



MULTNOMAH COUNTY OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2007



About the Cover

Pictured on the cover is the Multnomah County Amy Joslin Green Roof. The Amy Joslin Green Roof is one of the projects undertaken by the Multnomah County Sustainability Program to promote a healthy and sustainable community. Green roofs, otherwise known as eco-roofs, are being used in many countries around the world and are gaining recognition in the United States for their environmental, economic, and social benefits. Multnomah County proudly has one of the largest numbers of green roofs in the nation. Green roofs reduce rain water runoff, they reduce energy costs in buildings, they reduce the heat island effect in cities, they provide wildlife habitat, and they extend the lifespan of a roof. You can visit the Multnomah County Amy Joslin Green Roof at the Multnomah Building, 501 SE Hawthorne Blvd., during regular County business hours.

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007



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

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



TED WHEELER
Chair



MARIA ROJO DE STEFFEY
Commissioner District 1



JEFF COGEN
Commissioner District 2



LISA NAITO
Commissioner District 3



LONNIE ROBERTS
Commissioner District 4



LAVONNE GRIFFIN-VALADE
Auditor



BERNIE GIUSTO
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007
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INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON

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November 21, 2007

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

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2007, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the County's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is issued under separate cover and is available by request from the Department of County Management.

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the County at June 30, 2007, and the results of operations of such funds and the cash flows of the proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP). The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

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

PROFILE OF MULTNOMAH COUNTY, OREGON

Multnomah County, incorporated in 1854, is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, and serves a population of 701,545 citizens. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

Multnomah County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and therefore are included in the County's financial statements as component units. Also included in the County's financial statements is information on the Library Foundation, a tax-exempt foundation whose primary purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. The County also maintains a Hospital Facilities Authority whose primary purpose is to issue conduit debt for health care facilities. The Hospital Facilities Authority is also considered a component unit but it is not included in the County's financial statements. Additional information on these legally separate entities can be found in note 1 of the notes to the financial statements.

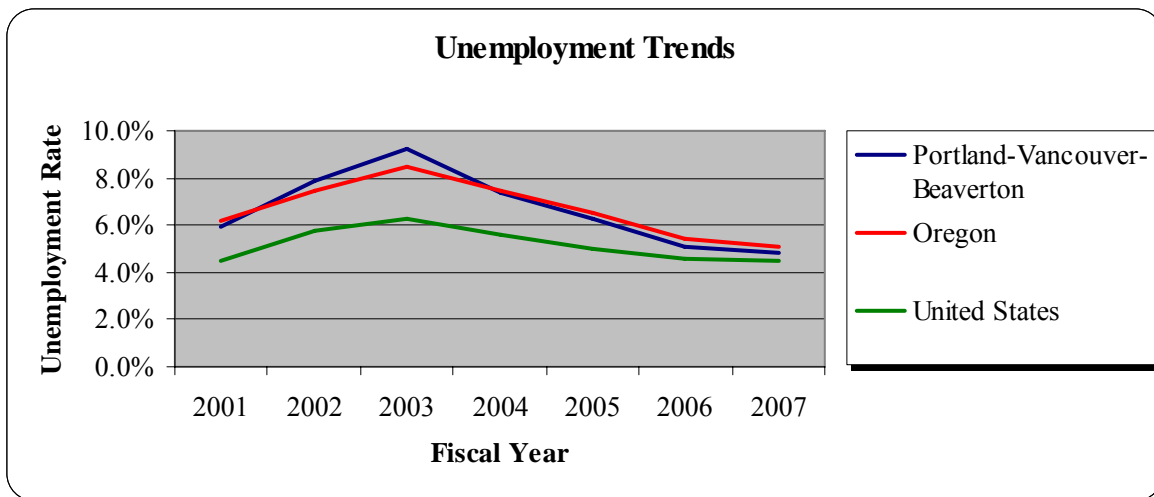
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse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

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund, the Federal State Program special revenue fund and the Willamette River Bridges special revenue fund the budget to actual comparisons are provided on pages 35-37 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 77.

FACTORS AFFECTING FINANCIAL CONDITION

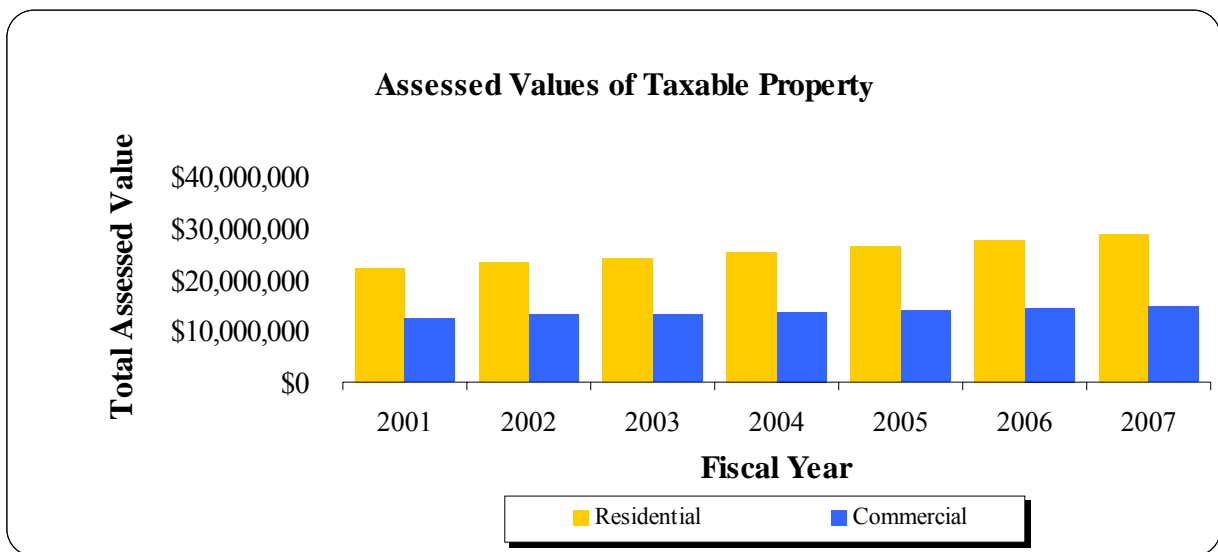
Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy improved throughout fiscal year 2007. The area's unemployment rate had improved to 4.8% at June 30, 2007 as compared to 5.1% a year ago. The unemployment rate for the area is still higher than the national average of 4.5% for June of 2007 compared to 4.6% for June 2006. The chart below compares the area's unemployment rate to the rates for the State and the Nation.



Financial outlook: The financial outlook for the County's general fund over the next five years is somewhat stronger than previous forecasts primarily due to the continued strength of economic conditions in the area. The regional economy has experienced a period of sustained growth, and it has bounced back incredibly well from the recession that gripped the state in the early 2000's. The State of Oregon has made a strong push for recovery and, in some respects, has performed better than the nation as a whole over the past few years.

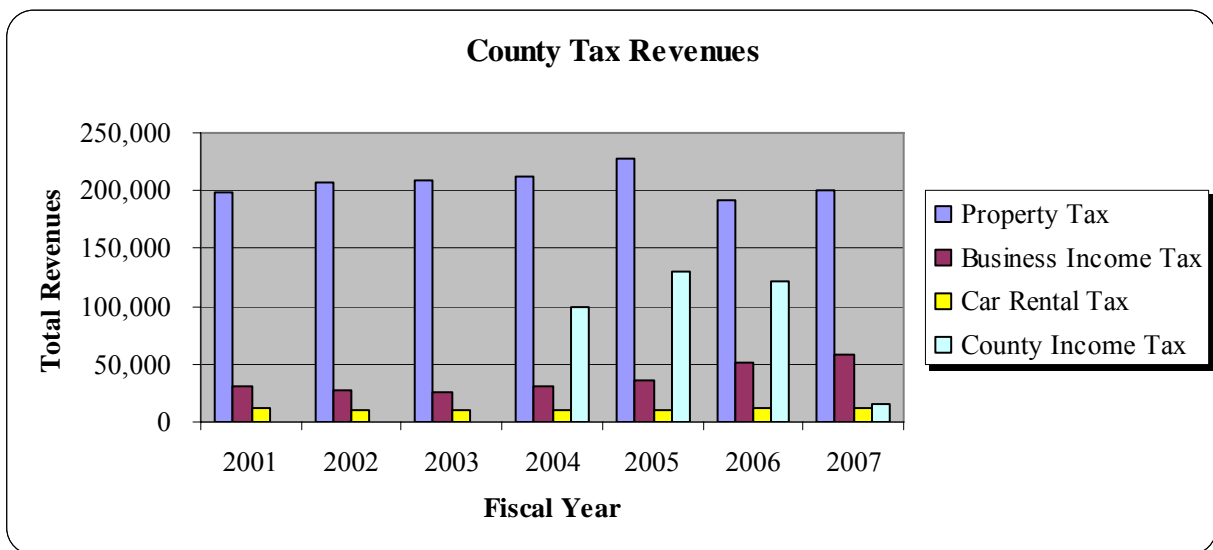
The region's growth will have an impact on the County's revenue stream. Property taxes are expected to grow at 3.8% over the next year and new residential and commercial construction will continue to have a major impact on the County in upcoming years. The chart on the following page measures the County's total residential and commercial assessed property tax values over the past seven years. Residential properties have experienced a 30% increase in taxable property values over a seven year period compared to a 27% increase for commercial property values over the same period. The steady increase in residential property is primarily due to new construction in the Portland area, but this increase is expected to level off somewhat as a result of the downturn in the housing market.



Business income tax is the second largest source of revenue for the County and it has been set at a rate of 1.45% of net income. Business income tax collections parallel the business cycle. Increased business income tax collections in fiscal year 2007 reflect double-digit growth for the fourth year in a row. Business income tax collections in fiscal year 2007 rose by 12%, following on fiscal year 2006 collections that were nearly 40% higher than the previous year. The forecast for fiscal year 2008 calls for a slight decrease in revenue collections. Tax code changes enacted for fiscal year 2008 are expected to reduce collections by approximately 2% and many sources have predicted that the regional economy is due for a period of slower growth in the coming months.

Motor vehicle rental taxes which decreased in each of the three years immediately following the September 11th terrorist attacks are expected to grow by 3% which reflects the relative importance of travel and tourism to the regional economy. Overall revenue growth is forecast between 2.5% to 3.5% over the next five years. Expenditures are expected to grow between 4.5% and 6.0% annually, taking into account the normal rate of inflation, employee benefits and long term fixed costs.

During 2003 Multnomah County voters approved a temporary personal income tax of 1.25% for residents to fund services for fiscal years 2004, 2005, and 2006. The tax primarily provides support to the schools in the County but also provides support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax would be imposed, and in fiscal year 2007 the County's general fund recognized \$16,038 in collections on delinquent accounts as compared to \$120,919 in tax revenue in fiscal year 2006. The graph on the following page highlights the County's major tax sources.



Financial and budget policies. As a guideline for the budget process the County has established financial and budget policies which are reviewed and adopted annually by the Board of County Commissioners in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County, and to leverage local dollars with Federal and State funding grants. These financial policies ensure the County has appropriately recorded and accounted for transactions in our financial statements.

The County's adopted financial and budget policies generally provide for the County to use one time only resources for costs that will not recur in future years. However, the policies allow the use of one-time only resources when in the short run it appears more beneficial to allocate such resources to the highest priority public service that would otherwise be unfunded, than to restrict them to non-recurring costs. The result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding which can lead to future budget shortfalls. As mentioned earlier, fiscal year 2006 was the last year of the three year temporary personal income tax measure and the County has established necessary general fund reserves to reduce the impact of the loss of the personal income tax revenues due to the sunset of the tax. The 2008 adopted budget includes approximately \$25,000 of one-time only funds. These one-time only funds are split roughly equally between public safety and health and human services programs. In preparing the 2009 budget, the County will be in the position of identifying programs that may no longer receive funding due to a lack of ongoing resources.

The County's financial and budget policies also state the Board acknowledges that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain two general fund reserves designated as unappropriated fund balance and funded at approximately 5% each of budgeted "corporate" revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) of the general fund. These reserves are to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond rating, which is currently Aa1 from Moody's Investors Services.

Long-term financial planning. The County's Chief Financial Officer and Budget Director work closely with the Chair's Chief Operating Officer and Department Directors to develop short-term and long-term financial goals and to address the financial stability of the County. The County's

Chief Financial Officer and Budget Director also meet with City of Portland Financial and Budget Officers and with representatives from the City of Gresham as needed, to confer on financial issues that either overlap or impact each entity.

Major initiatives. The construction on the County's new 525-bed Wapato jail and secure alcohol and drug treatment facility was completed during fiscal year 2005. Currently there are insufficient funds to operate this facility and as a result the jail remains empty. The Chair and the Sheriff are in discussions with State of Oregon corrections officials and other local jurisdictions to seek possible options to make use of the facility. Other capital project initiatives include addressing the County's bridge rehabilitation and replacement needs. Thus far the County has been successful in obtaining \$25,000 in State and Federal awards for current bridge projects but an estimated long-term shortfall of \$215,000 still exists between identified needs and identified funds over the next twenty years. The County is currently engaged in a project to replace the Sauvie Island bridge. The total cost for the Sauvie Island bridge project is estimated to be \$52,700 and the project is estimated to be completed in 2009. The County will continue to seek additional Federal and local funding for the repair and replacement on County bridges, specifically the Sellwood bridge. In addition, the County is working on developing a plan for a new courthouse and discussions are in place to consider available funding options. The County is also currently in the process of acquiring land to proceed with the construction of a new East County Justice facility to coordinate law enforcement efforts between the County and other jurisdictions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2006. This was the twenty-second year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully Submitted,



Mindy Harris
Chief Financial Officer



Cara Fitzpatrick
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Multnomah County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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.



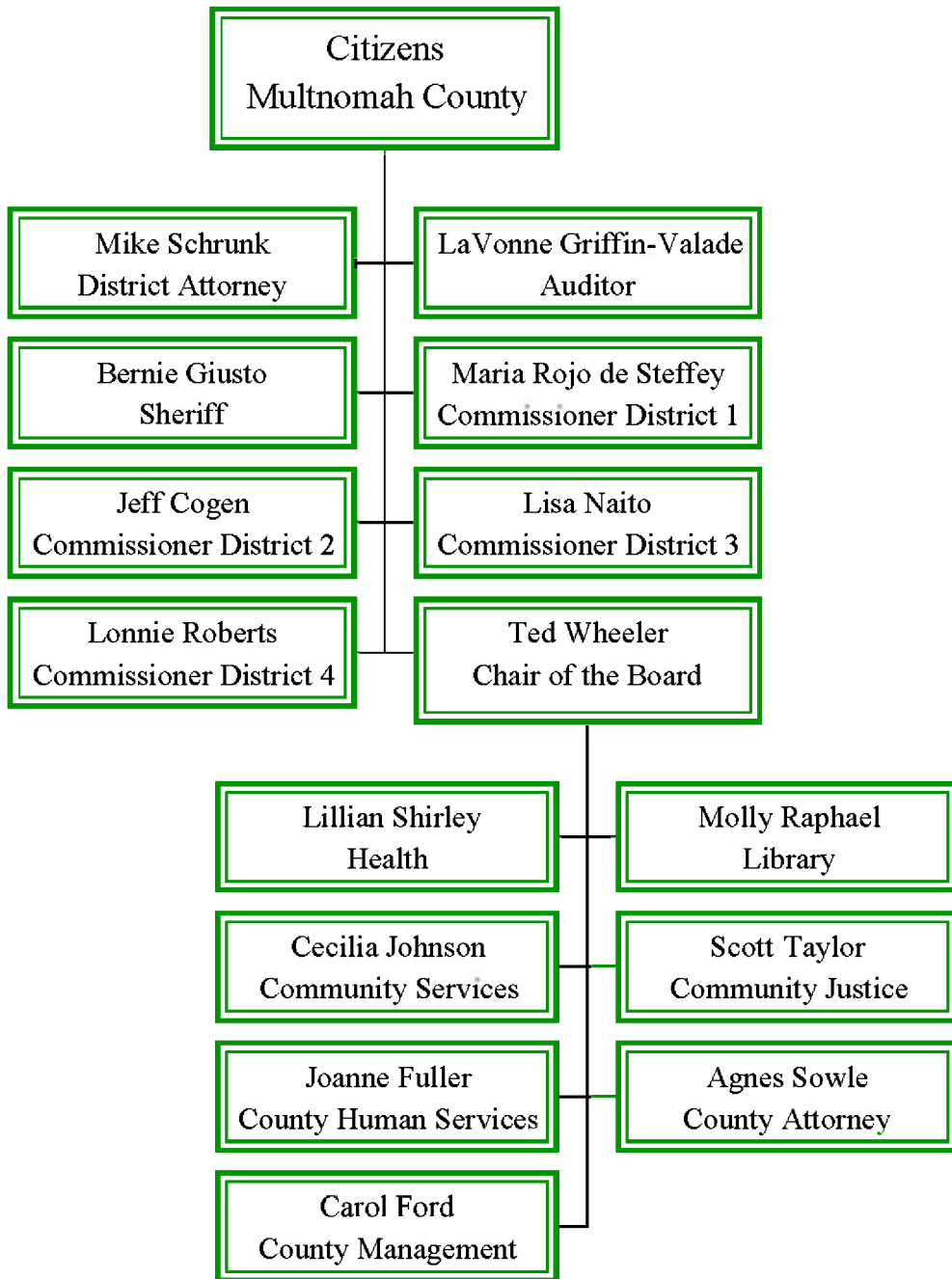
Charles S. Cox

President

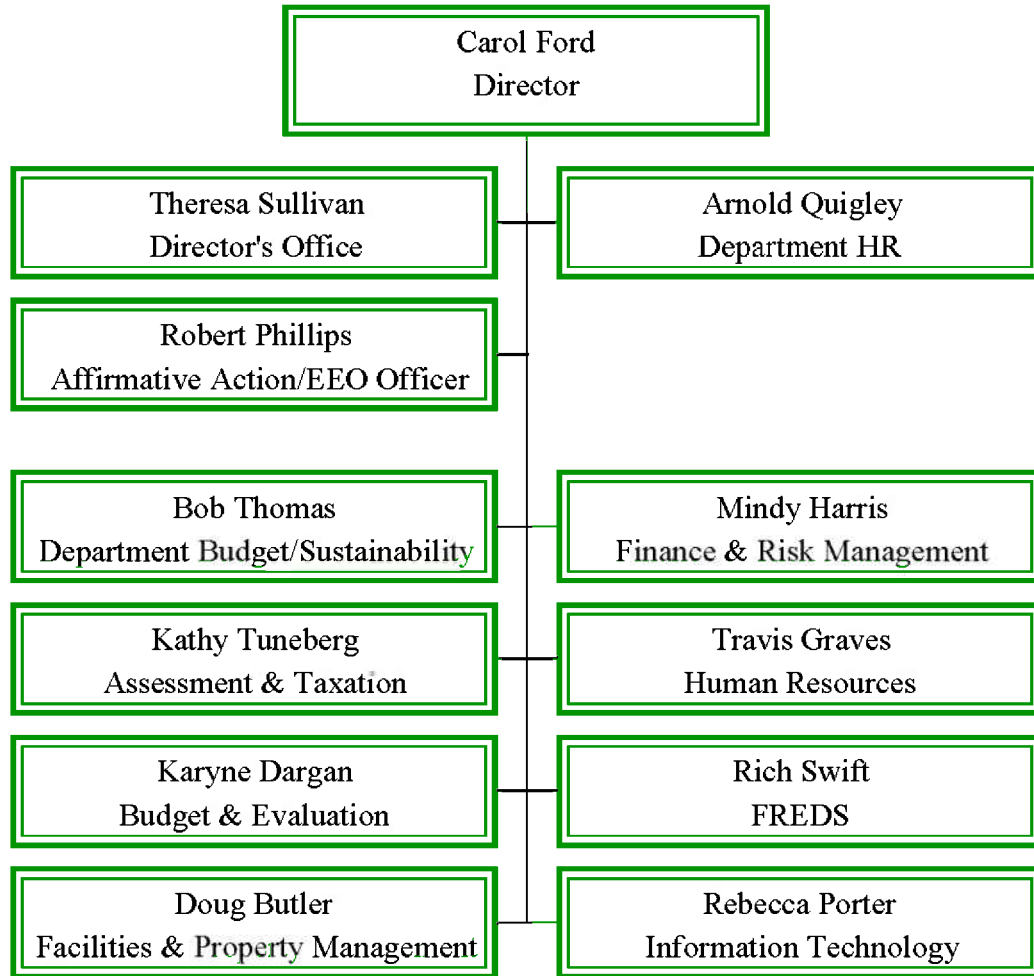
Jeffrey R. Emer

Executive Director

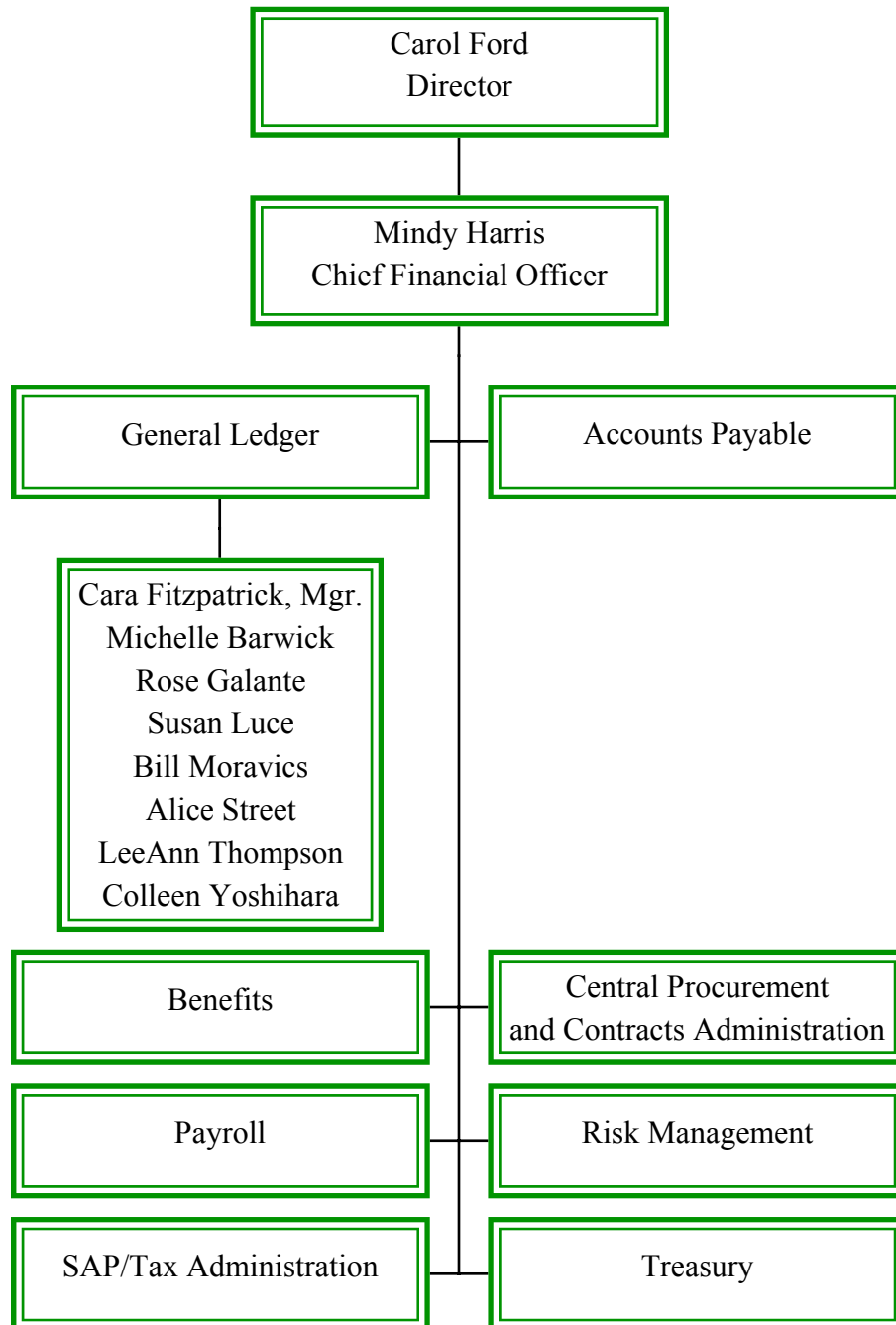
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



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



MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2007
Principal Officers

Title	Name	Term Expires
<u>Board of County Commissioners</u>		
Chair of Board	Ted Wheeler 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
District No. 1	Maria Rojo de Steffey 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2008
District No. 2	Jeff Cogen 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
District No. 3	Lisa Naito 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2008
District No. 4	Lonnie Roberts 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2008
<u>Other Elected Officers</u>		
County Auditor	Lavonne Griffin-Valade 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2008
County Sheriff	Bernie Giusto 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2010
<u>Other Appointed Officers</u>		
Chief Financial Officer	Mindy Harris	Not elected
County Attorney	Agnes Sowle	Not elected

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Multnomah County, 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 Multnomah County, Oregon as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Multnomah County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, a discretely presented component unit, which represents 1.37% and 0.79% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of 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 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 provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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.

The management's discussion and analysis, budgetary comparison, and OPEB information on pages 14 through 27, 35 through 37, and 76 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis on pages 14 through 27 which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The schedules of revenues, expenditures, and changes in fund balance – budget and actual, on pages 35 through 37 and the schedule of OPEB funding progress on page 76 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Multnomah County, Oregon's, basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



For Moss Adams LLP
Eugene, Oregon
November 21, 2007



Department of County Management

MULTNOMAH COUNTY OREGON

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Multnomah County, Oregon, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2007, by \$558,131 (*net assets*). Of this amount, \$9,279 is restricted for capital improvement projects, \$6,400 is restricted for various community support programs and \$60,587 is restricted for future years' debt service.
- Total net assets increased by \$13,857 or 3% in fiscal year 2007. There is not one primary factor for the increase in net assets, but rather various reasons account for the overall increase in net assets which are discussed by management below.
- In governmental activities, business income tax revenues increased by \$6,419 or 13% over the prior year. The County's business income tax revenues are directly linked to the increase in the local economy. Also in recent years County management have made collection efforts on business income taxes a higher priority leading to increased revenues.
- Property tax revenues continue to increase steadily each year and were up by 5% or \$11,095 over the prior year due to new construction and a stronger overall economy.
- Personal income tax revenues decreased by \$38,527 or 64% from the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections of delinquent accounts are recognized in fiscal year 2007.
- Interest and investment earnings for governmental activities increased by \$3,360 or 33% over the prior year due to a higher rate of return on investments.
- General government expenses for governmental activities decreased by \$26,906 or 24% from the prior year. The decrease in the County's distribution of personal income tax collections of \$41,500 or 78% is offset by other increases, including a one-time \$6,400 distribution to schools and \$2,605 in additional costs for other post-employment benefits over the prior year. Additionally, personnel costs were higher in fiscal year 2007 by \$5,400 as a result of personnel costs recorded to the general fund that had been previously charged to an internal service fund that the County closed at the end of fiscal year 2006.
- Net assets for business-type activities increased by \$1,817 or 31% in fiscal year 2007. The increase is primarily recorded in the net assets of the Behavioral Health Managed Care fund, and is related to a change to the incurred but not reported liability in the prior year and a change in the process to provide mental health services on a fee for service basis rather than a capitated services model. The change resulted in higher overall expenses in the prior year due to the partial year of capitated services and the higher incurred but not reported liability. In the current year, a further increase in the incurred but not reported liability was offset by increases in revenue from the State and additional interest earnings. In addition interest and investment earnings for business-type activities increased by \$244 or 97% over the prior year as a result of a greater return on investments in the current year.
- Total assets for business-type activities increased by \$2,942 or 29% over the prior year and total liabilities increased by \$1,125 or 26% from fiscal year 2006. The increase is primarily in the Behavioral Health Managed Care fund. Cash balances have increased for the fund over the prior year.

as a result of fee for service premiums received from the State and a lag in the corresponding disbursements for services using a fee for service model. The fund's incurred but not reported liability increased over the prior year due to additional historical claims data available to calculate the liability, as the fee for service model has now been in place for just over one year.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$160,670, a decrease of \$5,515 in comparison with the prior year's increase of \$30,587.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$59,561, or approximately 18% of total General Fund expenditures.

Overview of the Financial Statements

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

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

The *Statement of Net 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 *Statement of Activities* presents information showing how the County's 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 change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate sanitary sewer district and a legally separate street lighting district, for which the County is financially accountable. The statements also include a legally separate, tax exempt foundation whose purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Financial information for the two *blended component units* and one *discretely presented component unit* is reported separately from the financial information presented for the County itself.

The government-wide financial statements can be found on pages 28-30 of this report.

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

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

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

The County maintains 27 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Federal State Program Fund, and the Willamette River Bridges Fund, all of which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements and respective reconciliations can be found on pages 31-34 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

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

The basic fiduciary fund financial statements can be found on page 41 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 124-125 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 42 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 77 of this report.

Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its other post employment healthcare benefits obligations. Required supplementary information can be found on page 76.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$558,131 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 448,340	\$ 457,974	\$9,643	\$7,136	\$ 457,983	\$ 465,110
Capital assets	623,885	617,298	3,420	2,985	627,305	620,283
Total assets	1,072,225	1,075,272	13,063	10,121	1,085,288	1,085,393
Long-term liabilities outstanding	392,124	399,447	19	38	392,143	399,485
Other liabilities	129,603	137,366	5,412	4,268	135,014	141,634
Total liabilities	521,727	536,813	5,431	4,306	527,157	541,119
Net assets:						
Invested in capital assets, net of related debt	456,502	434,866	3,020	2,985	459,522	437,851
Restricted	76,266	71,388	-	-	76,266	71,388
Unrestricted	17,731	32,205	4,612	2,830	22,343	35,035
Total net assets	\$ 550,499	\$ 538,459	\$7,632	\$5,815	\$ 558,131	\$ 544,274

The largest portion of the County's net assets, approximately 82%, reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the outstanding debt used to acquire the assets in the amount of \$459,922 as compared to \$437,851 a year ago. The increase in the investment in capital assets net of related debt is primarily due to the ongoing construction of the new Sauvie Island bridge, begun in fiscal year 2004 and expected to continue through 2009. During fiscal year 2007 the County paid approximately \$14,942 in debt related to capital assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net assets in the amount of \$76,266 or approximately 14% are restricted for capital projects, debt service and various community support programs. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$22,343 or approximately 4%. At the end of the current year, the County is able to report positive balances in all categories of net assets for the government as a whole.

Total net assets increased by \$13,857 during the current fiscal year. This increase is attributable to various factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net assets for fiscal years 2006 and 2007.

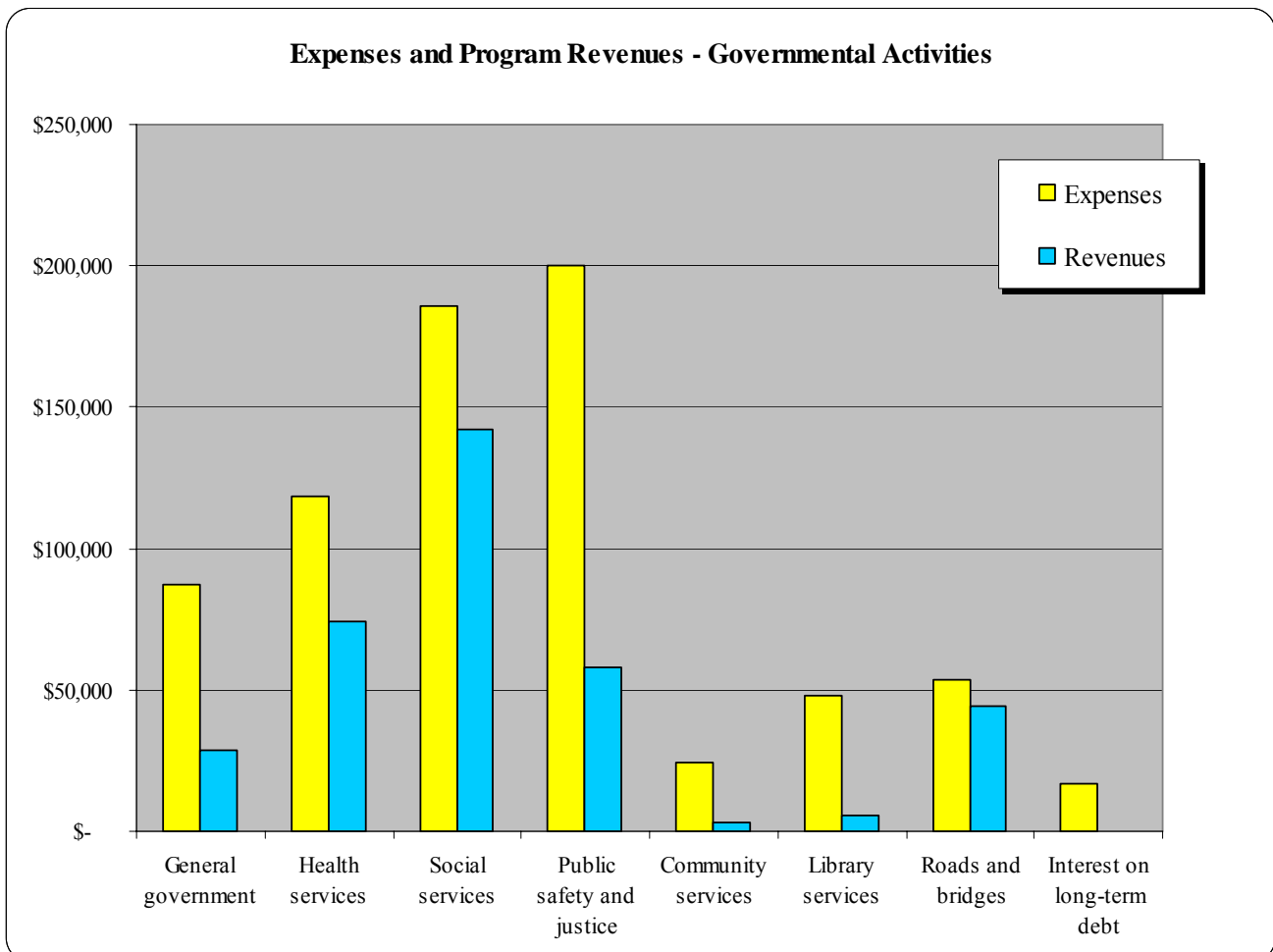
Multnomah County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 92,419	\$ 91,180	\$35,759	\$35,268	\$128,178	\$126,448
Operating grants and contributions	257,810	247,933	-	-	257,810	247,933
Capital grants and contributions	5,594	5,272	76	82	5,670	5,354
General revenues:						
Taxes:						
Property taxes	240,322	229,227	-	-	240,322	229,227
Personal income taxes	21,237	59,764	-	-	21,237	59,764
Business income taxes	57,399	50,980	-	-	57,399	50,980
Other taxes	41,320	39,163	-	-	41,320	39,163
State government shared revenues	9,517	8,692	-	-	9,517	8,692
Grants and contributions not restricted to specific programs	6	2	-	-	6	2
Interest and investment earnings	13,454	10,094	495	251	13,949	10,345
Miscellaneous	6,771	4,007	467	-	7,238	4,007
Gain on sale of capital assets	228	1,607	-	-	228	1,607
Total revenues	746,077	747,921	36,797	35,601	782,874	783,522
Expenses:						
General government	87,472	114,378	-	-	87,472	114,378
Health services	118,380	112,201	-	-	118,380	112,201
Social services	185,672	177,891	-	-	185,672	177,891
Public safety and justice	199,850	196,167	-	-	199,850	196,167
Community services	24,136	23,336	-	-	24,136	23,336
Library services	47,872	43,530	-	-	47,872	43,530
Roads and bridges	53,701	54,256	-	-	53,701	54,256
Interest on long-term debt	16,954	21,822	-	-	16,954	21,822
Dunthorpe-Riverdale Service District Number 1	-	-	405	407	405	407
Mid County Service District Number 14	-	-	354	328	354	328
Behavioral Health Managed Care	-	-	34,221	33,640	34,221	33,640
Total expenses	734,037	743,581	34,980	34,375	769,017	777,956
Special items:						
Loss on transfer of County roads	-	(108,555)	-	-	-	(108,555)
Increase (decrease) in net assets	12,040	(104,215)	1,817	1,226	13,857	(102,989)
Beginning net assets	538,459	642,674	5,815	4,589	544,274	647,263
Ending net assets	<u>\$550,499</u>	<u>\$538,459</u>	<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$558,131</u>	<u>\$544,274</u>

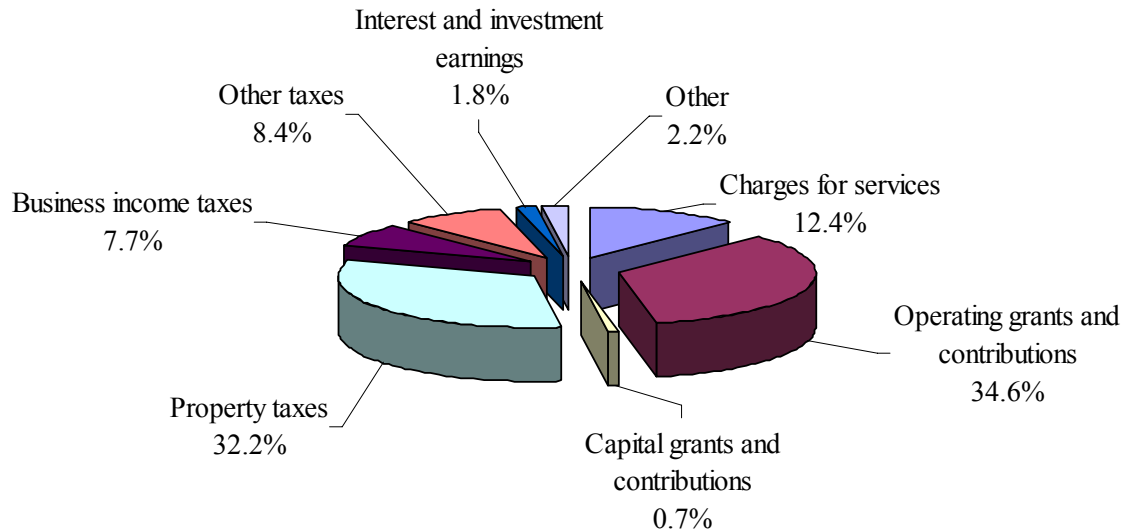
Governmental activities. Governmental activities increased the County's net assets by \$12,040; key elements of this increase are highlighted below:

- Program revenues grew steadily over the prior year, with an increase of \$11,438 or 3% in total program revenues. The major reason for the increase is noted in operating grants and contributions with an increase of \$9,877 or 4% over fiscal year 2006. The primary increase is in roads and bridges operating grants and contributions due to significant construction projects on County roads and bridges for rehabilitation, repair and maintenance. These road and bridge projects are primarily funded by Federal, State and local sources.
- General revenues for personal income taxes decreased by \$38,527 due to the sunset of the County's three year temporary personal income tax. Total distributions recorded in general government expenses are directly related to personal income tax revenues and were down by \$26,906 over the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections on delinquent accounts are recognized in fiscal year 2007.
- Business income taxes increased over the prior year by \$6,419 or 13%, reflecting the continued strength of the economy.
- The special item for the loss on the disposal of capital assets of \$108,555 in the prior year is the result of transferring approximately 50 miles of County roads to a neighboring jurisdiction, the City of Gresham.
- Interest on long-term debt decreased by \$4,868 primarily due to a decrease in the interest on the outstanding capital leases and full faith and credit obligations.

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



Revenues by Source, Governmental Activities

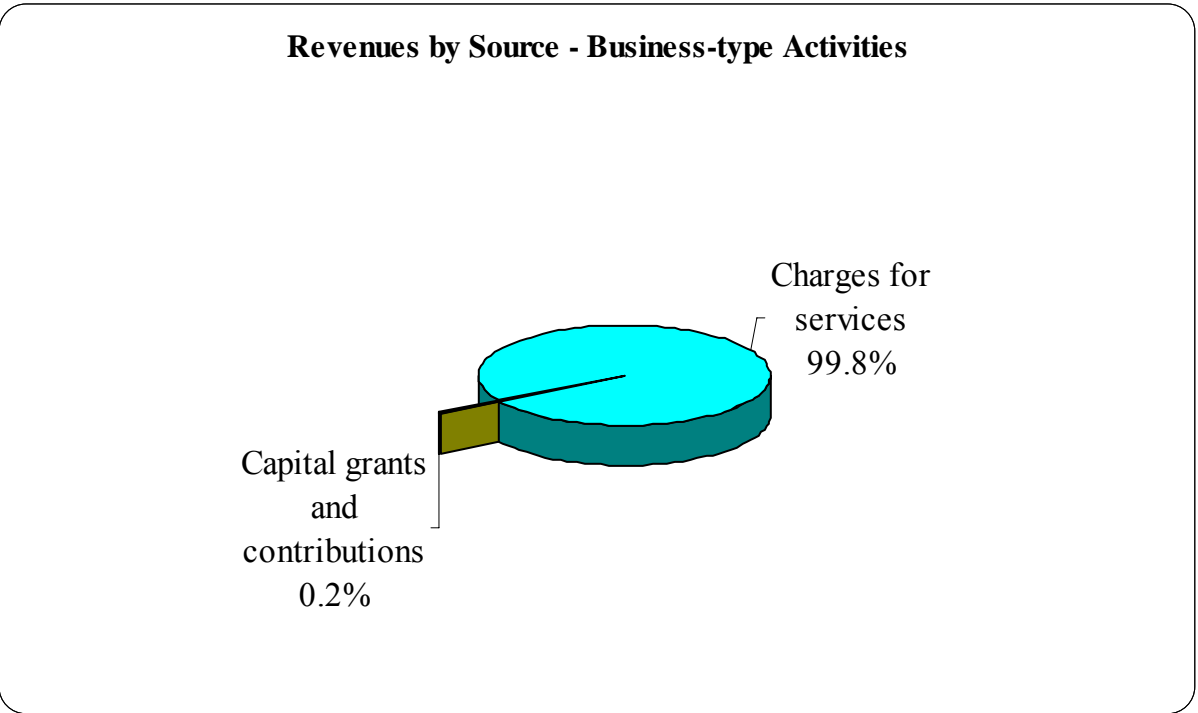
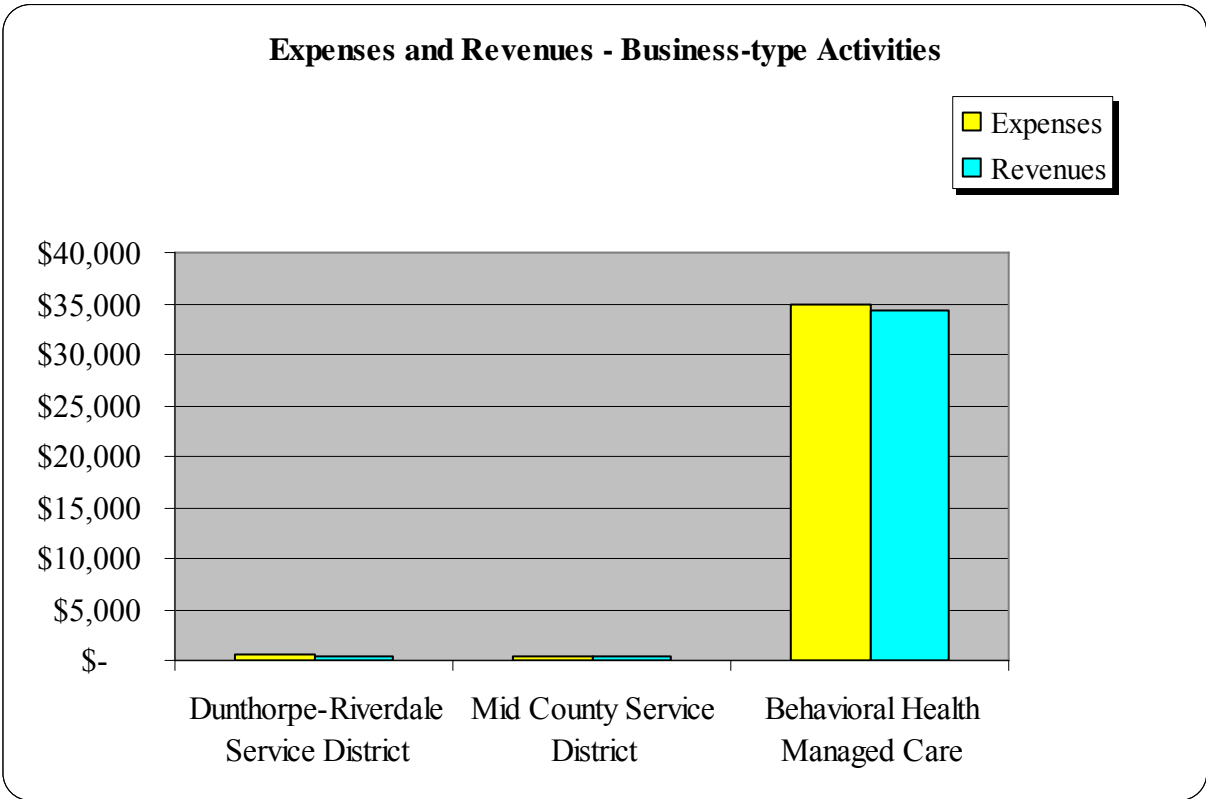


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

Business-type activities. Business-type activities increased the County's net assets by \$1,817, compared to an increase of \$1,226 in the prior year. The primary reasons for the current year's increase are:

- Interest revenue increased by \$244, or approximately 97% from the prior year due to improved economic conditions and higher cash balances in 2007, particularly in the Behavioral Health Managed Care fund for reasons noted in the financial highlights discussion.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2007 the District collected \$306 in fines, fees and charges for services which is a slight increase over the prior year by \$12 or 4%.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2007 the District collected \$574 in fines, fees and charges for services which is an increase over the prior year by \$119 or 26% due to an increase in customer sewer user assessment fees to assist with rising utility costs and needed capital improvements.
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health plan enrolled members within Multnomah County. Revenues in the Behavioral Health Managed Care fund were steady compared to the prior year with an increase of \$360 or approximately 1%. During 2006 children's intensive mental health services which were previously administered by the State were transferred to the County's Verity member plan, a mental health organization. This change in the Verity population increased the per-member premium resulting in increased revenues and related expenses in the Behavioral Health Managed Care fund.
- Included in miscellaneous revenues is \$467 for the Behavioral Health Managed Care fund as a result of adjustments to the fund's incurred but not reported liabilities. This adjustment reflects changes by the County in redesigning the capitated services model to a fee for service model.

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



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$160,670, a decrease of \$5,515 over the prior year. Approximately 68% or \$108,696 of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed 1) to prepaid items and inventories (\$2,879), 2) to pay debt service (\$40,444), or 3) to pay for ongoing capital projects (\$8,651).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$59,561 in the General Fund or approximately 99% of the total fund balance of \$60,218. This indicates a high degree of liquidity of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 19% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$5,254 during the current fiscal year. The primary factors for this increase can be attributed to increased business income tax revenues combined with additional property tax revenues as a result of a stronger economy and additional urban growth and construction.

The Federal and State Program Special Revenue Fund has a total fund balance of \$3,432, of which \$991 is reserved for prepaid items and inventories. The remaining \$2,441 is unreserved. Federal revenues are closely matched with Federal expenditures and the fund balance decreased over the prior year by \$1,112.

The Willamette River Bridges Special Revenue Fund has a total fund balance of \$14,963, all of which is unreserved. The fund balance decreased from the prior year by \$13,314 as a result of ongoing construction on the Sauvie Island bridge project.

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

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

- Dunthorpe-Riverdale Service District Fund, \$243
- Mid County Service District Fund, \$388
- Behavioral Health Managed Care Fund, \$3,981

The total change in net assets for all proprietary funds was \$1,817. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for the differences between the original General Fund budget and the final adopted budget. Total budgeted revenues were increased by \$1,032 and total budgeted expenditures were increased by \$1,022. Transfers out were increased by \$10 to match the actual General Fund support for the County libraries reported

in a special revenue fund. There was no change on the projected General Fund budgetary fund balance as a result of these budget amendments. The following list highlights department expenditures that had changes from the original budget to the final adopted budget in the General Fund greater than \$2,000:

- Health services – The department’s final budget exceeded the original budget by \$4,494. The Health Department management anticipated budget over-expenditures in corrections health and primary care divisions. In corrections health, a greater number of inmates were sent to area hospitals to receive health care than was anticipated in the budget. In primary care, a greater number of uninsured patients were seen in the clinics than had been anticipated in the budget. By year-end, corrections health had incurred nearly \$1,700 more in medical costs than had been anticipated. In addition primary care was facing a potential revenue shortfall related to the greater number of uninsured patients.
- Sheriff – The Sheriff’s office final budget exceeded the original budget by \$2,050 primarily due to the approved use of contingency funds for investigatory services in unincorporated Multnomah County. In addition, amounts were added to the original budget for a project to install railing bar extensions at a County jail facility as well as increased funds from the State related to the State Criminal Alien Assistance Program.
- Contingency – The final budget for contingency decreased by \$6,878 from the original budget primarily due to approved uses of contingency for the Sheriff’s office and the Health department as noted above. Contingency may only be used only when approved by the Board for a specific purpose and department.

Capital Projects and Debt Administration

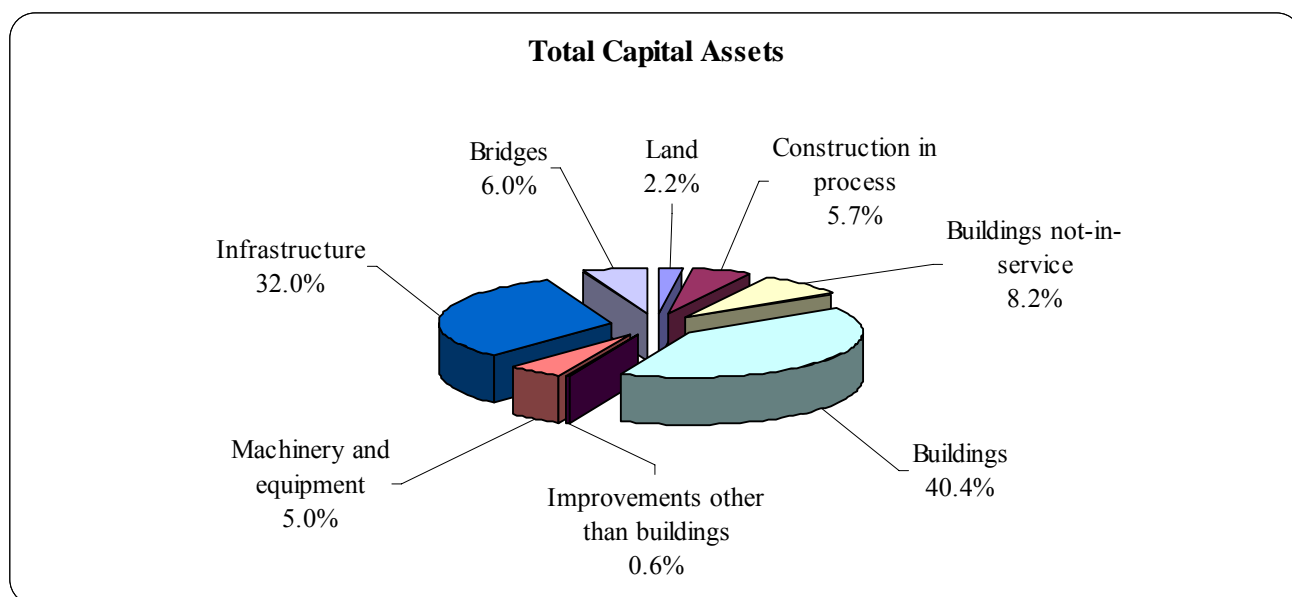
Capital assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$627,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County’s investment in capital assets for the current fiscal year was an increase of \$7,022 or approximately 1%. Major capital asset events during the current fiscal year included:

- Governmental construction in progress increased by \$17,396 or 95% over the prior year as the construction on the Sauvie Island bridge project continues.
- Buildings not-in-service represents a County jail facility whose construction was completed in fiscal year 2005, but for which the County does not currently have the resources to operate the facility.

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

	Governmental Activities		Business- Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 13,787	\$ 13,787	\$ -	\$ -	\$ 13,787	\$ 13,787
Construction in process	35,735	18,339	-	-	35,735	18,339
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	253,353	259,051	-	-	253,353	259,051
Improvements other than buildings	197	206	3,420	2,985	3,617	3,191
Machinery and equipment	31,606	29,708	-	-	31,606	29,708
Bridges	37,585	34,466	-	-	37,585	34,466
Infrastructure	200,458	210,577	-	-	200,458	210,577
Total capital assets	<u>\$ 623,885</u>	<u>\$ 617,298</u>	<u>\$ 2,985</u>	<u>\$ 2,985</u>	<u>\$ 627,305</u>	<u>\$ 620,283</u>

The following chart indicates the County's capital assets as of June, 30, 2007. Additional information on the County's capital assets can be found in note 3.C on pages 58-59 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$339,656. Of this amount, \$69,380 comprises debt backed by the general obligation bonds; \$247,414 represents debt backed by the full faith and credit bonds; \$362 comprises long term loan obligations; and the remainder of the County's debt represents bonds secured solely by specified sources (e.g., revenue bonds, capitalized leases). Both general obligation bonds and full faith and credit bonds are direct obligations pledging the full faith and credit of the County.

Multnomah County's Outstanding Debt

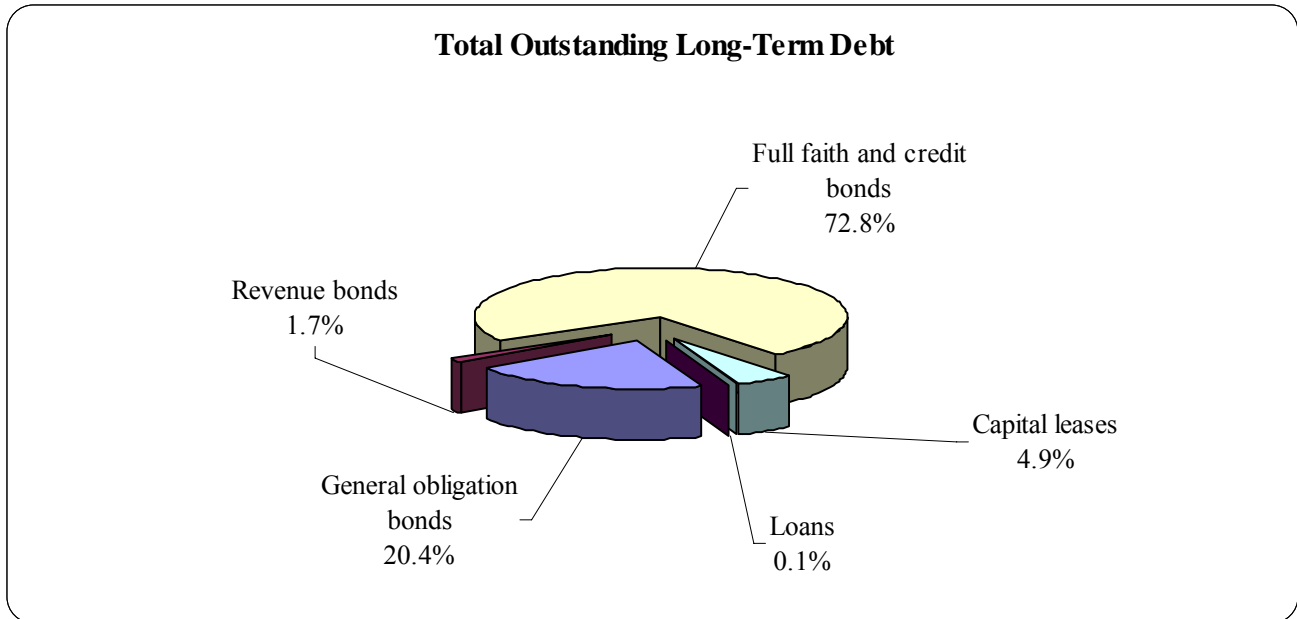
	Governmental Activities		Business- Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 69,380	\$ 75,340	\$ -	\$ -	\$ 69,380	\$ 75,340
Revenue bonds	5,880	6,420	-	-	5,880	6,420
Full faith and credit bonds	247,414	257,915	-	-	247,414	257,915
Capital leases	16,620	19,444	-	-	16,620	19,444
Loans	362	449	-	-	362	449
Total outstanding debt	<u>\$ 339,656</u>	<u>\$ 359,568</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339,656</u>	<u>\$ 359,568</u>

The County's total debt decreased by \$19,912 or approximately 6% during the current fiscal year. Changes to the County's long-term debt during fiscal year 2007 consisted primarily of principal payments.

The County maintains an "Aa1" rating with a stable outlook from Moody's, for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$1,741,155, which is significantly in excess of the County's outstanding general obligation debt. State statutes also limit the amount of full faith and credit obligations to one percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for full faith and credit obligations is \$870,577, which is in excess of the County's outstanding full faith and credit debt.

The following chart indicates the County's long-term liabilities as of June 30, 2007. Additional information on the County's long-term liabilities can be found in note 3.G on pages 62-69 of this report.



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 4.8% which is improved over the prior year's rate of 5.1%. The rate is not expected to change significantly before the end of the next fiscal year.

- It is anticipated that business income tax revenues will decrease slightly in the coming year as compared to the 2007 budgeted amount, as the County expects the local economy to begin to level off somewhat from prior years.
- Property tax revenues are not expected to be significantly different than the original budget estimates.

All of these factors were considered in preparing the County's budget for fiscal year 2007-2008.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$59,561. This increase should also enable the County to maintain fully funded reserves at the levels recommended by bond rating agencies.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2007
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
ASSETS				
Current assets:				
Cash and investments	\$ 193,113	\$ 9,993	\$ 203,106	\$ 12,403
Receivables (net of allowance for uncollectibles):				
Taxes	33,529	-	33,529	-
Accounts	67,829	18	67,847	39
Loans	784	-	784	-
Interest	1,020	-	1,020	-
Special assessments	11	32	43	-
Contracts	6,049	-	6,049	-
Contributions	-	-	-	1,114
Internal balances	400	(400)	-	-
Inventories	3,872	-	3,872	-
Prepaid items	1,836	-	1,836	13
Contributions receivable from charitable remainder unitrust and life insurance policy	-	-	-	1,350
Restricted cash and investments	1,606	-	1,606	-
Noncurrent assets:				
Capital assets:				
Land and construction in progress	49,522	-	49,522	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	523,199	3,420	526,619	11
Other assets, net of amortization	138,291	-	138,291	-
Total assets	<u>1,072,225</u>	<u>13,063</u>	<u>1,085,288</u>	<u>14,930</u>
LIABILITIES				
Accounts payable	73,063	5,390	78,453	20
Claims and judgments payable	8,668	-	8,668	-
Accrued salaries and benefits	7,090	12	7,102	-
Accrued interest payable	3,065	-	3,065	-
Gift annuity payable	-	-	-	7
Unearned revenue	9,374	-	9,374	-
Due within one year:				
Compensated absences	6,123	10	6,133	-
Bonds payable	18,620	-	18,620	-
Capital leases payable	3,016	-	3,016	-
Loans payable	83	-	83	-
Notes payable	500	-	500	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	14,536	19	14,555	-
Bonds payable	304,054	-	304,054	-
Capital leases payable	13,604	-	13,604	-
Loans payable	279	-	279	-
Deferred lease obligation	1,661	-	1,661	-
Net other postemployment benefits obligation	57,990	-	57,990	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	<u>521,726</u>	<u>5,431</u>	<u>527,157</u>	<u>27</u>
NET ASSETS				
Invested in capital assets, net of related debt	456,502	3,020	459,522	11
Restricted:				
Nonexpendable - Library operations	-	-	-	3,194
Expendable:				
Capital projects	9,279	-	9,279	-
Community support programs	6,400	-	6,400	-
Debt service	60,587	-	60,587	-
Library operations	-	-	-	4,890
Unrestricted	17,731	4,612	22,343	6,808
Total net assets	<u>\$ 550,499</u>	<u>\$ 7,632</u>	<u>\$ 558,131</u>	<u>\$ 14,903</u>

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

MULTNOMAH COUNTY, OREGON

Statement of Activities

For the Year Ended June 30, 2007

(amounts expressed in thousands)

Functions/Programs	Program Revenues			
	Expenses	Fees, Fines and Charges for Services	and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 87,472	\$ 23,703	\$ 4,825	\$ 2
Health services	118,380	45,765	28,259	-
Social services	185,672	1,309	140,791	-
Public safety and justice	199,850	17,904	40,259	25
Community services	24,136	31	3,247	-
Library	47,872	1,745	3,494	63
Roads and bridges	53,701	1,962	36,935	5,504
Interest on long-term debt	16,954	-	-	-
Total governmental activities	<u>734,037</u>	<u>92,419</u>	<u>257,810</u>	<u>5,594</u>
Business-type activities:				
Dunthorpe-Riverdale service				
District Number 1	405	574	-	-
Mid County service				
District Number 14	354	306	-	76
Behavioral health managed care	34,221	34,879	-	-
Total business-type activities	<u>34,980</u>	<u>35,759</u>	<u>-</u>	<u>76</u>
Total primary government	<u>\$ 769,017</u>	<u>\$ 128,178</u>	<u>\$ 257,810</u>	<u>\$ 5,670</u>
Component unit:				
The Library Foundation	<u>\$ 3,019</u>	<u>\$ -</u>	<u>\$ 3,890</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Personal income taxes				
Business income taxes				
Selective excise and use taxes				
Payments in lieu of taxes				
State government shared unrestricted revenues				
Grants and contributions not restricted to specific programs				
Interest and investment earnings				
Miscellaneous				
Gain on sale of capital assets				
Total general revenues and special items				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
\$ (58,942)	\$ -	\$ (58,942)	\$ -
(44,356)	-	(44,356)	-
(43,572)	-	(43,572)	-
(141,662)	-	(141,662)	-
(20,858)	-	(20,858)	-
(42,570)	-	(42,570)	-
(9,300)	-	(9,300)	-
(16,954)	-	(16,954)	-
(378,214)	-	(378,214)	-
-	169	169	-
-	28	28	-
-	658	658	-
-	855	855	-
(378,214)	855	(377,359)	-
-	-	-	871
231,073	-	231,073	-
9,249	-	9,249	-
21,237	-	21,237	-
57,399	-	57,399	-
39,582	-	39,582	-
1,738	-	1,738	-
9,517	-	9,517	-
6	-	6	600
13,454	495	13,949	1,730
6,771	467	7,238	9
228	-	228	-
390,254	962	391,216	2,340
12,040	1,817	13,857	3,210
538,459	5,815	544,274	11,693
\$ 550,499	\$ 7,632	\$ 558,131	\$ 14,903

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2007
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Willamette River Bridges Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 46,238	\$ 10	\$ 14,614	\$ 81,626	\$ 142,488
Receivables:					
Taxes	29,261	-	-	4,268	33,529
Accounts	9,322	47,197	1,797	8,528	66,844
Loans	-	784	-	-	784
Interest	1,020	-	-	-	1,020
Special assessments	11	-	-	-	11
Contracts	1,536	-	-	4,513	6,049
Due from other funds	23,396	-	-	-	23,396
Inventories	362	420	-	1,064	1,846
Prepays and deposits	295	571	-	167	1,033
Restricted cash and investments	-	273	-	1,333	1,606
Total assets	<u>\$ 111,441</u>	<u>\$ 49,255</u>	<u>\$ 16,411</u>	<u>\$ 101,499</u>	<u>\$ 278,606</u>
LIABILITIES					
Accounts payable	\$ 24,933	\$ 18,114	\$ 1,373	\$ 11,632	\$ 56,052
Payroll payable	3,449	2,198	75	802	6,524
Due to other funds	-	23,120	-	276	23,396
Deferred revenue	22,341	2,391	-	6,732	31,464
Notes payable	500	-	-	-	500
Total liabilities	<u>51,223</u>	<u>45,823</u>	<u>1,448</u>	<u>19,442</u>	<u>117,936</u>
FUND BALANCES					
Reserved for capital projects	-	-	-	8,651	8,651
Reserved for debt service	-	-	-	40,444	40,444
Reserved for inventories	362	420	-	1,064	1,846
Reserved for prepaid items	295	571	-	167	1,033
Unreserved, reported in:					
General fund	59,561	-	-	-	59,561
Special revenue funds	-	2,441	14,963	31,731	49,135
Total fund balances	<u>60,218</u>	<u>3,432</u>	<u>14,963</u>	<u>82,057</u>	<u>160,670</u>
Total liabilities and fund balances	<u>\$ 111,441</u>	<u>\$ 49,255</u>	<u>\$ 16,411</u>	<u>\$ 101,499</u>	<u>\$ 278,606</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2007
(amounts expressed in thousands)

Fund Balances - Governmental Funds		\$ 160,670
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.		
Governmental capital assets	1,215,487	
Less accumulated depreciation	<u>(596,823)</u>	618,664
Other long-term assets		
Negative net pension asset	137,896	
Bond issuance costs	<u>395</u>	138,291
Accrued interest payable		(3,065)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(322,674)	
Capital leases payable	(16,620)	
Loans payable	<u>(362)</u>	(339,656)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(18,434)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(11,590)
Net other post-employment benefits obligation		(57,990)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	8,529	
Personal income taxes	<u>13,646</u>	22,175
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities.		<u>41,434</u>
Net Assets of Governmental Activities		<u><u>\$ 550,499</u></u>

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

MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	General	Federal and	Willamette	Other	Total
	Fund	State Special	River Bridges	Governmental	Governmental
	Fund	Revenue	Revenue	Funds	Funds
REVENUES					
Taxes	\$ 288,537	\$ -	\$ -	\$ 68,145	\$ 356,682
Intergovernmental	17,507	204,748	2,202	36,092	260,549
Licenses and permits	9,966	2,286	-	3,682	15,934
Charges for services	9,906	43,852	13	9,020	62,791
Interest	5,060	62	914	4,801	10,837
Other	13,520	3,078	44	30,238	46,880
Total revenues	<u>344,496</u>	<u>254,026</u>	<u>3,173</u>	<u>151,978</u>	<u>753,673</u>
EXPENDITURES					
Current:					
General government	69,531	-	-	4,028	73,559
Health services	51,033	69,846	-	1,150	122,029
Social services	44,836	142,371	-	49	187,256
Public safety and justice	157,402	39,879	-	5,196	202,477
Community services	-	2,844	-	21,196	24,040
Library services	-	-	-	44,411	44,411
Roads and bridges	-	-	4,612	35,263	39,875
Capital outlay	700	198	16,739	13,952	31,589
Debt service:					
Principal	11	-	-	19,850	19,861
Interest	885	-	60	16,013	16,958
Total expenditures	<u>324,398</u>	<u>255,138</u>	<u>21,411</u>	<u>161,108</u>	<u>762,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,098</u>	<u>(1,112)</u>	<u>(18,238)</u>	<u>(9,130)</u>	<u>(8,382)</u>
OTHER FINANCING SOURCES (USES)					
Premium on short-term debt	157	-	-	-	157
Issuance of capital lease	33	-	-	-	33
Proceeds from sale of capital assets	-	-	-	35	35
Transfers in	1,522	-	5,164	20,310	26,996
Transfers out	(16,556)	-	(240)	(7,558)	(24,354)
Total other financing sources (uses)	<u>(14,844)</u>	<u>-</u>	<u>4,924</u>	<u>12,787</u>	<u>2,867</u>
Net change in fund balances	5,254	(1,112)	(13,314)	3,657	(5,515)
Fund balances - beginning	54,964	4,544	28,277	78,400	166,185
Fund balances - ending	<u>\$ 60,218</u>	<u>\$ 3,432</u>	<u>\$ 14,963</u>	<u>\$ 82,057</u>	<u>\$ 160,670</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds	\$	(5,515)
Amounts reported for governmental activities in the statement of net assets 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.		
Expenditures for capital assets	31,589	
Current year depreciation expense	<u>(30,000)</u>	1,589
Contributed and donated capital assets	5,547	
Proceeds on sale of capital assets	(35)	
Gain on disposal of capital assets	35	
Loss on disposal of capital assets	<u>(1,008)</u>	4,539
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Decrease in deferred revenues - property taxes	(388)	
Increase in deferred revenues - personal income taxes	<u>5,199</u>	4,811
Proceeds for installment purchase provide current financial resources to governmental funds, but an increase of long-term liabilities in the statement of net assets		(33)
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net assets.		
The premium is amortized to interest income in the statement of activities.		
Current year premium amortization		339
Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Current year amortization expense		(31)
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(259)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets.		19,861
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(861)	
Decrease in accrued interest expense	263	
Increase in personal income tax distribution liability	<u>(3,688)</u>	(4,286)
Amortization expense on the net pension asset		(6,148)
Current year expense for net other post-employment benefits obligation		(13,248)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.		
		<u>10,421</u>
Change in net assets of Governmental Activities	<u>\$</u>	<u>12,040</u>

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

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MAJOR GOVERNMENTAL FUNDS

Major governmental funds are defined as those funds whose revenues, expenditures/expenses, assets or liabilities (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental funds for the same item. The general fund is always classified as a major fund. The modified accrual basis of accounting is used to record revenues and expenditures.

- **General Fund** – accounts for the financial operations of the County which are not accounted for in any other fund. The principal sources of revenues are property taxes, personal income taxes, and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, and health and social services.
- **Federal and State Program Fund** – a special revenue fund that accounts for the majority of revenues and expenditures related to Federal and State financial assistance programs.
- **Willamette River Bridges Fund** – a special revenue fund that accounts for capital grants and contributions for County bridges, motor vehicle fees, and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.

MULTNOMAH COUNTY, OREGON
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes				
Property:				
Current	\$ 191,886	\$ 191,886	\$ 195,368	\$ 3,482
Prior	3,528	3,528	4,200	672
Penalties and interest	1,370	1,370	1,591	221
Payments in lieu of taxes	1,000	1,000	1,422	422
Transient lodging	-	-	4	4
Business income	40,500	40,500	57,399	16,899
Personal income	16,500	16,500	16,038	(462)
Motor vehicle rental	11,750	11,750	12,515	765
Intergovernmental:				
Federal	85	585	333	(252)
State	12,092	12,092	13,465	1,373
Local	3,377	3,377	3,709	332
Licenses and permits	9,131	9,322	9,966	644
Charges for services	9,058	9,094	9,906	812
Interest	2,200	2,200	5,060	2,860
Other:				
Non-governmental grants	3	7	33	26
Service reimbursements	12,894	13,195	12,014	(1,181)
Miscellaneous	1,143	1,143	1,473	330
Total revenues	<u>316,517</u>	<u>317,549</u>	<u>344,496</u>	<u>26,947</u>
EXPENDITURES				
Community justice	48,427	48,648	47,096	1,552
Community services	10,431	10,455	10,014	441
County management	29,194	29,242	28,988	254
District attorney	18,634	18,715	18,336	379
Health services	49,151	53,645	51,063	2,582
Human services	31,416	31,663	28,950	2,713
Library	-	-	-	-
Nondepartmental	33,102	33,195	31,971	1,224
School and community	15,478	16,213	15,887	326
Sheriff	91,885	93,935	92,060	1,875
Total expenditures	<u>327,718</u>	<u>335,711</u>	<u>324,365</u>	<u>11,346</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>(11,201)</u>	<u>(18,162)</u>	<u>20,131</u>	<u>38,293</u>
OTHER FINANCING SOURCES (USES)				
Premium on issuance of short term debt	-	-	157	157
Transfers in	1,682	1,682	1,522	(160)
Transfers out	<u>(16,556)</u>	<u>(16,566)</u>	<u>(16,556)</u>	<u>10</u>
Total other financing sources (uses)	<u>(14,874)</u>	<u>(14,884)</u>	<u>(14,877)</u>	<u>7</u>
Contingency	<u>(7,625)</u>	<u>(654)</u>	<u>-</u>	<u>654</u>
Net change in fund balances	<u>(33,700)</u>	<u>(33,700)</u>	<u>5,254</u>	<u>38,954</u>
Fund balances - beginning	<u>47,200</u>	<u>47,200</u>	<u>54,964</u>	<u>7,764</u>
Fund balances - ending	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 60,218</u>	<u>\$ 46,718</u>

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

MULTNOMAH COUNTY, OREGON
Federal and State Program Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 188,154	\$ 210,823	\$ 204,748	\$ (6,075)
Licenses and permits	1,949	1,912	2,286	374
Charges for services	59,334	50,998	43,852	(7,146)
Interest	14	54	62	8
Other:				
Non-governmental grants	1,427	2,269	2,673	404
Service reimbursements	88	88	62	(26)
Miscellaneous	327	327	343	16
Total revenues	<u>251,293</u>	<u>266,471</u>	<u>254,026</u>	<u>(12,445)</u>
EXPENDITURES				
Community justice	26,621	27,433	26,399	1,034
Community services	514	524	350	174
County management	166	246	175	71
District attorney	5,066	5,339	5,035	304
Health services	74,152	75,532	70,005	5,527
Human services	120,826	131,898	126,230	5,668
Nondepartmental	1,879	2,587	2,319	268
School and Community	15,570	16,141	16,141	-
Sheriff	8,568	8,944	8,484	460
Total expenditures	<u>253,362</u>	<u>268,644</u>	<u>255,138</u>	<u>13,506</u>
Deficiency of revenues				
under expenditures	(2,069)	(2,173)	(1,112)	1,061
Fund balances - beginning	<u>2,069</u>	<u>2,173</u>	<u>4,544</u>	<u>2,371</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,432</u>	<u>\$ 3,432</u>

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

MULTNOMAH COUNTY, OREGON
Willamette River Bridges Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 1,600	\$ 1,600	\$ 2,202	\$ 602
Licenses and permits	-	-	-	-
Charges for services	-	-	13	13
Interest	443	443	914	471
Other:				
Non-governmental grants	-	-	20	20
Service reimbursements	100	100	-	(100)
Miscellaneous	45	45	24	(21)
Total revenues	<u>2,188</u>	<u>2,188</u>	<u>3,173</u>	<u>985</u>
EXPENDITURES				
Community services	<u>18,190</u>	<u>18,190</u>	<u>21,411</u>	<u>(3,221)</u>
Total expenditures	<u>18,190</u>	<u>18,190</u>	<u>21,411</u>	<u>(3,221)</u>
Deficiency of revenues under expenditures	<u>(16,002)</u>	<u>(16,002)</u>	<u>(18,238)</u>	<u>(2,236)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,281	5,281	5,164	(117)
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>(240)</u>	<u>60</u>
Total other financing sources (uses)	<u>4,981</u>	<u>4,981</u>	<u>4,924</u>	<u>(57)</u>
Net change in fund balances	<u>(11,021)</u>	<u>(11,021)</u>	<u>(13,314)</u>	<u>(2,293)</u>
Fund balances - beginning	<u>34,319</u>	<u>34,319</u>	<u>28,277</u>	<u>(6,042)</u>
Fund balances - ending	<u>\$ 23,298</u>	<u>\$ 23,298</u>	<u>\$ 14,963</u>	<u>\$ (8,335)</u>

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

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PROPRIETARY FUNDS

The County utilizes eight Proprietary Funds made up of three Enterprise Funds and five Internal Service Funds. Internal Service Funds' statements begin on page 116.

Enterprise Funds:

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

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

MULTNOMAH COUNTY, OREGON

Statement of Net Assets

Proprietary Funds

June 30, 2007

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 586	\$ 406	\$ 9,001	\$ 9,993	\$ 50,625
Receivables (net of allowances for uncollectibles):					
Accounts	18	-	-	18	985
Special assessments	20	12	-	32	-
Due from other funds	-	-	-	-	71
Inventories	-	-	-	-	2,026
Prepaid items	-	-	-	-	803
Total current assets	624	418	9,001	10,043	54,510
Noncurrent assets:					
Advances to other funds	-	-	-	-	329
Capital assets (net of accumulated depreciation)	1,880	1,540	-	3,420	5,221
Total assets	2,504	1,958	9,001	13,463	60,060
LIABILITIES					
Current liabilities:					
Accounts payable	381	30	4,979	5,390	5,422
Claims and judgments payable	-	-	-	-	8,668
Payroll payable	-	-	12	12	566
Deferred revenue	-	-	-	-	85
Compensated absences	-	-	10	10	611
Due to other funds	71	-	-	71	-
Total current liabilities	452	30	5,001	5,483	15,352
Noncurrent liabilities:					
Compensated absences	-	-	19	19	1,613
Advances from other funds	329	-	-	329	-
Incremental leases payable	-	-	-	-	1,661
Total noncurrent liabilities	329	-	19	348	3,274
Total liabilities	781	30	5,020	5,831	18,626
NET ASSETS					
Invested in capital assets, net of related de	1,480	1,540	-	3,020	5,221
Unrestricted	243	388	3,981	4,612	36,213
Total net assets	\$ 1,723	\$ 1,928	\$ 3,981	\$ 7,632	\$ 41,434

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges for sales and services	\$ 574	\$ 306	\$ 34,879	\$ 35,759	\$ 137,140
Insurance premiums	-	-	-	-	5,629
Experience ratings and other	-	-	467	467	789
Total operating revenues	<u>574</u>	<u>306</u>	<u>35,346</u>	<u>36,226</u>	<u>143,558</u>
OPERATING EXPENSES					
Cost of sales and services	313	255	31,976	32,544	131,737
Administration	36	42	2,245	2,323	2,919
Depreciation	56	57	-	113	2,304
Total operating expenses	<u>405</u>	<u>354</u>	<u>34,221</u>	<u>34,980</u>	<u>136,960</u>
Operating income (loss)	<u>169</u>	<u>(48)</u>	<u>1,125</u>	<u>1,246</u>	<u>6,598</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	25	22	448	495	2,119
Actuarial adjustment	-	-	-	-	4,157
Gain on disposal of capital assets	-	-	-	-	193
Loss on disposal of capital assets	-	-	-	-	(4)
Total nonoperating revenues	<u>25</u>	<u>22</u>	<u>448</u>	<u>495</u>	<u>6,465</u>
Income (loss) before contributions and transfers	194	(26)	1,573	1,741	13,063
Capital contributions in	-	76	-	76	-
Transfers in	-	-	-	-	968
Transfers out	-	-	-	-	(3,610)
Change in net assets	<u>194</u>	<u>50</u>	<u>1,573</u>	<u>1,817</u>	<u>10,421</u>
Total net assets - beginning	<u>1,529</u>	<u>1,878</u>	<u>2,408</u>	<u>5,815</u>	<u>31,013</u>
Total net assets - ending	<u>\$ 1,723</u>	<u>\$ 1,928</u>	<u>\$ 3,981</u>	<u>\$ 7,632</u>	<u>\$ 41,434</u>

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

MULTNOMAH COUNTY, OREGON

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe - Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 556	\$ 306	\$ 35,346	\$ 36,208	\$ 143,822
Payments to suppliers	(141)	(255)	(30,856)	(31,252)	(86,295)
Payments to employees	(16)	(19)	(2,245)	(2,280)	(33,295)
Internal activity - payments to other funds	(20)	(21)	(169)	(210)	(12,713)
Net cash provided by operating activities	379	11	2,076	2,466	11,519
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	968
Transfers out	-	-	-	-	(3,610)
Advances to other funds	-	-	-	-	(400)
Net cash used in noncapital and related financing activities	-	-	-	-	(3,042)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(472)	-	-	(472)	(2,765)
Advances from other funds	400	-	-	400	-
Proceeds on sales of capital assets	-	-	-	-	193
Net cash used in capital and related financing activities	(72)	-	-	(72)	(2,572)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	25	22	448	495	2,119
Net cash provided by investing activities	25	22	448	495	2,119
Net increase in cash and cash equivalents	332	33	2,524	2,889	8,024
Balances at beginning of the year	254	373	6,477	7,104	42,601
Balances at end of the year	\$ 586	\$ 406	\$ 9,001	\$ 9,993	\$ 50,625
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 169	\$ (48)	\$ 1,125	\$ 1,246	\$ 6,598
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation	56	57	-	113	2,304
Changes in assets and liabilities:					
Receivables, net	(18)	-	-	(18)	286
Inventories	-	-	-	-	(304)
Prepaid items	-	-	-	-	(185)
Accounts payable	172	2	971	1,145	351
Claims and judgments payable	-	-	-	-	2,198
Deferred revenue	-	-	-	-	(22)
Compensated absences	-	-	(17)	(17)	193
Incremental leases payable	-	-	-	-	110
Payroll payable	-	-	(3)	(3)	(10)
Total adjustments	210	59	951	1,220	4,921
Net cash provided by operating activities	\$ 379	\$ 11	\$ 2,076	\$ 2,466	\$ 11,519
Noncash financing activities:					
Contributions of capital assets from governmen	\$ -	\$ 76	\$ -	\$ 76	\$ -

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

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FIDUCIARY FUNDS

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

- **Agency Funds** – account for resources held by the County in a purely custodial capacity (assets equal liabilities).

MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2007
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 14,581
Taxes receivable	35,044
Restricted cash	<u>977</u>
Total assets	<u>50,602</u>
 LIABILITIES	
Accounts payable	9,591
Due to other governmental units	32,845
Amounts held in trust	<u>8,166</u>
Total liabilities	<u>50,602</u>
 NET ASSETS	
Total net assets	<u><u>\$ -</u></u>

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

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MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

Blended component units. The Dunthorpe-Riverdale Sanitary Service District and the Mid County Street Lighting Service District serve residents within each district's geographical boundaries and are governed by a board comprised of the County's elected Board. The rates for user charges for both districts are approved by the Board. Each District is reported as an enterprise fund. Complete financial statements for each of the individual component units may be obtained at the County's administrative offices.

The County also maintains a Hospital Facilities Authority (Authority) that issues conduit debt for health care facilities. The Authority is considered to be a blended component unit of the County because the board for the Authority consists of board members from the County. There are no balances or activity of the Authority and therefore the financial statements of the County do not include the Authority. The County is not fiscally accountable for the Authority, nor does there exist any financial benefit or burden relationship between the County and the Authority.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

TLF is a private non-profit organization that reports under the Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to TLF's financial information in the County's financial reporting entity for these differences. TLF is an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. A complete copy of The Library Foundation's financial statements can be obtained by contacting: The Library Foundation, 522 SW Fifth Ave, Suite 1103, Portland, Oregon, 97204

B. 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 nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the County is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. In addition, functional expenses on the statement of activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The County reports the following major governmental funds:

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

The *Federal State Program Fund* accounts for the majority of revenues and expenditures related to federal and state financial assistance programs.

The *Willamette River Bridges Fund* accounts for motor vehicle fees, gasoline tax proceeds transferred from the Road Fund and other intergovernmental grant revenues and expenditures related to inspection, maintenance and construction projects for various bridges along the Willamette River. This fund has been designated as a major fund by management due to the ongoing construction projects on the County's Willamette river bridges.

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

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

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

Additionally, the County reports the following fund types:

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and 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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. 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. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer and lighting functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

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

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

2. *Receivables and payables*

Activities between funds that are representative of lending / borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to / from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

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

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax generated an estimated \$120,000 for each calendar year the tax was in effect. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2007, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of \$5,674 for personal income taxes. This amount is shown net with taxes receivable on both the fund financial statements and the statement of net assets. In the statement of activities the reduction is recorded to the related income tax revenues, and on the fund financial statements the offset is recorded in deferred revenues.

3. *Inventories and prepaid items*

Inventories of materials and supplies in the governmental funds are valued at average cost and are offset by a reservation of fund balance. Inventories of materials and supplies in the

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

internal service funds are valued at the lower of average cost or market. All inventories are recorded as expenditures when consumed rather than when purchased.

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

4. *Fund balances and net assets*

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

On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved fund balances are generally available for appropriation by segregating them for a specific use. However management may also make designations of unreserved fund balance that define management's intent that certain fund balance amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

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

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

5. *Capital assets*

Capital assets, which includes property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5 for equipment and \$10 for infrastructure with an estimated useful life of at least three years. Such assets are recorded at historical

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property, plant, and equipment of the County, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

• Motor vehicles	3 to 10 years
• Sewer systems	50 years
• Street lighting	30 years
• Equipment, including software	3 to 20 years
• Roads and bridges	40 years
• Buildings and improvements	40 years

6. *Other assets*

Included in other assets are unamortized bond issuance costs and the unamortized pension asset. In governmental fund types, bond issuance costs are recognized in the current period. In the government-wide financial statements bond issuance costs are capitalized and amortized over the term of the bond using the straight-line method, which approximates the effective interest method. The net pension asset in the Statement of Net Assets has been recognized in connection with the debt issued by the County in 1999 to fund the County's Public Employees Retirement System (PERS) unfunded accrued actuarial liability (UAAL). The pension asset is amortized over the life of the debt or thirty years. Amortization expense on the pension asset and the bond issuance costs are included in the general government line item on the Statement of Activities.

7. *Unearned / Deferred revenues*

Unearned revenues will be recognized as revenue in the fiscal year they are earned in accordance with the accrual basis of accounting. Deferred revenues reported in the governmental fund financial statements represent unearned revenues or revenues which are measurable but not available. In accordance with the modified accrual basis of accounting, these items are reported as deferred revenues.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

8. *Compensated absences*

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay and compensatory time is accrued when incurred in the government-wide statements and proprietary funds 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 at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

9. *Long-term obligations*

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying value of the refunded debt is an economic gain or loss, and is treated as a deferred charge on refunding. This deferred charge is reported as a reduction to the bonds payable on the Statement of Net Assets and is being amortized as a component of interest expense.

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 on debt issuances are reported as other financing uses.

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

10. *Net other post-employment benefits obligation (Net OPEB Obligation)*

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006. The County used a five year

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

look-back approach to compute its net OPEB obligation. The net OPEB obligation is recognized as a long-term liability in the government-wide financial statements. The liability reflects both the lump sum payments to employees and the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

11. *Contributions and in-kind donations*

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

12. *Estimates*

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

13. *Reclassifications*

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

Note 2. Stewardship, compliance, and accountability

A. *Budgetary information*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the trust funds. All annual appropriations lapse at fiscal year end.

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

The adopted budget is prepared by fund and department. The County's department managers may make transfers of appropriations within a department and fund. Transfers

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

and changes (increases) of appropriations between departments or funds require the approval of the Board. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level. The Board approved one supplemental budget and several other budgetary appropriations throughout the year.

B. Expenditures in excess of appropriations

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For fiscal year ended June 30, 2007, the Willamette River Bridge fund had total expenditures in excess of budgeted appropriations in the amount of \$3,221 due to significant progress on various bridge renovation and rehabilitation projects.

Note 3. Detailed notes on all funds

A. Cash and investments

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

State law requires that collateral be deposited with a value of 25% of the balances above federal deposit insurance, but in some instances, the Oregon State Treasury can require banks to provide more than 25% of the balances of municipal corporations' deposits as collateral. The County cannot, however, determine which, if any, institutions have been required to meet a collateral requirement larger than 25%. The County independently monitors its depository institutions for indications that could potentially cause loss of County funds. Funds deposited with fiscal agents for the purpose of meeting the payment of principal or interest on bonds or like obligations are not required to be collateralized per Oregon Revised Statutes, Chapter 295.005.

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

The County's investments are governed by a written investment policy that is reviewed annually by both the Oregon Short-Term Fund Board and the Multnomah County Investment Advisory Board, and is adopted annually by the Board of County Commissioners. The policy specifies the County's investment objectives, benchmarks, required diversification by security type and by maturity, and the reporting requirements.

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The County's investment policy requires that a third party be used for safekeeping of investment instruments. Investment securities purchased or sold pursuant to the County's investment policy are delivered via payment by book entry or physical delivery to a third party custodian.

The County's investment policy also requires that the market value plus accrued interest of the securities collateralizing repurchase agreements exceeds the face amount of the repurchase agreement by margins prescribed in writing by the Oregon Short-Term Fund Board, providing the County with a margin against a decline in the market value of the securities. The market value plus accrued interest of the securities purchased under repurchase agreements did not fall below the required level during the year.

The County is authorized to invest in the LGIP, an external investment pool, within prescribed limits. The investments are booked at fair value and are the same as the value of the pool shares. The LGIP investments and all other investments are governed by a written investment policy that is reviewed annually by the Oregon Short-Term Fund Board. The Oregon Short-Term Fund Board is comprised of members of local government and private investment professionals, who are appointed by the Governor of the State of Oregon. LGIP is not rated by any national rating service.

At year-end, the carrying amount of the County's deposits was \$56,701 and the bank balance was \$56,667. The bank balance was covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers in the name of the County as the County's agent. The remaining balance of \$34 represents petty cash accounts that were uninsured and uncollateralized.

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

<u>Maturity</u>	<u>Cumulative Constraint</u>
Less than 30 days	10%
Less than 90 days	25%
Less than 270 days	50%
Less than 1 year	70%
Less than 3 years	100%

If the goals of maturity limits are exceeded by 5% or more for ten successive business days, prompt notification to the County's Chief Financial Officer and the County's Investment Advisory Board is required. In addition, to limit its exposure to losses due to asset concentration, the County's investment policy and Oregon Revised Statutes limit asset concentration as follows:

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service,

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or the equivalent rating by any nationally recognized statistical rating organization.

2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its permanent workforce in Oregon, or has more than 50% of its tangible assets in Oregon.
3. Purchase of commercial paper and other corporate debt up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.

Additionally, to limit its exposure to asset concentration risk, the County restricts the total investment that can be made in the corporate indebtedness of a single corporate entity and its affiliates and subsidiaries to 5% of the total investment portfolio. The County did not have any investments that exceeded this limit during the year.

Multnomah County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. Deposits of public funds are collateralized at 25% of balances above federal deposit insurance pursuant to ORS 295. As of June 30, 2007, \$34 of the County's bank balance of \$56,701 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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As of June 30, 2007, the County had the following unrestricted cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Yield</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
US Agencies	\$ 76,256	5.19%	35%	<3
Corporate Debt	11,884	5.28%	5%	< 1
Commercial Paper	33,303	5.28%	15%	< 1
Bankers' Acceptances	5,918	5.32%	3%	< 1
Local Government				
Investment Pool	34,603	5.20%	16%	< 1
Cash and Equivalents	55,723	5.07%	26%	< 1
Total unrestricted cash and investments	<u>\$ 217,687</u>		<u>100%</u>	

Portfolio weighted average maturity 3

As of June 30, 2007, the County had the following restricted cash and investments. All restricted cash and investments maintained a weighted average maturity of less than one month.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Yield</u>	<u>Risk Concentration</u>
Cash with Fiscal Agent	<u>\$ 2,583</u>	1.44%	<u>100%</u>

The County maintains cash with fiscal agent accounts to set aside for debt service requirements per the trustees and bond indentures.

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

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Governmental Activities	\$ 193,113	\$ 1,606	\$ 194,719
Business-type Activities	9,993	-	9,993
Fiduciary Funds	14,581	977	15,558
Total Cash and Investments	<u>\$ 217,687</u>	<u>\$ 2,583</u>	<u>\$ 220,270</u>

B. Receivables

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

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MULTNOMAH COUNTY
Accounts Receivable

	Governmental Activities							
	General Fund	Federal State Program Fund	Willamette River Bridge Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business- type Activities	Total
Receivables:								
Taxes:								
Income	\$ 22,165	\$ -	\$ -	\$ -	\$ -	\$ 22,165	\$ -	\$ 22,165
Property	9,088	-	-	-	1,753	10,841	-	10,841
Other	3,822	-	-	-	2,515	6,337	-	6,337
Accounts	9,322	48,229	1,797	985	8,528	68,861	18	68,879
Loans	-	784	-	-	-	784	-	784
Interest	1,020	-	-	-	-	1,020	-	1,020
Special assessments	11	-	-	-	-	11	35	46
Contracts	1,536	-	-	-	4,513	6,049	-	6,049
Gross receivables	46,964	49,013	1,797	985	17,309	116,068	53	116,121
Less: allowance for discounts/uncollectibles	(5,814)	(1,032)	-	-	-	(6,846)	(3)	(6,849)
Net total receivables	<u>\$ 41,150</u>	<u>\$ 47,981</u>	<u>\$ 1,797</u>	<u>\$ 985</u>	<u>\$ 17,309</u>	<u>\$109,222</u>	<u>\$ 50</u>	<u>\$109,272</u>

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

Governmental funds report deferred revenue in connection with receivables for revenues 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. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	Unavailable	Unearned	Total
Personal income tax receivable	\$ 19,319	\$ -	\$ 19,319
Allowance for doubtful accounts – personal income tax	(5,674)	-	(5,674)
Property taxes receivable (General Fund)	7,149	-	7,149
Property taxes receivable (other governmental funds)	1,381	-	1,381
Grant draws prior to meeting all eligibility requirements	-	1,631	1,631
Contracts receivable	-	6,049	6,049
Contract revenue received in advance	-	429	429
Loans receivable	-	784	784
Tax title land sales inventory	-	385	385
Special assessments receivable	-	11	11
Total deferred revenue for governmental funds	<u>\$ 22,175</u>	<u>\$ 9,289</u>	<u>\$ 31,464</u>

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the Statement of Net Assets. Governmental activities also include Internal Service Funds, which report \$85 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$9,374.

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C. Capital assets

Capital asset activity for the year ended June 30, 2007 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,787	\$ -	\$ -	\$ 13,787
Construction in process	18,339	17,396	-	35,735
Buildings-not in service	51,164	-	-	51,164
Total capital assets, not being depreciated	<u>83,290</u>	<u>17,396</u>	<u>-</u>	<u>100,686</u>
Capital assets, being depreciated:				
Buildings	365,806	4,238	(1,147)	368,897
Improvements other than buildings	343	-	-	343
Machinery and equipment	126,532	9,764	(11,699)	124,597
Bridges	94,674	4,827	-	99,501
Infrastructure	549,969	3,676	-	553,645
Total capital assets being depreciated	<u>1,137,324</u>	<u>22,505</u>	<u>(12,846)</u>	<u>1,146,983</u>
Less accumulated depreciation for:				
Buildings	(106,755)	(8,933)	144	(115,544)
Improvements other than buildings	(137)	(9)	-	(146)
Machinery and equipment	(96,824)	(7,858)	11,691	(92,991)
Bridges	(60,208)	(1,708)	-	(61,916)
Infrastructure	(339,392)	(13,795)	-	(353,187)
Total accumulated depreciation	<u>(603,316)</u>	<u>(32,303)</u>	<u>11,835</u>	<u>(623,784)</u>
Total capital assets being depreciated, net	<u>534,008</u>	<u>(9,798)</u>	<u>(1,011)</u>	<u>523,199</u>
Governmental activities capital assets, net	<u>\$ 617,298</u>	<u>\$ 7,598</u>	<u>\$ (1,011)</u>	<u>\$ 623,885</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 5,092	\$ 548	\$ -	\$ 5,640
Machinery and equipment	41	-	-	41
Total capital assets being depreciated	<u>5,133</u>	<u>548</u>	<u>-</u>	<u>5,681</u>
Less accumulated depreciation for:				
Improvements other than buildings	(2,107)	(113)	-	(2,220)
Machinery and equipment	(41)	-	-	(41)
Total accumulated depreciation	<u>(2,148)</u>	<u>(113)</u>	<u>-</u>	<u>(2,261)</u>
Business-type activities capital assets, net	<u>\$ 2,985</u>	<u>\$ 435</u>	<u>\$ -</u>	<u>\$ 3,420</u>

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During fiscal year 2005 the County finalized the construction of the Wapato Jail. The total cost of the jail was \$51,164 and is included in the above capital asset schedule. Currently the County has not approved an operating budget for the jail and therefore the jail has not been placed into service and is not being depreciated. When the jail becomes operational it will be depreciated over forty years. The County is currently considering various plans to operate the Wapato Jail.

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

Governmental activities:	
General government	\$ 12,983
Health services	102
Public safety & justice	1,188
Community services	107
Library	3,924
Roads and bridges	13,999
Total depreciation expense – governmental activities	<u>\$ 32,303</u>
Business-type activities:	
Sewer	\$ 56
Lighting	57
Total depreciation expense – business-type activities	<u>\$ 113</u>

D. Other assets

Other assets, net of accumulated amortization at June 30, 2007 consist of the following:

Bond issuance costs	\$ 395
Negative net pension asset	137,896
	<u>\$ 138,291</u>

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were \$31 and \$6,148, respectively for the year ended June 30, 2007.

E. Interfund receivables, payables, and transfers

Due from / to other funds:

The County records “due to” and “due from” transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from

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reporting a negative cash balance. There is also an amount payable to the Risk Fund related to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. These balances are expected to be collected in the subsequent year. The composition of interfund balances as of June 30, 2007 is as follows:

Receivable Funds	Payable Funds	Amount
General Fund	Federal State Fund	\$ 23,120
General Fund	Emergency Communications Fund	128
General Fund	Recreation Fund	1
General Fund	Library Construction Fund	147
Risk Fund*	Dunthorpe Riverdale Service District Fund	71
		<u>\$ 23,467</u>

*Internal service fund

Advances to / from other funds:

The amounts payable to the Risk Fund relate to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. None of the balance is scheduled to be collected in the subsequent year

Receivable Funds	Payable Funds	Amount
Risk Fund*	Dunthorpe Riverdale Service District Fund	<u>\$ 329</u>

*Internal service fund

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2007. The general fund transfers to nonmajor governmental funds include a transfer to a debt service fund in addition to a large transfer to the Library special revenue fund to provide for various County Library upgrades and projects.

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	Transfers in:				
	General Fund	Willamette River Bridges Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Transfers out:					
General Fund	\$ -	\$ -	\$ 16,556	\$ -	\$16,556
Major Governmental Fund	240	-	-	-	240
Nonmajor Governmental Funds	1,282	5,164	144	968	7,558
Internal Service Funds	-	-	3,610	-	3,610
Total transfers out:	<u>\$1,522</u>	<u>\$ 5,164</u>	<u>\$ 20,310</u>	<u>\$ 968</u>	<u>\$27,964</u>

F. Short-term debt

Tax Revenue Anticipation Note

The County issues short-term debt in order to meet current operational needs during months when property tax collections are slow. On July 1, 2006 the County issued \$20,000 in short-term debt, Series 2006. The County received \$400 in June 2006 as a good faith deposit and the remaining \$19,600 in tax revenue anticipation notes were issued on July 1, 2006. The notes carried an interest rate of 4.50% and were due at June 30, 2007. On July 1, 2007 the County issued short-term debt Series 2007 in the amount of \$29,850 with \$500 received prior to year-end as a good faith deposit. The remaining funds were received on July 2, subsequent to year-end. The 2007 Series debt has an interest rate of 4.25%. Short-term liability activity for the year-ended June 30, 2007 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax revenue anticipation note, Series 2006	\$ 400	\$ 19,600	\$ 20,000	\$ -	\$ -
Tax revenue anticipation note, Series 2007	-	500	-	500	500
Totals	<u>\$ 400</u>	<u>\$ 20,100</u>	<u>\$ 20,000</u>	<u>\$ 500</u>	<u>\$ 500</u>

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G. Long-term debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the rehabilitation, construction and acquisition of various library and public safety facilities and related equipment. General obligation bonds have been issued for these governmental activities. The original amount of general obligation bonds issued in prior years was \$139,700. The 1996 general obligation issue in the amount of \$108,700 is subject to Federal arbitrage regulations. In February 1999, the County advance refunded a portion of these general obligation bonds by issuing \$66,115 in new general obligation bonds.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.70-5.65%	<u>\$ 69,380</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 6,255	\$ 2,972
2009	6,555	2,677
2010	6,860	2,387
2011	7,160	2,093
2012	7,470	1,780
2013 – 2017	35,080	3,954
Total	<u>\$ 69,380</u>	<u>\$ 15,863</u>

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In October 1998, the County issued \$3,155 of revenue bonds to finance constructing, renovating, improving and equipping County-owned facilities, and entered into a public / private partnership with the Regional Children's Campus (RCC), a 501(c)(3) non profit agency. In November 2000, the County issued \$2,000 of revenue bonds to finance the costs of acquiring land and constructing, renovating, improving and equipping certain facilities to be used as a vocational

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training center for developmentally disabled residents of Multnomah County. This debt issue is subject to Federal arbitrage regulations. The County entered into a public / private partnership with Port City Development, a 501(c)(3) non profit agency. Also in November 2000, the County issued \$3,500 of revenue bonds to re-finance the costs of acquiring real property and constructing facility improvements related to the Oregon Food Bank. The total original amount of bonds issued in prior years was \$8,655.

Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.00-5.20%	<u>\$ 5,880</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 560	\$ 267
2009	585	243
2010	620	215
2011	645	186
2012	680	155
2013 – 2016	<u>2,790</u>	<u>269</u>
Total	<u>\$ 5,880</u>	<u>\$ 1,335</u>

Full Faith and Credit Bonds

On April 1, 1999, the County issued \$36,125 in Certificates of Participation with interest rates from 4.00% to 4.75% to finance the costs of acquiring land and facilities. In October 2004, the County advance refunded \$22,015 of the 1999 Certificates of Participation by issuing \$54,235 in full faith and credit bonds. Certificates of Participation are direct obligations and pledge the full faith and credit of the County. At June 30, 2007, \$4,850 of the 1999 Certificates of Participation were outstanding.

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Payment of principal and interest, except for a term bond, will be guaranteed by MBIA. At June 30, 2007, \$170,908 of these bonds were outstanding.

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On April 1, 2000, the County issued \$61,215 in Full Faith and Credit Bonds with interest rates from 5.00% to 5.50% to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. In October 2004, the County advance refunded \$27,985 of these full faith and credit bonds by issuing \$54,235 in full faith and credit bonds. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2007, \$9,430 of these bonds were outstanding.

On May 15, 2003, the County issued \$9,615 in Full Faith and Credit Refunding Obligations, Series 2003 with interest rates from 1.50% to 3.25%. At June 30, 2007, \$6,990 of these bonds were outstanding.

On October 1, 2004, the County issued \$54,235 in Full Faith and Credit Refunding Obligations, Series 2004 at a premium of \$5,089, with interest rates from 3.00% to 5.00%. At June 30, 2007 the unamortized premium on the debt was \$4,241. This issue was used to refund \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50%, \$22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and \$4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is a deferred charge of \$3,887, which is amortized as a component of interest expense over the life of the new debt. At June 30, 2007 the deferred charge was \$3,240. The entire amount of this debt issue was outstanding at June 30, 2007.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.50-7.74%	<u>\$ 246,413</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 11,725	\$ 10,914
2009	11,700	10,246
2010	13,770	9,535
2011	15,550	8,633
2012	17,440	7,662
2013 – 2017	66,980	65,125
2018 – 2022	72,280	70,052
2023 – 2027	23,881	141,864
2028 – 2030	13,087	109,797
Total, before deferred charge	246,413	<u>\$ 433,828</u>
Deferred charge, net	(3,240)	
Premium on long-term debt, net	4,241	
Total	<u>\$ 247,414</u>	

Capital Leases

The County has entered into various lease/purchase agreements to acquire property and equipment. These lease agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with accounting principles generally accepted in the United States of America. Total assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings	\$ 68,836
Less: Accumulated depreciation	(22,817)
Total	<u>\$ 46,019</u>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.50-7.25%	<u>\$ 16,620</u>

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Future minimum lease payments are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2008	\$ 3,016	\$ 792
2009	2,847	743
2010	2,277	723
2011	2,384	584
2012	2,500	436
2013 – 2017	2,710	662
2018 – 2022	173	417
2023 – 2027	290	301
2028 – 2032	423	108
Total	<u>\$ 16,620</u>	<u>\$ 4,766</u>

Loans Payable

The County has entered into several loans with other governmental agencies for the purpose of making capital improvements. The loan obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	5.65-7.20%	<u>\$ 362</u>

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

Year Ending June 30	Principal	Interest
2008	\$ 83	\$ 22
2009	90	15
2010	67	10
2011	66	7
2012	13	3
2013 – 2016	43	3
Total	<u>\$ 362</u>	<u>\$ 60</u>

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Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

Governmental Activities	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 75,340	\$ -	\$ 5,960	\$ 69,380	\$ 6,255
Revenue Bonds	6,420	-	540	5,880	560
Full Faith and Credit Bonds	257,915	-	10,501	247,414	11,805
Capital Leases	19,444	33	2,857	16,620	3,016
Loans Payable	449	-	87	362	83
Long-term debt before other long-term liabilities	359,568	33	19,945	339,656	21,719
Compensated Absences	19,604	25,171	24,116	20,659	6,123
Governmental activity long-term liabilities:	<u>\$ 379,172</u>	<u>\$ 25,204</u>	<u>\$ 44,061</u>	<u>\$ 360,315</u>	<u>\$ 27,842</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 46</u>	<u>\$ 18</u>	<u>\$ 36</u>	<u>\$ 29</u>	<u>\$ 10</u>

Defeased Full Faith and Credit Bonds

On October 1, 2004 the County defeased certain full faith and credit bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future service on the old bonds. Accordingly, the trust account assets and related liability for the defeased bonds are not included in the County's financial statements. At June 30, 2007, Series 2000A and Series 1999A were outstanding in the amount of \$27,985 and \$22,015, respectively.

Defeased Certificates of Participation

On October 1, 2004 the County defeased certain Certificates of Participation by placing the proceeds of the new Full Faith and Credit bonds in irrevocable trusts to provide for all future service on the old debt. Accordingly, the trust account assets and related liability for the defeased debt are not included in the County's financial statements. At June 30, 2007, the amount of these bonds outstanding totaled \$4,960.

Conduit Financing

Multnomah County Conduit Financing

On November 1, 1997, the County issued \$31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
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(dollar amounts expressed in thousands)

The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund \$17,750 of the Series 1994 issue. On April 1, 2000, the County issued an additional \$17,160 in Conduit Educational Revenue Bonds for the University to finance the construction of a student housing facility, parking garage and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds. Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2007, \$34,795 of Educational Facilities Revenue Bonds were outstanding.

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2007, \$8,495 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2007 was \$43,290. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. On March 1, 1999, the Authority issued \$26,000 in Hospital Revenue Bonds (Terwilliger Plaza). On December 4, 2003, the Authority issued an additional \$17,200 in Hospital Revenue Bonds (Holladay Park Plaza). On July 13, 2004, the Authority issued \$100,000 in Hospital Revenue Bonds (Providence Health Systems). On December 12, 2006, the Authority issued \$39,765 in revenue

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bonds (Terwilliger Plaza). The proceeds of these bonds were used by health care facilities to finance various capital projects and refund outstanding bonds. The Hospital Revenue Bonds have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. As of June 30, 2007, \$179,775 of these bonds were outstanding.

Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2007, interfund premiums exceeded reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess

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liability coverage insurance policy covers claims in excess of \$750 for workers' compensation and \$1,000 for all other claims. Settlements have not exceeded coverages for each of the past three fiscal years. The County anticipates the balance in the claims liability account at year-end will be paid within the next fiscal year.

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

	Fiscal Year Ended 6/30/07	Fiscal Year Ended 6/30/06
Unpaid claims, beginning of fiscal year	\$ 10,627	\$ 10,240
Incurred claims (including IBNRs)	18,794	17,559
Actuarial adjustment	(4,157)	-
Claim payments	(16,596)	(17,172)
Unpaid claims, end of fiscal year	<u>\$ 8,668</u>	<u>\$ 10,627</u>

B. Subsequent events

On July 2, 2007, the County issued \$29,850 in Tax and Revenue Anticipation Notes to meet current cash flow needs of the County, prior to the receipt of property tax revenues in November. The County received \$500 of these notes in June prior to year-end as a good faith deposit. This amount has been included in short-term debt; see note 3.F on page 61 for further detail. The interest rate on the notes is 4.25% and the yield is 3.73%. The notes mature on June 30, 2008.

On July 2, 2007, the Hospital Facilities Authority of Multnomah County issued \$8,200 as a tax-exempt loan. The tax-exempt debt has not been recognized as a liability of the County or the Authority because the notes are secured solely by the provisions of the loan agreement and payments are made by the retirement facility.

C. Commitments and contingent liabilities

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

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

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The following is a schedule by years of future minimum rental payments required under operating leases for certain land, buildings and equipment used in governmental operations that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2007.

<u>Year ended June 30</u>	
2008	2,828
2009	2,448
2010	1,949
2011	1,759
2012	1,622
2013 - 2017	6,220
2018 - 2022	18
2023 - 2025	11
Total minimum payments	<u>\$ 16,855</u>

The County recorded \$3,258 in rent expense for the year ended June 30, 2007.

D. Post employment benefits other than pensions

Plan description. The County administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postretirement healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which cover both active and retired participants. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. The County's post employment medical plan does not issue a publicly available financial report. The County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006.

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County pays 50% of the premiums of health care coverage for retirees from age 58 to age 65. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to contribute 1.0% of annual covered payroll. At June 30, 2007, there were 598 retirees that were receiving the post employment healthcare benefit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2007, the County contributed \$1,835 to the plan or

MULTNOMAH COUNTY, OREGON
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approximately 39% of total premiums. Plan members receiving benefits contributed \$2,832 or approximately 61% of the total premiums during fiscal year 2007.

Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending June 30, 2007, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 15,696
Interest on net OPEB obligation	2,013
Adjustment to annual required contribution	<u>(2,626)</u>
Annual OPEB cost (expense)	15,083
Contributions made	<u>(1,835)</u>
Increase in net OPEB obligation	13,248
Net OPEB obligation - beginning of year	<u>44,742</u>
Net OPEB obligation - end of year	<u><u>\$ 57,990</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/04	\$ 9,165	20%	\$ 23,335
6/30/05	12,438	18%	34,099
6/30/06	12,716	16%	44,742
6/30/07	15,083	12%	57,990

Funded status and funding progress. As of January 1, 2007, the actuarial accrued liability for benefits was \$122,905, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$122,905. The covered payroll (annual payroll of active employees covered by the plan) was \$238,386 for fiscal year 2007 and the ratio of the UAAL to the covered payroll was 52%.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the most recently conducted, actuarial valuation (as of January 1, 2007), the unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 4.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending down from 9.5% in 2007 to 5.0% in 2014 for the major medical component, which is representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is being amortized using the level-dollar method with a closed group rolling 30 year amortization methodology. The remaining amortization period at June 30, 2007 is 30 years.

E. Employee retirement systems, pension plans and deferred compensation plan

Pension plans

The County participates in the Oregon Public Employees Retirement System, a cost-sharing multiple-employer defined benefit public employee pension plan that covers substantially all employees and maintains a defined contribution plan for substantially all County employees for the purpose of individual retirement savings.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2007
(dollar amounts expressed in thousands)

Oregon Public Employees Retirement System (PERS)

Plan description. The County participates in PERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the PERS Pension board. PERS provides retirement, disability, and death benefits to plan members and their beneficiaries. State statutes authorize the State to establish and amend all plan provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The reports may be obtained by writing:

PERS
PO Box 23700
Tigard, OR 97281-3700

Summary of significant accounting policies – basis of accounting and valuation of investments. The financial statements of PERS are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which contributions are due. The County's contributions are recognized when due and a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. All plan investments are reported at fair market value.

Funding policy. The contribution requirements of the County are established and may be amended by the State. The County is contractually obligated by collective bargaining agreements to pay the required employee contribution of 6.0% of annual covered payroll. The County is also required to contribute at an actuarially determined rate; the current rate is 11.05% of annual covered payroll. In addition to the funding requirements, the County also charges an internal rate of 6.75% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

Annual pension cost. For 2007, the County's annual pension cost of \$44,076 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, and (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2003, was 24 years.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
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(dollar amounts expressed in thousands)

Three Year Trend Information for PERS

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/05	\$ 22,935	100%	\$ -
6/30/06	41,616	100%	-
6/30/07	44,076	100%	-

Deferred Compensation Plan

Plan description. The County offers employees a deferred compensation plan (the Plan) administered by the County. The Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all represented and non-represented County employees, and permits them to defer a portion of their salary until future years. Amounts deferred are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. No Plan assets have been used for purposes other than the payment of benefits.

At June 30, 2007, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$170,187. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2007
(dollar amounts expressed in thousands)

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Unit Credit (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/02	\$ -	\$ 61,290	\$ 61,290	0%	\$212,833	29%
01/01/05	-	109,895	109,895	0%	228,597	48%
01/01/07	\$ -	\$ 122,905	\$ 122,905	0%	\$238,386	52%

The above table presents the three most recent actuarial valuations for the County's postretirement medical plans and provides information that approximates the funding progress of the plan.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Strategic Investment Program Fund
- Road Fund
- Emergency Communications Fund
- Bicycle Path Construction Fund
- County School Fund
- General Reserve Fund
- Land Corner Preservation Fund
- Tax Title Land Sales Fund
- Animal Control Fund
- Recreation Fund
- Library Fund
- Justice Services Special Operations Fund
- Inmate Welfare Fund
- Special Excise Tax Fund

Debt Service Funds

- Capital Debt Retirement Fund
- General Obligation Bond Fund
- PERS Pension Bond Fund
- Revenue Bond Fund

Capital Projects Funds

- Justice Bond Project
- Building Project Fund
- Library Construction / 1996 Bonds Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2007
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 34,254	\$ 38,695	\$ 8,677	\$ 81,626
Receivables:				
Taxes	3,843	425	-	4,268
Accounts	7,119	326	1,083	8,528
Contracts	367	3,530	616	4,513
Inventories	1,064	-	-	1,064
Prepaid items	167	-	-	167
Restricted assets:				
Cash with fiscal agent	-	1,333	-	1,333
Total assets	<u>\$ 46,814</u>	<u>\$ 44,309</u>	<u>\$ 10,376</u>	<u>\$ 101,499</u>
LIABILITIES				
Accounts payable	\$ 10,896	\$ -	\$ 736	\$ 11,632
Payrolls payable	801	-	1	802
Due to other funds	129	-	147	276
Deferred revenue	2,026	3,865	841	6,732
Total liabilities	<u>13,852</u>	<u>3,865</u>	<u>1,725</u>	<u>19,442</u>
FUND BALANCES				
Reserved for capital projects	-	-	8,651	8,651
Reserved for debt service	-	40,444	-	40,444
Reserved for inventories	1,064	-	-	1,064
Reserved for prepaid items	167	-	-	167
Unreserved, undesignated	31,731	-	-	31,731
Total fund balances	<u>32,962</u>	<u>40,444</u>	<u>8,651</u>	<u>82,057</u>
Total liabilities and fund balances	<u>\$ 46,814</u>	<u>\$ 44,309</u>	<u>\$ 10,376</u>	<u>\$ 101,499</u>

MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 58,874	\$ 9,271	\$ -	\$ 68,145
Intergovernmental	36,092	-	-	36,092
Licenses and permits	3,682	-	-	3,682
Charges for services	7,343	335	1,342	9,020
Interest	2,214	2,007	580	4,801
Other	3,070	26,273	895	30,238
Total revenues	<u>111,275</u>	<u>37,886</u>	<u>2,817</u>	<u>151,978</u>
EXPENDITURES				
Current:				
General government	1,302	39	2,687	4,028
Health services	1,150	-	-	1,150
Social services	49	-	-	49
Public safety and justice	5,104	-	92	5,196
Community services	20,522	-	674	21,196
Library services	44,225	-	186	44,411
Roads and bridges	35,263	-	-	35,263
Capital outlay	9,601	-	4,351	13,952
Debt service:				
Principal	-	19,850	-	19,850
Interest	-	16,013	-	16,013
Total expenditures	<u>117,216</u>	<u>35,902</u>	<u>7,990</u>	<u>161,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,941)</u>	<u>1,984</u>	<u>(5,173)</u>	<u>(9,130)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	35	-	-	35
Transfers in	15,412	1,288	3,610	20,310
Transfers out	(6,506)	-	(1,052)	(7,558)
Total other financing sources (uses)	<u>8,941</u>	<u>1,288</u>	<u>2,558</u>	<u>12,787</u>
Net change in fund balances	<u>3,000</u>	<u>3,272</u>	<u>(2,615)</u>	<u>3,657</u>
Fund balances - beginning	<u>29,962</u>	<u>37,172</u>	<u>11,266</u>	<u>78,400</u>
Fund balances - ending	<u>\$ 32,962</u>	<u>\$ 40,444</u>	<u>\$ 8,651</u>	<u>\$ 82,057</u>

NONMAJOR SPECIAL REVENUE FUNDS

These funds account for revenue derived from specific taxes or other earmarked revenue sources, including state gas tax, grants, and charges for services which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make the expenditures. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

- **Strategic Investment Program Fund** - accounts primarily for monies received from corporations receiving property tax abatements and paying fees for specific purposes as a part of the reduced tax agreement to be used for community service.
- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.
- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.
- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.
- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school districts.
- **General Reserve Fund** – accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.
- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.
- **Tax Title Land Sales Fund** - accounts for the receipt and sale of real property foreclosed upon by the County because of unpaid property taxes. Proceeds are subsequently distributed to all taxing districts.
- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.
- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.
- **Library Fund** - accounts for the public library operations.
- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	County School	General Reserve
ASSETS						
Cash and investments	\$ 490	\$ 2,567	\$ -	\$ 477	\$ -	\$ 14,427
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	3	5,681	128	-	-	-
Contracts	-	-	-	-	-	-
Inventories	-	679	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 493</u>	<u>\$ 8,927</u>	<u>\$ 128</u>	<u>\$ 477</u>	<u>\$ -</u>	<u>\$ 14,427</u>
LIABILITIES						
Accounts payable	\$ 88	\$ 6,287	\$ -	\$ -	\$ -	\$ -
Payroll Payable	-	124	-	-	-	-
Due to other funds	-	-	128	-	-	-
Deferred revenue	-	204	-	-	-	-
Total liabilities	<u>88</u>	<u>6,615</u>	<u>128</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Reserved for inventories	-	679	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	405	1,633	-	477	-	14,427
Total fund balances	<u>405</u>	<u>2,312</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>14,427</u>
Total liabilities and fund balances	<u>\$ 493</u>	<u>\$ 8,927</u>	<u>\$ 128</u>	<u>\$ 477</u>	<u>\$ -</u>	<u>\$ 14,427</u>

<u>Land Corner</u> <u>Preservation</u>	<u>Tax Title</u> <u>Land Sales</u>	<u>Animal</u> <u>Control</u>	<u>Recreation</u>	<u>Library</u>	<u>Justice</u> <u>Services</u> <u>Special</u> <u>Operations</u>	<u>Inmate</u> <u>Welfare</u>	<u>Special</u> <u>Excise Tax</u>	<u>Total</u>
\$ 1,754	\$ 288	\$ 388	\$ -	\$ 11,838	\$ 238	\$ 1,039	\$ 748	\$ 34,254
6	-	-	-	1,328	-	-	2,509	3,843
-	139	67	18	218	864	1	-	7,119
-	367	-	-	-	-	-	-	367
-	385	-	-	-	-	-	-	1,064
-	-	-	-	167	-	-	-	167
<u>\$ 1,760</u>	<u>\$ 1,179</u>	<u>\$ 455</u>	<u>\$ 18</u>	<u>\$ 13,551</u>	<u>\$ 1,102</u>	<u>\$ 1,040</u>	<u>\$ 3,257</u>	<u>\$ 46,814</u>
\$ 16	\$ 126	\$ 1	\$ 17	\$ 1,261	\$ 167	\$ 48	\$ 2,885	\$ 10,896
11	3	-	-	605	46	12	-	801
-	-	-	1	-	-	-	-	129
-	752	-	-	1,049	21	-	-	2,026
<u>27</u>	<u>881</u>	<u>1</u>	<u>18</u>	<u>2,915</u>	<u>234</u>	<u>60</u>	<u>2,885</u>	<u>13,852</u>
-	385	-	-	-	-	-	-	1,064
-	-	-	-	167	-	-	-	167
1,733	(87)	454	-	10,469	868	980	372	31,731
1,733	298	454	-	10,636	868	980	372	32,962
<u>\$ 1,760</u>	<u>\$ 1,179</u>	<u>\$ 455</u>	<u>\$ 18</u>	<u>\$ 13,551</u>	<u>\$ 1,102</u>	<u>\$ 1,040</u>	<u>\$ 3,257</u>	<u>\$ 46,814</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction	County School	General Reserve
REVENUES						
Taxes	\$ 467	\$ 7,792	\$ -	\$ -	\$ 228	\$ -
Intergovernmental	-	34,733	244	-	16	-
Licenses and permits	-	69	-	-	-	-
Charges for services	3	968	-	-	-	-
Interest	-	395	4	21	-	718
Other:						
Non-governmental grants	-	-	-	-	-	-
Service reimbursements	-	-	-	-	-	-
Miscellaneous	-	34	-	-	-	-
Total revenues	<u>470</u>	<u>43,991</u>	<u>248</u>	<u>21</u>	<u>244</u>	<u>718</u>
EXPENDITURES						
Current:						
General government	719	-	-	-	-	-
Health services	-	-	-	-	-	-
Social services	49	-	-	-	-	-
Public safety and justice	100	-	-	-	-	-
Community services	-	-	277	-	244	-
Library services	-	-	-	-	-	-
Roads and bridges	-	34,682	-	-	-	-
Capital outlay	-	3,676	-	-	-	-
Total expenditures	<u>868</u>	<u>38,358</u>	<u>277</u>	<u>-</u>	<u>244</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(398)</u>	<u>5,633</u>	<u>(29)</u>	<u>21</u>	<u>-</u>	<u>718</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	35	-	-	-	-
Transfers in	-	-	-	60	-	-
Transfers out	(217)	(5,224)	-	-	-	-
Total other financing sources (uses)	<u>(217)</u>	<u>(5,189)</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(615)	444	(29)	81	-	718
Fund balance - beginning	1,020	1,868	29	396	-	13,709
Fund balance - ending	<u>\$ 405</u>	<u>\$ 2,312</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ -</u>	<u>\$14,427</u>

<u>Land Corner</u> <u>Preservation</u>	<u>Tax Title</u> <u>Land Sales</u>	<u>Animal</u> <u>Control</u>	<u>Recreation</u>	<u>Library</u>	<u>Justice</u> <u>Services</u> <u>Special</u> <u>Operation</u> <u>s</u>	<u>Inmate</u> <u>Welfare</u>	<u>Special</u> <u>Excise</u> <u>Tax</u>	<u>Total</u>
\$ -	\$ 150	\$ -	\$ 102	\$ 30,284	\$ -	\$ -	\$ 19,851	\$ 58,874
-	138	60	-	804	97	-	-	36,092
-	-	868	-	109	2,636	-	-	3,682
922	182	130	-	1,636	2,025	1,477	-	7,343
87	43	21	-	813	11	54	47	2,214
-	-	175	-	2,689	-	3	-	2,867
7	-	-	-	-	109	-	-	116
-	-	1	-	28	10	14	-	87
<u>1,016</u>	<u>513</u>	<u>1,255</u>	<u>102</u>	<u>36,363</u>	<u>4,888</u>	<u>1,548</u>	<u>19,898</u>	<u>111,275</u>
-	515	68	-	-	-	-	-	1,302
-	-	-	-	-	1,150	-	-	1,150
-	-	-	-	-	-	-	-	49
-	-	-	-	-	3,274	1,730	-	5,104
-	-	-	102	-	-	-	19,899	20,522
-	-	-	-	44,225	-	-	-	44,225
581	-	-	-	-	-	-	-	35,263
92	-	-	-	5,810	23	-	-	9,601
<u>673</u>	<u>515</u>	<u>68</u>	<u>102</u>	<u>50,035</u>	<u>4,447</u>	<u>1,730</u>	<u>19,899</u>	<u>117,216</u>
<u>343</u>	<u>(2)</u>	<u>1,187</u>	<u>-</u>	<u>(13,672)</u>	<u>441</u>	<u>(182)</u>	<u>(1)</u>	<u>(5,941)</u>
-	-	-	-	-	-	-	-	35
-	-	-	-	15,352	-	-	-	15,412
-	-	(1,065)	-	-	-	-	-	(6,506)
-	-	(1,065)	-	15,352	-	-	-	8,941
343	(2)	122	-	1,680	441	(182)	(1)	3,000
1,390	300	332	-	8,956	427	1,162	373	29,962
<u>\$ 1,733</u>	<u>\$ 298</u>	<u>\$ 454</u>	<u>\$ -</u>	<u>\$ 10,636</u>	<u>\$ 868</u>	<u>\$ 980</u>	<u>\$ 372</u>	<u>\$ 32,962</u>

MULTNOMAH COUNTY, OREGON
Strategic Investment Program Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 911	\$ 911	\$ 467	\$ (444)
Charges for services	-	-	3	3
Total revenues	911	911	470	(441)
EXPENDITURES				
Human services	-	26	19	7
Community justice services	100	100	100	-
Nondepartmental	959	933	719	214
School and community	201	201	30	171
Total expenditures	1,260	1,260	868	392
Deficiency of revenues under expenditures	(349)	(349)	(398)	(49)
OTHER FINANCING USES				
Transfers out	(257)	(257)	(217)	40
Total other financing sources (uses)	(257)	(257)	(217)	40
Contingency	(40)	(40)	-	40
Net change in fund balances	(646)	(646)	(615)	31
Fund balances - beginning	646	646	1,020	374
Fund balances - ending	\$ -	\$ -	\$ 405	\$ 405

MULTNOMAH COUNTY, OREGON

Road Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Gasoline	\$ 7,367	\$ 7,367	\$ 7,110	\$ (257)
Forest reserve yield	650	650	682	32
Intergovernmental	37,278	37,278	34,733	(2,545)
Licenses and permits	65	65	69	4
Charges for services	587	587	968	381
Interest	250	250	395	145
Other:				-
Service reimbursements	542	542	-	(542)
Miscellaneous	3,730	3,730	34	(3,696)
Total revenues	<u>50,469</u>	<u>50,469</u>	<u>43,991</u>	<u>(6,478)</u>
EXPENDITURES				
Community services	<u>47,778</u>	<u>47,778</u>	<u>38,358</u>	<u>9,420</u>
Excess revenues over expenditures	<u>2,691</u>	<u>2,691</u>	<u>5,633</u>	<u>2,942</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	35	35
Transfers out	<u>(5,345)</u>	<u>(5,345)</u>	<u>(5,224)</u>	<u>121</u>
Total other financing sources (uses)	<u>(5,345)</u>	<u>(5,345)</u>	<u>(5,189)</u>	<u>156</u>
Net change in fund balances	<u>(2,654)</u>	<u>(2,654)</u>	<u>444</u>	<u>3,098</u>
Fund balances - beginning	<u>2,654</u>	<u>2,654</u>	<u>1,868</u>	<u>(786)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 2,312</u>

MULTNOMAH COUNTY, OREGON
Emergency Communications Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 297	\$ 297	\$ 244	\$ (53)
Interest	-	-	4	4
Total revenues	297	297	248	(49)
EXPENDITURES				
Sheriff	317	317	277	40
Deficiency of revenues under expenditures	(20)	(20)	(29)	(9)
Fund balances - beginning	20	20	29	9
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Bicycle Path Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 10	\$ 10	\$ 21	\$ 11
EXPENDITURES				
Community services	464	464	-	464
Excess (deficiency) of revenues over (under) expenditures	(454)	(454)	21	475
OTHER FINANCING SOURCES				
Transfers in	64	64	60	(4)
Net change in fund balances	(390)	(390)	81	471
Fund balances - beginning	390	390	396	6
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ 477</u>

MULTNOMAH COUNTY, OREGON
County School Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Forest reserve yield	\$ 260	\$ 260	\$ 228	\$ (32)
Intergovernmental	14	14	16	2
Interest	1	1	-	(1)
Total revenues	<u>275</u>	<u>275</u>	<u>244</u>	<u>(31)</u>
EXPENDITURES				
Nondepartmental	<u>275</u>	<u>275</u>	<u>244</u>	<u>31</u>
Excess of revenues over expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
General Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	500	500	718	218
Fund balances - beginning	13,000	13,000	13,709	709
Fund balances - ending	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 14,427</u>	<u>\$ 927</u>

MULTNOMAH COUNTY, OREGON
Land Corner Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 850	\$ 850	\$ 922	\$ 72
Interest	-	-	87	87
Other:				
Service reimbursements	185	185	7	(178)
Total revenues	1,035	1,035	1,016	(19)
EXPENDITURES				
Community services	1,125	1,125	673	452
Excess (deficiency) of revenues				
over (under) expenditures	(90)	(90)	343	433
Contingency	(1,060)	(1,060)	-	1,060
Net change in fund balances	(1,150)	(1,150)	343	1,493
Fund balances - beginning	1,150	1,150	1,390	240
Fund balances - ending	\$ -	\$ -	\$ 1,733	\$ 1,733

MULTNOMAH COUNTY, OREGON
Tax Title Land Sales Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Payments in lieu of taxes	24	24	150	126
Intergovernmental	200	200	138	(62)
Licenses and permits	1	1	-	(1)
Charges for services	324	324	182	(142)
Interest	31	31	43	12
Total revenues	580	580	513	(67)
EXPENDITURES				
Community services	880	880	515	365
Deficiency of revenues under expenditures	(300)	(300)	(2)	298
Fund balances - beginning	300	300	300	-
Fund balances - ending	\$ -	\$ -	\$ 298	\$ 298

MULTNOMAH COUNTY, OREGON

Animal Control Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 100	\$ 100	\$ 60	\$ (40)
Licenses and permits	882	882	868	(14)
Charges for services	98	98	130	32
Interest	-	-	21	21
Other:				
Non-governmental grants	-	102	175	73
Service reimbursements	45	45	-	(45)
Miscellaneous	-	60	1	(59)
Total revenues	<u>1,125</u>	<u>1,287</u>	<u>1,255</u>	<u>(32)</u>
EXPENDITURES				
Community services	<u>-</u>	<u>198</u>	<u>68</u>	<u>130</u>
Excess of revenues over expenditures	<u>1,125</u>	<u>1,089</u>	<u>1,187</u>	<u>98</u>
OTHER FINANCING USES				
Transfers out	<u>(1,125)</u>	<u>(1,125)</u>	<u>(1,065)</u>	<u>60</u>
Total other financing sources (uses)	<u>(1,125)</u>	<u>(1,125)</u>	<u>(1,065)</u>	<u>60</u>
Contingency	<u>-</u>	<u>(296)</u>	<u>-</u>	<u>296</u>
Net change in fund balances	<u>-</u>	<u>(332)</u>	<u>122</u>	<u>454</u>
Fund balances - beginning	<u>-</u>	<u>332</u>	<u>332</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454</u>	<u>\$ 454</u>

MULTNOMAH COUNTY, OREGON
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 120	\$ 120	\$ 102	\$ (18)
EXPENDITURES				
County management	120	120	102	18
Excess of revenues over expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON

Library Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - property	\$ 28,229	\$ 28,229	\$ 30,280	\$ 2,051
Payments in lieu of taxes	-	-	4	4
Intergovernmental	586	586	804	218
Licenses and permits	54	54	109	55
Charges for services	1,365	1,365	1,636	271
Interest	76	76	813	737
Other:				
Non-governmental grants	866	2,158	1,905	(253)
Service reimbursements	63	70	-	(70)
Miscellaneous	2	2	28	26
Total revenues	<u>31,241</u>	<u>32,540</u>	<u>35,579</u>	<u>3,039</u>
EXPENDITURES				
Library	<u>49,693</u>	<u>51,002</u>	<u>49,251</u>	<u>1,751</u>
Deficiency of revenues under expenditures	<u>(18,452)</u>	<u>(18,462)</u>	<u>(13,672)</u>	<u>4,790</u>
OTHER FINANCING SOURCES				
Transfers in	<u>15,352</u>	<u>15,362</u>	<u>15,352</u>	<u>(10)</u>
Net change in fund balances	<u>(3,100)</u>	<u>(3,100)</u>	<u>1,680</u>	<u>4,780</u>
Fund balances - beginning	<u>3,100</u>	<u>3,100</u>	<u>8,956</u>	<u>5,856</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>10,636</u>	<u>\$ 10,636</u>
Reconciliation to GAAP Basis:				
In kind contributions			784	
Consumption of in kind contributions			<u>(784)</u>	
Fund balance as reported on the Combined Statement of				
Revenues, Expenditures, and Changes in Fund Balances, page 80			<u>\$ 10,636</u>	

MULTNOMAH COUNTY, OREGON
Justice Services Special Operations Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 67	\$ 67	\$ 97	\$ 30
Licenses and permits	2,670	2,670	2,636	(34)
Charges for services	1,491	1,491	2,025	534
Interest	16	16	11	(5)
Other:				
Service reimbursements	102	102	109	7
Miscellaneous	493	493	10	(483)
Total revenues	<u>4,839</u>	<u>4,839</u>	<u>4,888</u>	<u>49</u>
EXPENDITURES				
Community justice	944	944	944	-
Health services	1,325	1,325	1,150	175
District attorney	94	94	4	90
Sheriff	2,869	2,869	2,349	520
Total expenditures	<u>5,232</u>	<u>5,232</u>	<u>4,447</u>	<u>785</u>
Excess (deficiency) of revenues				
over (under) expenditures	(393)	(393)	441	834
Fund balances - beginning	393	393	427	34
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868</u>	<u>\$ 868</u>

MULTNOMAH COUNTY, OREGON

Inmate Welfare Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,336	\$ 1,336	\$ 1,477	\$ 141
Interest	52	52	54	2
Other:				
Non-governmental grants	-	-	3	3
Miscellaneous	16	16	14	(2)
Total revenues	1,404	1,404	1,548	144
EXPENDITURES				
Community justice	41	41	41	-
Sheriff	2,388	2,388	1,689	699
Total expenditures	2,429	2,429	1,730	699
Deficiency of revenues under expenditures	(1,025)	(1,025)	(182)	843
Fund balances - beginning	1,025	1,025	1,162	137
Fund balances - ending	\$ -	\$ -	\$ 980	\$ 980

MULTNOMAH COUNTY, OREGON
Special Excise Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 17,550	\$ 19,650	\$ 19,851	\$ 201
Interest	12	12	47	35
Total revenues	17,562	19,662	19,898	236
EXPENDITURES				
Nondepartmental	17,862	19,962	19,899	63
Deficiency of revenues under expenditures	(300)	(300)	(1)	299
Fund balances - beginning	300	300	373	73
Fund balances - ending	\$ -	\$ -	\$ 372	\$ 372

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NONMAJOR DEBT SERVICE FUNDS

These funds account for the retirement of general obligation bonds, certificates of participation (capitalized leases) and other lease-purchase arrangements. The modified accrual basis of accounting is used. Funds included are:

- **Capital Debt Retirement Fund** – accounts for lease-purchase and full faith and credit principal and interest payments for buildings and major pieces of equipment acquired by the issuance of certificates of participation, lease-purchase arrangements and full faith and credit bonds. Revenues consist of certificates of participation proceeds, bond proceeds, service reimbursements and cash transfers from other County funds.
- **General Obligation Bond Fund** – accounts for payment of principal and interest on general obligation bonds. Revenue is derived from property taxes and interest.
- **PERS Pension Bond Fund** – accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest.
- **Revenue Bond Fund** – accounts for payment of principal and interest on bonds to be issued to construct various facilities. The revenues are derived from the lease payments on the facilities and interest.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2007
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
ASSETS					
Cash and investments	\$ 6,655	\$ 8,343	\$ 21,085	\$ 2,612	\$ 38,695
Receivables:					
Taxes	-	425	-	-	425
Accounts	-	-	-	326	326
Contracts	-	-	-	3,530	3,530
Restricted assets:					
Cash with fiscal agent	1,012	-	-	321	1,333
Total assets	<u>\$ 7,667</u>	<u>\$ 8,768</u>	<u>\$ 21,085</u>	<u>\$ 6,789</u>	<u>\$ 44,309</u>
LIABILITIES					
Deferred revenue	\$ -	\$ 335	\$ -	\$ 3,530	\$ 3,865
Total liabilities	<u>-</u>	<u>335</u>	<u>-</u>	<u>3,530</u>	<u>3,865</u>
FUND BALANCES					
Reserved for debt service	7,667	8,433	21,085	3,259	40,444
Total liabilities and fund balances	<u>\$ 7,667</u>	<u>\$ 8,768</u>	<u>\$ 21,085</u>	<u>\$ 6,789</u>	<u>\$ 44,309</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
REVENUES					
Taxes	\$ -	\$ 9,271	\$ -	\$ -	\$ 9,271
Charges for services	-	-	-	335	335
Interest	387	384	1,090	146	2,007
Other - service reimbursements	9,927	1	15,965	380	26,273
Total revenues	<u>10,314</u>	<u>9,656</u>	<u>17,055</u>	<u>861</u>	<u>37,886</u>
EXPENDITURES					
Current:					
General government	4	-	23	12	39
Debt service:					
Principal	9,055	5,960	4,295	540	19,850
Interest	4,712	3,256	7,753	292	16,013
Total expenditures	<u>13,771</u>	<u>9,216</u>	<u>12,071</u>	<u>844</u>	<u>35,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,457)</u>	<u>440</u>	<u>4,984</u>	<u>17</u>	<u>1,984</u>
OTHER FINANCING SOURCES					
Transfers in	1,204	-	-	84	1,288
Net change in fund balances	(2,253)	440	4,984	101	3,272
Fund balances - beginning	9,920	7,993	16,101	3,158	37,172
Fund balances - ending	<u>\$ 7,667</u>	<u>\$ 8,433</u>	<u>\$ 21,085</u>	<u>\$ 3,259</u>	<u>\$ 40,444</u>

MULTNOMAH COUNTY, OREGON
Capital Debt Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 235	\$ 235	\$ 387	\$ 152
Other - service reimbursements	10,624	10,624	9,927	(697)
Total revenues	10,859	10,859	10,314	(545)
EXPENDITURES				
Nondepartmental	14,645	14,645	13,771	874
Deficiency of revenues under expenditures	(3,786)	(3,786)	(3,457)	329
OTHER FINANCING SOURCES				
Transfers in	1,204	1,204	1,204	-
Net change in fund balances	(2,582)	(2,582)	(2,253)	329
Fund balances - beginning	8,589	8,589	9,920	1,331
Fund balances - ending	\$ 6,007	\$ 6,007	\$ 7,667	\$ 1,660

MULTNOMAH COUNTY, OREGON
General Obligation Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Property:				
Current year	\$ 8,909	\$ 8,909	\$ 9,035	\$ 126
Prior years'	172	172	198	26
Penalties and interest	-	-	38	38
Sales on foreclosures	-	-	1	1
Interest	150	150	384	234
Total revenues	<u>9,231</u>	<u>9,231</u>	<u>9,656</u>	<u>425</u>
EXPENDITURES				
Nondepartmental	<u>9,216</u>	<u>9,216</u>	<u>9,216</u>	<u>-</u>
Excess of revenues over expenditures	15	15	440	425
Fund balances - beginning	<u>7,798</u>	<u>7,798</u>	<u>7,993</u>	<u>195</u>
Fund balances - ending	<u>\$ 7,813</u>	<u>\$ 7,813</u>	<u>\$ 8,433</u>	<u>\$ 620</u>

MULTNOMAH COUNTY, OREGON
PERS Pension Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 180	\$ 180	\$ 1,090	\$ 910
Other - service reimbursements	12,000	12,000	15,965	3,965
Total revenues	12,180	12,180	17,055	4,875
EXPENDITURES				
Nondepartmental	12,173	12,173	12,071	102
Excess of revenues over expenditures	7	7	4,984	4,977
Fund balances - beginning	15,000	15,000	16,101	1,101
Fund balances - ending	\$ 15,007	\$ 15,007	\$ 21,085	\$ 6,078

MULTNOMAH COUNTY, OREGON

Revenue Bond Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 2,876	\$ 2,876	\$ 335	\$ (2,541)
Interest	72	72	146	74
Other - service reimbursements	-	-	380	380
Total revenues	<u>2,948</u>	<u>2,948</u>	<u>861</u>	<u>(2,087)</u>
EXPENDITURES				
Nondepartmental	<u>844</u>	<u>844</u>	<u>844</u>	<u>-</u>
Excess of revenues over expenditures	<u>2,104</u>	<u>2,104</u>	<u>17</u>	<u>(2,087)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>83</u>	<u>83</u>	<u>84</u>	<u>1</u>
Net change in fund balances	<u>2,187</u>	<u>2,187</u>	<u>101</u>	<u>(2,086)</u>
Fund balances - beginning	<u>2,613</u>	<u>2,613</u>	<u>3,158</u>	<u>545</u>
Fund balances - ending	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 3,259</u>	<u>\$ (1,541)</u>

NONMAJOR CAPITAL PROJECTS FUNDS

These funds account for expenditures on major construction projects, proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the sale of County property, revenue bond proceeds and library and public safety general obligation bond proceeds. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

- **Justice Bond Project Fund** – accounts for projects to expand Inverness Jail, construct new jail facilities, upgrade other jail facilities and pay for data processing linkages in the Corrections system.
- **Building Project Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **Library Construction / 1996 Bonds Fund** - accounts for the renovation of branch libraries and upgrades to Library computer systems and linkages.
- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property.
- **Capital Acquisition Fund** - accounts for purchase of personal computers and capital purchases with economic payoffs of less than five years.
- **Asset Preservation Fund** – accounts for the expenditures for building scheduled maintenance projects such as boiler replacement, carpet replacement, roof replacement, etc. Resources are derived from an asset preservation fee that is part of the facilities charges assessed to building tenants.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007
(amounts expressed in thousands)

	<u>Justice Bond Project</u>	<u>Building Project</u>	<u>Library Construction / 1996 Bonds</u>
ASSETS			
Cash and investments	\$ 432	\$ 324	\$ 1
Receivables:			
Accounts	574	-	181
Contracts	-	-	-
Total assets	<u>\$ 1,006</u>	<u>\$ 324</u>	<u>\$ 182</u>
LIABILITIES			
Accounts payable	\$ 27	\$ 7	\$ 35
Payroll payable	-	-	-
Due to other funds	-	-	147
Deferred revenue	-	-	-
Total liabilities	<u>27</u>	<u>7</u>	<u>182</u>
FUND BALANCES			
Reserved for capital projects	979	317	-
Total liabilities and fund balances	<u>\$ 1,006</u>	<u>\$ 324</u>	<u>\$ 182</u>

Capital Improvement	Capital Acquisition	Asset Preservation	Total
\$ 4,289	\$ 1,959	\$ 1,672	\$ 8,677
328	-	-	1,083
616	-	-	616
<u>\$ 5,233</u>	<u>\$ 1,959</u>	<u>\$ 1,672</u>	<u>\$ 10,376</u>
\$ 435	\$ 12	\$ 220	\$ 736
1	-	-	1
-	-	-	147
841	-	-	841
<u>1,277</u>	<u>12</u>	<u>220</u>	<u>1,725</u>
3,956	1,947	1,452	8,651
<u>\$ 5,233</u>	<u>\$ 1,959</u>	<u>\$ 1,672</u>	<u>\$ 10,376</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Justice Bond Project	Building Project	Library Construction / 1996 Bonds
REVENUES			
Charges for services	\$ 547	\$ -	\$ -
Interest	36	17	-
Other:			
Service reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>583</u>	<u>17</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety and justice	92	-	-
Community services	-	25	-
Library services	-	-	186
Capital outlay	<u>467</u>	<u>-</u>	<u>11</u>
Total expenditures	<u>559</u>	<u>25</u>	<u>197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24</u>	<u>(8)</u>	<u>(197)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	24	(8)	(197)
Fund balances - beginning	<u>955</u>	<u>325</u>	<u>197</u>
Fund balances - ending	<u><u>\$ 979</u></u>	<u><u>\$ 317</u></u>	<u><u>\$ -</u></u>

<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
\$ 788	\$ 7	\$ -	\$ 1,342
276	102	149	580
-	96	-	96
768	4	27	799
<u>1,832</u>	<u>209</u>	<u>176</u>	<u>2,817</u>
2,419	268	-	2,687
-	-	-	92
-	-	649	674
-	-	-	186
<u>2,723</u>	<u>52</u>	<u>1,098</u>	<u>4,351</u>
<u>5,142</u>	<u>320</u>	<u>1,747</u>	<u>7,990</u>
<u>(3,310)</u>	<u>(111)</u>	<u>(1,571)</u>	<u>(5,173)</u>
3,061	-	549	3,610
-	(1,052)	-	(1,052)
<u>3,061</u>	<u>(1,052)</u>	<u>549</u>	<u>2,558</u>
<u>(249)</u>	<u>(1,163)</u>	<u>(1,022)</u>	<u>(2,615)</u>
<u>4,205</u>	<u>3,110</u>	<u>2,474</u>	<u>11,266</u>
<u>\$ 3,956</u>	<u>\$ 1,947</u>	<u>\$ 1,452</u>	<u>\$ 8,651</u>

MULTNOMAH COUNTY, OREGON
Justice Bond Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 547	\$ 547
Interest	-	-	36	36
Total revenues	-	-	583	583
EXPENDITURES				
County management	1,500	1,500	559	941
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(1,500)	24	1,524
Fund balances - beginning	1,500	1,500	955	(545)
Fund balances - ending	\$ -	\$ -	\$ 979	\$ 979

MULTNOMAH COUNTY, OREGON
Building Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 17	\$ 17	\$ 17	\$ -
EXPENDITURES				
County management	342	342	25	317
Deficiency of revenues under expenditures	(325)	(325)	(8)	317
Fund balances - beginning	325	325	325	-
Fund balances - ending	\$ -	\$ -	\$ 317	\$ 317

MULTNOMAH COUNTY, OREGON
Library Construction / 1996 Bonds Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 10	\$ 10	\$ -	\$ (10)
EXPENDITURES				
Library	210	210	197	13
Deficiency of revenues under expenditures	(200)	(200)	(197)	3
Fund balances - beginning	200	200	197	(3)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 20,306	\$ 20,306	\$ 788	\$ (19,518)
Interest	75	75	276	201
Other - miscellaneous	464	464	768	304
Total revenues	<u>20,845</u>	<u>20,845</u>	<u>1,832</u>	<u>(19,013)</u>
EXPENDITURES				
County management	<u>27,980</u>	<u>27,980</u>	<u>5,142</u>	<u>22,838</u>
Deficiency of revenues under expenditures	<u>(7,135)</u>	<u>(7,135)</u>	<u>(3,310)</u>	<u>3,825</u>
OTHER FINANCING SOURCES				
Transfers in	<u>3,062</u>	<u>3,062</u>	<u>3,061</u>	<u>(1)</u>
Net change in fund balances	<u>(4,073)</u>	<u>(4,073)</u>	<u>(249)</u>	<u>3,824</u>
Fund balances - beginning	<u>4,073</u>	<u>4,073</u>	<u>4,205</u>	<u>132</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,956</u>	<u>\$ 3,956</u>

MULTNOMAH COUNTY, OREGON
Capital Acquisition Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 14	\$ 14	\$ 7	\$ (7)
Interest	-	-	102	102
Other - service reimbursements	477	470	100	(370)
Total revenues	491	484	209	(275)
EXPENDITURES				
Nondepartmental	98	98	-	98
County management	3,352	3,345	320	3,025
Total expenditures	3,450	3,443	320	3,123
Deficiency of revenues under expenditures	(2,959)	(2,959)	(111)	2,848
OTHER FINANCING USES				
Transfer out	(1,052)	(1,052)	(1,052)	-
Net change in fund balances	(4,011)	(4,011)	(1,163)	2,848
Fund balances - beginning	4,011	4,011	3,110	(901)
Fund balances - ending	\$ -	\$ -	\$ 1,947	\$ 1,947

MULTNOMAH COUNTY, OREGON

Asset Preservation Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2007

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 50	\$ 50	\$ 149	\$ 99
Other - miscellaneous	-	-	27	27
Total revenues	50	50	176	126
EXPENDITURES				
County management	3,318	3,318	1,747	1,571
Deficiency of revenues under expenditures	(3,268)	(3,268)	(1,571)	1,697
OTHER FINANCING SOURCES				
Transfers in	1,449	1,449	549	(900)
Net change in fund balances	(1,819)	(1,819)	(1,022)	797
Fund balances - beginning	2,569	2,569	2,474	(95)
Fund balances - ending	\$ 750	\$ 750	\$ 1,452	\$ 702

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ENTERPRISE FUNDS

The County's Enterprise Funds are listed below.

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

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Dunthorpe-Riverdale Service District No. 1 Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	\$ 531	\$ 531	\$ 534	\$ 3
Prior	-	-	9	9
Charges for services	2	2	29	27
Interest	10	10	25	15
Total revenues	<u>543</u>	<u>543</u>	<u>597</u>	<u>54</u>
EXPENDITURES				
Community services	<u>943</u>	<u>943</u>	<u>822</u>	<u>121</u>
Deficiency of revenues under expenditures	(400)	(400)	(225)	175
OTHER FINANCING SOURCES				
Issuance of debt	<u>200</u>	<u>400</u>	<u>400</u>	<u>-</u>
Total other financing source	200	400	400	-
Contingency	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>25</u>
Net change in fund balances	(225)	(25)	175	200
Fund balances - beginning	<u>225</u>	<u>25</u>	<u>52</u>	<u>27</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>227</u>	<u>\$ 227</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,480	
Deferred revenue on assessments			18	
Allowance for uncollectible accounts, assessments			<u>(2)</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 39			<u>\$ 1,723</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mid County Service District No. 14 Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	\$ 275	\$ 275	\$ 300	\$ 25
Prior	-	-	6	6
Interest	15	15	22	7
Total revenues	<u>290</u>	<u>290</u>	<u>328</u>	<u>38</u>
EXPENDITURES				
Community services	<u>386</u>	<u>386</u>	<u>296</u>	<u>90</u>
Excess (deficiency) of revenues				
over (under) expenditures	(96)	(96)	32	128
Contingency	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>25</u>
Net change in fund balances	(121)	(121)	32	153
Fund balances - beginning	<u>340</u>	<u>340</u>	<u>346</u>	<u>6</u>
Fund balances - ending	<u>\$ 219</u>	<u>\$ 219</u>	<u>378</u>	<u>\$ 159</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,540	
Deferred revenue on assessments			11	
Allowance for uncollectible accounts, assessments			<u>(1)</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 39			<u>\$ 1,928</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Behavioral Health Managed Care Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 34,877	\$ 35,110	\$ 34,879	\$ (231)
Interest	82	82	448	366
Other - miscellaneous	-	-	467	467
Total revenues	<u>34,959</u>	<u>35,192</u>	<u>35,794</u>	<u>602</u>
EXPENDITURES				
Human services	<u>34,877</u>	<u>35,110</u>	<u>34,221</u>	<u>889</u>
Excess of revenues over expenditures	82	82	1,573	1,491
Contingency	<u>(1,647)</u>	<u>(1,647)</u>	<u>-</u>	<u>1,647</u>
Net change in fund balances	<u>(1,565)</u>	<u>(1,565)</u>	<u>1,573</u>	<u>3,138</u>
Fund balances - beginning	<u>1,565</u>	<u>1,565</u>	<u>2,408</u>	<u>843</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,981</u>	<u>\$ 3,981</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>-</u>	
Net assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 39			<u>\$ 3,981</u>	

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INTERNAL SERVICE FUNDS

These funds account for activities and services performed primarily for other organizational units within the County. Charges to the County agencies are calculated to recover costs and maintain capital. The County accounts for certain expenditures of the Internal Service Funds for budgetary purposes on the modified accrual basis of accounting. For financial reporting purposes the accrual basis of accounting is used. Such differences relate primarily to the methods of accounting for depreciation and capital outlay. Funds included are:

- **Risk Management Fund** - accounts for the County's risk management activities including insurance coverage.
- **Fleet Management Fund** - accounts for the County's motor vehicle fleet operations and electronics.
- **Information Technology Fund** - accounts for the County's data processing and telephone service operations.
- **Mail / Distribution Fund** - accounts for the County's mail / distribution, central stores and records management operations.
- **Facilities Management Fund** - accounts for the management of all County owned and leased property.

MULTNOMAH COUNTY, OREGON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Information Technology</u>	<u>Mail / Distribution</u>	<u>Facilities Management</u>	<u>Internal Service</u>
ASSETS						
Current assets:						
Cash and investments	\$ 31,341	\$ 3,697	\$ 10,518	\$ 956	\$ 4,113	\$ 50,625
Receivables:						
Accounts	-	277	171	215	322	985
Due from other funds	71	-	-	-	-	71
Inventories	-	502	851	673	-	2,026
Prepaid items	388	-	405	-	10	803
Total current assets	<u>31,800</u>	<u>4,476</u>	<u>11,945</u>	<u>1,844</u>	<u>4,445</u>	<u>54,510</u>
Noncurrent assets:						
Advances to other funds	329	-	-	-	-	329
Capital assets (net of accumulated depreciation)	47	3,740	1,411	23	-	5,221
Total assets	<u>\$ 32,176</u>	<u>\$ 8,216</u>	<u>\$ 13,356</u>	<u>\$ 1,867</u>	<u>\$ 4,445</u>	<u>\$ 60,060</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 1,035	\$ 400	\$ 1,598	\$ 370	\$ 2,019	\$ 5,422
Claims and judgments payable	8,668	-	-	-	-	8,668
Payroll payable	65	43	287	27	144	566
Deferred revenue	-	-	11	5	69	85
Compensated absences	63	54	323	25	146	611
Total current liabilities	<u>9,831</u>	<u>497</u>	<u>2,219</u>	<u>427</u>	<u>2,378</u>	<u>15,352</u>
Noncurrent liabilities:						
Compensated absences	197	104	858	56	398	1,613
Incremental leases payable	-	-	-	-	1,661	1,661
Total noncurrent liabilities	<u>197</u>	<u>104</u>	<u>858</u>	<u>56</u>	<u>2,059</u>	<u>3,274</u>
Total liabilities	<u>10,028</u>	<u>601</u>	<u>3,077</u>	<u>483</u>	<u>4,437</u>	<u>18,626</u>
NET ASSETS						
Invested in capital assets	47	3,740	1,411	23	-	5,221
Unrestricted	22,101	3,875	8,868	1,361	8	36,213
Total net assets	<u>\$ 22,148</u>	<u>\$ 7,615</u>	<u>\$ 10,279</u>	<u>\$ 1,384</u>	<u>\$ 8</u>	<u>\$ 41,434</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Information Technology</u>	<u>Mail / Distribution</u>	<u>Facilities Management</u>	<u>Internal Service</u>
OPERATING REVENUES						
Charges for services	\$ 59,145	\$ 6,034	\$ 29,566	\$ 5,916	\$ 36,479	\$ 137,140
Insurance premiums	5,629	-	-	-	-	5,629
Experience ratings and other	668	43	73	4	1	789
Total operating revenues	<u>65,442</u>	<u>6,077</u>	<u>29,639</u>	<u>5,920</u>	<u>36,480</u>	<u>143,558</u>
OPERATING EXPENSES						
Cost of sales and services	61,977	4,826	27,159	5,250	32,525	131,737
Administration	853	381	839	419	427	2,919
Depreciation	5	1,092	1,201	6	-	2,304
Total operating expenses	<u>62,835</u>	<u>6,299</u>	<u>29,199</u>	<u>5,675</u>	<u>32,952</u>	<u>136,960</u>
Operating income (loss)	<u>2,607</u>	<u>(222)</u>	<u>440</u>	<u>245</u>	<u>3,528</u>	<u>6,598</u>
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	1,376	186	503	35	19	2,119
Actuarial adjustment	4,157	-	-	-	-	4,157
Gain on disposal of capital assets	-	129	64	-	-	193
Loss on disposal of capital assets	-	-	(4)	-	-	(4)
Total nonoperating revenues	<u>5,533</u>	<u>315</u>	<u>563</u>	<u>35</u>	<u>19</u>	<u>6,465</u>
Income before contributions and transfers	8,140	93	1,003	280	3,547	13,063
Transfers in	-	-	968	-	-	968
Transfers out	-	-	-	-	(3,610)	(3,610)
Change in net assets	8,140	93	1,971	280	(63)	10,421
Total net assets - beginning	14,008	7,522	8,308	1,104	71	31,013
Total net assets - ending	<u>\$ 22,148</u>	<u>\$ 7,615</u>	<u>\$ 10,279</u>	<u>\$ 1,384</u>	<u>\$ 8</u>	<u>\$ 41,434</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					Total Internal Service Funds
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 65,442	\$ 6,056	\$ 29,604	\$ 5,886	\$ 36,834	\$ 143,822
Payments to suppliers	(54,141)	(1,829)	(9,723)	(3,315)	(17,287)	(86,295)
Payments to employees	(5,953)	(2,246)	(16,427)	(1,562)	(7,107)	(33,295)
Internal activity - payments to other funds	(973)	(909)	(2,044)	(891)	(7,896)	(12,713)
Net cash provided by operating activities	<u>4,375</u>	<u>1,072</u>	<u>1,410</u>	<u>118</u>	<u>4,544</u>	<u>11,519</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	968	-	-	968
Transfers out	-	-	-	-	(3,610)	(3,610)
Advances to other funds	(400)	-	-	-	-	(400)
Net cash provided by (used in) noncapital and related financing activities	<u>(400)</u>	<u>-</u>	<u>968</u>	<u>-</u>	<u>(3,610)</u>	<u>(3,042)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(1,691)	(1,046)	(28)	-	(2,765)
Proceeds on sales of capital assets	-	129	64	-	-	193
Net cash used in capital and related financing activities	<u>-</u>	<u>(1,562)</u>	<u>(982)</u>	<u>(28)</u>	<u>-</u>	<u>(2,572)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	1,376	186	503	35	19	2,119
Net cash provided by investing activities	<u>1,376</u>	<u>186</u>	<u>503</u>	<u>35</u>	<u>19</u>	<u>2,119</u>
Net increase (decrease) in cash and cash equivalents	5,351	(304)	1,899	125	953	8,024
Balances at beginning of the year	25,990	4,001	8,619	831	3,160	42,601
Balances at the end of the year	<u>\$ 31,341</u>	<u>\$ 3,697</u>	<u>\$ 10,518</u>	<u>\$ 956</u>	<u>\$ 4,113</u>	<u>\$ 50,625</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	<u>\$ 2,607</u>	<u>\$ (222)</u>	<u>\$ 440</u>	<u>\$ 245</u>	<u>\$ 3,528</u>	<u>\$ 6,598</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	5	1,092	1,201	6	-	2,304
Changes in assets and liabilities:						
Receivables	2	(21)	(46)	(39)	390	286
Inventories	-	10	(156)	(158)	-	(304)
Prepaid items	(103)	-	(72)	-	(10)	(185)
Accounts payable	(362)	158	(101)	67	589	351
Claims and judgments payable	2,198	-	-	-	-	2,198
Deferred revenue	-	-	11	5	(38)	(22)
Compensated absences	29	57	136	(8)	(21)	193
Incremental leases payable	-	-	-	-	110	110
Payroll payable	(1)	(2)	(3)	-	(4)	(10)
Total adjustments	<u>1,768</u>	<u>1,294</u>	<u>970</u>	<u>(127)</u>	<u>1,016</u>	<u>4,921</u>
Net cash provided by operating activities	<u>\$ 4,375</u>	<u>\$ 1,072</u>	<u>\$ 1,410</u>	<u>\$ 118</u>	<u>\$ 4,544</u>	<u>\$ 11,519</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 6,090	\$ 6,090	\$ 5,695	\$ (395)
Interest	300	300	1,376	1,076
Other:				
Service reimbursements	62,459	63,130	59,118	(4,012)
Experience ratings and other	366	366	629	263
Total revenues	69,215	69,886	66,818	(3,068)
EXPENDITURES				
County management	80,972	81,243	60,235	21,008
Nondepartmental	2,672	2,672	2,595	77
Total expenditures	83,644	83,915	62,830	21,085
Excess (deficiency) of revenues over (under) expenditures	(14,429)	(14,029)	3,988	18,017
OTHER FINANCING SOURCES (USES)				
Miscellaneous - actuarial adjustment	-	-	4,157	4,157
Advance to service district	-	(400)	(400)	-
Total other financing sources (uses)	-	(400)	3,757	4,157
Net change in fund balances	(14,429)	(14,429)	7,745	22,174
Fund balances - beginning	14,429	14,429	13,956	(473)
Fund balances - ending	\$ -	\$ -	21,701	\$ 21,701
Reconciliation to GAAP basis:				
Advance to service district			400	
Invested in capital assets			47	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			\$ 22,148	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fleet Management Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 976	\$ 976	\$ 984	\$ 8
Interest	75	75	186	111
Other:				
Miscellaneous	57	57	43	(14)
Service reimbursements	5,627	5,631	5,050	(581)
Total revenues	6,735	6,739	6,263	(476)
EXPENDITURES				
County management	10,586	10,590	6,898	3,692
Excess (deficiency) of revenues				
over (under) expenditures	(3,851)	(3,851)	(635)	3,216
OTHER FINANCING SOURCES				
Proceeds from sale of assets	201	201	129	(72)
Total other financing sources	201	201	129	(72)
Contingency	(812)	(812)	-	812
Net change in fund balances	(4,462)	(4,462)	(506)	3,956
Fund balances - beginning	4,462	4,462	4,381	(81)
Fund balances - ending	\$ -	\$ -	3,875	\$ 3,875
Reconciliation to GAAP basis:				
Invested in capital assets			3,740	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 117			\$ 7,615	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,789	\$ 1,789	\$ 781	\$ (1,008)
Interest	100	100	503	403
Other:				
Miscellaneous	-	-	73	73
Service reimbursements	27,930	27,956	28,785	829
Total revenues	29,819	29,845	30,142	297
EXPENDITURES				
County management	33,387	33,413	29,045	4,368
Nondepartmental	1,400	1,400	-	1,400
Total expenditures	34,787	34,813	29,045	5,768
Excess (deficiency) of revenues over (under) expenditures	(4,968)	(4,968)	1,097	6,065
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	64	64
Transfers in	968	968	968	-
Total other financing sources	968	968	1,032	64
Net changes in fund balances	(4,000)	(4,000)	2,129	6,129
Fund balances - beginning	4,000	4,000	6,739	2,739
Fund balances - ending	\$ -	\$ -	8,868	\$ 8,868
Reconciliation to GAAP basis:				
Invested in capital assets			1,411	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			\$ 10,279	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail/Distribution Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 3,273	\$ 3,273	\$ 2,749	\$ (524)
Interest	7	7	35	28
Other:				
Miscellaneous	32	32	4	(28)
Service reimbursements	3,170	3,203	3,167	(36)
Total revenues	6,482	6,515	5,955	(560)
EXPENDITURES				
County management	6,667	6,700	5,697	1,003
Excess (deficiency) of revenues				
over (under) expenditures	(185)	(185)	258	443
Contingency	(860)	(860)	-	860
Net changes in fund balances	(1,045)	(1,045)	258	1,303
Fund balances - beginning	1,045	1,045	1,103	58
Fund balances - ending	\$ -	\$ -	1,361	\$ 1,361
Reconciliation to GAAP basis:				
Invested in capital assets			23	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 117			\$ 1,384	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				favorable
				(unfavorable)
REVENUES				
Charges for services	\$ 2,260	\$ 2,260	\$ 2,908	\$ 648
Intergovernmental - Local	-	-	41	41
Interest	-	-	19	19
Other:				
Miscellaneous	854	854	4	(850)
Service reimbursements	34,954	35,495	33,527	(1,968)
Total revenues	<u>38,068</u>	<u>38,609</u>	<u>36,499</u>	<u>(2,110)</u>
EXPENDITURES				
County management	<u>33,892</u>	<u>34,433</u>	<u>32,952</u>	<u>1,481</u>
Excess of revenues over expenditures	4,176	4,176	3,547	(629)
OTHER FINANCING USES				
Transfers out	<u>(4,511)</u>	<u>(4,511)</u>	<u>(3,610)</u>	<u>901</u>
Net change in fund balances	(335)	(335)	(63)	272
Fund balances - beginning	335	335	71	(264)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8</u>	<u>\$ 8</u>
Reconciliation to GAAP basis:				
Invested in capital assets			-	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 8</u>	

AGENCY FUNDS

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

- **Sundry Taxing Bodies Fund** – accounts for the collection of property taxes for all governmental entities located in Multnomah County and the disbursement of the collections to such entities.
- **Department and Offices Agency Fund** – accounts for the collection and disbursement of various monies held by Multnomah County in a fiduciary capacity.
- **Public Guardian Fund** – accounts for receipts and disbursements for individuals who are not capable of handling their own financial affairs.
- **Visitors' Facilities Trust Fund** – accounts for collection and disbursement of Motor Vehicle Rental Tax and Transient Lodging Tax used for visitor facilities.

MULTNOMAH COUNTY, OREGON
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2007
(amounts expressed in thousands)

	Sundry Taxing Bodies	Department and Offices Agency	Public Guardian	Visitors' Facilities Trust	Total
ASSETS:					
Cash and Investments	\$ 5,327	\$ 6,920	\$ 804	\$ 1,530	\$ 14,581
Receivables:					
Taxes	32,934	218	-	1,892	35,044
Restricted cash	-	977	-	-	977
Total assets	<u>\$ 38,261</u>	<u>\$ 8,115</u>	<u>\$ 804</u>	<u>\$ 3,422</u>	<u>\$ 50,602</u>
LIABILITIES:					
Accounts payable	\$ 5,271	\$ 2,131	\$ 65	\$ 2,124	\$ 9,591
Due to other governmental units	32,845	-	-	-	32,845
Amounts held in trust	145	5,984	739	1,298	8,166
Total liabilities	<u>\$ 38,261</u>	<u>\$ 8,115</u>	<u>\$ 804</u>	<u>\$ 3,422</u>	<u>\$ 50,602</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2007
(amounts expressed in thousands)

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 5,204	\$ 1,534,431	\$ 1,534,308	\$ 5,327
Taxes receivable	33,124	779,391	779,581	32,934
Total assets	<u>\$ 38,328</u>	<u>\$ 2,313,822</u>	<u>\$ 2,313,889</u>	<u>\$ 38,261</u>
Liabilities:				
Accounts payable	\$ 5,152	\$ 725,577	\$ 725,458	\$ 5,271
Due to other governmental units	33,062	739,591	739,808	32,845
Amounts held in trust	114	750,389	750,358	145
Total liabilities	<u>\$ 38,328</u>	<u>\$ 2,215,557</u>	<u>\$ 2,215,624</u>	<u>\$ 38,261</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 8,073	\$ 1,074,034	\$ 1,075,187	\$ 6,920
Taxes receivable	72	990,201	990,055	218
Accounts receivable	-	2,098	2,098	-
Restricted cash	849	4,583	4,455	977
Total assets	<u>\$ 8,994</u>	<u>\$ 2,070,916</u>	<u>\$ 2,071,795</u>	<u>\$ 8,115</u>
Liabilities:				
Accounts payable	\$ 426	\$ 37,090	\$ 35,385	\$ 2,131
Amounts held in trust	8,568	1,044,629	1,047,213	5,984
Total liabilities	<u>\$ 8,994</u>	<u>\$ 1,081,719</u>	<u>\$ 1,082,598</u>	<u>\$ 8,115</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 789	\$ 3,128	\$ 3,113	\$ 804
Accounts receivable	-	1,471	1,471	-
Total assets	<u>\$ 789</u>	<u>\$ 4,599</u>	<u>\$ 4,584</u>	<u>\$ 804</u>
Liabilities:				
Accounts payable	\$ 66	\$ 2,806	\$ 2,807	\$ 65
Amounts held in trust	723	1,390	1,374	739
Total liabilities	<u>\$ 789</u>	<u>\$ 4,196</u>	<u>\$ 4,181</u>	<u>\$ 804</u>
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	\$ 201	\$ 20,946	\$ 19,617	\$ 1,530
Taxes receivable	2,400	10,706	11,214	1,892
Total assets	<u>\$ 2,601</u>	<u>\$ 31,652</u>	<u>\$ 30,831</u>	<u>\$ 3,422</u>
Liabilities:				
Accounts payable	\$ 2,394	\$ 8,667	\$ 8,937	\$ 2,124
Amounts held in trust	207	10,835	9,744	1,298
Total liabilities	<u>\$ 2,601</u>	<u>\$ 19,502</u>	<u>\$ 18,681</u>	<u>\$ 3,422</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 14,267	\$ 2,632,539	\$ 2,632,225	\$ 14,581
Taxes receivable	35,596	1,780,298	1,780,850	35,044
Accounts receivable	-	3,569	3,569	-
Restricted cash	849	4,583	4,455	977
Total assets	<u>\$ 50,712</u>	<u>\$ 4,420,989</u>	<u>\$ 4,421,099</u>	<u>\$ 50,602</u>
Liabilities:				
Accounts payable	\$ 8,038	\$ 774,140	\$ 772,587	\$ 9,591
Due to other governmental units	33,062	739,591	739,808	32,845
Amounts held in trust	9,612	1,807,243	1,808,689	8,166
Total liabilities	<u>\$ 50,712</u>	<u>\$ 3,320,974</u>	<u>\$ 3,321,084</u>	<u>\$ 50,602</u>

**CAPITAL ASSETS USED
IN THE OPERATION OF
GOVERNMENTAL FUNDS**

- **Schedule by Source**
- **Schedule by Function and Activity**
- **Schedule of Changes by Function and Activity**

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
June 30, 2007
(amounts expressed in thousands)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 13,787	\$ 13,787
Construction in progress	35,735	18,339
Buildings-not in service	51,164	51,164
Buildings	368,897	365,806
Improvements other than buildings	343	343
Machinery and equipment	124,596	126,532
Bridges	99,502	94,674
Infrastructure	553,645	549,969
Total governmental funds capital assets	<u>\$ 1,247,669</u>	<u>\$ 1,220,614</u>
 INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,220,614	\$ 1,464,720
General fund	(1,108)	(3,416)
Road fund	3,663	(268,601)
Federal and state program fund	137	(19)
Willamette river bridges fund	22,240	20,878
Library fund	(1,091)	2,785
Land corner preservation fund	75	24
Inmate welfare fund	-	(59)
Justice services special operations	23	(7)
Justice bond capital project fund	467	4,627
Building project fund	(313)	-
Library construction fund/1996	(311)	1,143
Capital improvement fund	2,723	(1,796)
Capital acquisition fund	(23)	6
Asset preservation fund	1,098	1,651
Risk management fund	(21)	55
Fleet management fund	757	54
Information technology fund	(1,290)	(1,472)
Mail distribution fund	28	(7)
Facilities management fund	-	48
Total governmental funds capital assets, ending balance	<u>\$ 1,247,669</u>	<u>\$ 1,220,614</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2007
(amounts expressed in thousands)

	<u>Land</u>	<u>Work in Progress</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Bridges</u>	<u>Infrastructure</u>	<u>Total</u>
FUNCTION AND ACTIVITY								
General government:								
Legislative	\$ 227	\$ -	\$ 6,927	\$ -	\$ -	\$ -	\$ -	\$ 7,154
Administrative	2,338	-	70,900	-	43,238	-	-	116,476
	<u>2,565</u>	<u>-</u>	<u>77,827</u>	<u>-</u>	<u>43,238</u>	<u>-</u>	<u>-</u>	<u>123,630</u>
Health and social services:								
Health	2,461	-	29,990	-	507	-	-	32,958
Social	3,301	-	22,539	-	468	-	-	26,308
	<u>5,762</u>	<u>-</u>	<u>52,529</u>	<u>-</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>59,266</u>
Public safety:								
Law enforcement	987	-	144,661	37	5,093	-	-	150,778
Justice services	430	-	49,792	-	806	-	-	51,028
	<u>1,417</u>	<u>-</u>	<u>194,453</u>	<u>37</u>	<u>5,899</u>	<u>-</u>	<u>-</u>	<u>201,806</u>
Community services:								
Community service development	32	-	2,623	108	14	-	-	2,777
Recreation	203	-	-	-	-	-	-	203
Library	2,987	-	60,270	140	72,406	-	-	135,803
	<u>3,222</u>	<u>-</u>	<u>62,893</u>	<u>248</u>	<u>72,420</u>	<u>-</u>	<u>-</u>	<u>138,783</u>
Roads and bridges:								
Roads and bridges	359	35,735	5,700	58	2,065	99,501	553,645	697,063
	<u>359</u>	<u>35,735</u>	<u>5,700</u>	<u>58</u>	<u>2,065</u>	<u>99,501</u>	<u>553,645</u>	<u>697,063</u>
External organizations:								
External use	462	-	26,659	-	-	-	-	27,121
	<u>\$ 13,787</u>	<u>\$35,735</u>	<u>\$420,061</u>	<u>\$ 343</u>	<u>\$ 124,597</u>	<u>\$99,501</u>	<u>\$ 553,645</u>	<u>\$1,247,669</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For the Year Ended June 30, 2007
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2006	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2007
General government:				
Legislative	\$ 4,457	\$ 96	\$ 2,601	\$ 7,154
Administrative	111,445	3,581	1,452	116,478
	<u>115,902</u>	<u>3,677</u>	<u>4,053</u>	<u>123,632</u>
Health and social services:				
Health	31,897	784	277	32,958
Social	34,576	65	(8,333)	26,308
	<u>66,473</u>	<u>849</u>	<u>(8,056)</u>	<u>59,266</u>
Public safety:				
Law enforcement	149,429	1,740	(391)	150,778
Justice services	49,919	285	824	51,028
	<u>199,348</u>	<u>2,025</u>	<u>433</u>	<u>201,806</u>
Community services:				
Community service development	2,221	93	463	2,777
Recreation	203	-	-	203
Library	137,032	6,019	(7249)	135,802
	<u>139,456</u>	<u>6,112</u>	<u>(6786)</u>	<u>138,782</u>
Roads and bridges:				
Roads and bridges	676,705	27,032	(6,674)	697,063
	<u>676,705</u>	<u>27,032</u>	<u>(6,674)</u>	<u>697,063</u>
External organizations:				
External use	22,730	206	4,184	27,120
	<u>\$ 1,220,614</u>	<u>\$ 39,901</u>	<u>\$ (12,846)</u>	<u>\$ 1,247,669</u>

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OTHER SCHEDULES

- Schedule of Property Tax Collections and Outstanding Balances
- Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
- Schedule of General Obligation Bonds Outstanding
- Schedule of General Long-Term Lease Obligations
- Schedule of Loans Outstanding
- Schedule of Full Faith and Credit Bonds Outstanding
- Schedule of Revenue Bonds Outstanding

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2007
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2006	Current Levy	Add (Deduct) Corrections and Adjustments	Add Interest on Delinquent Taxes	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Taxes	Taxes Receivable June 30, 2007
2006-07	\$ -	\$ 986,852	\$ (2,406)	\$ 426	\$ (24,142)	\$ (933,984)	\$ 26,746
2005-06	26,110	-	(1,498)	849	27	(16,233)	9,255
2004-05	9,161	-	(456)	670	9	(4,903)	4,481
2003-04 and prior	8,613	-	(950)	1,219	8	(5,652)	3,238
	<u>\$ 43,884</u>	<u>\$ 986,852</u>	<u>\$ (5,310)</u>	<u>\$ 3,164</u>	<u>\$ (24,098)</u>	<u>\$ (960,772)</u>	<u>\$ 43,720</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2007

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 5,593	\$ 3,495	\$ 9,088	\$ 20,173	\$ 29,261
Special revenue funds:					
Library fund	843	485	1,328	-	1,328
Land corner preservation fund	-	-	-	6	6
Special excise tax fund	-	-	-	2,509	2,509
Total special revenue funds	<u>843</u>	<u>485</u>	<u>1,328</u>	<u>2,515</u>	<u>3,843</u>
General obligation bond fund	257	167	424	1	425
Agency funds	20,030	12,814	32,844	2,200	35,044
Sub-total taxes receivable	<u>26,723</u>	<u>16,961</u>	<u>43,684</u>	<u>24,889</u>	<u>68,573</u>
Special assessments collected through taxes	23	13	36	-	36
Total receivables	<u>\$ 26,746</u>	<u>\$ 16,974</u>	<u>\$ 43,720</u>	<u>\$ 24,889</u>	<u>\$ 68,609</u>

*Note - Other taxes includes personal income, transient lodging, motor vehicle and other tax related transactions.

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
For the Year Ended June 30, 2007
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	<u>Outstanding June 30, 2006</u>		<u>2006-07 Transactions</u>			<u>Outstanding June 30, 2007</u>	
	<u>Matured</u>	<u>Unmatured</u>	<u>Issued</u>	<u>Matured</u>	<u>Refunded or Paid</u>	<u>Matured</u>	<u>Unmatured</u>
Dated October 1, 1996	\$ -	\$ 11,770	\$ -	\$ 3,940	\$ 3,940	\$ -	\$ 7,830
Dated February 1, 1999	-	63,570	-	2,020	2,020	-	61,550
	<u>\$ -</u>	<u>\$ 75,340</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ 5,960</u>	<u>\$ -</u>	<u>\$ 69,380</u>

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated October 1, 1996	\$ 72
Dated February 1, 1999	671
	<u>\$ 743</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2007
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 1996A Dated 10/01/96 3.90 to 5.65%		Series 1996B Dated 10/01/96 3.90 to 5.65%		Series 1999 Dated 2/01/99 3.90 to 5.65%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 655	\$ 16	\$ 3,495	\$ 271	\$ 2,105	\$ 2,685	\$ 6,255	\$ 2,972
2009	-	-	3,680	92	2,875	2,585	6,555	2,677
2010	-	-	-	-	6,860	2,387	6,860	2,387
2011	-	-	-	-	7,160	2,093	7,160	2,093
2012	-	-	-	-	7,470	1,780	7,470	1,780
2013	-	-	-	-	7,490	1,451	7,490	1,451
2014	-	-	-	-	7,835	1,106	7,835	1,106
2015	-	-	-	-	6,780	773	6,780	773
2016	-	-	-	-	6,330	466	6,330	466
2017	-	-	-	-	6,645	158	6,645	158
	<u>\$ 655</u>	<u>\$ 16</u>	<u>\$ 7,175</u>	<u>\$ 363</u>	<u>\$ 61,550</u>	<u>\$ 15,484</u>	<u>\$ 69,380</u>	<u>\$ 15,863</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Long-Term Lease Obligations
June 30, 2007
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 01/22/81 6.00% to 7.25%		Dated 02/01/98 3.75 to 4.90%		Dated 01/01/02 2.50%		Dated 06/30/07	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 306	\$ 26	\$ 2,690	\$ 658	\$ 10	\$ 108	\$ 10	\$ -
2009	-	-	2,825	636	11	107	11	-
2010	-	-	2,265	617	12	106	-	-
2011	-	-	2,370	480	14	104	-	-
2012	-	-	2,485	333	15	103	-	-
2013	-	-	2,605	175	17	101	-	-
2014	-	-	-	-	19	100	-	-
2015	-	-	-	-	21	98	-	-
2016	-	-	-	-	23	95	-	-
2017	-	-	-	-	25	93	-	-
2018	-	-	-	-	28	90	-	-
2019	-	-	-	-	31	87	-	-
2020	-	-	-	-	34	84	-	-
2021	-	-	-	-	38	80	-	-
2022	-	-	-	-	42	76	-	-
2023	-	-	-	-	47	71	-	-
2024	-	-	-	-	52	66	-	-
2025	-	-	-	-	57	61	-	-
2026	-	-	-	-	64	55	-	-
2027	-	-	-	-	70	48	-	-
2028	-	-	-	-	78	40	-	-
2029	-	-	-	-	86	32	-	-
2030	-	-	-	-	96	22	-	-
2031	-	-	-	-	106	12	-	-
2032	-	-	-	-	57	2	-	-
	<u>\$ 306</u>	<u>\$ 26</u>	<u>\$ 15,240</u>	<u>\$ 2,899</u>	<u>\$ 1,053</u>	<u>\$ 1,841</u>	<u>\$ 21</u>	<u>\$ -</u>

Total	
Principal	Interest
\$ 3,016	\$ 792
2,847	743
2,277	723
2,384	584
2,500	436
2,622	276
19	100
21	98
23	95
25	93
28	90
31	87
34	84
38	80
42	76
47	71
52	66
57	61
64	55
70	48
78	40
86	32
96	22
106	12
57	2
<u>\$ 16,620</u>	<u>\$ 4,766</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2007
(amounts expressed in thousands)

GENERAL LONG-TERM LOANS

Fiscal Year of Maturity	Dated 02/15/96 7.2%		Dated 07/05/96 5.65%		Dated 08/01/99 5.9%		Dated 10/11/99 5.9%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 45	\$ 13	\$ 2	\$ 1	\$ 19	\$ 2	\$ 17	\$ 6
2009	48	9	2	1	21	1	19	4
2010	52	6	2	1	-	-	13	3
2011	52	3	3	1	-	-	11	3
2012	-	-	3	1	-	-	10	2
2013	-	-	3	1	-	-	12	1
2014	-	-	3	-	-	-	13	1
2015	-	-	3	-	-	-	6	-
2016	-	-	3	-	-	-	-	-
	<u>\$ 197</u>	<u>\$ 31</u>	<u>\$ 24</u>	<u>\$ 6</u>	<u>\$ 40</u>	<u>\$ 3</u>	<u>\$ 101</u>	<u>\$ 20</u>

=====

Total	
Principal	Interest
\$ 83	\$ 22
90	15
67	10
66	7
13	3
15	2
16	1
9	-
3	-
<u>\$ 362</u>	<u>\$ 60</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2007
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999A Dated 04/01/99 4.00 to 4.75%		Series 2000A Dated 04/01/00 5.00 to 5.50%		Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2003 Dated 05/15/03 1.50 to 3.25%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 1,550	\$ 171	\$ 3,935	\$ 495	\$ 5,325	\$ 7,450	\$ 915	\$ 178
2009	1,615	106	2,675	288	6,470	7,072	940	160
2010	1,685	36	2,820	141	7,740	6,609	960	138
2011	-	-	-	-	9,150	6,052	990	113
2012	-	-	-	-	10,710	5,388	1,025	84
2013	-	-	-	-	4,479	12,563	1,060	52
2014	-	-	-	-	4,472	13,565	1,100	19
2015	-	-	-	-	4,469	14,618	-	-
2016	-	-	-	-	6,845	13,341	-	-
2017	-	-	-	-	16,985	4,358	-	-
2018	-	-	-	-	19,470	3,096	-	-
2019	-	-	-	-	22,200	1,649	-	-
2020	-	-	-	-	5,319	19,876	-	-
2021	-	-	-	-	5,208	21,407	-	-
2022	-	-	-	-	5,098	23,012	-	-
2023	-	-	-	-	4,989	24,686	-	-
2024	-	-	-	-	4,881	26,444	-	-
2025	-	-	-	-	4,775	28,285	-	-
2026	-	-	-	-	4,670	30,215	-	-
2027	-	-	-	-	4,566	32,234	-	-
2028	-	-	-	-	4,463	34,347	-	-
2029	-	-	-	-	4,362	36,563	-	-
2030	-	-	-	-	4,262	38,887	-	-
	<u>\$ 4,850</u>	<u>\$ 313</u>	<u>\$ 9,430</u>	<u>\$ 924</u>	<u>\$ 170,908</u>	<u>\$ 411,717</u>	<u>\$ 6,990</u>	<u>\$ 744</u>

Series 2004			
Dated 10/01/04			
3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest
\$ -	\$ 2,620	\$ 11,725	\$ 10,914
-	2,620	11,700	10,246
565	2,611	13,770	9,535
5,410	2,468	15,550	8,633
5,705	2,190	17,440	7,662
6,010	1,897	11,549	14,512
5,965	1,597	11,537	15,181
6,185	1,294	10,654	15,912
4,600	1,027	11,445	14,368
4,810	794	21,795	5,152
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
<u>\$ 54,235</u>	<u>\$ 20,130</u>	<u>\$ 246,413</u>	<u>\$ 433,828</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2007
(amounts expressed in thousands)

REVENUE BONDS

Fiscal Year of Maturity	Series 1998 Dated 10/01/98 4.00 to 4.75%		Series 2000A Dated 11/01/00 4.45 to 5.20%		Series 2000B Dated 11/01/00 4.45 to 5.20%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 205	\$ 80	\$ 130	\$ 68	\$ 225	\$ 119	\$ 560	\$ 267
2009	215	72	135	62	235	109	585	243
2010	225	63	145	55	250	97	620	215
2011	230	53	150	48	265	85	645	186
2012	245	42	160	41	275	72	680	155
2013	255	31	165	33	295	58	715	122
2014	265	19	175	24	310	42	750	85
2015	275	7	185	15	325	26	785	48
2016	-	-	195	5	345	9	540	14
	<u>\$ 1,915</u>	<u>\$ 367</u>	<u>\$ 1,440</u>	<u>\$ 351</u>	<u>\$ 2,525</u>	<u>\$ 617</u>	<u>\$ 5,880</u>	<u>\$ 1,335</u>

STATISTICAL INFORMATION SECTION (UNAUDITED)

This part of Multnomah County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health. This section contains the following tables and information:

- **Financial Trends** - These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.
- **Revenue Capacity** - These schedules contain information to help the reader assess the County's most significant local revenue sources: personal income tax, property tax, and business income tax.
- **Debt Capacity** - These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.
- **Economic and Demographic Information** - These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.
- **Operating Information** - These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. Note that the County implemented Governmental Accounting Standards Board Statement No. 34 in 2002; therefore schedules presenting government-wide information include only information beginning in that fiscal year and going forward.

MULTNOMAH COUNTY, OREGON
Net Assets by Component
Last Six Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)

	2007	2006	Restated 2005	2004	2003	2002
Governmental Activities:						
Invested in capital assets, net of related debt	\$ 456,502	\$ 434,866	\$ 523,606	\$ 511,277	\$ 475,949	\$ 472,133
Restricted	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	17,731	32,205	18,912	(12,431)	(26,225)	(139,086)
Total governmental activities net assets	<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 642,674</u>	<u>\$ 561,800</u>	<u>\$ 512,259</u>	<u>\$ 408,020</u>
Business-Type Activities:						
Invested in capital assets, net of related debt	\$ 3,020	\$ 2,985	\$ 2,577	\$ 2,480	\$ 2,474	\$ 2,405
Unrestricted	4,612	2,830	2,012	1,915	2,095	3,136
Total business-type activities net assets	<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$ 4,589</u>	<u>\$ 4,395</u>	<u>\$ 4,569</u>	<u>\$ 5,541</u>
Primary Government:						
Invested in capital assets, net of related debt	\$ 459,522	\$ 437,851	\$ 526,183	\$ 513,757	\$ 478,423	\$ 474,538
Restricted	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	22,343	35,035	20,924	(10,516)	(24,130)	(135,950)
Total primary government net assets	<u>\$ 558,131</u>	<u>\$ 544,274</u>	<u>\$ 647,263</u>	<u>\$ 566,195</u>	<u>\$ 516,828</u>	<u>\$ 413,561</u>

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Changes in Net Assets
Last Six Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)

	2007	2006	2005	2004	2003	2002
Program Revenues						
Governmental activities:						
Fees, fines and charges for services:						
General government	\$ 23,703	\$ 25,531	\$ 20,486	\$ 16,394	\$ 15,976	\$ 12,712
Health services	45,765	44,406	44,145	44,006	40,901	13,762
Social services	1,309	1,210	1,175	1,805	759	543
Public safety and justice	17,904	16,600	16,394	15,901	23,216	14,224
Community services	31	8	1	4	-	6
Library	1,745	1,641	1,887	2,042	2,537	1,745
Roads and bridges	1,962	1,784	1,867	1,880	1,250	910
Operating grants and contributions	257,810	247,933	256,489	249,079	256,659	277,418
Capital grants and contributions	5,594	5,272	34,149	9,809	4,461	86
Total governmental activities program revenues	355,823	344,385	376,593	340,920	345,759	321,406
Business-type activities:						
Charges for services:						
Dunthorpe	574	455	423	344	248	249
Mid County	306	294	289	235	233	235
Behavioral Health	34,879	34,519	29,472	25,603	32,486	32,781
Operating grants and contributions	-	-	-	435	897	337
Capital grants and contributions	76	82	238	-	-	-
Total business-type activities program revenues	35,835	35,350	30,422	26,617	33,864	33,602
Total primary government program revenues	391,658	379,735	407,015	367,537	379,623	355,008
Expenses						
Governmental activities:						
General government	87,472	114,378	128,871	154,646	36,374	17,673
Health services	118,380	112,201	106,551	110,968	110,322	92,109
Social services	185,672	177,891	181,194	167,746	169,218	188,043
Public safety and justice	199,850	196,167	192,005	182,941	180,503	184,213
Community services	24,136	23,336	21,795	18,391	17,925	23,877
Library	47,872	43,530	41,357	40,843	43,934	39,529
Roads and bridges	53,701	54,256	56,781	57,374	58,354	57,478
Interest on long-term debt	16,954	21,822	18,058	19,543	20,127	21,139
Total governmental activities expenses	734,037	743,581	746,612	752,452	636,757	624,061
Business-type activities:						
Dunthorpe	405	407	487	355	344	306
Mid County	354	328	495	723	468	419
Behavioral Health	34,221	33,640	29,480	25,787	33,739	34,951
Total business-type activities expenses	34,980	34,375	30,462	26,865	34,551	35,676
Total primary government expenses	769,017	777,956	777,074	779,317	671,308	659,737

(continued)

(continued)

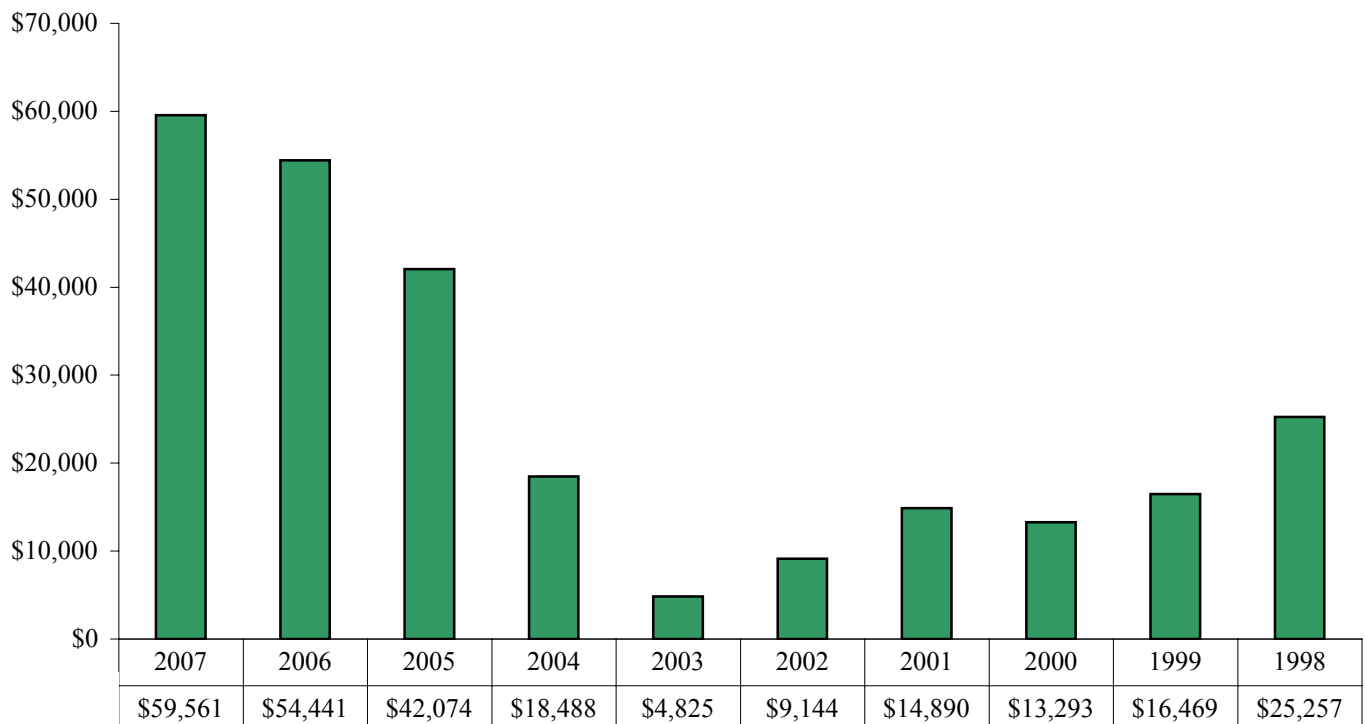
	2007	2006	2005	2004	2003	2002
Net Expense						
Governmental activities	\$ (378,214)	\$ (399,196)	\$ (370,019)	\$ (411,532)	\$ (290,998)	\$ (302,655)
Business-type activities	855	975	(40)	(248)	(687)	(2,074)
Total primary government net expense	<u>(377,359)</u>	<u>(398,221)</u>	<u>(370,059)</u>	<u>(411,780)</u>	<u>(291,685)</u>	<u>(304,729)</u>
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Taxes:						
Property and other local taxes levied for:						
General purposes	231,073	219,854	209,056	201,278	193,912	195,130
Debt service	9,249	9,373	7,815	7,326	9,699	11,114
Personal income taxes	21,237	59,764	124,577	175,325	-	-
Business income taxes	57,399	50,980	36,463	30,286	26,491	26,935
Selective excise and use taxes	39,582	36,914	33,646	32,404	33,199	32,799
Payments in lieu of taxes	1,738	2,249	3,012	2,184	2,899	1,810
State government shared revenues	9,517	8,692	6,741	7,584	6,206	-
Grants and contributions not restricted to specific programs	6	2	1,150	166	70	60
Interest and investment earnings	13,454	10,094	4,943	2,443	4,226	7,982
Miscellaneous	6,771	4,007	2,233	1,877	2,917	4,496
Gain on sale of capital assets	228	1,607	166	200	1,711	-
Transfers	-	-	-	-	440	(3)
Special items:						
Loss on transfer of County roads	-	(108,555)	-	-	-	-
Total governmental activities	<u>390,254</u>	<u>294,981</u>	<u>429,802</u>	<u>461,073</u>	<u>281,770</u>	<u>280,323</u>
Business-type activities:						
Interest and investment earnings	495	251	121	74	131	339
Miscellaneous	467	-	113	-	24	6
Transfers	-	-	-	-	(440)	3
Total business-type activities	<u>962</u>	<u>251</u>	<u>234</u>	<u>74</u>	<u>(285)</u>	<u>348</u>
Total primary government	<u>391,216</u>	<u>295,232</u>	<u>430,036</u>	<u>461,147</u>	<u>281,485</u>	<u>280,671</u>
Change in Net Assets						
Governmental activities	12,040	(104,215)	59,783	49,541	(9,228)	(22,332)
Cumulative effect of change in accounting principle	-	-	21,091	-	-	-
Total governmental activities	<u>12,040</u>	<u>(104,215)</u>	<u>80,874</u>	<u>49,541</u>	<u>(9,228)</u>	<u>(22,332)</u>
Business-type activities	1,817	1,226	194	(174)	(972)	(1,726)
Total primary government change in net assets	<u>\$ 13,857</u>	<u>\$ (102,989)</u>	<u>\$ 81,068</u>	<u>\$ 49,367</u>	<u>\$ (10,200)</u>	<u>\$ (24,058)</u>

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund				
Reserved	\$ 657	\$ 523	\$ 342	\$ 1,004
Unreserved	<u>59,561</u>	<u>54,441</u>	<u>42,074</u>	<u>18,488</u>
Total general fund	<u>60,218</u>	<u>54,964</u>	<u>42,416</u>	<u>19,492</u>
All Other Governmental Funds				
Reserved	51,317	53,964	37,292	39,224
Unreserved, reported in:				
Special revenue funds	<u>49,135</u>	<u>57,257</u>	<u>55,890</u>	<u>27,375</u>
Total all other governmental funds	<u>100,452</u>	<u>111,221</u>	<u>93,182</u>	<u>66,599</u>
Total governmental funds	<u>\$ 160,670</u>	<u>\$ 166,185</u>	<u>\$ 135,598</u>	<u>\$ 86,091</u>

Unreserved General Fund Balance



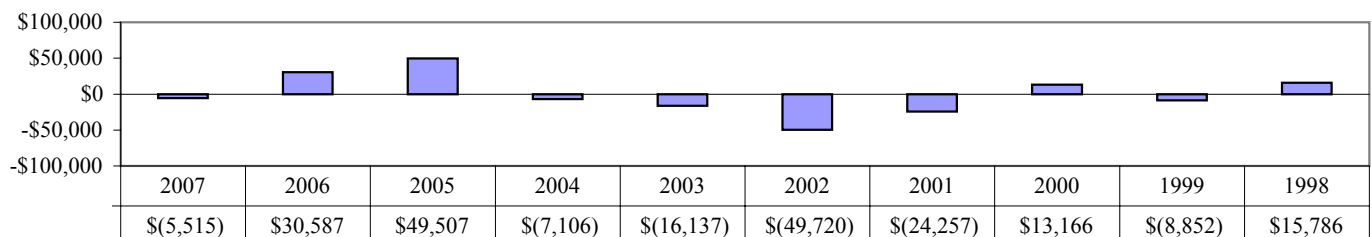
Source: Current and prior years' financial statements

2003	2002	2001	2000	1999	1998
\$ 961	\$ -	\$ 869	\$ 969	\$ 605	\$ 616
4,825	9,144	14,890	13,293	16,469	25,257
5,786	9,144	15,759	14,262	17,074	25,873
63,810	75,627	123,342	145,418	126,815	125,499
23,601	24,563	19,953	23,625	26,250	27,619
87,411	100,190	143,295	169,043	153,065	153,118
\$ 93,197	\$ 109,334	\$ 159,054	\$ 183,305	\$ 170,139	\$ 178,991

MULTNOMAH COUNTY, OREGON
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)

	2007	2006	2005	2004
Revenues				
Taxes	\$ 356,682	\$ 441,579	\$ 422,212	\$ 375,204
Intergovernmental	260,549	250,855	284,527	252,978
Licenses and permits	15,934	16,025	14,743	14,760
Charges for services	62,791	62,245	61,399	55,180
Interest	10,837	8,347	4,134	1,960
Miscellaneous	46,880	46,090	51,926	50,385
Total revenues	<u>753,673</u>	<u>825,141</u>	<u>838,941</u>	<u>750,467</u>
Expenditures				
Current:				
General government	73,559	136,726	146,626	124,459
Health services	122,029	115,778	112,562	111,745
Social services	187,256	178,736	184,335	168,648
Public safety and justice	202,477	198,774	198,608	197,251
Community services	24,040	23,468	22,266	19,318
Library	44,411	46,228	44,546	42,753
Roads and bridges	39,875	42,283	39,844	40,454
Capital Outlay	31,589	22,150	9,288	11,968
Debt service:				
Principal	19,861	18,256	16,929	25,179
Interest	16,958	18,235	17,928	19,543
Total expenditures	<u>762,055</u>	<u>800,634</u>	<u>792,932</u>	<u>761,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,382)</u>	<u>24,507</u>	<u>46,009</u>	<u>(10,851)</u>
Other Financing Sources (Uses)				
Certificates of participation proceeds	-	-	-	-
Proceeds from sale of capital assets	35	1,988	5	425
Proceeds of refunding certificates of participation	-	-	-	-
Issuance of capital lease	33	1,093	-	-
Bond proceeds	-	-	-	-
Proceeds from refunding bonds	-	-	54,235	-
Loan proceeds	-	-	-	-
Payment to escrow agent - refunded debt	-	-	(58,847)	-
Premium on short-term debt	157	-	-	-
Premium on long-term debt	-	-	5,089	-
Transfers in	26,996	47,004	29,907	32,641
Transfers out	(24,354)	(44,005)	(26,891)	(29,321)
Total other financing sources (uses)	<u>2,867</u>	<u>6,080</u>	<u>3,498</u>	<u>3,745</u>
Net change in fund balances	<u>\$ (5,515)</u>	<u>\$ 30,587</u>	<u>\$ 49,507</u>	<u>\$ (7,106)</u>
Debt service as a percentage of noncapital expenditures	<u>5.0%</u>	<u>4.9%</u>	<u>4.7%</u>	<u>6.3%</u>

Net Change in Fund Balance, Governmental Funds



Source: Current and prior years' financial statements

2003	2002	2001	2000	1999	1998
\$ 268,225	\$ 267,641	\$ 266,466	\$ 254,514	\$ 250,416	\$ 215,100
261,020	290,077	308,993	242,966	232,715	223,962
14,496	8,134	5,037	2,734	3,026	2,934
66,325	18,586	20,234	15,008	15,515	14,471
3,499	6,972	14,760	12,201	11,688	12,080
37,495	58,415	51,994	49,575	42,337	37,190
651,060	649,825	667,484	576,998	555,697	505,737
52,375	53,134	36,612	219,323	35,786	28,474
106,408	95,847	285,999	237,566	209,788	190,941
168,329	186,280	-	-	-	-
200,114	190,122	183,897	179,799	165,792	140,510
19,398	21,552	85,143	72,429	75,996	47,764
40,741	42,706	-	-	-	-
39,497	36,829	35,110	35,969	37,604	35,197
17,770	31,822	30,517	37,141	59,425	36,773
15,186	18,711	17,863	13,695	11,540	14,071
20,082	21,050	22,069	14,857	9,953	10,206
679,900	698,053	697,210	810,779	605,884	503,936
(28,840)	(48,228)	(29,726)	(233,781)	(50,187)	1,801
-	-	-	60,835	36,125	15,694
-	-	-	-	-	-
-	-	-	-	-	28,621
-	-	-	-	-	-
-	-	5,499	184,548	3,155	-
9,615	-	-	-	66,115	-
-	-	-	204	154	-
-	-	-	-	(67,057)	(28,886)
-	-	-	-	-	-
-	-	-	-	-	-
39,819	128,682	124,819	131,026	126,334	77,814
(36,731)	(130,174)	(124,849)	(129,666)	(123,491)	(79,258)
12,703	(1,492)	5,469	246,947	41,335	13,985
\$ (16,137)	\$ (49,720)	\$ (24,257)	\$ 13,166	\$ (8,852)	\$ 15,786
5.6%	6.3%	6.4%	3.8%	4.1%	5.5%

MULTNOMAH COUNTY, OREGON
Program Revenues by Function/Program
Last Six Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Function/Program						
Governmental activities:						
General government	\$ 28,530	\$ 32,587	\$ 33,367	\$ 31,429	\$ 23,463	\$ 24,644
Health services	74,024	74,003	71,924	77,315	72,730	63,191
Social services	142,100	134,894	139,569	126,534	136,045	140,391
Public safety and justice	58,188	54,278	62,497	63,534	71,518	57,336
Community services	3,278	4,712	4,387	1,830	2,730	2,530
Library	5,302	4,106	4,079	4,018	4,572	3,502
Roads and bridges	44,401	39,805	60,770	36,260	34,701	29,812
Total governmental activities	<u>355,823</u>	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>	<u>345,759</u>	<u>321,406</u>
Business-type activities:						
Dunthorpe-Riverdale	574	455	423	344	256	251
Mid County	382	376	527	235	484	570
Behavioral Health	34,879	34,519	29,472	26,038	33,124	32,781
Total business-type activities	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>	<u>33,864</u>	<u>33,602</u>
Total primary government	<u>\$ 391,658</u>	<u>\$ 379,735</u>	<u>\$ 407,015</u>	<u>\$ 367,537</u>	<u>\$ 379,623</u>	<u>\$ 355,008</u>

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Tax Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
1998	\$157,886	\$ 32,524	\$ 5,842	\$ 10,205	\$ 7,272	\$ -	\$ 1,371	\$215,100
1999	183,157	40,904	6,192	10,782	7,358	-	2,023	250,416
2000	187,255	39,934	5,956	12,445	7,111	-	1,813	254,514
2001	197,724	30,377	15,228	14,593	7,262	-	1,282	266,466
2002	206,097	26,935	11,131	13,717	7,832	-	1,929	267,641
2003	204,447	26,491	12,227	13,429	7,432	-	4,199	268,225
2004	209,018	30,286	12,352	12,930	7,011	100,114	3,493	375,204
2005	217,750	36,463	13,467	13,321	6,744	130,187	4,280	422,212
2006	229,312	50,980	14,794	14,886	7,115	120,919	3,573	441,579
2007	240,710	57,399	16,726	15,644	7,110	16,038	3,055	356,682

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Assessed Valuation and Actual Values of Taxable Property (1)
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except total direct tax rate)

<u>Year</u>		<u>Residential Property</u>	<u>Commercial Property</u>	<u>Public Utility Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate (4)</u>	<u>Estimated Real Market Value</u>
1998	(2)	\$18,771,490	\$ 9,966,389	\$ 1,865,805	\$2,053,477	\$32,657,161	\$ 4.86	\$42,432,442
1999		20,156,020	11,350,597	2,107,164	2,169,234	35,783,015	5.28	45,532,239
2000	(3)	21,177,768	11,853,881	2,401,538	2,167,686	37,600,873	5.13	52,268,770
2001		22,163,841	12,407,629	2,709,063	2,315,045	39,595,578	5.19	56,377,119
2002		23,115,866	13,273,892	2,799,601	2,549,782	41,739,141	5.09	61,345,077
2003		24,165,517	13,294,395	2,558,357	2,330,850	42,349,119	4.97	63,391,339
2004		25,057,728	13,606,043	2,392,404	2,352,588	43,408,763	4.96	66,491,001
2005		26,264,819	14,003,443	2,484,887	2,158,073	44,911,222	5.01	70,457,625
2006		27,361,638	14,456,811	2,262,162	2,269,165	46,349,776	5.10	78,109,995
2007		28,695,852	14,825,459	2,376,350	2,328,560	48,226,221	5.12	87,070,081

(1) Prior to the passage of Measure # 50 in 1997, assessed value equaled real market value.

(2) Under Measure #50, assessed value is used for computation of taxes.

(3) Prior to 2000 amounts did not include urban renewal excess in taxable real market value.

(4) See Property Tax Rates - Total Direct on page 150.

MULTNOMAH COUNTY, OREGON
Property Tax Levies And Collections
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
1998	\$	158,856	\$ (1,065)	\$157,791	\$152,342	95.90 %	\$ 5,424	\$157,766 99.31 %
1999		188,837	(5,123)	183,714	178,736	94.65	4,962	183,698 97.28
2000		193,076	(5,751)	187,325	181,772	94.15	5,530	187,302 97.01
2001		205,468	(5,913)	199,555	192,777	93.82	6,745	199,522 97.11
2002		212,329	(7,768)	204,561	198,884	93.67	5,611	204,495 96.31
2003		210,411	(7,122)	203,289	197,233	93.74	5,947	203,180 96.56
2004		215,031	(6,769)	208,262	202,692	94.26	5,154	207,846 96.66
2005		224,978	(7,798)	217,180	211,480	94.00	4,654	216,134 96.07
2006		236,631	(7,065)	229,566	223,312	94.37	3,905	227,217 96.02
2007		246,944	(6,643)	240,301	233,608	94.60	-	233,608 94.60

Source: Current and prior years' financial statements
Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Property Tax Rates - Direct and Overlapping Governments (1)
(Per \$1,000 of Assessed Valuation)
Last Ten Fiscal Years

<u>Year</u>	<u>Multnomah County Direct Rates</u>				<u>Overlapping Rates</u>						
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Total</u>	<u>Cities</u>	<u>Special Purpose Districts</u>	<u>Education Districts</u>	<u>Water Districts</u>	<u>Rural Fire Districts</u>	<u>Urban Renewal Districts</u>	<u>Total</u>
1998 (2)	\$ 3.01	\$ 1.31	\$ 0.54	\$ 4.86	\$ 6.03	\$ 0.68	\$ 7.27	\$ -	\$ 0.07	\$ 1.08	\$ 19.99
1999	4.32	0.50	0.46	5.28	5.98	0.67	6.95	-	0.07	1.00	19.95
2000	4.31	0.51	0.31	5.13	5.97	0.61	6.93	-	0.07	0.97	19.68
2001	4.32	0.50	0.37	5.19	6.06	0.62	7.21	0.01	0.07	1.06	20.22
2002	4.32	0.50	0.27	5.09	5.91	0.60	7.58	0.01	0.07	1.15	20.41
2003	4.25	0.48	0.24	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68
2004	4.22	0.55	0.19	4.96	6.74	0.55	7.73	0.01	0.08	1.32	21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48

(1) These are average rates and are stated in dollars and cents.

(2) Measure #50 went into effect which decreases the assessed valuation and results in an increase in tax rates.

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2006 and December 31, 1997
(dollar amounts expressed in thousands)

December 31, 2006				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Portland General Electric	\$ 5,575	\$ 347,235	1	0.68 %
Port of Portland	6,249	308,375	2	0.60
QWEST Corporation	4,793	298,636	3	0.58
Pacificorp (PP&L)	3,837	240,248	4	0.47
Boeing Co	2,837	174,307	5	0.34
Oregon Steel Mills	3,207	163,511	6	0.32
Northwest Natural Gas	2,496	153,345	7	0.30
LC Portland LLC	2,901	143,836	8	0.28
United Airlines Inc	2,239	132,003	9	0.26
One Eleven Tower LLC	2,261	112,303	10	0.22
	<u>\$ 30,820</u>	<u>\$ 1,726,564</u>		<u>3.36 %</u>

Total Assessed Valuation \$ 51,433,028

December 31, 1997			
Taxpayer	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
US West Communications	\$ 409,076	1	1.25 %
Portland General Electric	227,561	2	0.70
Pacificorp (PP&L)	179,416	3	0.55
Boeing Co	163,907	4	0.50
Oregon Arena Corporation	133,920	5	0.41
Alaska Airlines	127,188	6	0.39
United Airlines	114,845	7	0.35
Delta Airlines	91,756	8	0.28
SI - Lloyd Associates	88,938	9	0.27
Fujitsu Microelectronics Inc	75,088	10	0.23
	<u>\$ 1,611,695</u>		<u>4.94 %</u>

Total Assessed Valuation \$ 32,657,161

(1) Assessed valuation based on the valuation of property for tax collection years 2006-07 and 1996-97 respectively.
Note: Tax amounts not available for year ended December 31, 1997.

Source: Multnomah County Division of Assessment & Taxation

MULTNOMAH COUNTY, OREGON
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capitalized Lease Obligations	Full Faith and Credit Bonds	Revenue Bonds	Loans Payable			
1998	\$ 128,470	\$ 65,058	\$ -	\$ -	\$ 4,977	\$ 198,505	1.05 %	\$ 304
1999	124,170	100,480	-	3,155	792	228,597	1.16	348
2000	115,555	57,705	281,888	3,155	939	459,242	2.15	694
2001	106,260	51,942	277,713	8,500	870	445,285	1.97	666
2002	96,535	46,613	272,833	8,335	797	425,113	1.84	629
2003	91,610	41,501	276,763	7,890	718	418,482	1.79	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.62	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.50	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.41	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.33	483

Note: 2006 and 2007 percentages calculated using 2005 personal income data, which is the most recent available.

(1) See population and personal income data on page 158

Source: Current and prior year financial statements and US Department of Commerce-Bureau of Economic Analysis

MULTNOMAH COUNTY, OREGON
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except per capita)

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
1998	\$ 128,470	\$ (11,977)	\$ 116,493	0.61 %	0.36 %	179
1999	124,170	(14,014)	110,156	0.56	0.31	167
2000	115,555	(11,775)	103,780	0.49	0.28	157
2001	106,260	(12,223)	94,037	0.42	0.24	141
2002	96,535	(9,484)	87,051	0.38	0.21	129
2003	91,610	(10,335)	81,275	0.35	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.29	0.16	106
2006	75,340	(7,993)	67,347	0.26	0.15	96
2007	69,380	(8,433)	60,947	0.24	0.13	87

Note: 2006 and 2007 personal income percentages calculated using 2005 data, which is the most recent available.

(1) See taxable assessed value schedule on page 148.

(2) See population and personal income data on page 158.

Source: Current Prior year financial statements, Multnomah County division of Assessment and Taxation, Center for Population Research and Census at Portland State University and US Department of Commerce-Bureau of Economic Analysis

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2007
(dollar amounts expressed in thousands)
(unaudited)

Overlapping District (1)	Percent Overlapping	Overlapping	
		Gross (2) Direct Debt	Net (3) Direct Debt
Clackamas County RFPD #1	0.12 %	\$ 31	\$ 7
Clackamas County SD 7J (Lake Oswego)	0.32	402	251
City of Lake Oswego	5.31	1,481	1,482
City of Milwaukie	0.63	37	10
Columbia County SD 1J (Scappoose)	18.25	202	202
Northwest Regional ESD	0.53	43	0
Port of Portland	43.64	32,185	0
Multnomah County Drainage Dist No 1	100.00	6,045	0
Metro	47.42	144,343	107,451
Tri-Metropolitan Transport District	47.69	111,460	32,862
Sauvie Island RFPD 30	95.28	167	167
Multnomah County SD 1 (Portland)	99.21	480,984	0
Multnomah County SD 3 (Parkrose)	100.00	13,935	13,935
Multnomah County SD 7 (Reynolds)	100.00	145,013	47,910
Multnomah County SD 28J (Centennial)	92.59	35,729	35,113
Multnomah County SD 39 (Corbett)	100.00	4,505	4,505
Multnomah County SD 40 (David Douglas)	100.00	44,895	44,895
Multnomah County SD 51J (Riverdale)	94.96	11,723	10,166
Multnomah County SD 10J (Gresham-Barlow)	81.75	97,799	49,734
Multnomah County SD 10J (Orient 6 Bond)	55.79	297	297
Multnomah ESD	97.77	36,776	0
Mt Hood Community College	82.61	46,390	0
Portland Community College	44.57	117,311	28,271
City of Fairview	100.00	3,506	1,865
City of Gresham	100.00	29,828	940
City of Portland	99.54	696,708	68,218
City of Troutdale	100.00	11,020	11,020
City of Wood Village	100.00	190	80
Tualatin Valley Fire & Rescue Dist	1.66	380	47
Washington County SD 48J (Beaverton)	0.44	2,542	1,738
Washington County SD 1J (Hillsboro)	0.04	14	10
Clackamas County ESD	0.06	17	0
		\$ 2,075,958	\$ 461,176

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2007.

(2) Gross Direct Debt includes all General Obligation bonds and Full Faith & Credit bonds.

(3) Net Direct Debt includes Gross Direct Debt less self-supporting Unlimited Tax General Obligation and less self-supporting Full Faith & Credit debt.

Note: Full faith and credit obligations (such as pension obligations), revenue bonds, urban renewal and special assessment bonds, certificates of participation and short-term obligations are not included in the calculation of overlapping debt by the Oregon State Treasury. Overlapping debt amounts may differ significantly from previous reports due to changes in calculations because overlapping debt reports prepared prior to July 2005 included pension obligations in Gross and Net Debt calculations.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON
Pledged-Revenue Coverage
Last Nine Fiscal Years
(dollar amounts expressed in thousands)

Revenue Bonds						
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
1999	\$ -	\$ -	\$ -	\$ -	\$ 67	- %
2000	217	-	217	-	134	1.62
2001	292	-	292	155	263	0.70
2002	420	5	415	165	389	0.75
2003	2,389	7	2,382	445	376	2.90
2004	464	5	459	465	357	0.56
2005	450	247	203	490	336	0.25
2006	1,152	5	1,147	515	315	1.38
2007	335	12	323	540	292	0.39

Note: The County did not have any Revenue Bonds before fiscal year 1999. Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

Source: Current and prior year financial statements

MULTNOMAH COUNTY, OREGON
Legal Debt Margin Information
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(unaudited)

ORS 287.054 provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's boundaries.

	2007	2006	2005	2004
Real market value	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	1,741,402	1,562,200	1,409,153	1,329,820
Less bonded debt at June 30	69,380	75,340	81,025	86,445
Legal debt margin	<u>\$ 1,672,022</u>	<u>\$ 1,486,860</u>	<u>\$ 1,328,128</u>	<u>\$ 1,243,375</u>
Total net debt applicable to the limit as a percentage of debt limit.	3.98%	4.82%	5.75%	6.50%

ORS 287.053 provides a debt limit on full faith and credit bonds of 1% of the real market value of all taxable property within the County's boundaries.

Real market value	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	870,701	781,100	704,576	664,910
Less bonded debt at June 30	246,413	256,833	266,063	270,203
Legal debt margin	<u>\$ 624,288</u>	<u>\$ 524,267</u>	<u>\$ 438,513</u>	<u>\$ 394,707</u>
Total net debt applicable to the limit as a percentage of debt limit.	28.30%	32.88%	37.76%	40.64%

Note: The County did not have any full faith and credit bonds prior to 2000.

Source: Current and prior years' financial statements, Multnomah County Division of Assessment and Taxation

2003	2002	2001	2000	1999	1998
\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770	\$ 45,532,239	\$ 42,432,442
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,267,827	1,226,902	1,127,542	1,045,375	910,645	848,649
91,610	96,535	106,260	115,555	124,170	128,470
\$ 1,176,217	\$ 1,130,367	\$ 1,021,282	\$ 929,820	\$ 786,475	\$ 720,179

7.23%

7.87%

9.42%

11.05%

13.64%

15.14%

\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770
1.00%	1.00%	1.00%	1.00%
633,913	613,451	563,771	522,688
276,763	272,833	277,713	281,888
\$ 357,150	\$ 340,618	\$ 286,058	\$ 240,800

43.66%

44.48%

49.26%

53.93%

MULTNOMAH COUNTY, OREGON
Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population	Personal Income (thousands)	Per Capita Income	PMSA* Unemployment Rate
1998	652,416	\$ 18,949,705	\$ 29,045	4.2 %
1999	657,740	19,735,801	30,005	4.3
2000	661,392	21,384,426	32,323	4.5
2001	668,969	22,589,707	33,771	6.1
2002	675,438	23,078,170	34,166	7.8
2003	677,850	23,388,512	34,516	8.3
2004	685,950	24,214,231	36,078	7.1
2005	692,825	25,436,032	37,798	5.8
2006	701,545	N/A	N/A	5.1
2007	701,545 (1)	N/A	N/A	4.8 (2)

N/A: Data was not available for this calendar year.

(1) Population data for July 1, 2007 is not available at this time.

(2) As of June 30, 2007

* Portland Metropolitan Statistical Area

Source: US Department of Commerce-Bureau of Economic Analysis, US Department of Labor-Bureau of Labor Statistics

MULTNOMAH COUNTY, OREGON

**Principal Employers
Current Year and Nine Years Ago**

2006-07			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
State of Oregon	21,000	1	1.84 %
U.S. Government	18,000	2	1.58
Intel Corporation	16,740	3	1.47
Precision Castparts	15,384	4	1.35
Providence Health System	14,639	5	1.28
Oregon Health and Science University	11,500	6	1.01
Fred Meyer Stores	8,500	7	0.75
Kaiser Foundation Health Plan	8,221	8	0.72
Legacy Health System	8,196	9	0.72
City of Portland	8,104	10	0.71
	<u>130,284</u>		<u>11.43 %</u>
Total PMSA* employment	<u>1,140,650</u> (1)		

1997-98			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
U.S. Government	16,000	1	1.50 %
Intel Corporation	11,000	2	1.03
State of Oregon	9,900	3	0.93
Providence Health System	8,938	4	0.84
Fred Meyer Stores	8,905	5	0.84
Kaiser Foundation Health Plan	7,663	6	0.72
U.S. Bancorp	6,242	7	0.59
Portland School District	6,200	8	0.58
City of Portland	5,172	9	0.49
Legacy Health System	4,900	10	0.46
	<u>84,920</u>		<u>7.98 %</u>
Total PMSA* employment	<u>1,064,295</u>		

* Portland Metropolitan Statistical Area

(1) As of June 30, 2007

Source: State of Oregon Employment Department, Portland Business Alliance, and Regional Financial Advisors Inc.

MULTNOMAH COUNTY, OREGON
Full Time Equivalent County Employees
by Function/Program and Bargaining Unit
Last Ten Fiscal Years

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Function/Program				
Governmental activities:				
General government	603.5	665.5	676.0	695.0
Health services	864.5	841.5	802.5	832.5
Social services	582.5	573.0	596.0	538.5
Public safety and justice	1,538.5	1,559.0	1,585.0	1,584.5
Community services	75.0	81.0	73.0	73.0
Library	423.0	411.0	413.5	487.5
Roads and bridges	150.0	139.0	159.5	164.0
Total governmental activities	<u>4,237.0</u>	<u>4,270.0</u>	<u>4,305.5</u>	<u>4,375.0</u>
Business-type activities:				
Behavioral Health	<u>7.0</u>	<u>11.0</u>	<u>17.0</u>	<u>45.5</u>
Total business-type activities	<u>7.0</u>	<u>11.0</u>	<u>17.0</u>	<u>45.5</u>
Total primary government budgeted FTE	<u>4,244.0</u>	<u>4,281.0</u>	<u>4,322.5</u>	<u>4,420.5</u>
 MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	<u>659</u>	<u>668</u>	<u>669</u>	<u>654</u>
Bargaining units:				
General employees (Local 88)	2,602	2,623	2,648	2,785
Electricians (Local 48)	19	17	21	21
Operating engineers (Local 701)	11	12	14	13
Paint makers (Local 1094)	2	2	2	2
Corrections (Teamsters 223)	432	449	450	454
Deputy sheriffs association	91	98	96	97
Oregon nurses association	228	238	239	256
Juvenile group workers (Local 86)	60	58	56	58
Prosecuting attorneys association	83	85	86	86
Parole and Probation Officers	<u>133</u>	<u>133</u>	<u>133</u>	<u>0</u>
Total bargaining units	<u>3,661</u>	<u>3,715</u>	<u>3,745</u>	<u>3,772</u>
Temporary County employees	<u>114</u>	<u>91</u>	<u>109</u>	<u>92</u>
Total actual County employees	<u>4,434</u>	<u>4,474</u>	<u>4,523</u>	<u>4,518</u>

N/A: Data was not available for this fiscal year.

Source: Multnomah County payroll records

2003	2002	2001	2000	1999	1998
657.5	658.5	565.0	583.0	593.0	731.0
892.5	884.5	864.5	820.5	853.0	1,268.0
565.5	754.0	788.5	783.0	692.0	700.0
1,596.0	1,740.5	1,803.0	1,863.0	1,740.0	1,819.0
72.0	96.0	93.0	91.0	N/A	N/A
465.5	462.0	491.5	456.0	494.0	551.0
176.0	184.0	182.0	186.0	190.0	185.0
4,425.0	4,779.5	4,787.5	4,782.5	4,562.0	5,254.0
34.5	38.0	32.0	35.0	32.0	30.0
34.5	38.0	32.0	35.0	32.0	30.0
4,459.5	4,817.5	4,819.5	4,817.5	4,594.0	5,284.0
668	735	794	742	N/A	N/A
2,792	3,012	N/A	N/A		
22	22	N/A	N/A		
12	13	N/A	N/A		
3	3	N/A	N/A		
467	497	N/A	N/A		
93	89	N/A	N/A		
269	263	N/A	N/A		
65	69	N/A	N/A		
79	85	N/A	N/A		
0	0	N/A	N/A		
3,802	4,053	4,033	4,068		
100	481	N/A	N/A		
4,570	5,269	N/A	N/A		

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2007	2006	2005
Governmental Activities:			
General Government			
Number of property tax accounts - residential	234,567	225,597	225,445
Number of property tax accounts - personal	63,279	64,126	58,082
Number of property tax accounts - commercial	34,210	34,152	34,199
Number of marriage licenses issued	6,383	6,542	6,203
Health Services			
Total clinic visits	298,313	293,917	277,736
County residents who rate their health good or better	N/A	86%	85%
Environmental health inspections	4,690	9,126	9,039
Women, infants, and children (WIC) served in the WIC program	30,339	30,672	31,144
Flu vaccinations at health clinics	10,130	5,084	3,283
Social Services			
Households that have received assistance with energy bills	13,676	12,482	12,450
Clients with developmental disabilities served	3,780	3,613	3,477
Senior and physically disabled clients served	N/A	44,664	45,241
Alcohol and drug treatment clients / episodes (e)	10,829	9,391	8,478
Early childhood mental health clients	7,700	7,737	7,708
Families served in early childhood programs	768	887	848
Students enrolled in extended day school activities	17,052	16,315	14,384
Public Safety and Justice			
Sheriff			
Responses to calls for services	41,601	43,327	41,260
Number of arrests (parts 1, 2 and 3 crimes)	2,708	3,204	3,548
Corrections			
Number of inmates booked	37,113	38,726	37,577
Average daily jail population	1,641	1,612	1,577
Average length of jail stay in days	18	17	17
Inmates held for court at Courthouse	11,632	13,905	12,506
Juvenile			
Youth admitted to detention center	1,992	2,018	2,161
Average length of stay in days in youth detention center	11.7	10.9	9.0
Community service & restitution hours completed (1)	22,749	18,409	15,349
Average number of youth on probation per month	523	556	582
(continued)			

N/A: Data was not available for this fiscal year.

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements

(1) Prior to 2005 only community service hours completed reported

2004	2003	2002	2001	2000	1999	1998
224,367	219,682	218,911	217,041	214,770	213,138	206,862
63,497	62,171	60,999	60,140	39,346	36,626	60,163
33,173	33,182	33,410	33,683	31,744	33,488	32,681
9,037	6,297	5,878	6,270	6,078	6,006	6,044
288,201	348,619	340,639	342,869	339,478	327,571	302,573
82%	84%	86%	88%	N/A	N/A	N/A
9,978	9,204	10,245	9,847	10,503	8,757	N/A
31,471	24,810	25,158	24,091	22,337	23,589	24,112
3,629	3,666	2,640	2,251	3,017	3,197	3,158
10,868	11,787	15,813	15,733	11,754	12,432	N/A
3,417	3,300	3,336	2,577	3,050	2,975	2,779
41,454	44,055	47,678	43,562	N/A	33,688	32,625
8,284	7,508	(e) 22,386	(e) 23,780	(e) 27,114	(e) 24,806	(e) 24,877
7,899	7,053	7,226	7,000	3,038	1,523	1,400
687	956	1,004	798	N/A	N/A	N/A
9,721	3,863	3,798	N/A	N/A	N/A	N/A
35,500	36,972	36,063	37,414	36,346	N/A	N/A
3,383	3,714	3,165	3,634	3,311	2,412	1,925
36,260	35,532	37,658	40,120	43,078	N/A	N/A
1,654	1,682	1,871	2,054	2,036	N/A	N/A
18	19	20	20	18	18	N/A
14,144	13,545	13,558	14,334	14,133	14,319	11,573
2,207	2,357	2,611	2,816	2,913	3,940	4,116
10.0	10.3	11.1	10.9	8.9	11.2	11.9
6,733	7,672	10,117	9,606	11,754	14,142	N/A
573	606	704	735	850	946	N/A

MULTNOMAH COUNTY, OREGON
Operating Indicators by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2007	2006	2005
Public Safety and Justice (continued)			
<u>Adult</u>			
Community service hours completed	80,131	84,818	91,886
Adults participating in educational classes	481	584	630
Clients receiving GED's	62	67	99
Average no. adults on probation & post-prison supervision/month	9,619	9,763	9,118
<u>District Attorney</u>			
Cases of adult criminal activity prosecuted	21,415	22,563	21,936
Juvenile delinquency cases prosecuted	817	946	944
Hours of Community Court community service completed	15,477	16,984	18,123
Community Services			
Number of registered voters	380,298	430,693	430,693
Number of votes cast in last general election	262,628	365,530	365,530
Percent of registered voters who voted in last general election	69%	85%	85%
Animal Control - Total Intake - Dogs and Cats	9,879	9,808	9,597
Library			
New library cards issued annually	67,379	69,973	74,805
Books circulated	19,900,816	19,589,530	19,462,344
Borrowers who used their cards in last three years	431,429	455,296	474,292
Library Satisfaction	N/A	97.0%	96.4%
Web site hits	85,874,532	86,262,554	111,433,518
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	582	579	578

N/A: Data was not available for this fiscal year.

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements

* Community Service general elections are held on even years.

2004	2003	2002	2001	2000	1999	1998
109,349	122,391	127,439	117,890	N/A	105,774	101,382
554	596	567	531	446	519	545
50	73	95	66	49	64	N/A
9,347	9,171	9,042	10,603	10,674	10,198	9,454
22,008	22,530	20,436	21,933	23,154	22,041	N/A
1,013	947	1,127	1,487	1,236	1,510	2,011
4,668	8,464	11,403	11,516	3,064	2,719	777
363,589	363,843	383,915	365,596	341,210	381,939	389,337
245,238	245,238	300,065	300,065	217,894	217,894	273,594
*67%	67%	*82%	82%	*57%	57%	*68%
8,939	8,448	7,739	7,534	6,979	8,763	9,306
76,161	73,012	70,219	68,599	68,752	67,626	65,592
18,762,556	17,854,110	16,133,945	14,008,166	12,152,743	9,450,963	8,486,034
465,223	436,104	509,949	515,184	444,219	393,610	N/A
95.5%	96.8%	96.1%	97.3%	N/A	N/A	N/A
93,764,392	66,650,158	44,568,574	43,346,524	42,323,312	9,203,676	1,067,797
578	575	570	569	567	565	553

MULTNOMAH COUNTY, OREGON
Capital Asset and Infrastructure Statistics by Function/Program
Last Ten Fiscal Years

FUNCTION/PROGRAM	2007	2006	2005	2004
Governmental Activities:				
General Government				
Buildings owned	83	84	87	88
Buildings leased	59	59	59	62
Automobiles	301	311	302	311
Vehicles (excluding automobiles)	292	295	292	300
Heavy equipment	132	136	135	139
Health Services				
Health & dental centers	8	8	8	8
School based health centers	12	12	13	13
Social Services				
Aging & Disability offices	6	7	9	9
Public Safety and Justice				
Sheriff				
Vehicular patrol units	47	43	48	44
Number of employees (sworn and civilian)	798	794	814	847
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	3	3	4	4
Population	1,690	1,690	1,537	1,651
Community Justice				
Adult probation & parole offices	6	6	6	6
Adult housing program offices	4	4	5	5
Juvenile counseling offices	4	4	4	5
Library				
Regional	2	2	2	2
Neighborhood	14	14	14	13
Leased	4	4	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	273	273	326	326
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	21	21	21	21
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,439	4,400	4,219	3,974
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2003	2002	2001	2000	1999	1998
86	86	85	N/A	N/A	51
67	71	72	N/A	N/A	53
322	339	419	355	371	350
272	289	320	296	275	279
140	138	146	142	142	139
8	8	8	8	8	8
13	13	13	13	12	12
11	13	13	13	13	13
35	36	34	34	30	26
835	896	934	961	914	831
3	3	3	3	3	3
3	5	5	5	5	5
1,531	1,775	1,860	2,001	1,990	1,677
7	8	9	9	8	8
5	6	5	N/A	N/A	N/A
6	6	6	6	6	6
2	2	2	2	2	2
13	13	15	15	15	16
4	4	1	1	1	-
326	365	365	245	245	245
24	11	11	25	30	30
6	6	6	6	6	6
21	21	21	21	21	21
3,710	3,837	3,837	3,612	3,693	3,225
1	1	1	1	1	1
15	15	15	15	15	15

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REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS REQUIRED BY STATE STATUTES

- Report of Independent Certified Public Accountants on the County's Compliance and Certain Items Based on an Audit of Basic Financial Statements Performed in Accordance with Oregon Auditing Standards

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *OREGON AUDITING STANDARDS***

Board of Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County, Oregon as of and for the year ended June 30, 2007 and have issued our report thereon dated November 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, grants, including provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-000 to 162-10-330, as set forth below, noncompliance with which could have a direct and material effect on the determination of financial statement amounts:

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2007 and 2008.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, except those noted below.

Expenditures in Excess of Appropriations

The results of our tests disclosed one instance of noncompliance relating to over expenditures of budgeted appropriations that is described in Note 2B of the County's financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a significant deficiency. Significant deficiencies involve the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Multnomah County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The County Health Department uses EPIC, a separate software program, to process billings and receivables for services provided. County finance uses SAP for the general ledger to record the Health Department activity for budget and financial reporting purposes. We identified an issue in the prior year in the County's lack of preparing periodic reconciliations between the two systems, and recommended at least a quarterly reconciliation be performed. We found that there was only one reconciliation performed for the year as of June 30, 2007, and there were correcting entries required to be made in the general ledger at year-end. We believe the lack of a more frequent reconciliation could result in more than an inconsequential error in the general ledger that would not be discovered timely by employees performing their normal duties.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the of risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, the matter disclosed above is not considered to be a material weakness.

This report is intended solely for the information of the County Commissioners, management, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.



For Moss Adams LLP
Eugene, Oregon
November 21, 2007