, 2012

(Dollars in thousands)

	Workers' Compensation Insurance Fund			
	Adopted budget	Revised budget	Actual	Variance positive (negative)
Revenues:				
Charges for services	$ 1,658	1,658	1,708	50
Miscellaneous revenues	69	69	112	43
Total revenues	1,727	1,727	1,820	93
Expenditures:				
Current:				
Nonoperating	1,457	1,457	1,347	110
Operating contingency	300	300	—	300
Total current	1,757	1,757	1,347	410
Total expenditures	1,757	1,757	1,347	410
Revenues over (under) expenditures	(30)	(30)	473	503
Fund balance (deficit) July 1, 2011	30	30	(24)	(54)
Fund balance June 30, 2012	$ —	—	449	449

WASHINGTON COUNTY, OREGON

Reconciliation of Fund Balance to Net Assets

Internal Service Funds

June 30, 2012

(Dollars in thousands)

		Fleet Management Fund	Fleet Replacement Fund	Internal Support Services Fund
Fund balance	$	495	7,268	364
Add capital assets reported on combining balance sheet		—	7,245	369
Less OPEB obligation		(48)	—	(19)
Total Net Assets	$	447	14,513	714

WASHINGTON COUNTY, OREGON

Statement of Changes in Assets and Liabilities

Agency Fund

For the fiscal year ended June 30, 2012

(Dollars in thousands)

		Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
Assets:					
Cash and investments	$	6,505	8,285,866	8,287,969	4,402
Accounts receivable		2,406	42,861	43,446	1,821
Property taxes receivable		25,003	31,164	25,004	31,163
Total assets		33,914	8,359,891	8,356,419	37,386
Liabilities:					
Accounts payable		271	1,412,370	1,412,236	405
Amounts held in trust		8,640	812,033	814,856	5,817
Uncollected taxes		25,003	31,164	25,003	31,164
Total liabilities	$	33,914	2,255,567	2,252,095	37,386

WASHINGTON COUNTY, OREGON

Schedule of Property Tax and Assessment
Transactions and Outstanding Balances

For the fiscal year ended June 30, 2012

(Dollars in thousands)

	Taxes receivable July, 1 2011	Certified levies	Corrections and adjustments	Collections	Discounts allowed	Interest on delinquent taxes	Taxes receivable June 30, 2012
2011-12	$ —	800,942	1,214	(761,985)	(20,528)	272	19,915
2010-11	18,508	—	(869)	(7,401)	131	866	11,235
2009-10	7,752	—	(453)	(1,685)	81	722	6,417
2008-09	3,747	—	(123)	(3,321)	—	778	1,081
2007-08	978	—	(45)	(874)	—	246	305
2006-07	242	—	(22)	(58)	1	22	185
2005-06 & prior	455	—	(66)	(83)	—	52	358
	$ 31,682	800,942	(364)	(775,407)	(20,315)	2,958	39,496

Reconcilliation to Receivables on Basic Financial Statements:

Governmental Activities property taxes receivable	$ 8,233
Metzger Park LID assessments receivable	5
Agency funds property taxes receivable	31,163
Assessments receivable for Lighting District	95
	$ 39,496

OTHER FINANCIAL SCHEDULES

WASHINGTON COUNTY, OREGON

Schedule of Accountability of Independently Elected Officials

For the fiscal year ended June 30, 2012

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.

WASHINGTON COUNTY, OREGON

STATISTICAL SECTION

SECTION III

WASHINGTON COUNTY, OREGON

Statistical Information Section Narrative

June 30, 2012

(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.

FINANCIAL TRENDS

WASHINGTON COUNTY, OREGON

Net Assets by Component

Last Ten Fiscal Years

(Dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Governmental activities											
Invested in capital assets, net of related debt	$ 197,258	244,404	242,734	2,148,086	2,151,850	2,135,921	2,134,940	2,108,850	2,093,492	2,074,612	(1)
Restricted	9,039	4,314	1,272	1,069	170	239	911	6,530	93,002	95,942	
Unrestricted	147,703	179,689	206,770	250,676	236,359	245,409	230,574	219,822	145,829	149,211	
Total governmental activities net assets	354,000	428,407	450,776	2,399,831	2,388,379	2,381,569	2,366,425	2,335,202	2,332,323	2,319,765	
Business-type activities(3)											
Invested in capital assets, net of related debt	214,979	234,007	245,840	328,060	363,438	395,163	389,728	395,461	384,397	2,206	(2)
Restricted	80,944	57,268	58,656	58,052	28,948	27,582	52,406	57,052	69,936	6,156	
Unrestricted	35,655	47,474	49,249	50,035	64,206	55,872	52,806	48,554	54,673	801	
Total business-type activities net assets	331,578	338,749	353,745	436,147	456,592	478,617	494,940	501,067	509,006	9,163	
Primary government(3)											
Invested in capital assets, net of related debt	412,237	478,411	488,574	2,476,146	2,515,288	2,531,084	2,524,668	2,504,311	2,477,889	2,076,818	
Restricted	89,983	61,582	59,928	59,121	29,118	27,821	53,317	63,582	162,938	102,098	
Unrestricted	183,358	227,163	256,019	300,711	300,565	301,281	283,380	268,376	200,502	150,012	
Total primary government net assets	685,578	767,156	804,521	2,835,978	2,844,971	2,860,186	2,861,365	2,836,269	2,841,329	2,328,928	
Component unit(3)											
Invested in capital assets, net of related debt	—	—	—	—	—	—	—	—	—	388,941	
Restricted	—	—	—	—	—	—	—	—	—	68,909	
Unrestricted	—	—	—	—	—	—	—	—	—	64,777	
Total component unit net assets	$ —	—	—	—	—	—	—	—	—	522,627	

(1) Years prior to 2006 not restated for reporting of infrastructure under GASB #34

(2) Years prior to 2006 not restated for recording of contributed capital assets

(3) 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 Assets by Component

Last Ten Fiscal Years

(Dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Expenses											
Primary Government											
Governmental activities:											
General government	$ 28,068	28,535	29,711	30,466	35,283	41,833	42,319	42,869	39,318	38,677	
Public safety	75,719	72,858	79,547	89,097	107,566	101,859	97,512	98,562	104,664	109,222	
Land use, housing and transportation	51,453	26,514	52,167	138,315	181,858	111,906	106,306	108,616	115,096	119,714	
Health and human Services	48,775	52,168	58,364	61,292	56,507	51,555	56,474	58,467	59,013	58,443	
Culture, education and recreation	15,696	14,644	14,181	15,038	27,854	23,218	25,728	26,261	26,882	28,476	
Non-operating expense	7,746	8,605	15,048	—	5,119	21,078	11,663	10,653	9,225	9,234	
Interest expense	7,764	7,381	821	5,882	6,370	6,818	5,665	5,013	4,599	4,202	
Total governmental activities	235,221	210,705	249,839	340,090	420,557	358,267	345,667	350,441	358,797	367,968	
Business-type activities:											
Housing authority	25,371	25,921	26,104	24,579	25,967	27,112	27,421	28,132	28,400	28,496	
Sanitation and surface water	65,367	72,083	75,061	81,589	84,199	87,319	91,279	97,252	100,941	—	
Street lighting district	1,687	1,601	1,667	1,671	1,726	1,775	1,856	1,842	1,803	1,839	
Total business-type activities expenses	92,425	99,605	102,832	107,839	111,892	116,206	120,556	127,226	131,144	30,335	
Total primary government expenses	327,646	310,310	352,671	447,929	532,449	474,473	466,223	477,667	489,941	398,303	
Component unit:											
Sanitation and surface water	—	—	—	—	—	—	—	—	—	97,604	
Total component unit expenses	—	—	—	—	—	—	—	—	—	97,604	
Program Revenues											
Governmental activities:											
Charges for services:											
General government	8,918	8,161	7,199	32,572	21,499	24,551	6,363	5,371	4,797	5,334	
Public safety	814	4,637	6,324	17,935	3,651	1,683	5,536	5,719	7,140	8,048	
Land use, housing and transportation	3,057	13,061	15,488	17,297	20,591	33,387	10,837	10,568	11,974	13,636	
Health and human Services	4,684	12,387	16,350	5,431	12,253	11,526	19,671	21,800	26,420	23,308	
Culture, education and recreation	1,298	1,393	1,303	961	571	1,030	1,488	1,241	1,309	1,497	
Non-operating revenue	12,227	11,767	27,571	—	22,868	24,628	16,387	16,604	20,013	17,777	
Operating grants and contributions	92,644	91,037	90,677	106,147	98,844	88,512	91,902	92,531	97,640	100,922	
Capital grants and contributions	2,516	10,751	5,349	3,751	71,081	1,690	1,851	686	1,462	1,608	
Total governmental activities program revenue	126,158	153,194	170,261	184,094	251,358	187,007	154,035	154,520	170,755	172,130	
Business-type activities:											
Charges for services:											
Housing authority	4,124	4,094	4,102	4,201	4,295	5,212	5,099	5,779	5,790	5,995	
Sanitation and surface water	62,873	66,457	70,387	75,216	78,523	84,754	89,585	96,329	103,374	—	
Street lighting district	1,639	1,654	1,724	1,707	1,902	1,840	1,828	1,725	1,746	1,929	
Operating grants and contributions	18,839	19,298	19,039	19,203	18,920	19,801	20,141	20,855	21,574	19,885	
Capital grants and contributions	14,580	10,684	16,970	18,056	17,732	22,442	16,629	6,803	5,053	164	
Total business-type activities program revenue	102,055	102,187	112,222	118,383	121,372	134,049	133,282	131,491	137,537	27,973	
Total primary government program revenue	228,213	255,381	282,483	302,477	372,730	321,056	287,317	286,011	308,292	200,103	
Component unit:											
Charges for services:											
Sanitation and surface water	—	—	—	—	—	—	—	—	—	107,029	
Capital grants and contributions	—	—	—	—	—	—	—	—	—	14,296	
Total component unit program revenue	—	—	—	—	—	—	—	—	—	121,325	
Net Revenue (expense)											
Governmental activities	(109,063)	(57,511)	(79,578)	(155,996)	(169,199)	(171,260)	(191,632)	(195,921)	(188,042)	(195,838)	
Prior period adjustment (restatement)	—	—	(26,940)	1,965,931	—	—	(993)	—	—	—	(1)
Total	(109,063)	(57,511)	(106,518)	1,809,935	(169,199)	(171,260)	(192,625)	(195,921)	(188,042)	(195,838)	
Business-type activities	9,630	2,582	9,390	10,544	9,480	17,843	12,726	4,265	6,393	(2,362)	
Prior period adjustment (restatement)	—	—	—	63,351	(193)	(1,935)	—	—	—	(497,533)	(1)
Total	9,630	2,582	9,390	73,895	9,287	15,908	12,726	4,265	6,393	(499,895)	
Total primary government net revenues (expenses)	(99,433)	(54,929)	(97,128)	1,883,830	(159,912)	(155,352)	(179,899)	(191,656)	(181,649)	(695,733)	
Component unit	—	—	—	—	—	—	—	—	—	23,721	
Prior period adjustment (restatement)	—	—	—	—	—	—	—	—	—	497,533	(1)
Total component unit net revenues	$ —	—	—	—	—	—	—	—	—	521,254	

(1) Years prior to restatements have not been restated

Source: Current and prior years financial statements

(Continued)

WASHINGTON COUNTY, OREGON

Changes in Net Assets by Component, Continued

Last Ten Fiscal Years

(Dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012 (as restated)
Total primary government net revenues (expenses) (*brought forward*)	$ (99,433)	(54,929)	(97,128)	1,883,830	(159,912)	(155,352)	(179,899)	(191,656)	(181,649)	(695,733)
Total component unit net revenues (*brought forward*)	—	—	—	—	—	—	—	—	—	521,254
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Taxes										
Property taxes, levied for general purposes	100,171	103,935	108,025	112,150	104,314	135,409	142,298	147,250	152,065	157,586
Property taxes, levied for debt service	7,807	7,805	8,056	7,886	7,633	7,770	6,137	6,335	6,407	6,389
Other taxes	6,003	6,907	8,264	9,878	10,124	10,253	7,775	7,497	8,450	9,094
Interest income	3,698	2,135	4,535	9,197	13,031	10,377	8,247	3,197	1,984	2,575
Gain (loss) on sale of capital assets	(25)	(163)	—	—	—	—	—	—	—	—
Miscellaneous revenue	15,118	11,299	7	9	22,645	641	13,024	419	16,257	7,636
Capital contributions	8,486	—	—	—	—	—	—	—	—	—
Total governmental activities revenue	141,258	131,918	128,887	139,120	157,747	164,450	177,481	164,698	185,163	183,280
Business-type activities:										
Interest income	2,413	1,245	2,159	3,563	4,922	3,475	2,636	1,514	1,568	52
Gain on sale of capital assets	—	332	—	—	—	2,724	1,031	418	54	—
Loss on equity in joint venture	—	—	—	—	—	(82)	(70)	(70)	(76)	—
Miscellaneous revenue	3,453	3,012	3,448	4,944	6,236	—	—		—	—
Total business-type activities revenue	5,866	4,589	5,607	8,507	11,158	6,117	3,597	1,862	1,546	52
Total primary government	147,124	136,507	134,494	147,627	168,905	170,567	181,078	166,560	186,709	183,332
Component unit:										
Interest income	—	—	—	—	—	—	—	—	—	1,562
Gain on sale of capital assets	—	—	—	—	—	—	—	—	—	(116)
Loss on equity in joint venture	—	—	—	—	—	—	—	—	—	(73)
Total component unit	—	—	—	—	—	—	—	—	—	1,373
Change in Net Assets										
Governmental activities	32,195	74,407	22,369	1,949,055	(11,452)	(6,810)	(15,144)	(31,223)	(2,879)	(12,558)
Business-type activities	15,496	7,171	14,997	82,402	20,445	22,025	16,323	6,127	7,939	(2,310)
Total primary government	47,691	81,578	37,366	2,031,457	8,993	15,215	1,179	(25,096)	5,060	(14,868)
Component unit	—	—	—	—	—	—	—	—	—	25,094
Total component unit	$ —	—	—	—	—	—	—	—	—	25,094

Source: Current and prior years financial statements

WASHINGTON COUNTY, OREGON

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

(Dollars in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Reserved fund balances:										
Advances	$ —	—	—	—	—	4,000	2,000	—	—	—
Inventory	—	—	—	—	—	—	234	330	—	—
Debt service	338	3,869	149	543	170	237	—	—	—	—
Working capital	230	100	100	100	100	—	—	—	—	—
Capital projects	—	445	564	526	773	1,082	86	142	—	—
Nonspendable	—	—	—	—	—	—	—	—	282	269
Restricted	—	—	—	—	—	—	—	—	93,002	95,942
Committed	—	—	—	—	—	—	—	—	55,278	62,637
Assigned	—	—	—	—	—	—	—	—	1,300	679
Total reserved fund balances	568	4,414	813	1,169	1,043	5,319	2,320	472	149,862	159,527
Unreserved/unassigned fund balances (deficits):										
Major funds:										
General fund	24,652	27,211	33,253	41,792	43,480	37,522	30,806	33,874	32,513	29,642
HOME fund	—	—	—	—	—	1	(2)	(2)	(2)	—
Human Services Fund	1,191	1,078	833	1,172	1,361	2,115	2,983	3,253	—	—
MSTIP III Fund	30,594	36,818	34,383	68,164	57,077	55,908	47,623	44,398	—	—
Road Fund	12,420	20,712	19,972	14,609	14,360	14,044	11,853	13,265	—	—
Non-major funds:										
Special Revenue Funds	51,986	61,540	70,147	74,896	69,034	76,004	82,985	74,689	(97)	(32)
Capital Projects Funds	1,123	1,036	1,123	1,539	1,378	942	849	6,532	(102)	—
Debt Service Funds	—	—	—	—	—	—	(24)	(31)	(12)	—
Total unreserved/unassigned fund balances	121,966	148,395	159,711	202,172	186,690	186,536	177,073	175,978	32,300	29,610
Total fund balances	$ 122,534	152,809	160,524	203,341	187,733	191,855	179,393	176,450	182,162	189,137

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)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Taxes	$ 113,451	118,582	124,866	130,181	121,977	149,442	154,379	160,234	166,766	170,704
Licenses and permits	8,051	8,596	9,613	10,253	8,882	9,213	8,126	8,200	8,482	9,167
Intergovernmental revenues	88,427	88,273	94,351	104,434	152,681	85,993	89,839	90,197	96,237	100,540
Charges for services	42,579	50,151	47,440	34,457	30,525	41,039	39,625	41,180	48,865	46,053
Fines and forfeitures	2,213	2,736	3,029	3,210	3,728	3,533	2,826	3,058	3,431	3,658
Special assessments	237	167	211	235	249	224	241	190	188	134
Miscellaneous revenues	14,066	23,132	29,633	33,363	35,697	37,069	34,534	28,256	30,784	30,466
Interfund revenues	25,884	23,491	24,187	23,417	26,272	28,283	28,423	29,160	29,619	27,924
Total revenues	294,908	315,128	333,330	339,550	380,011	354,796	357,993	360,475	384,372	388,646
Expenditures:										
Current:										
General government	24,866	26,243	29,125	30,123	31,134	32,609	36,136	34,265	35,019	36,912
Public safety and justice	90,575	91,322	97,605	100,587	104,517	114,416	120,744	121,021	129,651	134,389
Land use, housing and transportation	83,831	74,360	91,616	81,633	127,152	94,595	99,590	92,495	97,662	95,019
Health and human services	50,373	54,156	59,418	60,526	68,393	52,605	58,405	60,313	60,975	59,989
Culture, education and recreation	15,761	14,810	14,402	14,751	15,655	23,081	25,774	26,353	27,193	29,526
Nonoperating	6,354	6,182	8,025	7,013	6,359	7,902	7,372	5,673	6,153	5,736
Capital outlay	6,874	8,470	7,703	13,716	26,176	9,360	8,739	9,288	8,097	10,066
Debt service:										
Principal	8,393	7,327	11,598	14,897	9,485	44,049	8,452	8,908	9,340	10,181
Interest	7,138	6,749	6,399	5,352	6,750	6,186	5,748	5,098	4,683	4,267
Total expenditures	294,165	289,619	325,891	328,598	395,621	384,803	370,960	363,414	378,773	386,085
Excess(deficiency) of revenues over (under) expenditures	743	25,509	7,439	10,952	(15,610)	(30,007)	(12,967)	(2,939)	5,599	2,561
Other financing sources (uses):										
Proceeds from debt	294	4,343	274	83,401	—	34,125	—	—	—	2,284
Advance refunding of debt principal	—	—	—	(51,540)	—	—	—	—	—	—
Transfers in from other funds	56,393	60,481	70,271	80,292	91,364	69,224	73,738	79,801	61,538	69,330
Transfers out to other funds	(58,290)	(60,058)	(70,267)	(80,288)	(91,362)	(69,224)	(73,234)	(81,795)	(61,416)	(67,210)
Total other financing sources (uses)	(1,603)	4,766	278	31,865	2	34,125	504	(1,994)	122	4,404
Net change in fund balances	$ (860)	30,275	7,717	42,817	(15,608)	4,118	(12,463)	(4,933)	5,721	6,965
Debt service as a percentage of noncapital expenditures	5.71%	5.73%	5.95%	7.05%	4.83%	14.49%	4.49%	4.20%	4.26%	4.24%

Source: Current and prior years financial statements.

REVENUE CAPACITY

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: Real property	Personal property	Public utility property	Total	Total direct [1] tax rate	True cash valuation	Ratio of assessed valuation to true cash valuation
2003	$ 30,082,720	1,771,620	1,185,317	33,039,657	2.91	45,004,178	73.41 %
2004	31,411,567	1,668,488	1,178,235	34,258,290	2.90	50,523,742	67.81
2005	33,025,666	1,626,433	1,140,884	35,792,983	2.87	52,646,589	67.99
2006	34,866,509	1,608,701	1,155,643	37,630,853	2.84	58,389,427	64.45
2007	36,728,957	1,652,098	1,198,560	39,579,615	2.45	69,903,003	56.62
2008	38,669,431	1,760,359	1,266,893	41,696,683	3.03	76,919,205	54.21
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

[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
2003	$ 2.25	0.42	0.24	2.91
2004	2.25	0.41	0.24	2.90
2005	2.25	0.39	0.23	2.87
2006	2.25	0.37	0.22	2.84
2007	2.25	—	0.20	2.45
2008	2.25	0.59	0.19	3.03
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

Source: Washington County Department of Assessment and Taxation

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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 Units of Washington County [2]	School Districts	Fire Districts	Cities	Parks and Recreation	Development and Urban Renewal Agencies	Port of Portland	Portland Community College	Metropolitan Service District	Other
2003	$ 520,050	96,229	14,490	233,208	45,345	73,626	19,374	4,557	2,305	16,174	8,685	6,057
2004	559,547	98,991	16,445	257,872	47,067	78,318	20,040	6,306	2,381	17,302	9,178	5,647
2005	565,497	102,382	18,695	251,279	49,269	81,830	20,804	4,587	2,488	18,017	13,053	3,093
2006	610,420	106,501	18,980	282,295	52,089	86,783	21,736	4,868	2,616	18,386	14,053	2,113
2007	598,942	96,775	19,575	269,116	54,774	92,893	22,776	5,348	2,750	19,099	13,729	2,107
2008	690,048	125,988	19,988	310,212	59,800	98,422	23,818	6,145	2,894	20,771	19,848	2,162
2009	715,850	130,338	23,855	313,624	61,864	108,078	25,139	6,652	3,040	21,738	19,398	2,124
2010	766,167	135,477	24,234	334,352	65,439	112,334	31,528	7,180	3,145	28,367	21,948	2,163
2011	783,036	140,212	24,614	341,593	67,422	120,524	33,394	913	3,269	29,567	21,528	—
2012	800,942	144,382	25,198	350,927	70,828	125,758	34,105	1,022	3,371	28,649	16,702	—

[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), URMD (Urban Road Maintenance District), SDL (Street Lighting District), and CWS (Clean Water Services) bonds and interest

Source: Washington County Department of Assessment and Taxation

WASHINGTON COUNTY, OREGON

Property Tax Levies and Collections[1]

Last Ten Fiscal Years

(Dollars in thousands)

Fiscal year ended June 30	Certified tax levies: General Fund	Certified tax levies: Special levies	Certified tax levies: Total	Collected within the fiscal year of the levy: Amount	Collected within the fiscal year of the levy: Percentage of levy	Collections in subsequent years	Total collections to date: Amount	Total collections to date: Percentage of levy
2003	$ 74,563	36,339	110,902	104,791	94.49 %	$ 2,883	107,675	97.09 %
2004	77,079	38,358	115,437	109,388	94.76	2,667	112,055	97.07
2005	80,327	40,901	121,228	115,082	94.93	2,643	117,725	97.11
2006	84,583	41,013	125,596	119,454	95.11	2,399	121,853	97.02
2007	88,968	27,501	116,469	110,902	95.22	2,457	113,359	97.33
2008	93,588	45,498	139,086	132,062	94.95	3,338	135,400	97.35
2009	98,297	56,017	154,314	145,503	94.29	4,537	150,040	97.23
2010	102,210	57,501	159,711	150,799	94.42	3,290	154,089	96.48
2011	106,055	58,771	164,826	156,041	94.67	1,566	157,607	95.62
2012	109,453	60,127	169,580	161,338	95.14	-	161,338	95.14

[1]Includes small levies paid off early to other jurisdictions by the General Fund totaling $410 in 2011-12.

Source: Washington County Finance Division

WASHINGTON COUNTY, OREGON

Principal Taxpayers Within the County
Current Year and Nine Years Ago

(Dollars in Thousands)

	2012 Rank	2012 Assessed valuation	2012 Percent of total	2003 Rank	2003 Assessed valuation	2003 Percent of total
Private enterprises:						
Intel Corporation	*1*	$ 1,316,340	2.7 %	*1*	$ 1,288,755	3.9 %
Nike, Inc.	*2*	437,734	0.9	*3*	325,811	1.0
Frontier Communciations	*4*	350,700	0.7			—
Pacific Realty Associates	*5*	299,183	0.6	*5*	206,045	0.6
Genentech	*7*	239,110	0.5			—
Comcast Corporation	*8*	223,356	0.5			—
Maxim Integrated Products, Inc.	*9*	133,370	0.3	*8*	128,854	0.4
Tektronix, Inc.	*10*	132,546	0.3	*7*	133,241	0.4
Verizon Northwest, Inc.		—	—	*2*	363,758	1.1
Amberjack Ltd		—	—	*9*	98,749	0.3
Integrated Device Technology		—	—	*10*	92,787	0.3
Public utilities:						
Portland General Electric	*3*	405,598	0.8	*4*	276,187	0.8
Northwest Natural Gas	*6*	279,692	0.6	*6*	189,719	0.6
All other taxpayers		44,419,153	92.1		29,935,751	90.6
Total		$ 48,236,782	100.0		$ 33,039,657	100.0

Source: Washington County Department of Assessment and Taxation

DEBT CAPACITY

WASHINGTON COUNTY, OREGON

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years

(Dollars in thousands, except per capita)

County

Fiscal Year	Governmental Activities Bonds Payable	Business-Type Activities Bonds Payable	Total Bonds Payable	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Debt Outstanding Per Capita
2003	$ 62,150	258,815	320,965	33,039,657	1.0 %	$ 693
2004	56,980	259,495	316,475	34,258,290	0.9	669
2005	51,545	243,855	295,400	35,792,983	0.8	615
2006	46,015	227,640	273,655	37,630,853	0.7	558
2007	40,260	210,735	250,995	39,579,614	0.6	501
2008	33,570	193,100	226,670	41,696,683	0.5	444
2009	28,570	233,375	261,945	43,863,122	0.6	504
2010	23,325	284,260	307,585	45,399,483	0.7	583
2011	17,845	263,845	281,690	46,801,868	0.6	528
2012	12,140	—	12,140	48,236,782	—	23

District[1]

Fiscal Year	Component Unit Bonds Payable	Total Taxable Assessed Value	Percentage of Actual Taxable Value of Property	Debt Outstanding Per Capita
2003	$ —	—	— %	$ —
2004	—	—	—	—
2005	—	—	—	—
2006	—	—	—	—
2007	—	—	—	—
2008	—	—	—	—
2009	—	—	—	—
2010	—	—	—	—
2011	—	—	—	—
2012	287,865	44,456,105	0.6	537

[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

	Governmental Activities				Business-Type Activities					
Fiscal Year	Bonds Payable	Notes Payable	Contracts Payable	Capital Lease Obligations	Bonds Payable	Notes Payable	Contracts Payable	Total Primary Government	Percentage of Personal Income	Outstanding Debt Per Capita
2003	$ 62,150	81,493	838	2,537	258,815	3,667	746	410,246	2.8 %	$ 886
2004	56,980	77,853	741	2,344	259,495	4,699	569	402,681	2.6	851
2005	51,545	72,176	696	2,153	243,855	4,754	386	375,565	2.3	782
2006	46,015	94,593	650	1,951	227,640	4,488	196	375,533	2.2	766
2007	40,260	91,108	603	1,754	210,735	3,717	—	348,177	1.9	695
2008	33,570	88,121	555	1,525	193,100	3,266	—	320,137	1.6	626
2009	28,570	84,930	505	1,343	233,375	2,826	—	351,549	1.6	676
2010	23,325	81,510	454	1,160	284,260	31,818	—	422,527	2.0	802
2011	17,845	77,897	402	964	263,845	31,661	—	392,614	1.8	737
2012	12,140	74,149	380	2,586	—	31,124	—	120,379	N/A	225

District[1]

	Component Unit						
Fiscal Year	Bonds Payable	Notes Payable	Contracts Payable	Capital Lease Obligations	Total Component Unit	Percentage of Personal Income	Outstanding Debt Per Capita
2003	$ —	—	—	—	—	— %	$ —
2004	—	—	—	—	—	—	—
2005	—	—	—	—	—	—	—
2006	—	—	—	—	—	—	—
2007	—	—	—	—	—	—	—
2008	—	—	—	—	—	—	—
2009	—	—	—	—	—	—	—
2010	—	—	—	—	—	—	—
2011	—	—	—	—	—	—	—
2012	287,865	—	—	—	287,865	N/A	537

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

WASHINGTON COUNTY, OREGON

Legal Debt Margin Information

Last Ten Fiscal Years

(Dollars in thousands)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
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	$ 69,045,256	71,983,750	75,512,292	79,498,937	76,919,205	69,903,003	58,389,427	52,646,589	50,523,742	45,004,178
Debt limit rate	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*	*2.00%*
Debt limit	1,380,905	1,439,675	1,510,246	1,589,979	1,538,384	1,398,060	1,167,789	1,052,932	1,010,475	900,084
Less general obligation debt at June 30	12,140	17,845	23,325	28,570	33,570	40,260	46,015	51,545	56,980	62,150
Legal debt margin	1,368,765	1,421,830	1,486,921	1,561,409	1,504,814	1,357,800	1,121,774	1,001,387	953,495	837,934
Total net debt applicable to the limit as a percentage of debt limit	0.88%	1.24%	1.54%	1.80%	2.18%	2.88%	3.94%	4.90%	5.64%	6.90%
-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	69,045,256	71,983,750	75,512,292	79,498,937	76,919,205	69,903,003	58,389,427	52,646,589	50,523,742	45,004,178
Debt limit rate	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*	*1.00%*
Debt limit	690,453	719,838	755,123	794,989	769,192	699,030	583,894	526,466	505,237	450,042
Less full faith and credit obligations at June 30	72,745	76,300	79,715	82,920	85,905	88,695	91,990	69,395	75,195	69,710
Legal debt margin	617,708	643,538	675,408	712,069	683,287	610,335	491,904	457,071	430,042	380,332
Total net debt applicable to the limit as a percentage of debt limit	10.54%	10.60%	10.56%	10.43%	11.17%	12.69%	15.75%	13.18%	14.88%	15.49%
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 agency's legal boundaries.										
Real market value	69,045,256	71,983,750	75,512,292	79,498,937	76,919,205	69,903,003	58,389,427	52,646,589	50,523,742	45,004,178
Debt limit rate	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*
Debt limit	8,975,883	9,357,888	9,816,598	10,334,862	9,999,497	9,087,390	7,590,626	6,844,057	6,568,086	5,850,543
Less general obligation debt at June 30	—	—	—	—	—	—	—	—	—	—
Legal debt margin	8,975,883	9,357,888	9,816,598	10,334,862	9,999,497	9,087,390	7,590,626	6,844,057	6,568,086	5,850,543
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 agency's legal boundaries										
Real market value	61,998,156	64,712,780	67,333,674	67,466,438	65,485,068	59,132,300	48,348,600	48,571,562	41,464,678	41,464,678
Debt limit rate	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*	*13.00%*
Debt limit	8,059,760	8,412,661	8,753,378	8,770,637	8,513,059	7,687,199	6,285,318	6,314,303	5,390,408	5,390,408
Less general obligation debt at June 30	—	—	—	—	—	—	—	—	—	—
Legal debt margin	$ 8,059,760	8,412,661	8,753,378	8,770,637	8,513,059	7,687,199	6,285,318	6,314,303	5,390,408	5,390,408
Total net debt applicable to the limit as a percentage of debt limit	—	—	—	—	—	—	—	—	—	—

Source: Washington County Finance Division

WASHINGTON COUNTY, OREGON

Direct and Overlapping Governmental Activities Debt

June 30, 2012

(Dollars in thousands)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to County
Debt repaid with property taxes:			
Overlapping debt outstanding:			
Banks Fire District #13	$ 885	100.0 %	$ 885
City of Banks	1,565	100.0	1,565
City of Durham	1,185	100.0	1,185
City of Forest Grove	1,865	100.0	1,865
City of Hillsboro	8,510	100.0	8,510
City of Lake Oswego	51	0.2	—
City of North Plains	270	100.0	270
City of Portland	325	0.2	1
City of Sherwood	6,373	100.0	6,373
City of Tigard	30,735	100.0	30,735
City of Tualatin	7,671	85.1	6,528
Clackamas County School District 3J (West Linn - Wilsonville)	2,861	1.4	40
Clackamas County School District 7J (Lake Oswego)	970	0.9	9
Columbia County School District 1J (Scappoose)	160	0.5	1
Columbia County School District 47J (Vernonia)	281	1.8	5
Forest Grove Rural Fire Protection District	80	100.0	80
Gaston Rural Fire Protection District	139	77.1	107
Metro	85,630	31.3	26,802
Multnomah County School District 1J (Portland)	2,523	55.0	1,388
Portland Community College	80,556	42.1	33,914
Tri-Met	3,110	31.7	986
Tualatin Hills Parks & Recreation District	105,790	100.0	105,790
Tualatin Valley Fire & Rescue District	39,160	82.5	32,307
Washington County School District 13 (Banks)	8,255	100.0	8,255
Washington County School District 15 (Forest Grove)	123,692	100.0	123,692
Washington County School District 1J (Hillsboro)	315,711	100.0	315,711
Washington County School District 23J (Tigard - Tualatin)	126,385	95.0	120,066
Washington County School District 48J (Beaverton)	498,526	99.5	496,033
Washington County School District 511J (Gaston)	2,804	79.2	2,221
Washington County School District 88J (Sherwood)	113,533	93.5	106,153
Willamette Education Service District	6	0.3	—
Yamhill County School District 29J (Newberg)	3,453	4.0	138
Total overlapping debt outstanding	1,573,060		1,431,615
Direct debt outstanding:			
Washington County	12,140	100.00	12,140
Total direct and overlapping debt outstanding	$ 1,585,200		$ 1,443,755

Source: Oregon State Treasury, Debt Management Division

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 burdon 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.

DEMOGRAPHIC AND ECONOMIC INFORMATION

WASHINGTON COUNTY, OREGON

Demographic Statistics

Last Ten Fiscal Years

(Dollars in thousands, except Personal Income)

Fiscal Year	Population (estimated)	Personal Income	Per Capita Income	Unemployment Rate
2003	463	$ 14,973	32	8.3 %
2004	473	15,419	33	6.3
2005	480	16,121	34	5.1
2006	490	17,254	35	4.4
2007	501	18,767	37	4.3
2008	511	19,945	39	4.8
2009	520	21,186	41	10.2
2010	527	21,205	40	8.4
2011	533	21,587	41	7.6
2012	536	N/A	N/A	6.8

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

	2012*			2003		
	Annual Average		% of Total	Annual Average		% of Total
Construction		12,893	5%		12,092	6%
Manufacturing:						
Wood products	1,024			1,614		
Fabricated metal products	2,955			2,420		
Food	1,587			1,683		
Plastics and rubber products	1,589			1,743		
Computer and electronic products	26,855			25,637		
Machinery	3,608			3,498		
Other	6,291			7,640		
Total Manufacturing		43,909	18%		44,235	20%
Trade, Transportation, and Utilities:						
Wholesale	17,400			15,591		
Retail	28,227			26,349		
Transportation, Warehousing, and Utilities	3,673			4,841		
Total Trade, Transportation, and Utilities		49,300	20%		46,781	21%
Information:						
Publishing	3,121			4,030		
Telecommunications	2,072			1,937		
Other (broadcasting, ISP's, etc.)	2,425			869		
Total Information		7,618	3%		6,836	3%
Financial Activities:						
Finance and Insurance	10,837			9,601		
Real Estate	2,984			3,420		
Total Financial Activities		13,821	6%		13,021	6%
Professional and Business Services		38,267	15%		29,467	13%
Educational Services		5,247	2%		3,781	2%
Healthcare and Social Assistance		24,570	10%		16,873	8%
Leisure and Hospitality		20,643	8%		17,235	8%
Other Services (agriculture, repairs, private homes, misc.)		10,979	4%		11,076	5%
Government (federal, state, and local)		22,999	9%		17,515	8%
Total Employment		250,246	100%		218,912	100%

*Fiscal year 2012 information includes data through December 31, 2011.

Source: Oregon Employment Department Labor Market Information System (OLMIS)

WASHINGTON COUNTY, OREGON

Full-time Equivalent Employees by Function

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	275.1	270.1	279.6	280.5	284.4	292.8	299.8	297.0	297.3	297.0
Public safety and justice	777.5	767.4	775.4	772.3	782.8	815.3	834.3	836.9	833.4	823.4
Land use, housing and transportation	412.8	408.8	405.4	398.6	416.6	426.0	423.9	391.8	357.4	348.8
Health and human services	214.6	221.1	222.1	220.6	228.8	231.8	240.2	239.4	250.0	253.5
Culture, education and recreation	44.6	38.6	36.6	36.6	36.6	40.0	44.3	45.3	44.3	47.3
Total	1,724.6	1,706.0	1,719.1	1,708.6	1,749.2	1,805.9	1,842.5	1,810.3	1,782.4	1,770.0

Source: Washington County Support Services Department

OPERATING INFORMATION

WASHINGTON COUNTY, OREGON

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Assessment & Taxation:										
Real property accounts	154,285	157,241	160,490	164,548	168,846	173,542	177,155	177,924	178,440	178,971
Personal property accounts	21,033	20,944	21,141	22,283	23,278	23,791	24,100	24,591	24,077	23,893
Mobile home accounts	6,522	6,387	6,227	6,092	5,930	5,569	5,336	5,239	5,205	5,188
Utility property accounts	1,084	1,097	1,072	941	997	977	940	1,026	1,167	1,278
County Counsel:										
Hours booked for General Fund programs	4,970	5,191	6,517	5,650	5,670	6,023	6,072	8,376	6,102	6,945
Hours booked for Special Revenue funds and miscellaneous	5,808	6,903	6,918	6,628	7,118	6,938	7,081	5,639	6,223	6,200
Hours booked for internal work	2,032	2,086	2,021	2,456	2,519	2,406	2,087	2,187	2,066	2,269
Support Services:										
Number of budgeted permanent FTE positions within the County	1,725	1,709	1,720	1,709	1,749	1,806	1,843	1,810	1,782	1,770
Number of collective bargaining units	4	4	4	5	5	5	5	5	5	5
Public Safety & Justice:										
Sheriff (measured in calendar years):										
Citizen generated calls for service	49,339	52,506	52,394	51,632	52,121	52,481	49,296	48,343	47,050	N/A
Officer-initiated calls for service (including traffic responses)	62,870	61,756	70,006	76,595	75,023	72,432	88,239	96,182	94,258	N/A
Bookings per year at Jail	18,149	19,015	20,600	19,329	19,181	18,560	18,698	17,967	17,761	N/A
Average length of stay in Jail (in days)	11	12	11	17	17	10	19	18	48	N/A
Average daily Jail population	530	579	589	554	547	545	613	579	568	N/A
Case numbers issued (all documented law enforcement actions taken)	26,363	26,800	27,552	25,619	23,030	21,536	20,657	20,386	19,249	N/A
Juvenile (measured in calendar years):										
Total referrals to juvenile department	3,621	3,677	3,642	3,961	4,416	4,646	4,087	4,106	3,738	3,539
Percent of youth with no new offenses	76%	73%	75%	72%	72%	71%	74%	74%	75%	N/A
Total admissions to secure detention	549	515	538	547	586	632	724	727	715	597
Total admissions to shelter care evaluation	158	164	156	147	167	165	163	160	134	121
Community Corrections:										
Number of offenders residing at the Community Corrections Center	2,040	1,902	2,000	1,946	2,030	2,100	2,026	2,040	2,044	1,953
Average daily Community Corrections Center population	180	175	180	181	198	190	194	198	195	181
Average length of stay in Community Corrections Center (in days)	31	32	31	34	37	36	33	36	36	34
Number of offenders on supervision	3,999	4,137	3,962	4,059	4,176	4,205	4,162	4,123	4,035	3,694
Law Library:										
Total in-library users	4,854	6,917	6,165	6,968	8,788	9,214	9,797	9,630	5,569	4,833
Items checked out	608	675	786	1,022	864	800	802	865	867	796
Land Use, Housing, & Transportation:										
Land Use & Transportation (measured in calendar years):										
Total land use case files	542	538	518	596	278	434	413	380	357	N/A
Total land use actions	662	657	621	773	360	549	488	456	431	N/A
New subdivisions	36	43	54	83	52	14	4	8	5	N/A
Building permits issued (single family residential & remodels/additions)	1,194	1,458	1,504	1,648	1,639	1,212	988	1,110	1,053	N/A
Measure 37 claims received	N/A	33	404	469	—	—	—	—	—	N/A
Housing Services:										
Rent subsidies (units)	2,535	2,536	2,569	2,569	2,569	2,581	2,610	2,810	2,810	2,823
Affordable housing (units)	1,973	1,973	2,684	2,684	2,684	2,684	2,684	2,005	2,086	1,135
Public housing (units)	297	297	297	297	297	265	257	255	255	255
Homeownership (units)	1	—	4	3	2	2	2	—	—	2
Homeless services (beds)	595	622	624	625	483	548	544	604	594	739
Community Development:										
Number of people served by all CDBG programs	22,349	16,102	14,257	57,107	30,647	24,767	19,978	14,509	16,763	21,184
Number of households served by all CDBG programs	329	268	355	512	293	468	341	523	491	435
Health & Human Services:										
Health & Human Services:										
Swimming pool inspections, reviews, investigations	1,164	1,072	1,130	1,130	1,178	1,156	1,328	1,264	1,196	1,130
Solid Waste and Recycling phone calls received	3,683	3,269	3,127	3,082	3,500	3,187	3,442	3,502	3,600	4,200
Health Clinic - communicable disease client visits	15,606	14,053	13,666	12,500	11,862	11,683	10,378	11,169	13,257	8,943
Birth certificates received	7,529	7,498	7,511	7,500	8,177	4,172	N/A	N/A	N/A	N/A
Emergency Medical Services:										
CPR/AED people trained (measured in calendar years)	92	226	505	663	686	1,002	605	556	468	N/A
Ambulance licenses issued	86	112	94	110	113	103	98	99	97	111
Total ambulances inspected	25	40	35	37	27	—	7	10	—	—
Wheelchair car licenses issued	114	112	106	119	103	131	134	135	144	174
Culture, Education, & Recreation:										
Cooperative Library Services:										
Total library materials circulated	6,584,078	6,583,730	6,813,881	7,121,182	7,389,681	8,442,266	9,776,585	11,143,345	12,711,299	13,047,677
New users registered	34,621	34,521	38,730	36,104	38,189	41,715	44,797	38,108	40,374	35,770
Attendance at summer reading programs and events	16,652	19,685	26,621	25,050	36,672	38,966	41,234	48,136	46,846	51,009
Items delivered to member libraries via WCCLS couriers	1,713,589	1,794,180	1,852,787	2,011,235	2,125,504	2,714,141	3,170,517	3,721,876	4,138,471	4,108,984

N/A: Information not available

Source: Washington County Support Services Department

WASHINGTON COUNTY, OREGON

Capital Assets

Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government:										
Facilities:										
Number of buildings - owned	25	25	25	25	22	23	23	23	23	23
Number of buildings - leased	8	9	9	9	10	8	9	9	8	7
Square feet - owned space	1,168,876	1,168,876	1,168,876	1,168,876	1,297,265	1,304,265	1,304,265	1,304,265	1,304,265	1,304,265
Square feet - leased space	32,424	36,821	36,821	36,821	31,642	24,282	24,722	24,722	24,079	19,867
Fleet:										
Number of units maintained	497	511	513	532	542	549	564	561	556	539
Gallons of fuel dispensed	384,273	400,812	404,661	421,373	408,405	450,074	439,539	431,506	449,544	441,940
Miles driven	4,277,224	4,293,800	4,309,245	4,543,847	4,475,521	4,705,659	4,554,668	4,620,550	4,613,964	4,485,547
Number of work orders	4,269	4,049	4,202	4,101	3,821	4,229	4,444	3,847	4,156	4,365
Information Technology Services:										
Computers supported	1,532	1,559	1,617	1,675	1,739	2,028	2,127	2,116	2,116	2,385
Applications supported	360	360	363	358	608	630	665	698	709	783
Land Use, Housing, and Transportation:										
County road system (measured in calendar years):										
Total miles maintained	1,264	1,277	1,277	1,276	1,285	1,271	1,271	1,280	1,300	N/A
Paved miles	996	1,014	1,017	1,017	1,033	1,035	1,035	1,055	1,075	N/A
Gravel miles	268	263	260	259	252	236	236	225	225	N/A
Urban miles	582	617	616	615	627	630	630	639	639	N/A
Rural miles	682	660	661	661	657	641	641	641	661	N/A
Bridges	185	186	186	187	187	187	187	189	189	N/A
Traffic signals	291	300	322	325	325	369	379	404	445	N/A

Source: Washington County Support Services Department

N/A: Information not available

WASHINGTON COUNTY, OREGON

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

SECTION IV

Talbot, Korvola & Warwick, LLP

INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS

December 18, 2012

Board of Commissioners
Washington County
Hillsboro, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Washington County, Oregon (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 18, 2012. We did not audit the financial statements of Clean Water Services (the District), a discretely presented component unit of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the District 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.

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 162-10-320 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 the 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.

COMPLIANCE (Continued)

- 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).

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 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, except for over expenditures of appropriations as follows:

- General Fund – Non-operating organizational unit in the amount of $3,000.
- Child Abuse Multidisciplinary Intervention Fund - Public safety and justice in the amount of $99,000.
- Washington County Fair Fund – Culture, educational and recreation in the amount of $12,000; Capital outlay in the amount of $7,000; Debt service in the amount of $2,000.
- Court Security Fund – Capital outlay in the amount of $48,000.

OAR 162-10-230 INTERNAL CONTROL

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our report on the County's internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards*, dated December 18, 2012, has been issued under separate cover.

* * * * * * *

This report is intended solely for the information and use of the Audit Committee, Board of 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, Korvola & Warwick, LLP

Certified Public Accountants

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Appendix C

Book Entry Only System

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SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[**6**. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[**9.** A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

Washington County, Oregon
Full Faith and Credit Refunding Obligations
$__________ Series 2013A (Federally Taxable)
$__________ Series 2013B (Tax-Exempt)

This Continuing Disclosure Certificate (the "Certificate") is executed and delivered by Washington County, Oregon (the "Issuer") in connection with the issuance of the Issuer's Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) and Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) (collectively, the "Securities").

Section 1. Purpose of Certificate. This Certificate constitutes the Issuer's written undertaking for the benefit of the holders of the Securities and to assist the underwriters of the Securities in complying with paragraph (b)(5) of the United States Securities and Exchange Commission Rule 15c2-12 (17 C.F.R. § 240.15c2-12) as amended (the "Rule").

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section shall, for purposes of this Certificate, have the meanings herein specified.

"Beneficial Owner" means any person who has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Securities, including persons holding Securities through nominees or depositories.

"Commission" means the United States Securities and Exchange Commission.

"MSRB" means the United States Municipal Securities Rulemaking Board or any successor to its functions.

"Official Statement" means the final official statement for the Securities dated __________, 2013.

"Rule" means the Commission's Rule 15c2-12 under the Securities Exchange Act of 1934, as it has been and may be amended.

Section 3. Financial Information. The Issuer agrees to provide or cause to be provided to the MSRB, the Issuer's latest publicly available annual financial statements prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) and generally of the type included in the Official Statement as "Financial Statements" (Appendix B).

To the extent not included in its annual financial statements, the Issuer shall also provide information, of the type set forth in the Official Statement, containing: (1) the total real market value and total assessed value of property within the Issuer (as indicated in the records of the county assessor); (2) the amount or rate of property taxes levied by the Issuer for the fiscal year, and the amount of property taxes the Issuer received during the fiscal year; (3) the aggregate tax rate for all ad valorem property taxes levied within the boundaries of the Issuer; and, (4) the total principal amount of general obligation bonds and other tax-supported obligations of the Issuer which are outstanding at the end of the fiscal year.

Section 4. Timing. The information described in the preceding paragraph shall be provided by the Issuer for each of its fiscal years in which the Securities are outstanding. The Issuer shall provide that information not later than nine months after the end of each fiscal year, commencing with information for fiscal year 2012-2013. The information described in the preceding paragraph will be provided in the form of audited financial statements if they are then available, and otherwise will be provided in the form of unaudited financial statements. The Issuer's current fiscal year ends June 30. The Issuer may adjust this fiscal year by providing written notice of the change of fiscal year to the MSRB. In lieu of providing this annual financial information separately, the Issuer may cross-reference to other documents provided to the MSRB.

The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB notice of its failure to provide the annual financial information described in Section 3 on or prior to the date set forth in the preceding paragraph.

If not provided as part of the annual financial information discussed above, the Issuer shall provide the Issuer’s audited annual financial statement prepared in accordance with the Oregon Local Budget Law (or any successor statute) and in accordance with generally accepted accounting principles so prescribed by the Governmental Accounting Standards Board (or its successors) when and if available to the MSRB.

Section 5. Material Events. The Issuer agrees to provide or cause to be provided to the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, notice of any of the following events with respect to the Securities:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Security;

7. Modifications to the rights of Security holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution or sale of property securing repayment of the Securities, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the obligated person; (Note: For the purposes of the event identified in this paragraph 12, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.);

13. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

Section 6. <u>Termination</u>. The Issuer's obligation to provide notices of material events shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Securities. This Certificate, or any provision hereof, shall be null and void if the Issuer (a) obtains an opinion of nationally recognized bond counsel to the effect that those portions of the Rule which require this Certificate, or any provision of this Certificate, are invalid, have been repealed retroactively or otherwise do not apply to the Securities; and (b) notifies the MSRB of such opinion and the termination of its obligations under this Certificate.

Section 7. <u>Amendment</u>. Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate, provided that the following conditions are satisfied:

A. If the amendment relates to the provisions of Sections 3 or 5 hereof, it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer with respect to the Securities, or the type of business conducted; and,

B. If this Certificate, as amended, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Securities, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

C. The amendment either (i) is approved by the owners of the Securities pursuant to the terms of the governing instrument as it is in effect at the time of the amendment or (ii) does not materially impair the interests of the owners or Beneficial Owners of the Securities as determined by a party unaffiliated with the Obligated Person.

In the event of any amendment of a provision of this Certificate, the Issuer shall describe such amendment in its next annual filing pursuant to Section 3 of this Certificate, and shall include, as applicable, a narrative explanation of the reason for the amendment and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of the amendment shall be given in the same manner as for a material event under Section 5 hereof, and (ii) the annual filing pursuant to Section 3 of this Certificate for the first fiscal year that is affected by the change in accounting principles should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 8. <u>Securities Owner's Remedies Under This Certificate</u>. The right of any holder of Securities or Beneficial Owner of Securities to enforce the provisions of this Certificate shall be limited to a right to obtain specific enforcement of the Issuer's obligations hereunder, and any failure by the Issuer to comply with the provisions of this undertaking shall not be an event of default with respect to the obligations hereunder.

Section 9. <u>Form of Information.</u> All information required to be provided under this certificate will be provided in an electronic format as prescribed by the MSRB and with the identifying information prescribed by the MSRB.

Section 10. <u>Submitting Information Through EMMA.</u> So long as the MSRB continues to approve the use of the Electronic Municipal Market Access ("EMMA") continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is emma.msrb.org.

Section 11. <u>Choice of Law</u>. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

Dated as of the _____ day of __________, 2013.

Washington County, Oregon

By:______________________________________
County Official

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Appendix E

Forms of Financing Agreement and Forms of Escrow Agreement for the 2013A and 2013B Obligations

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Financing Agreement

by and between

U.S. Bank National Association
as Escrow Agent

and

Washington County, Oregon
as Borrower

Dated as of __________, 2013

$__________
Washington County, Oregon
Full Faith and Credit Refunding Obligations
Series 2013A (Federally Taxable)

Table of Contents

FINANCING AGREEMENT

This Financing Agreement is dated as of __________, 2013, and is entered into by and between U.S. Bank National Association, as Escrow Agent, and Washington County, Oregon (the "County"), as the borrower. The parties hereby agree as follows:

1. Recitals, Definitions and Rules of Construction.

1.1 Recitals.

1.1(A) The County recites that the County is authorized to finance or refinance real and personal property by Financing Agreement pursuant to ORS 271.390, and executes this Financing Agreement to refinance the Projects, as defined below.

1.1(B) The County and the Escrow Agent recite:

(1) The Escrow Agent desires to loan the Financing Amount to the County to refinance the Projects, but only from the proceeds of the Obligations.

(2) The County desires to borrow the Financing Amount from the Escrow Agent to refinance the Projects as provided in this Financing Agreement.

1.2 Definitions.

Unless the context clearly requires otherwise: capitalized terms not defined in this Section 1.2 shall have the meanings defined for such terms in the Escrow Agreement; and, capitalized terms used in this Financing Agreement which are defined in this Section 1.2 shall have the following meanings:

"Additional Charges" means the amounts specified as such pursuant to Section 3.2(E) of this Financing Agreement.

"Escrow Agreement" means the Escrow Agreement relating to the County's Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) which is dated as of __________, 2013, as it may be amended or supplemented.

"Financing Agreement" means this Financing Agreement and its exhibits, including any amendments.

"Financing Amount" means $__________.

"Financing Default" means any event described in Section 5.1 of this Financing Agreement.

"Financing Payments" means the payments described in Section 3.2(B) of this Financing Agreement.

"Obligations" means the Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) which are issued pursuant to the Escrow Agreement.

"Payment Date" means the date upon which any Financing Payment is due and payable, as provided in Section 3.2(B) herein, or the date on which any Financing Payment will be prepaid in accordance with the Escrow Agreement and this Financing Agreement.

"Projects" means the projects financed or refinanced with the County's Full Faith and Credit Obligations, Series 2004, and costs related to the financing.

"Record Date" means the 15th day of the month preceding a payment date.

1.3 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

2. Representations, Warranties and Covenants.

2.1 Representations, Warranties and Covenants of County.

The County represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

2.1(A) The County is a properly incorporated and existing county under the laws of the State of Oregon.

2.1(B) The County is authorized under ORS 271.390 to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.

2.1(C) The County has taken all action which is required to ensure the enforceability of this Financing Agreement in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally).

2.1(D) The County has complied and will comply with all public bidding or other procurement requirements which apply to this Financing Agreement and the acquisition and construction of the Projects refinanced with this Financing Agreement.

2.1(E) The estimated weighted average life of this Financing Agreement does not exceed the estimated dollar weighted average life of the Projects refinanced with this Financing Agreement.

2.2 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the County as follows:

2.2(A) The Escrow Agent is a national banking association, duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow

Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

2.2(B) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Escrow Agent or any agreement to which the Escrow Agent is a party.

2.2(C) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

3. The Loan and the Financing Payments.

3.1 The Loan.

3.1(A) The Escrow Agent agrees to loan the County an amount equal to the Financing Amount, but solely from the proceeds of sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. This loan from the Escrow Agent to the County will be deemed to have been made when the Escrow Agent makes the deposits and transfers to the County which are specified in Section 3.3 of the Escrow Agreement.

3.1(B) The County agrees to borrow the Financing Amount from the Escrow Agent, and to repay that Financing Amount by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date the Financing Payments and Additional Charges have been paid or defeased in accordance with [Section 11.1] of the Escrow Agreement.

3.2 The Financing Payments and Additional Charges.

3.2(A) The County agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the loan made under this Financing Agreement, the Financing Payments and the Additional Charges.

3.2(B) The County shall pay the Financing Amount to the Escrow Agent in semiannual Financing Payments which consist of the annual principal installments shown in Exhibit A, together with interest on those principal installments, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, at the rates shown in Exhibit A.

3.2(C) To secure the performance of its obligation to pay Financing Payments, the County will deposit or have deposited an amount equal to each Financing Payment with

the Escrow Agent one Business Day preceding each scheduled Payment Date. Each deposit made under this Section 3.2(C) shall be applied toward the corresponding Financing Payment that is due from the County under Section 3.2(B).

3.2(D) In determining the amount of the deposit which is due from the County under Section 3.2(C) the County shall be credited on the deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payments (including accrued interest, and any other amounts to be deposited therein) and the County shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

3.2(E) In addition to the Financing Payments, the County covenants to pay the following Additional Charges, as and when the same become due and payable:

the reasonable fees, costs and expenses of the Escrow Agent, including, to the extent permitted by law, all costs and expenses which the Escrow Agent may incur because of any default by the County under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement, and the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement and the reasonable fees, costs and expenses of any successor Escrow Agent.

3.2(F) Additional Charges shall be paid by County when due. Additional Charges described in Section above shall be paid to the United States Department of Treasury. Additional Charges described in Section 0 above shall be paid to the Escrow Agent.

3.3 Prepayment.

3.3(A) Optional Prepayment. The Obligations maturing in years 2013 through 2023, inclusive, are not subject to prepayment prior to maturity. The County may prepay the principal component of Financing Payments coming due on June 1, 2024 and on any date thereafter at any date on or after June 1, 2023, as a whole or in part at a price of par (and if in part, with maturities of the Obligations to be selected by the County or within a maturity in accordance with DTC’s operational procedures then in effect), plus accrued interest, if any, to the date of prepayment.

3.3(B) [Mandatory Prepayment.

The Term Obligation stated to mature on June 1 in the year[s] ____ are subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedules:

Year (June 1)	Principal Amount ($)
*	

*Final maturity

A Term Obligation subject to optional prepayment and prepaid in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

3.3(C) Notice of Prepayment. The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 30 days prior to the date fixed for redemption.

3.4 Obligation to Pay Financing Payments is Unconditional; Pledge of Full Faith and Credit.

3.4(A) Section 10, Article XI of the Oregon Constitution prohibits counties from creating any debt or liabilities which shall singly or in the aggregate, with previous debts or liabilities, exceed the sum of $5,000, unless those debts or liabilities are incurred to carry out purposes authorized by statute, and do not exceed limits fixed by statute. ORS 287A.105 authorizes counties to incur debts or liabilities under ORS 271.390 and similar statutes if the debts or liabilities do not exceed one percent of the real market value of all taxable property in the county, or any lesser limit on bonded indebtedness in the county's charter.

(1) The County charter does not have a limit on the issuance of bonded indebtedness.

(2) The County has issued bonded indebtedness that is subject to the limit of 287A.105 prior to the execution of this Financing Agreement, and there is $[103,858,846] aggregate principal amount of borrowings currently outstanding, before the issuance of this Financing Agreement and the County's financing agreement related to its Full Faith and Credit Obligations, Series 2013B (Tax-Exempt) (the "Series 2013B Financing Agreement"), that is subject to this limit.

(3) The real market value of the County for Fiscal Year 2013 is $61,073,392,037, and the total amount of borrowings subject to the limit described in Section 287A.105 which the County may have outstanding is $610,733,920.

(4) Since proceeds of the Financing Agreement will go to refund an outstanding borrowing subject to the limit in ORS 287A.105, the Financing Agreement will only increase the amount of the County's borrowings subject to the limit in ORS 287A.105 by the amount the principal amount of the Financing Agreement and the Series 2013B Financing Agreement exceeds the outstanding amount of the borrowing that will be refunded. $[103,858,846] is less than $610,733,920 (one percent of the real market value of all taxable property within the County), therefore the County is within the limit described in ORS 287A.105.

3.4(B) The obligation of the County to make Financing Payments shall be unconditional, and the County shall pay the Financing Payments from any and all of its legally available taxes, revenues and other funds. The County hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments and other amounts due under this Financing Agreement.

3.4(C) The County hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

(1) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;

(2) any insolvency, bankruptcy, reorganization or similar proceedings by the County;

(3) abatement through damage, destruction or non-availability of the Projects refinanced with this Financing Agreement; or

(4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

3.5 Estoppel.

The County hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the County which is enforceable against the County in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

4. Title and Assignment.

4.1 Title.

The Escrow Agent and the Owners shall have no lien on, or security interest in, the Projects refinanced with this Financing Agreement.

4.2 Assignment by the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

4.3 Assignment by the County.

The rights and obligations of the County under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the County, or any entity into which the County may be merged or consolidated, but only if the assignee or transferee assumes all of the County's obligations under this Financing Agreement. The rights and obligations of County under this Financing Agreement shall not otherwise be assigned or transferred.

5. Financing Defaults and Remedies.

5.1 Financing Defaults Defined.

Any one or more of the following events shall constitute Financing Defaults:

5.1(A) Failure by the County to pay any Financing Payments required to be paid hereunder in the amount and at the time specified in this Financing Agreement.

5.1(B) Except as provided in Section 5.2 below, failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Financing Agreement, but only if the failure continues for a period of 60 days after written notice to the County by the Escrow Agent, specifying such failure and requesting that it be remedied. The Escrow Agent may agree in writing to an extension of this 60 day period. In addition, if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

5.1(C) The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors, or the taking of any action by the County in furtherance of any of the foregoing.

5.2 Force Majeure.

If by reason of *force majeure*, the County is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the County to pay the Financing Payments when due, the County shall not be deemed in default during the continuance of such inability. The term “force majeure” as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America or the State of Oregon or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the County.

5.3 Remedies on Financing Default.

5.3(A) Whenever a Financing Default shall have happened and be continuing, the Escrow Agent, upon receipt of indemnity and fulfillment of the conditions contained in Sections [5.8(B) and 9.2] of the Escrow Agreement, shall have the right, at its sole option without any further demand or notice, to exercise any remedy available at law or in equity; however, the Financing Amount and the Financing Payments shall not be subject to acceleration.

5.3(B) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 5.3 is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of a Financing Default shall constitute a waiver of any other or subsequent Financing Default.

6. Miscellaneous.

6.1 Notices.

All notices and other communications required by the Agreement shall be considered properly given if they are delivered by regular U.S. mail:

To the Escrow Agent at:

U.S. Bank National Association
Global Corporate Trust Services, PD-OR-P6TD
555 S.W. Oak Street
Portland, OR 97204
Telephone: 503-275-5713

To the County at:

Washington County
Attention: Chief Finance Officer
155 N. First Avenue, Suite 330
Hillsboro, OR 97124
Telephone: 503-846-8756

6.2 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the County and their respective successors and assigns.

6.3 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

6.4 Amendments.

This Financing Agreement may be amended only as provided in the Escrow Agreement.

6.5 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

6.6 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Washington County, Oregon.

6.7 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Financing Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the County has caused this Financing Agreement to be executed in its name by its duly authorized County Official, all as of the date first above written.

U.S. Bank National Association,
as Escrow Agent

____
Authorized Officer

Washington County, Oregon

____
County Official

EXHIBIT A
The Financing Payments

[To follow.]

Period Ending	Principal	Coupon	Interest	Total Debt Service

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FINANCING AGREEMENT

by and between

U.S. Bank National Association
as Escrow Agent

and

Washington County, Oregon
as Borrower

Dated as of __________, 2013

$___________
Washington County, Oregon
Full Faith and Credit Refunding Obligations
Series 2013B (Tax-Exempt)

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FINANCING AGREEMENT

This Financing Agreement is dated as of __________, 2013, and is entered into by and between U.S. Bank National Association, as Escrow Agent, and Washington County, Oregon (the "County"), as the borrower. The parties hereby agree as follows:

1. Recitals, Definitions and Rules of Construction.

1.1 Recitals.

1.1(A) The County recites that the County is authorized to finance or refinance real and personal property by Financing Agreement pursuant to ORS 271.390, and executes this Financing Agreement to refinance the Projects, as defined below.

1.1(B) The County and the Escrow Agent recite:

(1) The Escrow Agent desires to loan the Financing Amount to the County to refinance the Projects, but only from the proceeds of the Obligations.

(2) The County desires to borrow the Financing Amount from the Escrow Agent to refinance the Projects as provided in this Financing Agreement.

1.2 Definitions.

Unless the context clearly requires otherwise: capitalized terms not defined in this Section 1.2 shall have the meanings defined for such terms in the Escrow Agreement; and, capitalized terms used in this Financing Agreement which are defined in this Section 1.2 shall have the following meanings:

"Additional Charges" means the amounts specified as such pursuant to Section 3.2(E) of this Financing Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

"Escrow Agreement" means the Escrow Agreement relating to the County's Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) which is dated as of __________, 2013, as it may be amended or supplemented.

"Financing Agreement" means this Financing Agreement and its exhibits, including any amendments.

"Financing Amount" means $__________.

"Financing Default" means any event described in Section 5.1 of this Financing Agreement.

"Financing Payments" means the payments described in Section 3.2(B) of this Financing Agreement.

"Obligations" means the Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) which are issued pursuant to the Escrow Agreement.

"Payment Date" means the date upon which any Financing Payment is due and payable, as provided in Section 3.2(B) herein, or the date on which any Financing Payment will be prepaid in accordance with the Escrow Agreement and this Financing Agreement.

"Projects" means the projects financed or refinanced with the County's Full Faith and Credit Obligations, Series 2006, and costs related to the financing.

"Record Date" means the 15th day of the month preceding a payment date.

1.3 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

2. Representations, Warranties and Covenants.

2.1 Representations, Warranties and Covenants of County.

The County represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

2.1(A) The County is a properly incorporated and existing county under the laws of the State of Oregon.

2.1(B) The County is authorized under ORS 271.390 to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.

2.1(C) The County has taken all action which is required to ensure the enforceability of this Financing Agreement in accordance with its terms (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally).

2.1(D) The County has complied and will comply with all public bidding or other procurement requirements which apply to this Financing Agreement and the acquisition and construction of the Projects refinanced with this Financing Agreement.

2.1(E) The estimated weighted average life of this Financing Agreement does not exceed the estimated dollar weighted average life of the Projects refinanced with this Financing Agreement.

2.2 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the County as follows:

2.2(A) The Escrow Agent is a national banking association, duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

2.2(B) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Escrow Agent or any agreement to which the Escrow Agent is a party.

2.2(C) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

2.3 Tax Covenants.

To maintain the exclusion of the interest component of each Financing Payment from gross income under the Code, the County covenants for the benefit of the Owners to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code, and with all covenants and agreements in the certificates or other documents executed by the County in connection with delivery of the Financing Agreement and the Obligations which relate to the excludability of the interest components from gross income, so that the interest components of the Financing Payments are excludable from gross income under the Code. The Escrow Agent hereby agrees to comply with any instructions given by the County to maintain the exclusion of the interest component of each Financing Payment from gross income under the Code. The covenants in this Section shall survive the payment of the Obligations and the interest thereon, including any payment or defeasance thereof pursuant to the Escrow Agreement.

3. The Loan and the Financing Payments.

3.1 The Loan.

3.1(A) The Escrow Agent agrees to loan the County an amount equal to the Financing Amount, but solely from the proceeds of sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. This loan from the Escrow Agent to the County will be deemed to have been made when the Escrow Agent makes the deposits and transfers to the County which are specified in Section 3.3 of the Escrow Agreement.

3.1(B) The County agrees to borrow the Financing Amount from the Escrow Agent, and to repay that Financing Amount by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date the Financing Payments

and Additional Charges have been paid or defeased in accordance with [Section 11.1] of the Escrow Agreement.

3.2 The Financing Payments and Additional Charges.

3.2(A) The County agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the loan made under this Financing Agreement, the Financing Payments and the Additional Charges.

3.2(B) The County shall pay the Financing Amount to the Escrow Agent in semiannual Financing Payments which consist of the annual principal installments shown in Exhibit A, together with interest on those principal installments, payable semiannually on June 1 and December 1 of each year, commencing June 1, 2013, at the rates shown in Exhibit A.

3.2(C) To secure the performance of its obligation to pay Financing Payments, the County will deposit or have deposited an amount equal to each Financing Payment with the Escrow Agent one Business Day preceding each scheduled Payment Date. Each deposit made under this Section 3.2(C) shall be applied toward the corresponding Financing Payment that is due from the County under Section 3.2(B).

3.2(D) In determining the amount of the deposit which is due from the County under Section 3.2(C) the County shall be credited on the deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payments (including accrued interest, and any other amounts to be deposited therein) and the County shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

3.2(E) In addition to the Financing Payments, the County covenants to pay the following Additional Charges, as and when the same become due and payable:

(1) all applicable rebates due in connection with this Financing Agreement and the Obligations which are required to be paid under Section 148(f) of the Code;

(2) the reasonable fees, costs and expenses of the Escrow Agent, including, to the extent permitted by law, all costs and expenses which the Escrow Agent may incur because of any default by the County under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement, and the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement and the reasonable fees, costs and expenses of any successor Escrow Agent.

3.2(F) Additional Charges shall be paid by County when due. Additional Charges described in Section 3.2(E)(1) above shall be paid to the United States Department of Treasury. Additional Charges described in Section 3.2(E)(2) above shall be paid to the Escrow Agent.

3.3 Prepayment.

3.3(A) Optional Prepayment. The Obligations maturing in years 2013 through 2023, inclusive, are not subject to prepayment prior to maturity. The County may prepay the principal component of Financing Payments coming due on June 1, 2024 and on any date thereafter at any date on or after June 1, 2023, as a whole or in part at a price of par (and if in part, with maturities of the Obligations to be selected by the County or within a maturity in accordance with DTC's operational procedures then in effect), plus accrued interest, if any, to the date of prepayment.

3.3(B) [Mandatory Prepayment.

The Term Obligation stated to mature on June 1 in the year[s] ____ are subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedules:

Year (June 1)	Principal Amount ($)
*	

*Final maturity

A Term Obligation subject to optional prepayment and prepaid in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

3.3(C) Notice of Prepayment. The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 30 days prior to the date fixed for redemption.

3.4 Obligation to Pay Financing Payments is Unconditional; Pledge of Full Faith and Credit.

3.4(A) Section 10, Article XI of the Oregon Constitution prohibits counties from creating any debt or liabilities which shall singly or in the aggregate, with previous debts or liabilities, exceed the sum of $5,000, unless those debts or liabilities are incurred to carry out purposes authorized by statute, and do not exceed limits fixed by statute. ORS 287A.105 authorizes counties to incur debts or liabilities under ORS 271.390 and similar statutes if the debts or liabilities do not exceed one percent of the real market value of all taxable property in the county, or any lesser limit on bonded indebtedness in the county's charter.

(1) The County charter does not have a limit on the issuance of bonded indebtedness.

(2) The County has issued bonded indebtedness that is subject to the limit of 287A.105 prior to the execution of this Financing Agreement, and there is $[103,858,846] aggregate principal amount of borrowings currently outstanding, before the issuance of this Financing Agreement and the County's financing agreement related to its Full Faith and Credit Obligations, Series 2013A (Taxable) (the "Series 2013A Financing Agreement"), that is subject to this limit.

(3) The real market value of the County for Fiscal Year 2013 is $61,073,392,037, and the total amount of borrowings subject to the limit described in Section 287A.105 which the County may have outstanding is $610,733,920.

(4) Since proceeds of the Financing Agreement will go to refund an outstanding borrowing subject to the limit in ORS 287A.105, the Financing Agreement will only increase the amount of the County's borrowings subject to the limit in ORS 287A.105 by the amount the principal amount of the Financing Agreement and the Series 2013A Financing Agreement exceeds the outstanding amount of the borrowing that will be refunded. $[103,858,846] is less than $610,733,920 (one percent of the real market value of all taxable property within the County), therefore the County is within the limit described in ORS 287A.105.

3.4(B) The obligation of the County to make Financing Payments shall be unconditional, and the County shall pay the Financing Payments from any and all of its legally available taxes, revenues and other funds. The County hereby pledges its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments and other amounts due under this Financing Agreement.

3.4(C) The County hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

(1) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;

(2) any insolvency, bankruptcy, reorganization or similar proceedings by the County;

(3) abatement through damage, destruction or non-availability of the Projects refinanced with this Financing Agreement; or

(4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

3.5 Estoppel.

The County hereby certifies, recites and declares that all things, conditions and acts required by the Constitution and Statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing

Agreement is a valid and binding obligation of the County which is enforceable against the County in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

4. Title and Assignment.

4.1 Title.

The Escrow Agent and the Owners shall have no lien on, or security interest in, the Projects refinanced with this Financing Agreement.

4.2 Assignment by the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

4.3 Assignment by the County.

The rights and obligations of the County under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the County, or any entity into which the County may be merged or consolidated, but only if the assignee or transferee assumes all of the County's obligations under this Financing Agreement. The rights and obligations of County under this Financing Agreement shall not otherwise be assigned or transferred.

5. Financing Defaults and Remedies.

5.1 Financing Defaults Defined.

Any one or more of the following events shall constitute Financing Defaults:

5.1(A) Failure by the County to pay any Financing Payments required to be paid hereunder in the amount and at the time specified in this Financing Agreement.

5.1(B) Except as provided in Section 5.2 below, failure by the County to observe and perform any covenant, condition or agreement on its part to be observed or performed under this Financing Agreement, but only if the failure continues for a period of 60 days after written notice to the County by the Escrow Agent, specifying such failure and requesting that it be remedied. The Escrow Agent may agree in writing to an extension of this 60 day period. In addition, if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected.

5.1(C) The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an

agreement of composition with creditors, or the taking of any action by the County in furtherance of any of the foregoing.

5.2 Force Majeure.

If by reason of *force majeure*, the County is unable in whole or in part to carry out its agreement herein contained, other than the obligation of the County to pay the Financing Payments when due, the County shall not be deemed in default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, any of the following: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy; orders or restraints of any kind of the government of the United States of America or the State of Oregon or any of their departments, agencies or officials, or any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms; droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; or any other cause or event not reasonably within the control of the County.

5.3 Remedies on Financing Default.

5.3(A) Whenever a Financing Default shall have happened and be continuing, the Escrow Agent, upon receipt of indemnity and fulfillment of the conditions contained in Sections [5.8(B) and 9.2] of the Escrow Agreement, shall have the right, at its sole option without any further demand or notice, to exercise any remedy available at law or in equity; however, the Financing Amount and the Financing Payments shall not be subject to acceleration.

5.3(B) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 5.3 is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of a Financing Default shall constitute a waiver of any other or subsequent Financing Default.

6. Miscellaneous.

6.1 Notices.

All notices and other communications required by the Agreement shall be considered properly given if they are delivered by regular U.S. mail:

To the Escrow Agent at:

U.S. Bank National Association
Global Corporate Trust Services, PD-OR-P6TD
555 S.W. Oak Street
Portland, OR 97204
Telephone: 503-275-5713

To the County at:

Washington County
Attention: Chief Finance Officer
155 N. First Avenue, Suite 330
Hillsboro, OR 97124
Telephone: 503-846-8756

6.2 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the County and their respective successors and assigns.

6.3 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

6.4 Amendments.

This Financing Agreement may be amended only as provided in the Escrow Agreement.

6.5 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute the same instrument.

6.6 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court of the State of Oregon in Washington County, Oregon.

6.7 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Financing Agreement. All references herein to “Sections,” and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

[The remainder of this page is left blank intentionally.]

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the County has caused this Financing Agreement to be executed in its name by its duly authorized County Official, all as of the date first above written.

U.S. Bank National Association,
as Escrow Agent

____
Authorized Officer

Washington County, Oregon

____
County Official

EXHIBIT A
The Financing Payments

[To follow.]

Period Ending	Principal	Coupon	Interest	Total Debt Service

(This page left blank intentionally)

ESCROW AGREEMENT

by and between

U.S. Bank National Association
as Escrow Agent

and

Washington County, Oregon

Dated as of __________, 2013

$___________
Full Faith and Credit Refunding Obligations
Series 2013A (Federally Taxable)
Evidencing interests in the Financing Payments due from
Washington County, Oregon

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ESCROW AGREEMENT

$__________
Washington County, Oregon
Full Faith and Credit Refunding Obligations
Series 2013A (Federally Taxable)

THIS ESCROW AGREEMENT is dated as of __________, 2013, is entered into by and between U.S. Bank National Association, an organization having a corporate trust office, as Escrow Agent, and Washington County, Oregon. The parties hereby agree as follows:

1. Definitions; Rules of Construction, Recitals; and Transfer of Rights.

1.1 Definitions.

Unless the context clearly requires otherwise: capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement; and, capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings:

"Additional Charges" means the amounts specified as such pursuant to Section 3.2(E) of the Financing Agreement.

"Business Day" means any day other than a Saturday, Sunday or a day on which the County or the Escrow Agent is authorized by law to remain closed.

"Closing Date" means the day on which the Obligations are delivered to their initial purchasers in exchange for payment.

"County" means Washington County, Oregon, or its successors.

"County Official" means the County's Chief Finance Officer or another person designated by the County Administrator to act on behalf of the County under Resolution and Order No. 13-2 adopted by the County Board of Commissioners on January 8, 2013.

"Defeasance Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America. Defeasance Obligations may not be subject to prepayment.

"Escrow Agent" the entity serving as escrow agent under this Escrow Agreement, which is U.S. Bank National Association on the date of this Escrow Agreement.

"Escrow Agreement" means this Escrow Agreement, as it may be amended and supplemented.

"Escrow Default" means the events described in Section 9.1 of this Escrow Agreement.

"Financing Agreement" means the Financing Agreement for the Projects which is dated as of __________, 2013 and is signed by the Escrow Agent and the County, as it may be amended and supplemented.

"Financing Default" means any event described in Section 5.1 of the Financing Agreement.

"Financing Payments" mean the payments of principal and interest which the County is required to make under Section 3.2(B) of the Financing Agreement to repay the Financing Amount, and any prepayments of the Financing Amount (including accrued interest on the prepaid Financing Amount).

"Fiscal Year" means each year beginning on July 1, and ending on the following June 30.

"Obligation Register" means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.7 below.

"Obligations" means the Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable), which are authorized by Section 2.1 below.

"Outstanding" means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;
ii) Obligations which have been defeased pursuant to Section 11.1 of this Escrow Agreement; and,
iii) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.7 below.

"Owner" means the person in whose name an Outstanding Obligation is registered, as shown in the Obligation Register.

"Payment Account" means the Full Faith and Credit Refunding Obligations Payment Account established pursuant to Section 3 below.

"Payment Date" means the date upon which any Financing Payment is due and payable, as provided in Section 3.2(B) of the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

"Projects" means the projects financed or refinanced with the County's Full Faith and Credit Obligations, Series 2004, and costs related to the financing.

"Qualified Institution" means an institution which maintains a head office or a branch in the State of Oregon, the deposits of which are insured under the provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1811, et seq).

"Qualified Investments" means the investments in which the County may invest surplus funds under the laws of the State of Oregon, including ORS 294.035 and 294.040, as amended.

"Special Counsel" means Hawkins Delafield & Wood LLP, or other counsel nationally recognized for its expertise in municipal finance, that is appointed by the County.

1.2 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Escrow Agreement.

1.3 Recitals.

1.3(A) County's Recitals.

(1) The County is authorized by ORS 271.390 to enter into financing agreements to finance or refinance any real or personal property that its Board of Commissioners determines is needed.

(2) The County Board of Commissioners has determined in Resolution and Order No. 13-2 adopted on January 8, 2013 that the Projects are needed, and has authorized execution of the Financing Agreement and this Escrow Agreement to refinance the Projects.

(3) The County enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from the Financing Payments the County makes under the Financing Agreement.

1.3(B) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive the Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) evidencing proportionate interests in the Financing Payments.

1.4 Rights Under Financing Agreement Held for Benefit of Owners.

1.4(A) The County and the Escrow Agent hereby agree that the following rights shall be held in trust exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

(1) All rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent's right to payment from Additional Charges); and,

(2) All rights of the Escrow Agent and the County to amounts in the Payment Account.

2. The Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable).

2.1 Preparation and Delivery of Obligations.

2.1(A) The Escrow Agent is hereby authorized and directed to prepare and execute the Obligations in the aggregate principal amount of $__________. The Obligations shall be dated, shall mature on the dates and in the principal amounts, and pay interest at the rates shown in Exhibit A.

2.1(B) The Escrow Agent shall receive and accept the Obligations and will hold the Obligations under The Depository Trust Company's Fast Automated Securities Transfer (FAST) program, upon confirmation of the receipt of the proceeds of the sale of the Obligations.

2.2 Payment of Obligations.

2.2(A) Each Obligation represents an ownership interest in and a right to receive:

(1) a proportionate share of a specified principal component of the Financing Payments, plus

(2) a proportionate share of the Financing Payments allocable to the interest paid on that specified principal component.

2.2(B) The County shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall credit the Financing Payments to the Payment Account and transfer the Financing Payment to the Owners as provided in this Escrow Agreement.

2.3 Book-Entry Only System.

2.3(A) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Owners in accordance with the Blanket Issuer Letter of Representations the County has filed with The Depository Trust Company. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository Trust Company.

2.3(B) If The Depository Trust Company ceases to act as Depository for the Obligations the County will request the Escrow Agent to, and the Escrow Agent and the County shall, amend this Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the County shall amend this Escrow Agreement to provide that printed, registered Obligations shall be issued to beneficial owners of the Obligations, and shall give notice of those amendments to all Owners.

2.3(C) While the Obligations are in book entry form, the County and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any beneficial owner for:

(1) the accuracy of the records of the depository, its nominee or any participant, correspondent or beneficial owner with respect to any ownership interest in the Obligations;

(2) the delivery to any participant, correspondent, beneficial owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice with respect to the Obligations, including any notice of prepayment;

(3) the selection by the depository of the beneficial interest in Obligations to be prepaid if the County prepays the Obligations in part; or

(4) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

2.3(D) Notwithstanding the book-entry-only system, the County may treat the Owner of an Obligation as the absolute owner of that Obligation for all purposes, including the payment of principal, premium, if any, and interest with respect to such Obligation, or for giving notices of redemption and other matters with respect to such Obligation, or for registering transfers with respect to such Obligation. The Escrow Agent shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners as of the record date and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid. Interest on the Obligations shall cease to accrue on the earlier of their final maturity date or the date they are prepaid.

2.4 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of $5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit B. The Escrow Agent shall select the numbering for the Obligations.

2.5 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent; if an Obligation is executed by facsimile signature of the Escrow Agent it shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the form set forth in Exhibit B and which have been manually executed or authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

2.6 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

2.7 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall at all times during regular business hours be open to inspection by the County upon reasonable notice.

2.8 Redemption.

The Obligations shall be redeemed by the Escrow Agent from prepayments of Financing Amounts as provided in this section.

2.8(A) Optional Redemption. The Obligations maturing in years 2013 through 2023, inclusive, are not subject to prepayment prior to maturity. The Obligations maturing on June 1, 2024 and on any date thereafter are subject to prepayment at the option of the County prior to their stated maturity dates at any time on or after June 1, 2023, as a whole or in part, and if in part, with maturities to be selected by the County or within a maturity in accordance with DTC's operational procedures then in effect at a price of par, plus accrued interest, if any, to the date of prepayment.

2.8(B) [Mandatory Redemption

The Term Obligation stated to mature on June 1 in the year[s] ____ are subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedules:

Year (June 1)	Principal Amount ($)
*	

*Final maturity

A Term Obligation subject to optional redemption and redeemed in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

2.8(C) Notice of Prepayment. The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 30 days prior to the date fixed for redemption.

2.9 Conditional Redemption.

Any notice of optional redemption given for the Obligations pursuant to Section 2.8(A) herein may state that the optional redemption is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected owners of the Obligations as promptly as practicable.

2.10 Notice of Redemption.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company. Unless the County gives conditional notice of redemption, interest on any Obligations so called for redemption shall cease on the redemption date designated in the notice. Unless The Depository Trust Company consents to a shorter period, the Escrow Agent will notify The Depository Trust Company of any Obligations called for redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given no less than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption.

3. Accounts.

3.1 Payment Account.

The Escrow Agent shall establish the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

3.1(A) To secure the payment of the Financing Payments, one Business Day preceding the Payment Date, the County has agreed to transfer or have transferred the deposits described in Section 3.2(C) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits to the Payment Account.

3.1(B) If the amount transferred pursuant to Section 3.2(C) of the Financing Agreement is not sufficient, with other amounts then available in the Payment Account, to allow the Escrow Agent to make the withdrawal described in Section 3.1(C), below, the Escrow Agent shall promptly notify the County and the County shall transfer the amount of any deficiency.

3.1(C) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date.

3.1(D) If on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available to make the Financing Payment, the Escrow Agent shall distribute the amounts available:

(1) First, to the Owners of the interest components of the Financing Payments which are then due (and if the amount available is not sufficient to pay in full all the interest components of the Financing Payment then due, then ratably to the Owners entitled to the interest payments then due, without any discrimination or preference); and,

(2) Second, to the Owners of the principal components of the Financing Payments which are then due (and if the amount available is not sufficient to pay all principal components which are then due, then ratably to the Owners entitled to the principal components which are then due, without discrimination or preference).

3.1(E) The Escrow Agent shall provide the County, not less than 30 days before the date the deposit is required under Section 3.2(C) of the Financing Agreement, an invoice which sets forth the amount of that deposit.

3.1(F) Any surplus remaining in the Payment Account after payment of the Financing Payment and all Outstanding Obligations and payment of any unpaid Additional Charges, shall be remitted to the County within 5 Business Days.

3.1(G) Any surplus remaining in the Payment Account after payment of a Financing Payment shall be retained in the Payment Account and invested by the Escrow Agent as provided in Section 4.2 herein.

3.2 Deposits at Closing.

The proceeds of the Obligations shall be transferred by ___________, the underwriter of the Obligations, pursuant to the Closing Memorandum prepared by the financial advisor, Seattle Northwest Securities Corporation.

4. Payment Account Held in Trust; Investment.

4.1 Moneys and Investments Held in Trust.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in trust for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the County, the Escrow Agent or any Owner.

4.2 Investments Authorized.

4.2(A) Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments selected by the County. The County may notify the Escrow Agent of its investment selections orally or in writing, but if the County notifies the Escrow Agent orally the County shall promptly confirm its notification in writing. If the County fails to provide investment direction to the Escrow Agent in accordance with this Section 4.2, the Escrow Agent shall invest funds in a U.S. Bank Money Market interest bearing account, so long as the Escrow Agent is a Qualified Institution. Amounts may be invested in an account of the Escrow Agent while the Escrow Agent is a Qualified Institution. The Escrow Agent shall have no duty to determine whether an investment selected by the County is a Qualified Investment.

4.2(B) Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the County. Investment earnings shall be credited to the Payment Account.

4.2(C) The Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 4.2, and shall be entitled to its reasonable fee for those

services. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

4.2(D) The County acknowledges that to the extent that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of security transactions, the County waives receipt of such confirmations and shall rely on periodic statements of the account provided by the Escrow Agent.

4.3 Accounting.

The Escrow Agent shall furnish to the County, semi-annually, an accounting of each fund and account and of all investments made by the Escrow Agent. Except as provided in Section 5.6 below, the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

4.4 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the County, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

4.5 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for prepayment, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Payment Account, and, except as provided in Section 5.6 below, the Escrow Agent shall not be liable or responsible for any loss resulting from such investment. The County may instruct the Escrow Agent at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited.

4.6 Deposit and Investment of Moneys in Accounts.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding any commingling by the Escrow Agent.

5. The Escrow Agent.

5.1 Compensation of the Escrow Agent.

The County shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse the Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable expenses and disbursements of its counsel and agents), except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Escrow Agent shall also be entitled to receive reasonable extraordinary fees and its reasonable extraordinary expenses if it is requested or required to render services in connection with a default or under other circumstances not provided for in this Escrow Agreement.

5.2 Removal of Escrow Agent.

5.2(A) The Escrow Agent may be removed and a successor Escrow Agent appointed:

(1) by the County at any time if, in the good faith opinion of the County, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or

(2) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

5.2(B) Any successor Escrow Agent appointed pursuant to the provisions of this Section 5.2(B) shall:

(1) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority;

(2) have substantial prior experience as a Escrow Agent for the benefit of the owners of municipal debt securities; and,

(3) shall be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars ($75,000,000) and subject to supervision or examination by federal or state authority.

5.3 Resignation of Escrow Agent.

5.3(A) The Escrow Agent or any successor may at any time resign by giving written notice to the County and by giving notice by first class mail to the Owners as of the date such notice is mailed of its intention to resign and of the proposed date of resignation, which shall be a date not less than 60 days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

5.3(B) Upon receiving such notice of resignation, the County shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the County fails to appoint a successor Escrow Agent within 30 days following receipt of such written notice of resignation,

the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within 30 days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

5.3(C) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

5.4 Merger or Consolidation.

A merger or consolidation of the Escrow Agent with another entity shall not be treated as the appointment of a successor, and the entity into which the Escrow Agent is merged or consolidated shall become the successor Escrow Agent without any notice or filing, but only if: the merged or consolidated entity notifies the County that it has assumed the obligations of the Escrow Agent under this Escrow Agreement and the Financing Agreement, and the merged or consolidated entity meets the requirements of Section 5.2(B) above.

5.5 Acceptance of Appointment by Successor Escrow Agent.

5.5(A) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the County and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the County and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

5.5(B) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

5.6(A) The Escrow Agent undertakes, prior to the occurrence of an Escrow Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Escrow Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs.

5.6(B) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(1) Prior to the occurrence of an Escrow Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be

determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(2) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(3) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(4) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

5.6(C) The Escrow Agent may execute any of the duties or powers hereof and perform any of its duties by and through attorneys, agents, receivers or employees and shall not be responsible for the acts or omissions of attorneys, agents, or receivers not affiliated with the Escrow Agent if (a) selected with reasonable care, and (b) the County is a third party beneficiary to the Escrow Agent's arrangements with such attorneys, agents, receivers or employees, the Escrow Agent shall be entitled to advice of counsel concerning all matters or duties hereunder, and may in all cases pay such reasonable compensation to such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Escrow Agent may act upon the opinion or advice of any attorney, approved by the Escrow Agent in the exercise of reasonable care. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith and reliance upon such opinion or advice.

5.7 Protection and Rights of the Escrow Agent.

5.7(A) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent may consult with counsel, who may be counsel to the County, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

5.7(B) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of a County Official and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

5.7(C) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the County with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

5.7(D) The recitals, statements and representations by the County contained in this Escrow Agreement and in the Obligations shall be taken and construed as made by and on the part of the County, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Escrow Agent shall have no responsibility with respect to any information, statement, or recital in an offering memorandum, official statement or other disclosure material prepared or distributed with respect to Obligations.

5.7(E) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

5.7(F) The Escrow Agent shall not be required to take notice or be deemed to have notice of any default hereunder, except for the failure of the County to make Financing Payments to the Escrow Agent or any default of which the Escrow Agent has actual knowledge, unless the Escrow Agent shall have received written notice of such default from the County or from the Owners of at least twenty-five percent (25%) of the unpaid principal component of Financing Payments.

5.8 Indemnification.

5.8(A) To the extent permitted by law, the County covenants and agrees to indemnify and hold the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the County under this Section 5.8 shall survive the resignation or removal of the

Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed against the County shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

5.8(B) Before taking any action under Section 9.2 and Section 9.3 hereof or Section 5.3 of the Financing Agreement, the Escrow Agent may require payment of its fees and expenses, including reasonable attorney's fees, and upon receipt of indemnity satisfactory to it be furnished by Owners of the Obligations for the reimbursement of all further expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

6. Concerning the Obligation Owners.

6.1 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

6.1(A) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or

6.1(B) by the record of the Owners voting in favor thereof at any meeting of Owners, or

6.1(C) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the County, the Escrow Agent and the Owners of all the Obligations.

6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the County or by any person directly or indirectly controlling or

controlled by or under direct or indirect common control with the Escrow Agent or the County shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent, only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 6.3, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

7. Modification of Escrow Agreement and Financing Agreement.

7.1 Limitations.

This Escrow Agreement may be modified or amended only in accordance with this Section 7.

7.2 Supplemental Escrow Agreement Without Consent of Owners.

7.2(A) The County and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

(1) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement or to make any other change to this Escrow Agreement, as long as the change does not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners or involve a change described in Section 7.3(A);

(2) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the supplemental Escrow Agreement.

7.2(B) Before the Escrow Agent and the County shall enter into any supplemental Escrow Agreement pursuant to this Section, the County shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, and will, upon the execution and delivery thereof, be valid and binding upon the County in accordance with its terms.

7.3 Supplemental Escrow Agreement with Consent of the Owners.

7.3(A) Any amendment to this Escrow Agreement which is not described in Section 7.2 above requires the consent of: 1) the County, 2) the Escrow Agent and 3) the consent of Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding. In addition to the consent of the County, the Escrow Agent, and the consent of all affected Owners of all the Obligations then Outstanding is required for:

(1) a change in the terms of the payment or prepayment of any portion of the Financing Payment, or

(2) the creation of a claim or lien upon, or a pledge of the rights of the Escrow Agent under the Financing Agreement (other than the Escrow Agent's right to Additional Charges) or amounts in the Payment Account ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or

(3) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(4) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6, for any modification, alteration, amendment or supplement to the Financing Agreement.

7.3(B) If at any time the County shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the County may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, and will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the County in accordance with its terms.

7.3(C) If the Owners of not less than the percentage of Obligations then Outstanding required by Section 7.3(A) shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the County from executing and delivering the same or from taking any action pursuant to the provisions thereof.

7.4 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7, this Escrow Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the County, and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

7.5(A) The County and the Escrow Agent may at any time enter into amendments to the Financing Agreement without the consent of or notice to the Owners for the following purposes:

(1) To cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement or to make any other change to the Financing Agreement, as long as the change does not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners or permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the Financing Payments; and,

(2) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend the Financing Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the amended Financing Agreement.

7.5(B) Before the County shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.5 or Section 7.6 below, there shall have been delivered to the Escrow Agent and the County an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, and will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the County in accordance with its terms.

7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

7.6(A) Any amendment to the Financing Agreement which is not described in Section 7.5 requires the consent of: 1) the County, 2) the Escrow Agent and 3) the consent of Owners of not less than a majority in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.6. However, in addition to the consent of the County, the Escrow Agent, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the Financing Payments.

7.6(B) If at any time the County shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 above, the Escrow Agent shall cause notice to be given of such proposed amendment, change of modification in the same manner as provided by Section 7.3 with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners. The County may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 hereof with respect to supplemental Escrow Agreements, provided the County has obtained the opinion of Special Counsel which is described in Section 7.5 above.

8. Covenants.

8.1 Compliance With and Enforcement of Financing Agreement.

8.1(A) The County covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

8.1(B) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such Agreement against the County in accordance with its terms, subject to the rights of the County therein as provided in this Escrow Agreement and the Financing Agreement.

8.2 Notice of Default.

If an Escrow Default or a Financing Default occurs the Escrow Agent shall give written notice to the Owners of the Obligations then Outstanding. The notice shall specify that an Escrow Default or a Financing Default has occurred and give a brief description of the event or failure. The Escrow Agent shall give this notice by first class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of the event or failure. However, except for an Escrow Default described in Section 9.1(A) below, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations. Any failure by the Escrow Agent to give this notice shall not affect any rights of Owners to take the actions described in Section 9 herein.

8.3 Further Assurances.

The Escrow Agent and the County will make, execute and deliver any and all such further resolutions, instruments and assurances as the Escrow Agent may deem reasonably necessary or proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

9. Events of Default.

9.1 Escrow Defaults.

The occurrence of one or more of the following shall constitute an Escrow Default:

9.1(A) The County shall fail to pay any Financing Payment when due; or

9.1(B) The County shall fail to observe and perform any other of its covenants or agreements in this Escrow Agreement for a period of 60 days after the Escrow Agent gives written notice to the County specifying such failure and requesting that it be remedied. The Escrow Agent may agree in writing to an extension of such time prior to its expiration. In addition, if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted

by the County within the applicable period and diligently pursued until the default is corrected; or

9.1(C) A Financing Default occurs and is continuing.

9.2 Remedies on Escrow Default.

Upon the occurrence and continuance of any Escrow Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law. However, the Financing Amount and the Financing Payments shall not be subject to acceleration. The Escrow Agent may exercise such one or more of the rights and powers conferred by this section as the Escrow Agent in its discretion being advised by its counsel shall deem most expedient and in the interests of the Owners.

9.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9 or by law.

9.4 Agreement to Pay Attorneys' Fees and Expenses.

If any party to this Escrow Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

9.5 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

9.6 Application of Moneys Upon Default.

If, at any time after an Escrow Default or a Financing Default has occurred, the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

9.6(A) ***First:*** To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent;

9.6(B) ***Second:*** To the payment to the Owners of the interest components of the Financing Payments which are then due, and, if the amount available is not sufficient to pay in full all the interest components of the Financing Payment then due, then ratably to the Owners entitled to the interest payments then due, without any discrimination or preference;

9.6(C) ***Third:*** To the payment to the Owners of the principal components of the Financing Payment which are then due, and, if the amount available shall not be sufficient to pay all principal components which are then due, then ratably to the Owners entitled to the principal components which are then due, without discrimination or preference; and,

9.6(D) ***Fourth:*** To the County, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

9.7 Action by Owners.

If the Escrow Agent fails to take any remedy available as a result of the occurrence of an Escrow Default or a Financing Default, the Owners of a majority in aggregate principal amount of Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent 60 days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

10. Limitation of Liability.

10.1 Limited Liability of County.

Except for the payment of Financing Payment and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the County contained in the Financing Agreement and this Escrow Agreement, the County shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of the Financing Payments to the Owners by the Escrow Agent.

10.2 No Liability of County for Escrow Agent Performance.

The County shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon the Escrow Agent under this Escrow Agreement.

10.3 No Liability of Escrow Agent for the Financing Payment by County.

The Escrow Agent (except as provided herein) shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the County when due, or with respect to the performance by the County of any other covenant made by the County in this Escrow Agreement or the Financing Agreement.

10.4 Opinion of Counsel; Experts.

10.4(A) Before being required to take any action after or in connection with an Escrow Default or a Financing Default, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

10.4(B) If an Escrow Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents, attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Escrow Agent), as it may reasonably deem necessary to carry out any of its obligations hereunder. The County shall reimburse the Escrow Agent for its reasonable expenses in so doing.

10.4(C) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

10.5 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the County, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Escrow Agent and the Owners.

11. Miscellaneous.

11.1 Defeasance.

11.1(A) All or any portion of the Outstanding Obligations and their related Financing Payments may be defeased, and deemed paid and discharged by irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, money and Defeasance Obligations in amounts which are calculated by an independent certified public accountant or other qualified professional to be sufficient, without reinvestment, to pay all principal and interest due on the defeased Obligations (either at maturity on through the date on which the County has irrevocably called the defeased Obligations for prepayment).

11.1(B) All obligations of the Escrow Agent and the County under the Financing Agreement and this Escrow Agreement with respect to Obligations which are defeased in accordance with Section 11.1(A) shall cease and terminate, except for the obligation of the County to pay the Additional Charges specified in Section 3.2(E) of the Financing Agreement and the Escrow Agent to apply the amounts deposited in trust to pay the Financing Payments and the defeased Obligations.

11.1(C) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the County and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable notice. Upon written notice, the Escrow Agent shall promptly make such records available to the County, any Owner, or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

11.2 Notices.

11.2(A) All notices and other communications required by the Agreement shall be considered properly given if they are delivered by regular U.S. mail:

To the Escrow Agent at:
U.S. Bank National Association
Global Corporate Trust Services, PD-OR-P6TD
555 S.W. Oak Street
Portland, OR 97204
Telephone: 503-275-5713

To the County at:
Washington County
Attention: Chief Finance Officer
155 N. First Avenue, Suite 330
Hillsboro, OR 97124
Telephone: 503-846-8756

11.2(B) Any such notice shall be deemed given if sent via electronic or by facsimile or deposited in the United States mail with postage pre-paid.

11.3 Governing Law.

This Escrow Agreement shall be construed and governed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the State of Oregon in Washington County, Oregon.

11.4 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

11.5 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

11.6 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same agreement.

11.7 Destruction of Canceled Obligations.

Whenever in this Escrow Agreement provision is made for the surrender to or cancellation by the Escrow Agent and the delivery to the Escrow Agent of any Obligations, the Escrow Agent may, upon the request of the Escrow Agent's representative, in lieu of such cancellation and delivery, destroy such Obligations and deliver a certificate of such destruction to the County.

11.8 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement.

All references herein to “Sections,” and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

[The remainder of this page is left blank intentionally.]

This Escrow Agreement is executed by its parties as of the _____ day of __________, 2013.

U.S. Bank National Association, as Escrow Agent

____
Authorized Officer

Washington County, Oregon

____
County Official

EXHIBIT A
(Maturity Schedule)

Aggregate original principal amount of Obligations: $__________

Date of Obligations: __________, 2013

Obligation interest is payable on June 1 and December 1 of each year, commencing June 1, 2013.

Maturity Date (June 1)	Maturity Amount ($)	Interest Rate (%)	CUSIP No. (Base ______)

EXHIBIT B
(Form of Obligation)

No. R-__ $_________

FULL FAITH AND CREDIT REFUNDING OBLIGATION
SERIES 2013A (FEDERALLY TAXABLE)
Evidencing a Proportionate Interest of the Owner Hereof
in Financing Payments to be Made Under a Financing Agreement Between the
WASHINGTON COUNTY, OREGON, AS BORROWER
AND
U.S. BANK NATIONAL ASSOCIATION, AS ESCROW AGENT

Dated Date: __________, 2013
Interest Rate Per Annum: ___%
Maturity Date: June 1, _____
CUSIP Number: ________
Registered Owner: -----Cede & Co.-----
Principal Amount: -----______________________________ Dollars-----

This is to certify that the Registered Owner named above (the "Owner") of this Obligation is the owner of a proportionate and undivided interest in and right to receive a portion of the principal component of the Financing Payment due on the Maturity Date named above under and as defined in the Financing Agreement dated as of __________, 2013, relating to this Obligation (the "Financing Agreement") by and between U.S. Bank National Association (the "Escrow Agent") and Washington County, Oregon (the "County"). Interest on this Obligation is payable on June 1 and December 1 of each year until maturity, commencing June 1, 2013, at the Interest Rate Per Annum set forth above. Payment of principal and interest shall be made to the Owner hereof as the Owner's name appears on the registration books of the County maintained by the Escrow Agent, as of the 15th day of the calendar month immediately preceding the applicable payment date. For so long as this Obligation is subject to a book-entry-only system, principal and interest payments shall be paid to the nominee of the securities depository for this Obligation. On the date of issuance of this Obligation, the securities depository for this Obligation is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payment shall be made payable to the order of "Cede & Co."

This Obligation is one of the Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable) (the "Obligations"), executed and delivered by the Escrow Agent pursuant to an Escrow Agreement dated as of __________, 2013, (the "Escrow Agreement") by and between the Escrow Agent and the County. The Financing Agreement and the Escrow Agreement (copies of which are on file with the Escrow Agent) state the terms on which the Obligations are delivered, and the rights thereunder of the Owners of the Obligations, the rights, duties and immunities of the Escrow Agent and the rights and obligations of the County under the Financing Agreement. The provisions of the Escrow Agreement and the Financing Agreement are incorporated into this Obligation by reference. Capitalized terms used in this Obligation have the meanings defined for such terms in the Escrow Agreement and the Financing Agreement.

This Obligation represents an ownership interest in and a right to receive up to the Principal Amount named above, representing a proportionate share of the principal component of the Financing Payment which is due on the maturity date of this Obligation, plus a proportionate share of interest accrued on that principal component, as provided in the Escrow Agreement.

The obligation of the County to pay the Financing Payments is unconditional. The Financing Payments are payable from all legally available funds of the County, and the County has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments.

The County is authorized to enter into the Financing Agreement pursuant to the laws of the State of Oregon and Resolution and Order No. 13-2 of the County adopted January 8, 2013. The County has entered into the Financing Agreement for the purpose of refinancing the projects financed or refinanced with the County's Full Faith and Credit Obligations, Series 2004, and paying costs related to the authorization, sale, issuance and delivery of the Obligations. The Escrow Agent has agreed to hold its rights to receive the Financing Payments in escrow for the benefit of the Owners.

The Obligations are initially issued as a book-entry-only security issue with no certificates provided to the beneficial owners. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository Trust Company. Records of ownership of beneficial interests in the Obligations will be maintained by The Depository Trust Company and its participants. Any exchange or transfer of this Obligation must be registered as provided in the Escrow Agreement. Should the book-entry-only system be discontinued, the Escrow Agent shall provide all beneficial owners with executed, printed Obligations which are registered in the name of the beneficial owners, who shall each then become Owners, as provided in the Escrow Agreement.

The Obligations mature and are subject to redemption as described in the Escrow Agreement.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Escrow Agreement. The Obligations are subject to conditional notice of redemption as provided in the Escrow Agreement. Unless the Depository Trust Company consents to a shorter period, the Escrow Agent will notify The Depository Trust Company of any Obligations called for redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given not less than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption. Any failure to give notice shall not invalidate the redemption of the Obligations.

Unless this Obligation is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the County or the Escrow Agent for registration of transfer, exchange or payment, and any Obligation issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entry as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Obligation shall remain in the Escrow Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Escrow Agent and The Depository Trust Company.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by U.S. Bank National Association, as Escrow Agent, acting pursuant to the Escrow Agreement.

U.S. Bank National Association**,** as Escrow Agent

____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE ESCROW AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the $__________ aggregate principal amount of Washington County, Oregon, Full Faith and Credit Refunding Obligations, Series 2013A (Federally Taxable), issued in accordance with the Escrow Agreement described herein.

Date of authentication: __________, 2013.

U.S. Bank National Association**,** as Escrow Agent

____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto __________
____

(Please insert social security or other identifying number of assignee)

this Obligation and does hereby irrevocably constitute and appoint ____________________ as attorney to transfer this Obligation on the books kept for registration thereof with the full power of substitution in the premises.

Dated:____________________________________

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company	Signature Guaranteed ________________________________ (Bank, Trust Company or Brokerage Firm) ________________________________ Authorized Officer

The following abbreviations, when used in the inscription on the face of this Obligation, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship
and not as tenants in common
OREGON CUSTODIANS use the following
_________________ CUST UL OREG __________________ MIN
as custodian for (name of minor)
OR UNIF TRANS MIN ACT
under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.

ESCROW AGREEMENT

by and between

U.S. Bank National Association
as Escrow Agent

and

Washington County, Oregon

Dated as of __________, 2013

$___________
Full Faith and Credit Refunding Obligations
Series 2013B (Tax-Exempt)
Evidencing interests in the Financing Payments due from
Washington County, Oregon

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ESCROW AGREEMENT

$__________
Washington County, Oregon
Full Faith and Credit Refunding Obligations
Series 2013B (Tax-Exempt)

THIS ESCROW AGREEMENT is dated as of __________, 2013, is entered into by and between U.S. Bank National Association, an organization having a corporate trust office, as Escrow Agent, and Washington County, Oregon. The parties hereby agree as follows:

1. Definitions; Rules of Construction, Recitals; and Transfer of Rights.

1.1 Definitions.

Unless the context clearly requires otherwise: capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement; and, capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings:

"Additional Charges" means the amounts specified as such pursuant to Section 3.2(E) of the Financing Agreement.

"Business Day" means any day other than a Saturday, Sunday or a day on which the County or the Escrow Agent is authorized by law to remain closed.

"Closing Date" means the day on which the Obligations are delivered to their initial purchasers in exchange for payment.

"County" means Washington County, Oregon, or its successors.

"County Official" means the County's Chief Finance Officer or another person designated by the County Administrator to act on behalf of the County under Resolution and Order No. 13-2 adopted by the County Board of Commissioners on January 8, 2013.

"Defeasance Obligations" means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America. Defeasance Obligations may not be subject to prepayment.

"Escrow Agent" the entity serving as escrow agent under this Escrow Agreement, which is U.S. Bank National Association on the date of this Escrow Agreement.

"Escrow Agreement" means this Escrow Agreement, as it may be amended and supplemented.

"Escrow Default" means the events described in Section 9.1 of this Escrow Agreement.

"Financing Agreement" means the Financing Agreement for the Projects which is dated as of __________, 2013 and is signed by the Escrow Agent and the County, as it may be amended and supplemented.

"Financing Default" means any event described in Section 5.1 of the Financing Agreement.

"Financing Payments" mean the payments of principal and interest which the County is required to make under Section 3.2(B) of the Financing Agreement to repay the Financing Amount, and any prepayments of the Financing Amount (including accrued interest on the prepaid Financing Amount).

"Fiscal Year" means each year beginning on July 1, and ending on the following June 30.

"Obligation Register" means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.7 below.

"Obligations" means the Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt), which are authorized by Section 2.1 below.

"Outstanding" means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;

ii) Obligations which have been defeased pursuant to Section 11.1 of this Escrow Agreement; and,

iii) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.7 below.

"Owner" means the person in whose name an Outstanding Obligation is registered, as shown in the Obligation Register.

"Payment Account" means the Full Faith and Credit Refunding Obligations Payment Account established pursuant to Section 3 below.

"Payment Date" means the date upon which any Financing Payment is due and payable, as provided in Section 3.2(B) of the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

"Projects" means the projects financed or refinanced with the County's Full Faith and Credit Obligations, Series 2006, and costs related to the financing.

"Qualified Institution" means an institution which maintains a head office or a branch in the State of Oregon, the deposits of which are insured under the provisions of the Federal Deposit Insurance Act, as amended (12 U.S.C. 1811, et seq).

"Qualified Investments" means the investments in which the County may invest surplus funds under the laws of the State of Oregon, including ORS 294.035 and 294.040, as amended.

"Special Counsel" means Hawkins Delafield & Wood LLP, or other counsel nationally recognized for its expertise in municipal finance, that is appointed by the County.

1.2 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Escrow Agreement.

1.3 Recitals.

1.3(A) County's Recitals.

(1) The County is authorized by ORS 271.390 to enter into financing agreements to finance or refinance any real or personal property that its Board of Commissioners determines is needed.

(2) The County Board of Commissioners has determined in Resolution and Order No. 13-2 adopted on January 8, 2013 that the Projects are needed, and has authorized execution of the Financing Agreement and this Escrow Agreement to refinance the Projects.

(3) The County enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from the Financing Payments the County makes under the Financing Agreement.

1.3(B) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive the Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) evidencing proportionate interests in the Financing Payments.

1.4 Rights Under Financing Agreement Held for Benefit of Owners.

1.4(A) The County and the Escrow Agent hereby agree that the following rights shall be held in trust exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

(1) All rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent's right to payment from Additional Charges); and,

(2) All rights of the Escrow Agent and the County to amounts in the Payment Account.

2. The Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt).

2.1 Preparation and Delivery of Obligations.

2.1(A) The Escrow Agent is hereby authorized and directed to prepare and execute the Obligations in the aggregate principal amount of $__________. The Obligations shall be dated, shall mature on the dates and in the principal amounts, and pay interest at the rates shown in Exhibit A.

2.1(B) The Escrow Agent shall receive and accept the Obligations and will hold the Obligations under The Depository Trust Company's Fast Automated Securities Transfer (FAST) program, upon confirmation of the receipt of the proceeds of the sale of the Obligations.

2.2 Payment of Obligations.

2.2(A) Each Obligation represents an ownership interest in and a right to receive:

(1) a proportionate share of a specified principal component of the Financing Payments, plus

(2) a proportionate share of the Financing Payments allocable to the interest paid on that specified principal component.

2.2(B) The County shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall credit the Financing Payments to the Payment Account and transfer the Financing Payment to the Owners as provided in this Escrow Agreement.

2.3 Book-Entry Only System.

2.3(A) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Owners in accordance with the Blanket Issuer Letter of Representations the County has filed with The Depository Trust Company. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository Trust Company.

2.3(B) If The Depository Trust Company ceases to act as Depository for the Obligations the County will request the Escrow Agent to, and the Escrow Agent and the County shall, amend this Escrow Agreement to provide for an alternative system of registration and payment for the Obligations that is of general acceptance in the municipal bond markets. If no better system is then available, the Escrow Agent and the County shall amend this Escrow Agreement to provide that printed, registered Obligations shall be issued to beneficial owners of the Obligations, and shall give notice of those amendments to all Owners.

2.3(C) While the Obligations are in book entry form, the County and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any beneficial owner for:

(1) the accuracy of the records of the depository, its nominee or any participant, correspondent or beneficial owner with respect to any ownership interest in the Obligations;

(2) the delivery to any participant, correspondent, beneficial owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice with respect to the Obligations, including any notice of prepayment;

(3) the selection by the depository of the beneficial interest in Obligations to be prepaid if the County prepays the Obligations in part; or

(4) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

2.3(D) Notwithstanding the book-entry-only system, the County may treat the Owner of an Obligation as the absolute owner of that Obligation for all purposes, including the payment of principal, premium, if any, and interest with respect to such Obligation, or for giving notices of redemption and other matters with respect to such Obligation, or for registering transfers with respect to such Obligation. The Escrow Agent shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners as of the record date and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid. Interest on the Obligations shall cease to accrue on the earlier of their final maturity date or the date they are prepaid.

2.4 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of $5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit B. The Escrow Agent shall select the numbering for the Obligations.

2.5 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent; if an Obligation is executed by facsimile signature of the Escrow Agent it shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the form set forth in Exhibit B and which have been manually executed or authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

2.6 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

2.7 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall at all times during regular business hours be open to inspection by the County upon reasonable notice.

2.8 Redemption.

The Obligations shall be redeemed by the Escrow Agent from prepayments of Financing Amounts as provided in this section.

2.8(A) Optional Redemption. The Obligations maturing in years 2013 through 2023, inclusive, are not subject to prepayment prior to maturity. The Obligations maturing on June 1, 2024 and on any date thereafter are subject to prepayment at the option of the County prior to their stated maturity dates at any time on or after June 1, 2023, as a whole or in part, and if in part, with maturities to be selected by the County or within a maturity in accordance with DTC's operational procedures then in effect at a price of par, plus accrued interest, if any, to the date of prepayment.

2.8(B) [Mandatory Redemption

The Term Obligation stated to mature on June 1 in the year[s] ____ are subject to mandatory sinking fund redemption at par in the principal amounts and on the dates shown in the following schedules:

Year (June 1)	Principal Amount ($)
*	

*Final maturity

A Term Obligation subject to optional redemption and redeemed in part will have the principal amount within the respective mandatory prepayment dates selected by the County.

2.8(C) Notice of Prepayment. The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than 30 days prior to the date fixed for redemption.

2.9 Conditional Redemption.

Any notice of optional redemption given for the Obligations pursuant to Section 2.8(A) herein may state that the optional redemption is conditional upon receipt by the Escrow Agent of moneys sufficient to pay the redemption price of such Obligations or upon the satisfaction of any other condition, and/or that such notice may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price if any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission or of the failure of any such condition shall be given by the Escrow Agent to affected owners of the Obligations as promptly as practicable.

2.10 Notice of Redemption.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company. Unless the County gives conditional notice of redemption, interest on any Obligations so called for redemption shall cease on the redemption date designated in the notice. Unless The Depository Trust Company consents to a shorter period, the Escrow Agent will notify The Depository Trust Company of any Obligations called for redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given no less than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption.

3. Accounts.

3.1 Payment Account.

The Escrow Agent shall establish the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

3.1(A) To secure the payment of the Financing Payments, one Business Day preceding the Payment Date, the County has agreed to transfer or have transferred the deposits described in Section 3.2(C) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits to the Payment Account.

3.1(B) If the amount transferred pursuant to Section 3.2(C) of the Financing Agreement is not sufficient, with other amounts then available in the Payment Account, to allow the Escrow Agent to make the withdrawal described in Section 3.1(C), below, the Escrow Agent shall promptly notify the County and the County shall transfer the amount of any deficiency.

3.1(C) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date.

3.1(D) If on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available to make the Financing Payment, the Escrow Agent shall distribute the amounts available:

(1) First, to the Owners of the interest components of the Financing Payments which are then due (and if the amount available is not sufficient to pay in full all the interest components of the Financing Payment then due, then ratably to the Owners entitled to the interest payments then due, without any discrimination or preference); and,

(2) Second, to the Owners of the principal components of the Financing Payments which are then due (and if the amount available is not sufficient to pay all principal components which are then due, then ratably to the Owners entitled to the principal components which are then due, without discrimination or preference).

3.1(E) The Escrow Agent shall provide the County, not less than 30 days before the date the deposit is required under Section 3.2(C) of the Financing Agreement, an invoice which sets forth the amount of that deposit.

3.1(F) Any surplus remaining in the Payment Account after payment of the Financing Payment and all Outstanding Obligations and payment of any unpaid Additional Charges, shall be remitted to the County within 5 Business Days.

3.1(G) Any surplus remaining in the Payment Account after payment of a Financing Payment shall be retained in the Payment Account and invested by the Escrow Agent as provided in Section 4.2 herein.

3.2 Deposits at Closing.

The proceeds of the Obligations shall be transferred by ___________, the underwriter of the Obligations, pursuant to the Closing Memorandum prepared by the financial advisor, Seattle Northwest Securities Corporation.

4. Payment Account Held in Trust; Investment.

4.1 Moneys and Investments Held in Trust.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in trust for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the County, the Escrow Agent or any Owner.

4.2 Investments Authorized.

4.2(A) Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments selected by the County. The County may notify the Escrow Agent of its investment selections orally or in writing, but if the County notifies the Escrow Agent orally the County shall promptly confirm its notification in writing. If the County fails to provide investment direction to the Escrow Agent in accordance with this Section 4.2, the Escrow Agent shall invest funds in a U.S. Bank Money Market interest bearing account, so long as the Escrow Agent is a Qualified Institution. Amounts may be invested in an account of the Escrow Agent while the Escrow Agent is a Qualified Institution. The Escrow Agent shall have no duty to determine whether an investment selected by the County is a Qualified Investment.

4.2(B) Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the County. Investment earnings shall be credited to the Payment Account.

4.2(C) The Escrow Agent may purchase or sell to itself or any affiliate, as principal or agent, investments authorized by this Section 4.2, and shall be entitled to its reasonable fee for those

services. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

4.2(D) The County acknowledges that to the extent that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of security transactions, the County waives receipt of such confirmations and shall rely on periodic statements of the account provided by the Escrow Agent.

4.3 Accounting.

The Escrow Agent shall furnish to the County, semi-annually, an accounting of each fund and account and of all investments made by the Escrow Agent. Except as provided in Section 5.6 below, the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

4.4 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the County, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

4.5 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for prepayment, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Payment Account, and, except as provided in Section 5.6 below, the Escrow Agent shall not be liable or responsible for any loss resulting from such investment. The County may instruct the Escrow Agent at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited.

4.6 Deposit and Investment of Moneys in Accounts.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding any commingling by the Escrow Agent.

5. The Escrow Agent.

5.1 Compensation of the Escrow Agent.

The County shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse the Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable expenses and disbursements of its counsel and agents), except any such expense, disbursement or advance as may arise from its negligence or bad faith. The Escrow Agent shall also be entitled to receive reasonable extraordinary fees and its reasonable extraordinary expenses if it is requested or required to render services in connection with a default or under other circumstances not provided for in this Escrow Agreement.

5.2 Removal of Escrow Agent.

5.2(A) The Escrow Agent may be removed and a successor Escrow Agent appointed:

(1) by the County at any time if, in the good faith opinion of the County, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or

(2) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

5.2(B) Any successor Escrow Agent appointed pursuant to the provisions of this Section 5.2(B) shall:

(1) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority;

(2) have substantial prior experience as a Escrow Agent for the benefit of the owners of municipal debt securities; and,

(3) shall be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars ($75,000,000) and subject to supervision or examination by federal or state authority.

5.3 Resignation of Escrow Agent.

5.3(A) The Escrow Agent or any successor may at any time resign by giving written notice to the County and by giving notice by first class mail to the Owners as of the date such notice is mailed of its intention to resign and of the proposed date of resignation, which shall be a date not less than 60 days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

5.3(B) Upon receiving such notice of resignation, the County shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the County fails to appoint a successor Escrow Agent within 30 days following receipt of such written notice of resignation,

the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within 30 days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

5.3(C) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

5.4 Merger or Consolidation.

A merger or consolidation of the Escrow Agent with another entity shall not be treated as the appointment of a successor, and the entity into which the Escrow Agent is merged or consolidated shall become the successor Escrow Agent without any notice or filing, but only if: the merged or consolidated entity notifies the County that it has assumed the obligations of the Escrow Agent under this Escrow Agreement and the Financing Agreement, and the merged or consolidated entity meets the requirements of Section 5.2(B) above.

5.5 Acceptance of Appointment by Successor Escrow Agent.

5.5(A) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the County and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the County and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

5.5(B) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

5.6(A) The Escrow Agent undertakes, prior to the occurrence of an Escrow Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Escrow Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of that person's own affairs.

5.6(B) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(1) Prior to the occurrence of an Escrow Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be

determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(2) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(3) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(4) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

5.6(C) The Escrow Agent may execute any of the duties or powers hereof and perform any of its duties by and through attorneys, agents, receivers or employees and shall not be responsible for the acts or omissions of attorneys, agents, or receivers not affiliated with the Escrow Agent if (a) selected with reasonable care, and (b) the County is a third party beneficiary to the Escrow Agent's arrangements with such attorneys, agents, receivers or employees, the Escrow Agent shall be entitled to advice of counsel concerning all matters or duties hereunder, and may in all cases pay such reasonable compensation to such attorneys, agents, receivers and employees as may reasonably be employed in connection with the duties hereof. The Escrow Agent may act upon the opinion or advice of any attorney, approved by the Escrow Agent in the exercise of reasonable care. The Escrow Agent shall not be responsible for any loss or damage resulting from any action or non-action in good faith and reliance upon such opinion or advice.

5.7 Protection and Rights of the Escrow Agent.

5.7(A) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any resolution, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent may consult with counsel, who may be counsel to the County, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

5.7(B) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be provided or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of a County Official and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

5.7(C) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the County with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

5.7(D) The recitals, statements and representations by the County contained in this Escrow Agreement and in the Obligations shall be taken and construed as made by and on the part of the County, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof. The Escrow Agent shall have no responsibility with respect to any information, statement, or recital in an offering memorandum, official statement or other disclosure material prepared or distributed with respect to Obligations.

5.7(E) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

5.7(F) The Escrow Agent shall not be required to take notice or be deemed to have notice of any default hereunder, except for the failure of the County to make Financing Payments to the Escrow Agent or any default of which the Escrow Agent has actual knowledge, unless the Escrow Agent shall have received written notice of such default from the County or from the Owners of at least twenty-five percent (25%) of the unpaid principal component of Financing Payments.

5.8 Indemnification.

5.8(A) To the extent permitted by law, the County covenants and agrees to indemnify and hold the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the County under this Section 5.8 shall survive the resignation or removal of the

Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed against the County shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

5.8(B) Before taking any action under Section 9.2 and Section 9.3 hereof or Section 5.3 of the Financing Agreement, the Escrow Agent may require payment of its fees and expenses, including reasonable attorney's fees, and upon receipt of indemnity satisfactory to it be furnished by Owners of the Obligations for the reimbursement of all further expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from its negligence or willful default by reason of any action so taken.

6. Concerning the Obligation Owners.

6.1 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

6.1(A) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or

6.1(B) by the record of the Owners voting in favor thereof at any meeting of Owners, or

6.1(C) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the County, the Escrow Agent and the Owners of all the Obligations.

6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the County or by any person directly or indirectly controlling or

controlled by or under direct or indirect common control with the Escrow Agent or the County shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent, only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section 6.3, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

7. Modification of Escrow Agreement and Financing Agreement.

7.1 Limitations.

This Escrow Agreement may be modified or amended only in accordance with this Section 7.

7.2 Supplemental Escrow Agreement Without Consent of Owners.

7.2(A) The County and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

(1) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement or to make any other change to this Escrow Agreement, as long as the change does not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners or involve a change described in Section 7.3(A);

(2) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the supplemental Escrow Agreement.

7.2(B) Before the Escrow Agent and the County shall enter into any supplemental Escrow Agreement pursuant to this Section, the County shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the County in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

7.3 Supplemental Escrow Agreement with Consent of the Owners.

7.3(A) Any amendment to this Escrow Agreement which is not described in Section 7.2 above requires the consent of: 1) the County, 2) the Escrow Agent and 3) the consent of Owners of not less than a majority in aggregate principal amount of the Obligations then Outstanding. In addition to the consent of the County, the Escrow Agent, and the consent of all affected Owners of all the Obligations then Outstanding is required for:

(1) a change in the terms of the payment or prepayment of any portion of the Financing Payment, or

(2) the creation of a claim or lien upon, or a pledge of the rights of the Escrow Agent under the Financing Agreement (other than the Escrow Agent's right to Additional Charges) or amounts in the Payment Account ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or

(3) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(4) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6, for any modification, alteration, amendment or supplement to the Financing Agreement.

7.3(B) If at any time the County shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the County may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

7.3(C) If the Owners of not less than the percentage of Obligations then Outstanding required by Section 7.3(A) shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the County from executing and delivering the same or from taking any action pursuant to the provisions thereof.

7.4 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7, this Escrow Agreement shall be, and be deemed to be, modified and

amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the County, and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

7.5(A) The County and the Escrow Agent may at any time enter into amendments to the Financing Agreement without the consent of or notice to the Owners for the following purposes:

(1) To cure any formal defect, omission, inconsistency or ambiguity in the Financing Agreement or to make any other change to the Financing Agreement, as long as the change does not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners or permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the Financing Payments; and,

(2) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend the Financing Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the amended Financing Agreement.

7.5(B) Before the County shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.5 or Section 7.6 below, there shall have been delivered to the Escrow Agent and the County an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

7.6(A) Any amendment to the Financing Agreement which is not described in Section 7.5 requires the consent of: 1) the County, 2) the Escrow Agent and 3) the consent of Owners of not less than a majority in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.6. However, in addition to the consent of the County, the Escrow Agent, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the Financing Payments.

7.6(B) If at any time the County shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 above, the Escrow Agent shall cause notice to be given of such proposed amendment, change of modification in the same manner as provided by Section 7.3 with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners. The County may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 hereof with respect to supplemental Escrow Agreements, provided the County has obtained the opinion of Special Counsel which is described in Section 7.5 above.

8. Covenants.

8.1 Compliance With and Enforcement of Financing Agreement.

8.1(A) The County covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

8.1(B) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such Agreement against the County in accordance with its terms, subject to the rights of the County therein as provided in this Escrow Agreement and the Financing Agreement.

8.2 Notice of Default.

If an Escrow Default or a Financing Default occurs the Escrow Agent shall give written notice to the Owners of the Obligations then Outstanding. The notice shall specify that an Escrow Default or a Financing Default has occurred and give a brief description of the event or failure. The Escrow Agent shall give this notice by first class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of the event or failure. However, except for an Escrow Default described in Section 9.1(A) below, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations. Any failure by the Escrow Agent to give this notice shall not affect any rights of Owners to take the actions described in Section 9 herein.

8.3 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment, the County has covenanted in the Financing Agreement to comply the applicable provisions of the Code. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain the exclusion of the interest component of each Financing Payment from gross income under the Code. The covenants in this Section shall survive the payment of the Obligations and interest thereon, including any payment or defeasance thereof pursuant to the Escrow Agreement.

8.4 Further Assurances.

The Escrow Agent and the County will make, execute and deliver any and all such further resolutions, instruments and assurances as the Escrow Agent may deem reasonably necessary or

proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

9. Events of Default.

9.1 Escrow Defaults.

The occurrence of one or more of the following shall constitute an Escrow Default:

9.1(A) The County shall fail to pay any Financing Payment when due; or

9.1(B) The County shall fail to observe and perform any other of its covenants or agreements in this Escrow Agreement for a period of 60 days after the Escrow Agent gives written notice to the County specifying such failure and requesting that it be remedied. The Escrow Agent may agree in writing to an extension of such time prior to its expiration. In addition, if the failure stated in the notice cannot be corrected within the applicable period, the Escrow Agent will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the County within the applicable period and diligently pursued until the default is corrected; or

9.1(C) A Financing Default occurs and is continuing.

9.2 Remedies on Escrow Default.

Upon the occurrence and continuance of any Escrow Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law. However, the Financing Amount and the Financing Payments shall not be subject to acceleration. The Escrow Agent may exercise such one or more of the rights and powers conferred by this section as the Escrow Agent in its discretion being advised by its counsel shall deem most expedient and in the interests of the Owners.

9.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9 or by law.

9.4 Agreement to Pay Attorneys' Fees and Expenses.

If any party to this Escrow Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it shall on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

9.5 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

9.6 Application of Moneys Upon Default.

If, at any time after an Escrow Default or a Financing Default has occurred, the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

9.6(A) ***First:*** To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent;

9.6(B) ***Second:*** To the payment to the Owners of the interest components of the Financing Payments which are then due, and, if the amount available is not sufficient to pay in full all the interest components of the Financing Payment then due, then ratably to the Owners entitled to the interest payments then due, without any discrimination or preference;

9.6(C) ***Third:*** To the payment to the Owners of the principal components of the Financing Payment which are then due, and, if the amount available shall not be sufficient to pay all principal components which are then due, then ratably to the Owners entitled to the principal components which are then due, without discrimination or preference; and,

9.6(D) ***Fourth:*** To the County, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

9.7 Action by Owners.

If the Escrow Agent fails to take any remedy available as a result of the occurrence of an Escrow Default or a Financing Default, the Owners of a majority in aggregate principal amount of Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent 60 days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

10. Limitation of Liability.

10.1 Limited Liability of County.

Except for the payment of Financing Payment and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the County contained in the Financing Agreement and this Escrow Agreement, the County shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of the Financing Payments to the Owners by the Escrow Agent.

10.2 No Liability of County for Escrow Agent Performance.

The County shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon the Escrow Agent under this Escrow Agreement.

10.3 No Liability of Escrow Agent for the Financing Payment by County.

The Escrow Agent (except as provided herein) shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the County when due, or with respect to the performance by the County of any other covenant made by the County in this Escrow Agreement or the Financing Agreement.

10.4 Opinion of Counsel; Experts.

10.4(A) Before being required to take any action after or in connection with an Escrow Default or a Financing Default, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.

10.4(B) If an Escrow Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents, attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Escrow Agent), as it may reasonably deem necessary to carry out any of its obligations hereunder. The County shall reimburse the Escrow Agent for its reasonable expenses in so doing.

10.4(C) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

10.5 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the County, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Escrow Agent and the Owners.

11. Miscellaneous.

11.1 Defeasance.

11.1(A) All or any portion of the Outstanding Obligations and their related Financing Payments may be defeased, and deemed paid and discharged by irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, money and Defeasance Obligations in amounts which are calculated by an independent certified public accountant or other qualified professional to be sufficient, without reinvestment, to pay all principal and interest due on the defeased Obligations (either at maturity on through the date on which the County has irrevocably called the defeased Obligations for prepayment), and by providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest payable on any Obligations to be includable in gross income under the Code.

11.1(B) All obligations of the Escrow Agent and the County under the Financing Agreement and this Escrow Agreement with respect to Obligations which are defeased in accordance with Section 11.1(A) shall cease and terminate, except for the obligation of the County to pay the Additional Charges specified in Section 3.2(E) of the Financing Agreement and the Escrow Agent to apply the amounts deposited in trust to pay the Financing Payments and the defeased Obligations.

11.1(C) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the County and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable notice. Upon written notice, the Escrow Agent shall promptly make such records available to the County, any Owner,

or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

11.2 Notices.

11.2(A) All notices and other communications required by the Agreement shall be considered properly given if they are delivered by regular U.S. mail:

To the Escrow Agent at:
U.S. Bank National Association
Global Corporate Trust Services, PD-OR-P6TD
555 S.W. Oak Street
Portland, OR 97204
Telephone: 503-275-5713

To the County at:
Washington County
Attention: Chief Finance Officer
155 N. First Avenue, Suite 330
Hillsboro, OR 97124
Telephone: 503-846-8756

11.2(B) Any such notice shall be deemed given if sent via electronic or by facsimile or deposited in the United States mail with postage pre-paid.

11.3 Governing Law.

This Escrow Agreement shall be construed and governed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the State of Oregon in Washington County, Oregon.

11.4 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

11.5 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

11.6 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute the same agreement.

11.7 Destruction of Canceled Obligations.

Whenever in this Escrow Agreement provision is made for the surrender to or cancellation by the Escrow Agent and the delivery to the Escrow Agent of any Obligations, the Escrow Agent may, upon the request of the Escrow Agent's representative, in lieu of such cancellation and delivery, destroy such Obligations and deliver a certificate of such destruction to the County.

11.8 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

[The remainder of this page is left blank intentionally.]

This Escrow Agreement is executed by its parties as of the _____ day of __________, 2013.

U.S. Bank National Association, as Escrow Agent

____
Authorized Officer

Washington County, Oregon

____
County Official

EXHIBIT A
(Maturity Schedule)

Aggregate original principal amount of Obligations: $__________

Date of Obligations: __________, 2013

Obligation interest is payable on June 1 and December 1 of each year, commencing June 1, 2013.

Maturity Date (June 1)	Maturity Amount ($)	Interest Rate (%)	CUSIP No. (Base ______)

EXHIBIT B
(Form of Obligation)

No. R-__ $_________

FULL FAITH AND CREDIT REFUNDING OBLIGATION
SERIES 2013B (TAX-EXEMPT)
Evidencing a Proportionate Interest of the Owner Hereof
in Financing Payments to be Made Under a Financing Agreement Between the
WASHINGTON COUNTY, OREGON, AS BORROWER
AND
U.S. BANK NATIONAL ASSOCIATION, AS ESCROW AGENT

Dated Date: __________, 2013
Interest Rate Per Annum: ___%
Maturity Date: June 1, _____
CUSIP Number: ______
Registered Owner: -----Cede & Co.-----
Principal Amount: -----______________________________ Dollars-----

This is to certify that the Registered Owner named above (the "Owner") of this Obligation is the owner of a proportionate and undivided interest in and right to receive a portion of the principal component of the Financing Payment due on the Maturity Date named above under and as defined in the Financing Agreement dated as of __________, 2013, relating to this Obligation (the "Financing Agreement") by and between U.S. Bank National Association (the "Escrow Agent") and Washington County, Oregon (the "County"). Interest on this Obligation is payable on June 1 and December 1 of each year until maturity, commencing June 1, 2013, at the Interest Rate Per Annum set forth above. Payment of principal and interest shall be made to the Owner hereof as the Owner's name appears on the registration books of the County maintained by the Escrow Agent, as of the 15th day of the calendar month immediately preceding the applicable payment date. For so long as this Obligation is subject to a book-entry-only system, principal and interest payments shall be paid to the nominee of the securities depository for this Obligation. On the date of issuance of this Obligation, the securities depository for this Obligation is The Depository Trust Company, New York, New York, and Cede & Co. is the nominee of The Depository Trust Company. Such payment shall be made payable to the order of "Cede & Co."

This Obligation is one of the Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt) (the "Obligations"), executed and delivered by the Escrow Agent pursuant to an Escrow Agreement dated as of __________, 2013, (the "Escrow Agreement") by and between the Escrow Agent and the County. The Financing Agreement and the Escrow Agreement (copies of which are on file with the Escrow Agent) state the terms on which the Obligations are delivered, and the rights thereunder of the Owners of the Obligations, the rights, duties and immunities of the Escrow Agent and the rights and obligations of the County under the Financing Agreement. The provisions of the Escrow Agreement and the Financing Agreement are incorporated into this Obligation by reference. Capitalized terms used in this Obligation have the meanings defined for such terms in the Escrow Agreement and the Financing Agreement.

This Obligation represents an ownership interest in and a right to receive up to the Principal Amount named above, representing a proportionate share of the principal component of the Financing Payment which is due on the maturity date of this Obligation, plus a proportionate share of interest accrued on that principal component, as provided in the Escrow Agreement.

The obligation of the County to pay the Financing Payments is unconditional. The Financing Payments are payable from all legally available funds of the County, and the County has pledged its full faith and credit and taxing power within the limitations of Sections 11 and 11b of Article XI of the Oregon Constitution to pay the Financing Payments.

The County is authorized to enter into the Financing Agreement pursuant to the laws of the State of Oregon and Resolution and Order No. 13-2 of the County adopted January 8, 2013. The County has entered into the Financing Agreement for the purpose of refinancing the projects financed or refinanced with the County's Full Faith and Credit Obligations, Series 2006, and paying costs related to the authorization, sale, issuance and delivery of the Obligations. The Escrow Agent has agreed to hold its rights to receive the Financing Payments in escrow for the benefit of the Owners.

The Obligations are initially issued as a book-entry-only security issue with no certificates provided to the beneficial owners. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of The Depository Trust Company. Records of ownership of beneficial interests in the Obligations will be maintained by The Depository Trust Company and its participants. Any exchange or transfer of this Obligation must be registered as provided in the Escrow Agreement. Should the book-entry-only system be discontinued, the Escrow Agent shall provide all beneficial owners with executed, printed Obligations which are registered in the name of the beneficial owners, who shall each then become Owners, as provided in the Escrow Agreement.

The Obligations mature and are subject to redemption as described in the Escrow Agreement.

Unless the book-entry-only system is discontinued, notice of any call for redemption shall be given as required by the Blanket Issuer Letter of Representations to The Depository Trust Company, as referenced in the Escrow Agreement. The Obligations are subject to conditional notice of redemption as provided in the Escrow Agreement. Unless the Depository Trust Company consents to a shorter period, the Escrow Agent will notify The Depository Trust Company of any Obligations called for redemption no fewer than 20 calendar days nor more than 60 calendar days prior to the date fixed for redemption. If the book-entry-only system is discontinued, notice of redemption shall be given not less than 30 calendar days nor more than 60 calendar days prior to the date fixed for redemption. Any failure to give notice shall not invalidate the redemption of the Obligations.

Unless this Obligation is presented by an authorized representative of The Depository Trust Company, a New York corporation ("DTC") to the County or the Escrow Agent for registration of transfer, exchange or payment, and any Obligation issued is registered in the name of Cede & Co. or such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entry as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the Registered Owner hereof, Cede & Co., has an interest herein.

This Obligation shall remain in the Escrow Agent's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Escrow Agent and The Depository Trust Company.

IN WITNESS WHEREOF, this Obligation has been executed and delivered by U.S. Bank National Association, as Escrow Agent, acting pursuant to the Escrow Agreement.

U.S. Bank National Association**,** as Escrow Agent

____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE ESCROW AGENT IN THE SPACE PROVIDED BELOW.

CERTIFICATE OF AUTHENTICATION

This is one of the $__________ aggregate principal amount of Washington County, Oregon, Full Faith and Credit Refunding Obligations, Series 2013B (Tax-Exempt), issued in accordance with the Escrow Agreement described herein.

Date of authentication: __________, 2013.

U.S. Bank National Association**,** as Escrow Agent

____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto __________
____

(Please insert social security or other identifying number of assignee)

this Obligation and does hereby irrevocably constitute and appoint _____________________ as attorney to transfer this Obligation on the books kept for registration thereof with the full power of substitution in the premises.

Dated:_____________________________________

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NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Obligation in every particular, without alteration or enlargement or any change whatever.

NOTICE: Signature(s) must be guaranteed by a member of the New York Stock Exchange or a commercial bank or trust company	Signature Guaranteed _________________________________ (Bank, Trust Company or Brokerage Firm) _________________________________ Authorized Officer

The following abbreviations, when used in the inscription on the face of this Obligation, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship
and not as tenants in common
OREGON CUSTODIANS use the following
_________________ CUST UL OREG __________________ MIN
as custodian for (name of minor)
OR UNIF TRANS MIN ACT
under the Oregon Uniform Transfer to Minors Act

Additional abbreviations may also be used though not in the list above.

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