



MULTNOMAH COUNTY OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2012



About the Cover

Multnomah County opened the new East County Courthouse on April 10, 2012, replacing the leased Gresham Courthouse with the new facility to expand justice services to residents in east Multnomah County.

The new \$19.6 million building in the Rockwood neighborhood means residents no longer need to travel to downtown Portland to have access to essential court services. The facility will serve people being adjudicated for misdemeanors, violations and small claims. It will also be used for landlord and tenant actions, ex parte hearings and the filing of documents for all civil and domestic relations actions.

The courthouse is expected to achieve a LEED gold certification and meet the Architecture 2030 challenge, requiring the building to use energy reduction technology such as solar, ecoroofs and geothermal ground source heating. The building includes a solar array made up of 156 modules made locally by SolarWorld in Hillsboro, and is the first system initiated, owned and operated by County staff. After about the first six weeks of use, the array had produced more than eight megawatt hours of electricity, which is enough to run about 260 homes for a day. This clean, renewable energy source has achieved a carbon offset of more than six tons, equivalent to 150 planted trees.

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2012



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

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



*JEFF COGEN
Chair*



*DEBORAH KAFOURY
Commissioner District 1*



*LORETTA SMITH
Commissioner District 2*



*JUDY SHIPRACK
Commissioner District 3*



*DIANE McKEEL
Commissioner District 4*



*STEVE MARCH
Auditor*



*DAN STATON
Sheriff*



*MICHAEL SCHRUNK
District Attorney*

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2012
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INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON

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November 21, 2012

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

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2012, 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 included with this report beginning on page 180.

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, 2012, 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 741,925 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

Multnomah County is governed according to its Home Rule Charter. The County's charter, adopted in January 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 (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 as the activity of the Authority is not material to 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, three supplemental budgets were 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. The General fund, Federal State Program special revenue fund and the Library special revenue fund budget to actual comparisons are provided on pages 40-42 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 87.

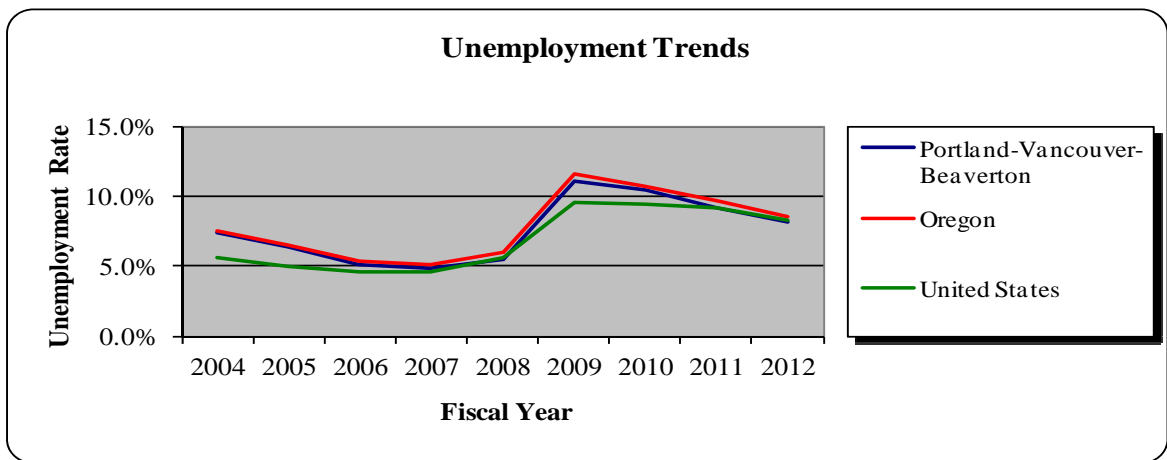
FACTORS AFFECTING FINANCIAL CONDITION

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 showed signs of stabilization and modest growth during fiscal year 2012. Like the rest of the nation, the region is seeing stabilized real estate values and high levels of unemployment are slowly

declining. The Portland-Vancouver-Beaverton PMSA has started to see average to above long-term trend growth recently according to University Oregon Index of Economic Activity. The rest of the State, however, continues to experience below average growth and reflects the general divide between more urban, diverse economies and rural, less diverse economies seen elsewhere around the Country. It is likely that the local economy will continue to see a modest recovery that is protracted with monthly or quarterly bumps for the foreseeable future.

The area's unemployment rate has steadily declined over the past three years after doubling between 2008 and 2009. As of June 30, 2012 the Portland-Vancouver-Beaverton PMSA's unemployment rate was at 8.1%, down one percentage point from 9.2% a year ago, but still much higher than the 5.5% in 2008. The unemployment rate for the area is better than the State of Oregon (at 8.5%) and essentially matches the national average of 8.2%. The chart below compares the area's unemployment rate to the rates for the state and nation.



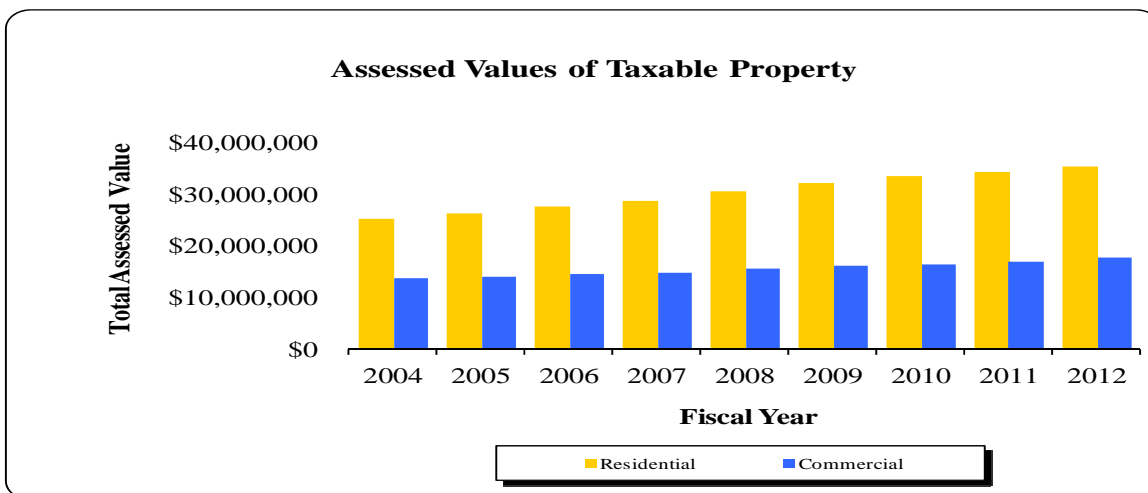
Financial outlook: Multnomah County has been fortunate to have weathered the economic recession better than many local governments. The County has closed significant budget gaps forecast in recent fiscal years while maintaining a wide array of health, social, and public safety services. Prudent financial planning, careful management of long term liabilities, and a low inflation environment left the County a modest and more manageable \$3.5 million General Fund budget gap for fiscal year 2013. The \$3.5 million gap reflected approximately 1% of ongoing General Fund expenditures and an agreement by the County's largest union – AFSCME Local 88 – to forgo a cost of living adjustment during fiscal year 2013. The fiscal year 2013 budget closed the gap through a number of modest actions, such as increasing the span of control (employees to supervisors) and using one-time-only to funds to hire and train corrections officers for existing, vacant positions that will reduce ongoing costs for overtime, while preserving direct services.

The current forecast assumes slow growth in employment and personal income over the next few years. Barring a recession or unexpected reductions in State or Federal funding, the General Fund should be able to provide funding for the majority of current services in fiscal year 2014. The current five year forecast projects that expenditures will grow faster than revenues by \$2.1 to \$5.4 million per year from fiscal year 2014 to 2017.

The economic recession has had an impact on the County's revenue stream. The business income tax, in particular, has experienced significant volatility and declines since fiscal year 2008. However, the property tax, which accounts for approximately 77% of General Fund tax revenues, has remained relatively insulated from declining real estate values. Property taxes are governed by two state constitutional measures, Measure 5 and Measure 50, which set limits on the amount of tax that can be collected. In general, property taxable values cannot grow by more than 3% year over year. For the upcoming year, property tax collections are expected to grow by about 1% reflecting

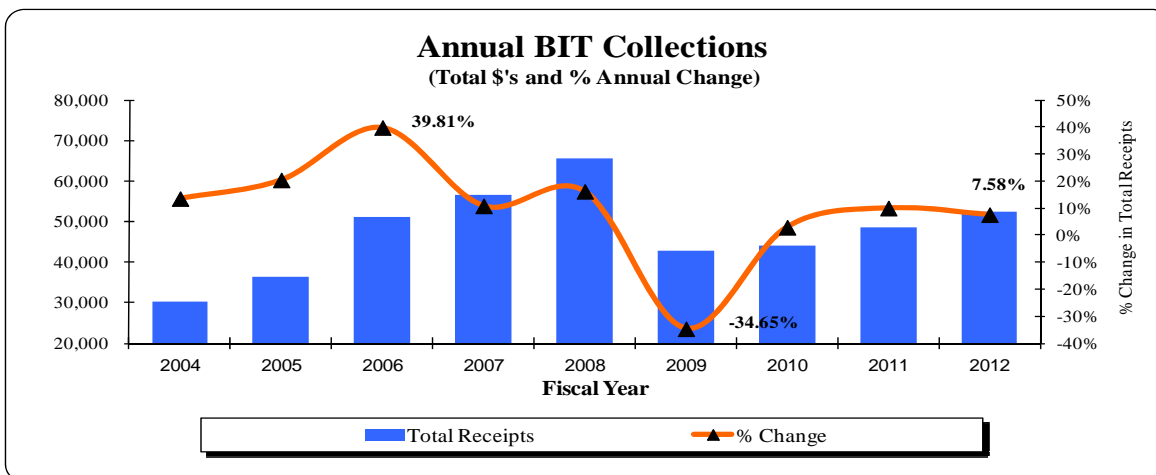
the constitutional growth limits combined with the fact that new construction is expected to remain at modest levels.

The following chart highlights the County’s residential and commercial assessed (taxable) values over the past nine years. Residential properties have experienced a 40.3% increase in taxable property values over a nine year period compared to a 29.8% increase for commercial property values over the same period. Because assessed values remain below real market values for many properties, property tax collections should be *relatively* inelastic despite falling real market values. It is important to note, though, that if real market values continue to decline rather than stabilize there will be an adverse impact on the rate of property tax growth.



Business income tax (BIT) is the second largest source of revenue in the General Fund and it is set at a rate of 1.45% of net income. BIT collections generally parallel the business cycle. Prior to the onset of the recession, fiscal year 2008 BIT collections were nearly \$66 million and had exhibited five years of double-digit growth. The following year they declined by nearly a third, with fiscal year 2009 collections coming in at just under \$43 million. For fiscal year 2012, collections have rebounded to over \$52 million.

The following chart highlights the volatility of BIT collections over the past nine years. Current forecasts assume slow to moderate growth in revenue, but collections are not expected to reach 2008 levels until fiscal year 2016 or 2017. The County has taken proactive measures to establish a separate contingency amount in the General fund to guard against downturns in the BIT. For fiscal year 2013, this “BIT Stabilization Reserve” was set at \$4.3 million reflecting the difficulty of accurately forecasting this key revenue source.



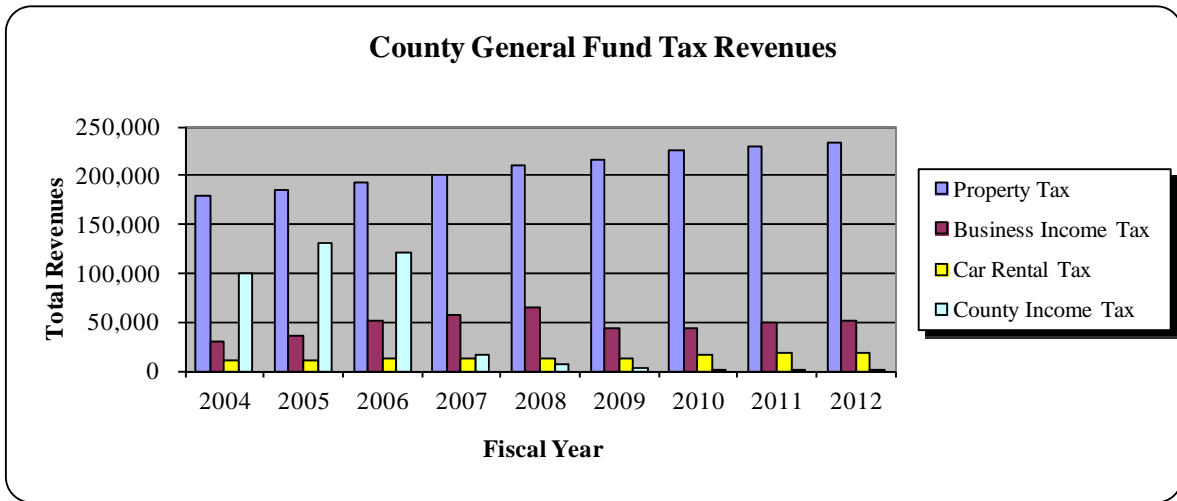
Motor vehicle rental taxes (MVRT) account for about 6% of General Fund tax revenues. In June, 2009 the Board increased the MVRT from 12.5% to 17.0% as part of balancing the fiscal year 2010 budget. The rate increase generated an additional \$4.2 million for the General Fund. MVRT collections are highly influenced by the economy. For example, MVRT collections declined for three consecutive years following the September 11, 2001 terrorist attacks. With the travel and tourism industry being particularly hard hit by the recession, tax collections declined by about 14.0% from fiscal year 2008 to fiscal year 2010. They rebounded by 3.7% in fiscal year 2011 and another 4.8% in fiscal year 12 and now total \$18.6 million. The expectation is for MVRT to continue modest growth over the five year forecast period.

A number of years ago the County's Budget Office identified a "structural deficit" in the General Fund. This is chiefly the result of property tax limitation measures passed by Oregon voters in 1990 and 1997. As noted earlier, property taxes cannot grow (with a few exceptions) by more than 3% a year. Since property taxes make up a large percentage of General Fund revenues, the property tax limits have the effect of constraining overall revenue growth. The volatility of the BIT also factors into this equation. Expenditures, driven by health care costs (which are moderating) and PERS (which are increasing), typically tend to grow faster than revenues.

The resulting "structural deficit" is forecast at \$2.1 million to \$5.4 million per year, or roughly 1% of revenues over the next five years. This represents the ongoing gap that exists before any Board actions required to balance revenues and expenditures. It is an estimate that takes into account the rate of inflation, growth in employee benefits and long term fixed costs. Because the budget, by state statute, must be balanced it is likely that the County will need to trim program spending, allocate one-time sources of revenue, or some combination thereof to bring expenditures in line with revenues. The County will only draw down on budgeted reserves under very limited circumstances to meet ongoing operational requirements.

The State of Oregon provides a significant portion of the County's funding, mostly recorded in the Federal and State Special Revenue fund. The State's General fund is highly dependent upon personal income taxes, with approximately 85% of State General fund revenue attributable to this tax. Heading into the 2011 legislative session, the state projected a \$3.5 billion deficit for the 2011-2013 biennium, or roughly a 22% shortfall. In anticipation of significant reductions, the Board of County Commissioners set aside \$4.2 million of one-time-only County General funds to ramp down state programs and another \$1.6 million of ongoing County General funds to allow the Board to prioritize critical programmatic needs in its fiscal year 2012 adopted budget. On September 15, 2011 the Board approved implementation of \$12.6 million in state reductions, offset by \$6.9 million in additional state funds (dedicated to specific programs) and \$3.8 million from the County's General fund. The County is not expecting any major reductions for the second half of the biennium, which covers the County's fiscal year 2013.

In 2003 Multnomah County voters approved a temporary personal income tax of 1.25% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax was imposed, and in fiscal year 2012 the County's General fund recognized \$205 in collections on delinquent accounts as compared to \$657 in tax revenue in fiscal year 2011. The following graph highlights the County's major tax sources.



Financial and budget policies. 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. Consistent application of these financial policies has helped ensure that 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 term, it would be more beneficial to allocate such resources to the highest priority public services 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, thereby providing continuing funding which can lead to future budget shortfalls. The 2013 adopted budget includes approximately \$25.1 million of one-time only funds. The majority of these one-time only funds are used for one-time-only expenses, including: \$4.3 million for the business income tax reserve, \$10.0 million to support Library operations over the next 3 fiscal years pending a November 2012 election to form a Library district with its own permanent tax rate, and \$2.1 million for additional contingencies above the normal amount set aside for contingencies. A complete list of the uses of one-time-only funds can be found on pages 18 and 19 of the Budget Director’s Message in the County’s fiscal year 2013 adopted budget.

By adopting the financial and budget policies, 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 a General fund reserve designated as unappropriated fund balance and set at 10% of budgeted “corporate” revenues (i.e., property taxes, business income taxes, and motor vehicle rental tax) of the General fund. The reserve is 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 ratings. Moody’s Investor Services currently rates the County as Aaa, the highest possible rating, for general obligation debt and Aa1 (second highest) for full faith and credit debt. In addition, the County issued full faith and credit obligations in fiscal year 2011 and received a rating of AA from Standard & Poor’s, which is their second highest rating and again indicates that the County’s financial capacity to repay the debt obligations is very strong.

Long-term financial planning. The County’s Chief Financial Officer and Budget Director work closely with the Board of County Commissioners and the Chair’s Chief Operating Officer 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 other local jurisdictions to confer on financial issues that either overlap or impact each entity.

Major initiatives. The "structural deficit," was a major focus for the County in closing an estimated \$45.9 million General fund shortfall in fiscal year 2009. However, Board actions taken since then have significantly improved and maintained the County's financial condition. For the first time in recent years, the growth in economy-driven revenues, primarily the business income tax (BIT), and slower personal cost growth has eliminated the structural deficit. The ongoing structural deficit between General fund revenues and expenditures is approximately 1.0% annually.

The County's capital project initiatives include funding for improvements and construction on many of the County owned buildings, roads and Willamette River bridges. Included in the County's capital project plan is the replacement of an 85-year old Willamette River bridge, the Sellwood bridge. A regional funding plan is in place and has secured the estimated \$305 million needed to fund the project. The cost includes the new bridge, an interchange where the bridge connects with Highway 43, right of way, design, and mitigating impacts to protected environmental resources. In addition, the 2009 State Legislature authorized the County to implement a Vehicle Registration Fee to provide revenue for the new bridge. The Legislature also committed an appropriation of \$30,000 for improvements to the bridge interchange with state highway 43 which will limit the amount of local funds needed for the project.

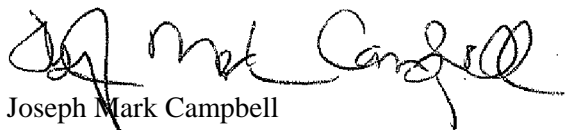
AWARDS AND ACKNOWLEDGEMENTS

Awards. 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, 2011. This was the twenty-seventh 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.

Acknowledgements. 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 County's financial 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,



Joseph Mark Campbell
Chief Financial Officer



Cara Fitzpatrick, CPA
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, 2011

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



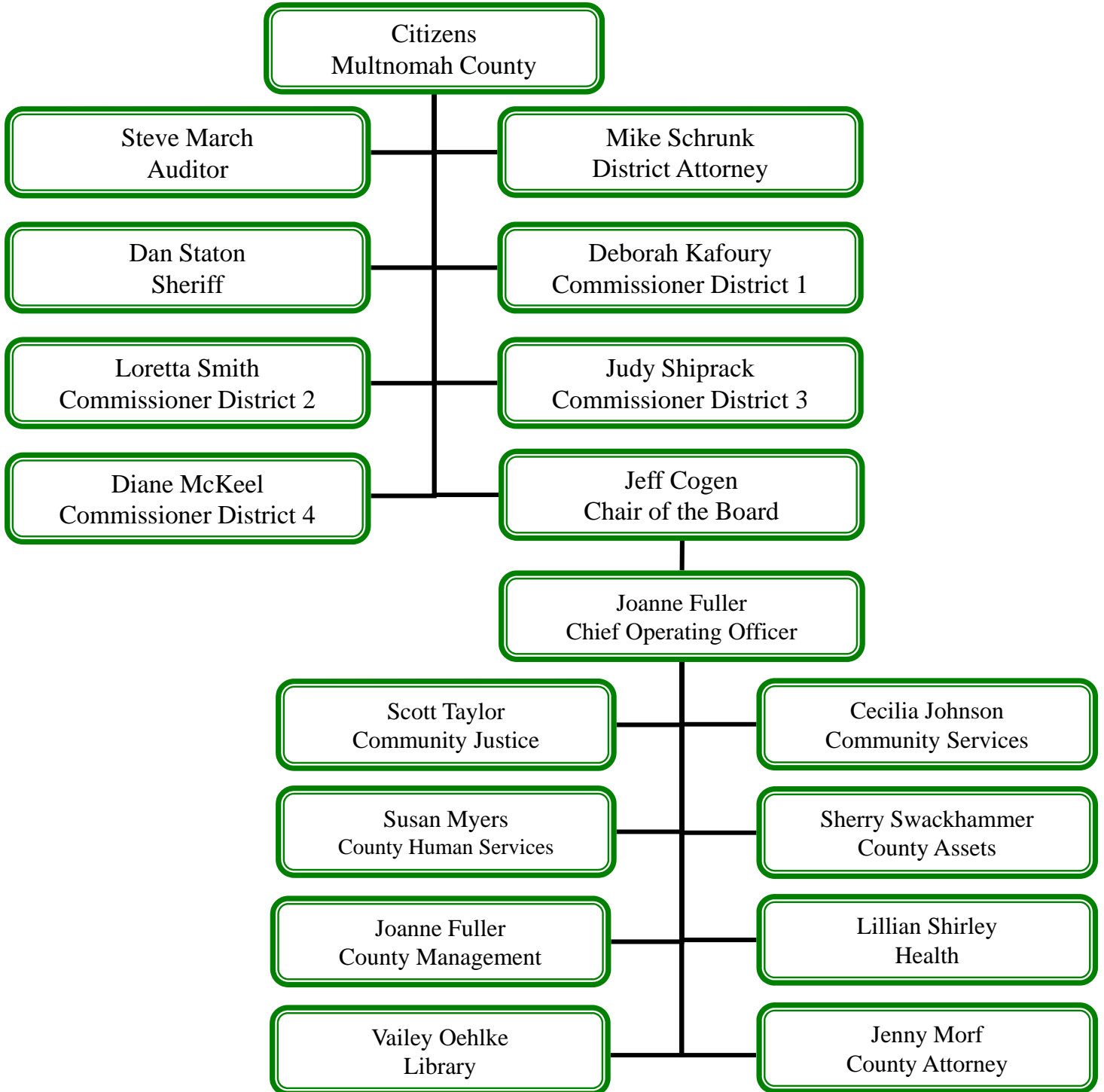
Linda C. Davidson

President

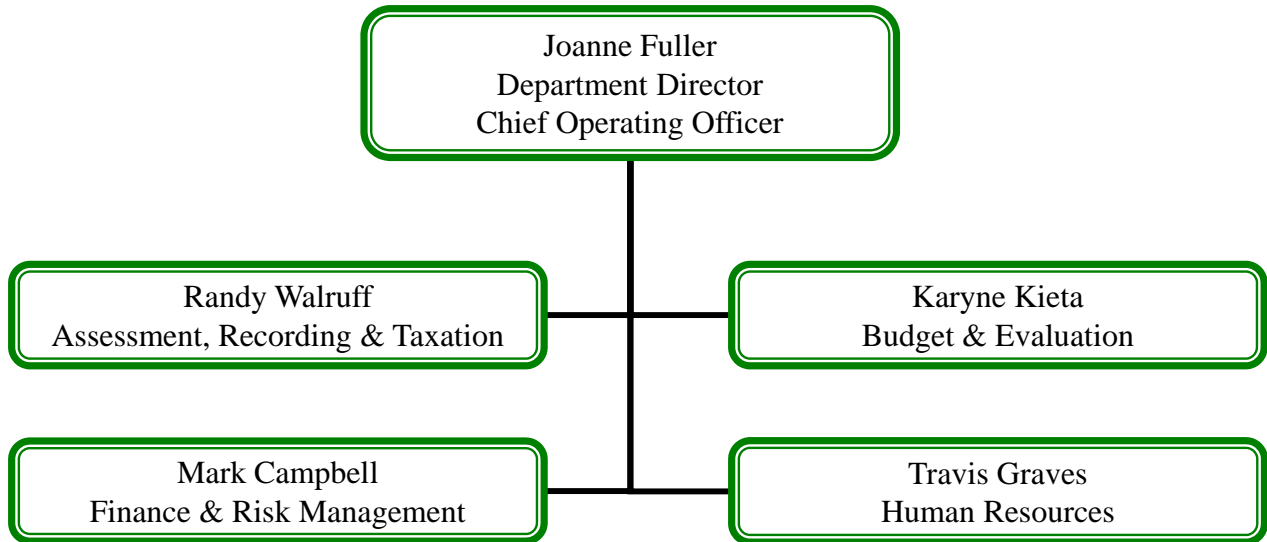
Jeffrey R. Emer

Executive Director

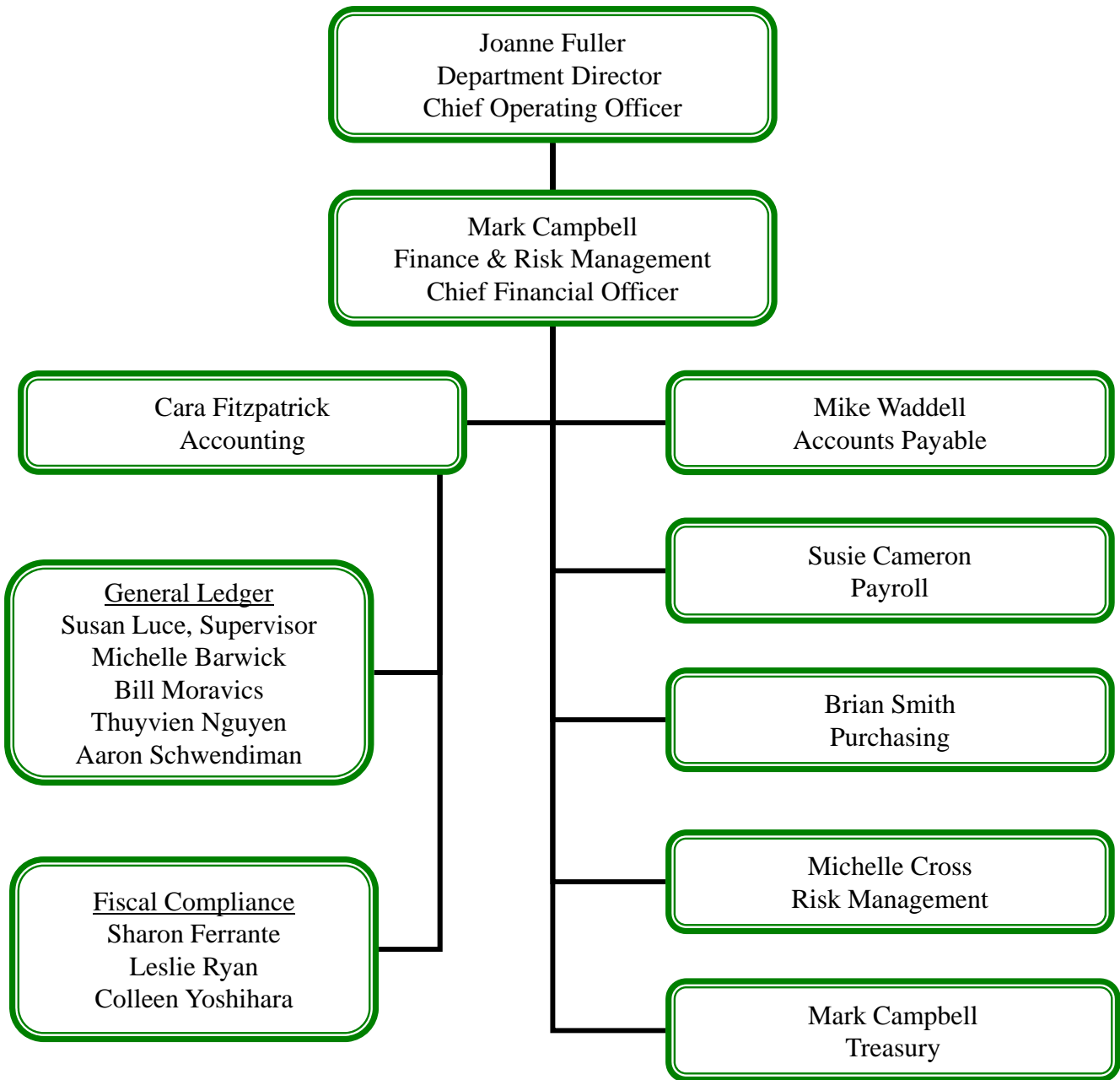
MULTNOMAH COUNTY, OREGON



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, 2012
Principal Officers

Title	Name	Term Expires
<u>Board of County Commissioners</u>		
Chair of Board	Jeff Cogen 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2014
District No. 1	Deborah Kafoury 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
District No. 2	Loretta Smith 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2014
District No. 3	Judy Shiprack 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
District No. 4	Diane McKeel 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
<u>Other Elected Officers</u>		
County Auditor	Steve March 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2014
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2012
County Sheriff	Dan Staton 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2014
<u>Other Appointed Officers</u>		
Chief Financial Officer	Joseph Mark Campbell	Not elected
County Attorney	Jenny Morf	Not elected

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Federal and State Program Fund, and the Library Fund of Multnomah County (the "County") as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, which represent 100% of the assets, net assets, and revenues of the discrete component unit. 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 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. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Multnomah County, as of June 30, 2012, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in, and the respective budgetary comparisons for the General Fund, the Federal and State Program Fund, and the Library Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MOSS ADAMS LLP

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and OPEB information on pages 15 through 29 and page 86 presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Multnomah County's basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, statistical information, and schedule of expenditures of federal awards which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The combining and individual fund statements and schedules, other schedules, and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules, other schedules, and schedule of expenditures of federal awards 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 or provide any assurance on them.



For Moss Adams LLP
Eugene, Oregon
November 16, 2012



Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
(503) 988-3292 fax

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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, 2012. The information presented here should be read in conjunction with the letter of transmittal, which can be found on pages 1-7 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, 2012, by \$808,106 (*net position*). Of this amount, \$10,462 is restricted for capital improvement projects, \$4,432 is restricted for improvements to roads, bridges and bike paths, \$8,278 is restricted for future years' debt service, and \$6,393 is restricted for various community support and other programs. \$87,915 is unrestricted and \$690,626 is for net investment in capital assets, net of related debt.
- During the fiscal year 2012, the County's total net position increased by \$17,822 or 2%. Overall, there were not significant changes accounting for the slight increase from the prior year.
- Capital grants and contribution revenues decreased by \$15,576 over the prior year, or (95%). The decrease is primarily attributable to significant improvements recorded in 2011 on the Broadway Bridge to add tracks for the Portland Streetcar. The total for these improvements in fiscal year 2011 were \$13,539. The improvements were performed by the City of Portland and were recognized as capital contribution on the Statement of Activities in fiscal year 2011. The project was completed in early 2012 and there were no other significant capital grants and contributions in fiscal year 2012.
- Expenses for Community Services increased by \$7,828 from 2011, or 29%. The increase is primarily due to an increase of in video lottery revenues and related expenses. Also, in 2012 the County Board approved a five year levy to support the Oregon History Library and Museum. The effect of this levy increased revenues and related expenses by \$1,845.
- Net position for business-type activities decreased by \$3,900 or (19%) in fiscal year 2012. The decrease is primarily attributable to the Behavioral Health Managed Care fund where the total expenditures exceeded total revenues by (\$4,213). The decrease is due in part to changes in the County's State funded mental health insurance program, Verity, in the Department of County Human Services. An 11% decrease in the Oregon Health Plan's blended rate in fiscal year 2012 coupled with an overall increase in the number of Verity clients resulted in a decrease in total revenues and an increase in total expenditures.
- Total assets for business-type activities decreased by \$7,172 or (25%) over the prior year and total liabilities decreased by \$3,272 or (44%) from fiscal year 2011. A significant decrease in both liabilities and cash from 2011 is due to the early receipt in fiscal year 2011 for a State Mental Health allotment payment to the Behavioral Health Managed Care fund in the Department of County Human Services. The July 2011 allotment payment, in the amount of \$4,032, for the Verity enrollment in the

Oregon Health Plan (OHP) was received in June of 2011 and increased unearned revenues and cash in the Behavioral Health Managed Care fund for that fiscal year. The State did not make an early payment again in June of 2012. Also, an increase in the number of Verity clients in 2012 resulted in larger pass-through payments to mental health providers that reduced net position and cash.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$166,924. The net change in governmental fund balances during the year was a decrease of \$43,811 or (21%).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$38,717, or approximately 11% of total General Fund expenditures and 13% total "corporate" revenues of General Fund. Corporate revenues include Property Tax, Business Income Tax, Motor Vehicle Rental Tax, State Revenue Sharing, and Interest Earnings, revenues that are available for general use and over which the Board has complete discretion. This balance is consistent with the County's finance and budget policies requiring a 10% reserve.

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

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the 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 30-32 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 25 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, the Federal State Program Fund, the Library Fund and the PERS Pension Bond Fund, 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 33-39 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 43-45 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 46 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 130-131 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 47 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 87 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 86.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial condition. The County's assets exceeded liabilities by \$808,106 at the close of the most recent fiscal year.

Multnomah County's Net Position

	Governmental Activities		Business- Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 469,147	\$ 503,996	\$17,612	\$24,924	\$ 486,759	\$ 528,920
Capital assets	807,062	755,558	3,752	3,612	810,814	759,170
Total assets	<u>1,276,209</u>	<u>1,259,554</u>	<u>21,364</u>	<u>28,536</u>	<u>1,297,573</u>	<u>1,288,090</u>
Current and other liabilities	125,750	131,055	4,198	7,475	129,948	138,530
Long-term liabilities outstanding	359,507	359,269	12	7	359,519	359,276
Total liabilities	<u>485,257</u>	<u>490,324</u>	<u>4,210</u>	<u>7,482</u>	<u>489,467</u>	<u>497,806</u>
Net position:						
Investment in capital assets, net of related debt	686,874	637,922	3,752	3,612	690,626	641,534
Restricted for expendable:						
Capital projects	10,462	23,541	-	-	10,462	23,541
Debt service	8,278	7,831	-	-	7,831	9,326
Roads, bridge and bike path	4,432	9,108	-	-	4,432	9,108
Other programs	6,393	9,326	-	-	6,393	9,326
Unrestricted	74,513	81,502	13,402	17,442	87,915	98,944
Total net position	<u>\$ 790,952</u>	<u>\$ 769,230</u>	<u>\$17,154</u>	<u>\$21,054</u>	<u>\$ 808,106</u>	<u>\$ 790,284</u>

The largest portion of the County's net position, approximately 85%, 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 \$690,626 as compared to \$641,534 a year ago. 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 position in the amount of \$29,565 or approximately 4% are restricted for capital projects, debt service, and various community support programs. Restricted net position represent resources that are subject to external restrictions on how they may be used. The remaining balance is the County's unrestricted net position of \$87,915 or approximately 11%. At the end of the current year, the County is able to report positive balances in all categories of net position for governmental and business-type activities.

Total net position increased by \$17,822 during the current fiscal year. This increase is attributable to the 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 position for fiscal years 2012 and 2011.

Multnomah County's Changes in Net Position

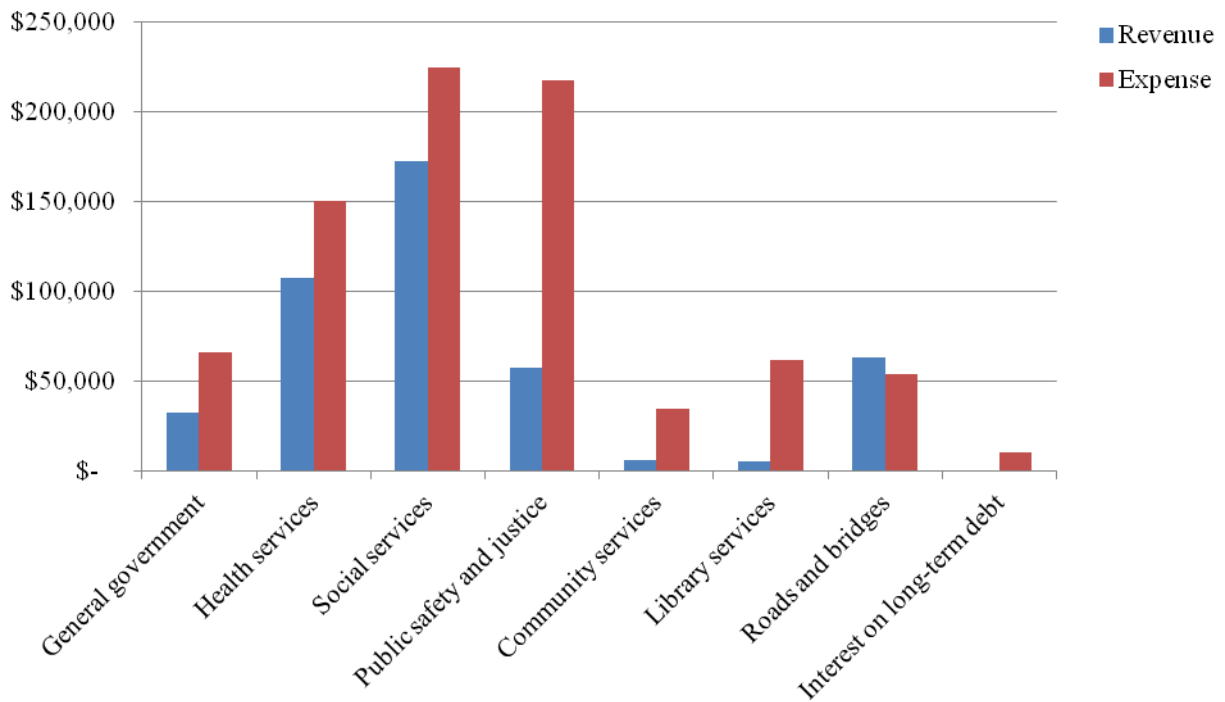
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	\$135,053	\$135,657	\$45,929	\$47,289	\$180,982	\$182,946
Operating grants and contributions	308,392	316,218	-	-	308,392	316,218
Capital grants and contributions	839	16,415	6	36	845	16,451
General revenues:						
Taxes:						
Property taxes	281,141	276,851	-	-	281,141	276,851
Business income taxes	52,250	48,570	-	-	52,250	48,570
Other taxes	49,709	48,350	-	-	49,709	48,350
State government shared revenues	10,108	7,423	-	-	10,108	7,423
Grants and contributions not restricted to specific programs	10	1	-	-	10	1
Interest and investment earnings	2,604	2,946	97	115	2,701	3,061
Miscellaneous	1,194	667	-	871	1,194	1,538
Gain on sale of capital assets	607	175	-	-	607	175
Total revenues	841,907	853,273	46,032	48,311	887,939	901,584
Expenses:						
General government	65,813	58,642	-	-	65,813	58,642
Health services	150,421	151,327	-	-	150,421	151,327
Social services	224,975	222,515	-	-	224,975	222,515
Public safety and justice	217,842	216,403	-	-	217,842	216,403
Community services	34,511	26,683	-	-	34,511	26,683
Library services	61,641	60,343	-	-	61,641	60,343
Roads and bridges	54,287	51,772	-	-	54,287	51,772
Interest on long-term debt	10,695	11,774	-	-	10,695	11,774
Dunthorpe-Riverdale Service District Number 1	-	-	507	486	507	486
Mid County Service District Number 14	-	-	411	427	411	427
Behavioral Health Managed Care	-	-	49,014	43,640	49,014	43,640
Total expenses	820,185	799,459	49,932	44,553	870,117	844,012
Change in net position	21,722	53,814	(3,900)	3,758	17,822	57,572
Beginning net position	769,230	715,416	21,054	17,296	790,284	732,712
Ending net position	\$790,952	\$769,230	\$17,154	\$21,054	\$790,952	\$790,284

Governmental activities. Governmental activities increased the County’s net position by \$21,722; key elements of this increase are highlighted below:

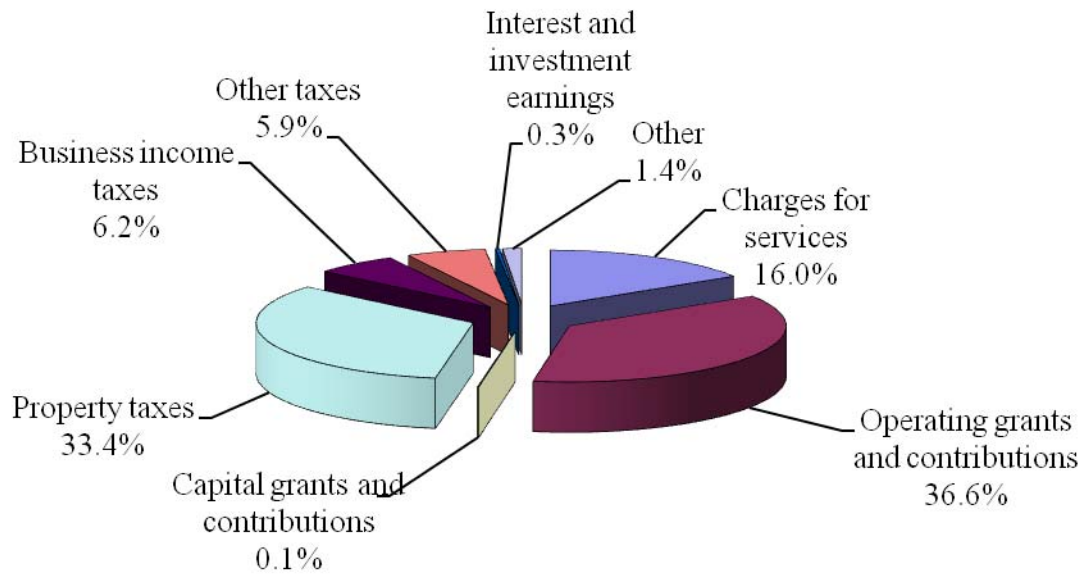
- Capital grants and contributions decreased by \$15,576 or (95%). The decrease is due to improvements to the County’s Broadway bridge to install tracks for the Portland Streetcar, and represents work completed by the City of Portland.
- Expenses for Community services increased by \$7,828 or 29% over 2011 due to an increase in video lottery revenues and the related expenses. Also the County’s support for the Oregon Historical Museum was new in 2012 and increased expenses by \$1,845

The graph below and on the following page, shows the County’s Governmental Activities expenses and revenues by program area and revenue by sources.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

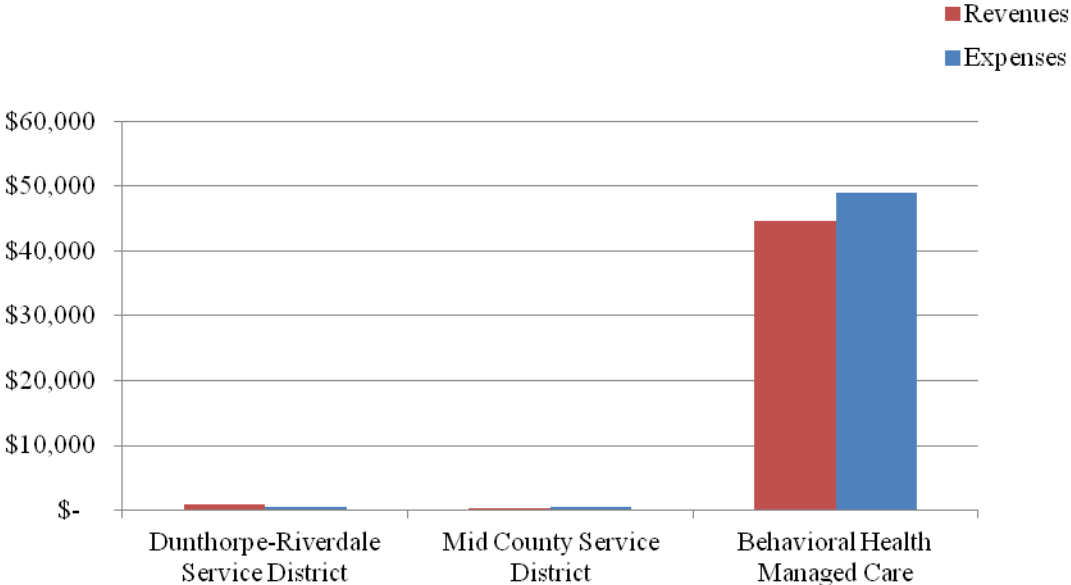


Business-type activities. Business-type activities decreased the County's net position by (\$3,900), compared to an increase of \$3,758 in the prior year. The primary reasons for the current year's decrease are:

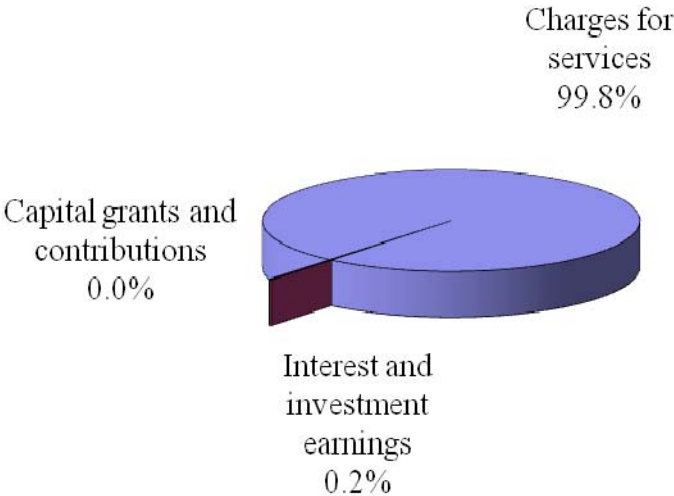
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health Plan enrolled members within Multnomah County. Verity Integrated Behavioral Healthcare Systems works with the Oregon Health Plan to manage mental health services. Net position in this fund decreased by (\$4,213) as compared to an increase of \$3,450 in the prior year. For fiscal year 2012, the State decreased the Oregon Health Plan capitation rate for the enrollment in Verity. The reduction in the State's blended capitation rate resulted in a decrease in revenues. Also, the increase in demand for behavioral healthcare client services and an increase in Verity membership resulted higher expenses. These factors contributed to the overall decrease in net position.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2012 the District collected \$837 in fines, fees and charges for services which is a slight increase from the prior year's collection of \$816. This increase is due to an increase in the monthly household customer sewer user assessments fees that went from \$119 in fiscal year 2011 to \$122 in fiscal year 2012.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2012 the District collected \$380 in fines, fees and charges for services which is an increase of \$17 or 5% over the prior year collections of \$363. This increase is attributable to an increase in user fees from \$48 to \$50 per household.
- Interest revenue for business-type activities decreased by \$18 from 2011. The decrease is directly related to the lower cash balances in the Behavioral Health Managed Care fund throughout fiscal year 2012. Interest rates continued to be low from 2011. Interest is allocated based on the average daily cash balance and the average monthly yield of the County's investment portfolio.

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

Revenues by Source - Business-type Activities



Revenues by Source - Business-type Activities



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 \$166,924, a decrease of (\$43,811) over the prior year. Approximately 30% or \$49,603 of this total amount constitutes *assigned and unassigned fund balances*, which is available for spending at the government's discretion. Unassigned fund balances in the General Fund represent available amounts. A deficit unassigned fund balance in Federal and State Special Revenue Fund represents over spending on assigned amounts. Assigned fund balances in other governmental funds represents available fund balance in those funds. The remainder of fund balance is *nonspendable, restricted, or committed* to indicate that it is not available for discretionary spending because it has already been dedicated to 1) to prepaid items and inventories (\$1,782), 2) to pay for ongoing capital projects (\$31,935), 3) to pay debt service (\$72,463), 3) to pay for improvements to roads, bridges or bike paths (\$4,432), or 4) to pay for various community support and other programs (\$6,709). Additional information on the County's fund balances can be found in note 3.G on page 78 of this report.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$38,717 in the General Fund or approximately 98% of the total fund balance of \$39,657. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 11% of total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$6,060 or (13%). This decrease is primarily due to the timing of the receipt for the Federally Qualified Health Centers wraparound payment with an additional \$6,408 reported to deferred revenue as these funds were not considered available.

The Federal and State Program Special Revenue Fund has a total fund balance of \$3,941, of which \$437 is unspendable due to balances reported for prepaid items and inventories. The restricted balance of \$3,900 includes grants and other amounts received in advance that are restricted to specific purposes by external parties. In general, Federal revenues are closely matched with Federal expenditures. The remaining deficit balance of \$396 is reported as unassigned because the total unspendable and restricted amounts were greater than the total ending fund balance. Ending fund balance in the Federal and State Program fund decreased from the prior year by \$4,231 or (52%) primarily due to increased spending related to the State Mental Health Block grant in the Department of County Human Services.

The Library Special Revenue Fund reported a total fund balance of \$8,091, of which \$156 is unspendable for balances reported in prepaid items and inventories. The remaining \$7,935 is classified as assigned at year-end. Fund balance for the Library Special Revenue Fund decreased by \$8,518 or (51%) from the prior year. The decrease is primarily attributable to a 12% drop or decrease of \$4,683 in property taxes for the Library's local option levy that expired June 30, 2012. The election in November 2012 included a ballot measure that voters approved to establish a Library District that will help stabilize funding for the County's Libraries.

The PERS Pension Bond Fund is a debt service fund with a total fund balance of \$56,651 which is an increase of \$1,914 or 3% over the prior year's ending fund balance of \$54,737. The total fund balance is committed for future debt service. The increase in fund balance is due to an increase in the internal service rates charged to County departments as a part of personnel costs to help supplement the County's portion of contributions to the Public Employees Retirement Service (PERS) fund.

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 position of the proprietary funds at year end amounted to:

- Dunthorpe-Riverdale Service District Fund, \$909
- Mid County Service District Fund, \$281
- Behavioral Health Managed Care Fund, \$12,212

The total change in net position for all proprietary funds was a decrease of \$3,900. 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 some of the differences between the original General Fund budget and the final adopted budget. Total final adopted budgeted revenues were increased by \$24,884 or 7% and total final adopted budgeted expenditures were increased by \$32,364 or 9% from the original budgeted numbers. During the year the General Fund contingency was reduced by \$7,037 or (42%) for the following reasons:

- Non-Departmental – \$787 to fund additional capacity for the Family Winter Services system, which is administered by the Department of County Human Services. The intent is to provide an emergency response package to ensure no homeless family or youth will be turned away this winter.
- Non-Departmental – \$250 was appropriated to support a capital fundraising campaign for a local non-profit partnership to develop a facility that will enhance health outcomes while providing residential drug and alcohol treatment to specific populations within the NE Portland community.
- Human Services – \$258 was allocated to fund contracts for long-term congregate care for children who have been victimized by commercial sexual exploitation.
- Sheriff's Office – \$401 was allocated for the State Criminal Alien Assistance Program (SCAAP). SCAAP is a Federal grant that provides for correctional officer salaries incurred for incarcerating undocumented criminal aliens. The Sheriff's Office will use these funds for overtime costs of corrections staff within the Multnomah County Detention Center.
- Sheriff's Office – \$563 was allocated to hire, equip and train twenty corrections deputies to fill vacant positions and reduce the reliance on overtime that is currently being used to fill corrections posts as County jails operate on a 24/7 schedule. The Sheriff's Office experienced a growing number of vacancies in fiscal year 2012 due to attrition and retirements.
- Sheriff's Office – \$1,355 was allocated to fund radio replacement and emergency communications for various participating County departments and agencies.
- Multiple Departments – Approximately \$3,400 allocated to backfill various services and programs previously funded by State resources. The State's rebalanced budget impacted various County Departments and General Fund resources were used to backfill State reductions in the following County programs:
 - Adult Drug Court
 - Parole and Probation Services and Offender Housing
 - Early Childhood Services
 - Adult Services Long Term Care Services
 - Juvenile Services Assessment and Treatment for Youth and Families
 - 59 Jail Beds and the Turn Self In Program

The contingency transactions account for increases in budgeted expenditures not related to increased revenues, and may be used only when approved by the Board for a specific purpose and department. There was no effect on the ending General Fund budgetary fund balance as a result of these budget amendments. The most significant change from the General Fund's original budget to the final adopted budget is noted in Health Services. The final budget in the Health Department exceeded the original budget by \$28,733. This difference represents the operations of the Health Department's Federally Qualified Health Centers (FQHC), which were previously budgeted for in the Federal and State Special Revenue Program fund. There were not any significant variances between the final budget and actual expenditures.

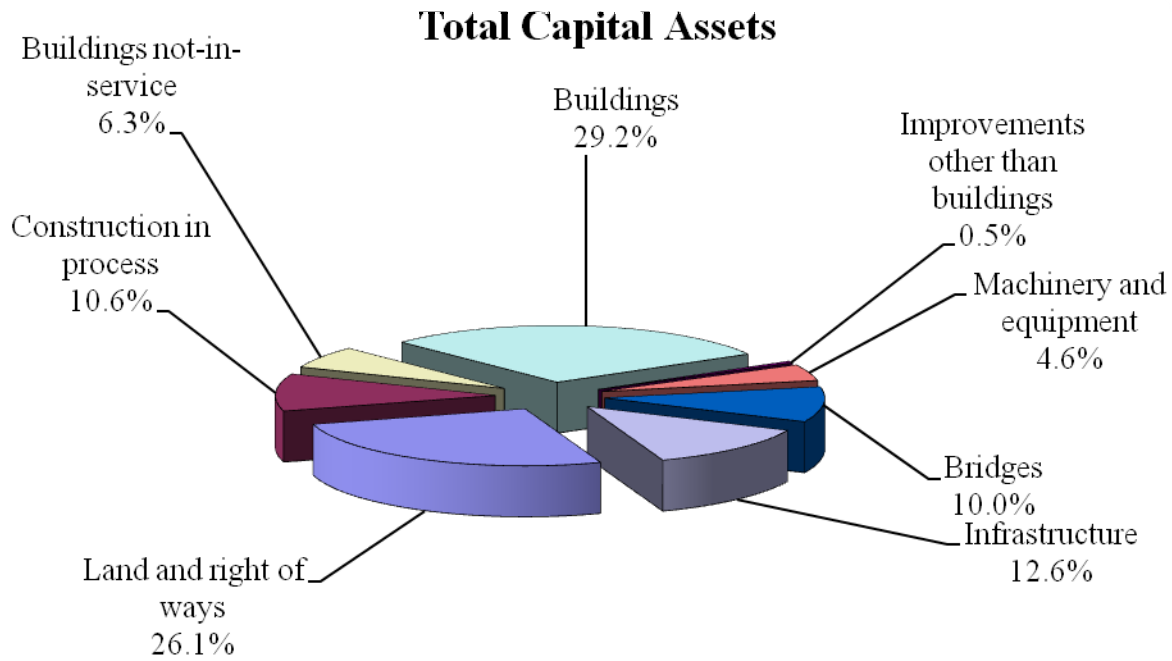
Capital Projects and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2012, amounts to \$810,814 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and improvements, machinery and equipment, internally developed software, 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 \$50,644 or approximately 7%. This increase is attributable to the County's Sellwood Bridge project still under construction at the end of fiscal year 2012, which accounts for the significant increase in construction in process. Additionally, buildings not-in-service, which represents a County jail facility whose construction was completed in fiscal year 2005. However, the County does not have sufficient resources to operate the facility.

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

	Governmental Activities		Business- Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land and right of ways	\$ 211,924	\$ 212,029	\$ -	\$ -	\$ 211,924	\$ 212,029
Construction in process	85,857	39,542	23	-	85,880	39,542
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	236,990	223,379	-	-	236,990	223,379
Improvements other than buildings	696	433	3,729	3,612	4,425	4,045
Machinery and equipment	37,358	36,014	-	-	37,358	36,014
Bridges	81,191	83,587	-	-	81,191	83,587
Infrastructure	101,882	109,410	-	-	101,882	109,410
Total capital assets	<u>\$ 807,062</u>	<u>\$ 755,558</u>	<u>\$ 3,752</u>	<u>\$ 3,612</u>	<u>\$ 810,814</u>	<u>\$ 759,170</u>

The following chart indicates the County's capital assets as of June, 30, 2012. Additional information on the County's capital assets can be found in note 3.C on pages 68 – 69 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$254,405. Of this amount, \$35,274 is general obligation bonds; \$199,363 represents full faith and credit bonds; \$18,171 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	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 35,274	\$ 42,794	\$ -	\$ -	\$ 42,794	\$ 42,794
Revenue bonds	-	2,430	-	-	-	2,430
Full faith and credit bonds	199,363	218,330	-	-	218,330	218,330
Capital leases	1,597	1,719	-	-	1,719	1,719
Loans	18,171	3,414	-	-	3,414	3,414
Total outstanding debt	\$ 254,405	\$ 268,687	\$ -	\$ -	\$ 254,405	\$ 268,687

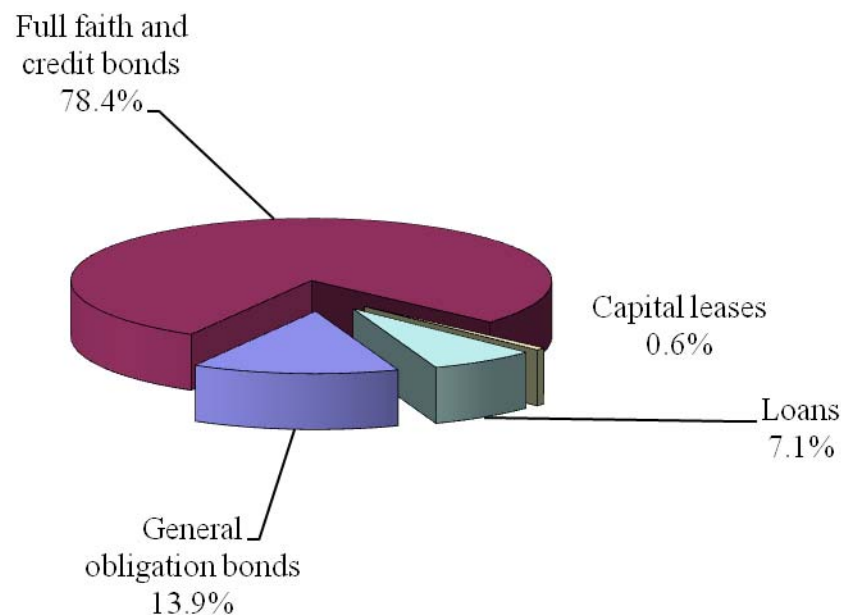
The County's total debt decreased by \$14,282 or approximately 5% during the current fiscal year. In fiscal year 2012 the County entered into an interim financing agreement and issued Taxable Non-revolving Credit Facility Bond Series 2011 of no more than \$50,000 to help finance the construction of a new bridge, the Sellwood Bridge. At year-end \$15,000 of these bonds was outstanding. Other changes to the County’s long-term debt during fiscal year 2012 consisted primarily of principal payments.

The County maintains an Aaa rating with a stable outlook from Moody’s, for general obligation debt and Aa1 for full faith and credit bonds. Standard & Poor’s rated the County’s full faith and credit bonds as AA.

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 \$1,875,294, 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 \$886,704, which is in excess of the County's outstanding full faith and credit debt. The County is also subject to State statute on revenue bonds used to finance pension liabilities by 5% of the real market value of all taxable property within the County's boundaries. The current debt limitation for pension revenue bonds is \$4,636,208, which is also in excess of the County's outstanding pension revenue bonds.

The following chart indicates the County's long-term liabilities as of June 30, 2012. Additional information on the County's long-term liabilities can be found in note 3.F on pages 70 – 77 of this report.

Total Outstanding Long-Term Debt



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 the rate had dropped to approximately 8.1% from 9.2% at the same time last year. The unemployment rate has remained near 10% since the onset of the economic recession in 2008. The consensus forecast has Oregon unemployment growing 2.1% in 2012 and 2.6% in 2013. Personal income growth is projected to increase 4.4% in 2012 and 4.4 in 2013.
- Property tax revenues are the single largest source of revenue in the General Fund and it accounts for approximately 65% of ongoing revenues. Property tax revenues are not expected to be significantly different than the original budget estimates. Voter approved Property Tax measures, while they have limited revenue growth, have tended to make tax collections more stable and predictable from year to year.

- The forecast for fiscal year 2013 anticipates business income tax revenues will be 11.5% higher than fiscal year 2012 levels. Actual collections could be higher or they could be lower. Business income tax (BIT) is highly sensitive to economic conditions and has been volatile since fiscal year 2008. Over the past five years tax collections have grown by as much as 40% and declined by as much as 35% on a year over year basis. The fiscal year 2013 budget also contains an additional 8% BIT Stabilization Reserve, \$4.2 million, to help mitigate the risk of an unexpected downturn in the regional economy as the BIT is a volatile revenue source.
- State shared revenues, including Oregon Liquor Control, cigarette and amusement device taxes, are expected to increase slightly in 2013. The increase is primarily in video lottery as a temporary state reduction expired in 2011 and consumer spending related to these revenues continues to grow.
- Fiscal year 2012 was the last year of the current 5-year local option levy, which provides about two-thirds of the funding for the library. In May of 2012, a 3-year local option levy was passed by voters. The County's General Fund also supports the Library's ongoing operation funds. In the November 2012 election the voters approved a library funding option for the County's libraries – a library district. The effect of the election was to create a separate property taxing district for the Library as a mechanism to secure permanent funding for the Library.

All of these factors were considered in preparing the County's budget for fiscal year 2012-2013.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$38,717. At this level, the County is able to fully fund the reserve account in the General Fund unappropriated fund balance as described in the Financial and Budget policies. The Finance and Budget policies state it is the goal of the Board to fund and maintain a General Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 10% of specifically identified revenues, "corporate" revenues, of the General Fund. In fiscal year 2012, reserves are equal to 10% of the "corporate" revenues of the General Fund. The fiscal year 2012-2013 budget fully funds the reserve in the General Fund.

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

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BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON
Statement of Net Position
June 30, 2012
(amounts expressed in thousands)

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		The Library Foundation
ASSETS				
Cash and investments	\$ 252,279	\$ 17,528	\$ 269,807	\$ 15,911
Receivables (net of allowance for uncollectibles):				
Taxes	24,932	-	24,932	-
Accounts	72,499	14	72,513	25
Loans	1,103	-	1,103	-
Interest	857	-	857	-
Special assessments	11	70	81	-
Contracts	3,126	-	3,126	-
Contributions	-	-	-	138
Inventories	2,313	-	2,313	-
Prepaid items	2,848	-	2,848	20
Split interest and other agreements	-	-	-	570
Restricted cash and investments	1,535	-	1,535	-
Capital assets:				
Land, right-of-way and construction in progress	297,781	23	297,804	-
Building - not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	458,117	3,729	461,846	12
Other assets, net of amortization	107,644	-	107,644	-
Total assets	<u>1,276,209</u>	<u>21,364</u>	<u>1,297,573</u>	<u>16,676</u>
LIABILITIES				
Accounts payable	69,668	4,179	73,847	295
Claims and judgments payable	11,384	-	11,384	-
Accrued salaries and benefits	8,106	12	8,118	-
Accrued interest payable	1,798	-	1,798	-
Gift annuity payable	-	-	-	6
Unearned revenue	6,554	-	6,554	-
Due within one year:				
Compensated absences	7,149	7	7,156	-
Bonds payable	20,642	-	20,642	-
Capital leases payable	129	-	129	-
Loans payable	287	-	287	-
Pollution remediation obligation	33	-	33	-
Due in more than one year:				
Compensated absences	19,122	12	19,134	-
Bonds payable	213,995	-	213,995	-
Capital leases payable	1,468	-	1,468	-
Loans payable	17,884	-	17,884	-
Deferred lease obligation	1,851	-	1,851	-
Net other postemployment benefits obligation	105,187	-	105,187	-
Total liabilities	<u>485,257</u>	<u>4,210</u>	<u>489,467</u>	<u>301</u>
NET POSITION				
Net investment in capital assets	686,874	3,752	690,626	12
Restricted for:				
Nonexpendable - Library operations	-	-	-	4,033
Expendable:				
Capital projects	10,462	-	10,462	-
Debt service	8,278	-	8,278	-
Library operations	-	-	-	3,366
Road, bridge and bike path improvements	4,432	-	4,432	-
Other programs	6,393	-	6,393	-
Unrestricted	74,513	13,402	87,915	8,964
Total net position	<u>\$ 790,952</u>	<u>\$ 17,154</u>	<u>\$ 808,106</u>	<u>\$ 16,375</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, 2012

(amounts expressed in thousands)

<u>Functions/Programs</u>	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary government:				
Governmental activities:				
General government	\$ 65,813	\$ 27,239	\$ 4,649	\$ 312
Health services	150,421	72,910	34,461	-
Social services	224,975	1,568	170,792	-
Public safety and justice	217,842	16,809	40,873	23
Community services	34,511	2,914	2,984	-
Library	61,641	1,747	3,571	-
Roads and bridges	54,287	11,866	51,062	504
Interest on long-term debt	10,695	-	-	-
Total governmental activities	<u>820,185</u>	<u>135,053</u>	<u>308,392</u>	<u>839</u>
Business-type activities:				
Dunthorpe-Riverdale service				
District Number 1	507	837	-	-
Mid County service				
District Number 14	411	380	-	6
Behavioral health managed care	49,014	44,712	-	-
Total business-type activities	<u>49,932</u>	<u>45,929</u>	<u>-</u>	<u>6</u>
Total primary government	<u>\$ 870,117</u>	<u>\$ 180,982</u>	<u>\$ 308,392</u>	<u>\$ 845</u>
Component unit:				
The Library Foundation	<u>\$ 2,503</u>	<u>\$ 1,519</u>	<u>\$ -</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				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expenses) Revenues and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
\$ (33,613)	\$ -	\$ (33,613)	\$ -
(43,050)	-	(43,050)	-
(52,615)	-	(52,615)	-
(160,137)	-	(160,137)	-
(28,613)	-	(28,613)	-
(56,323)	-	(56,323)	-
9,145	-	9,145	-
(10,695)	-	(10,695)	-
<u>(375,901)</u>	<u>-</u>	<u>(375,901)</u>	<u>-</u>
-	330	330	-
-	(25)	(25)	-
-	(4,302)	(4,302)	-
-	(3,997)	(3,997)	-
<u>\$ (375,901)</u>	<u>\$ (3,997)</u>	<u>\$ (379,898)</u>	<u>-</u>
-	-	-	(984)
\$ 272,299	\$ -	\$ 272,299	\$ -
8,842	-	8,842	-
235	-	235	-
52,250	-	52,250	-
48,777	-	48,777	-
697	-	697	-
10,108	-	10,108	-
10	-	10	833
2,604	97	2,701	(464)
1,194	-	1,194	1
607	-	607	-
<u>397,623</u>	<u>97</u>	<u>397,720</u>	<u>370</u>
21,722	(3,900)	17,822	(614)
769,230	21,054	790,284	16,989
<u>\$ 790,952</u>	<u>\$ 17,154</u>	<u>\$ 808,106</u>	<u>\$ 16,375</u>

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2012
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Federal and State Special Revenue Fund</u>	<u>Library Special Revenue Fund</u>	<u>PERS Pension Bond Debt Service Fund</u>
ASSETS				
Cash and investments	\$ 54,538	\$ 1,057	\$ 9,033	\$ 56,651
Receivables:				
Taxes	19,659	-	2,364	-
Accounts	33,267	26,298	538	-
Loans	-	682	-	-
Interest	857	-	-	-
Special assessments	11	-	-	-
Contracts	1,228	-	-	-
Inventories	329	685	-	-
Prepays and deposits	168	437	156	-
Restricted cash and investments	-	280	-	-
Total assets	<u>\$ 110,057</u>	<u>\$ 29,439</u>	<u>\$ 12,091</u>	<u>\$ 56,651</u>
LIABILITIES				
Accounts payable	\$ 23,984	\$ 19,748	\$ 1,231	\$ -
Payroll payable	4,025	2,367	713	-
Deferred revenue	42,391	3,383	2,056	-
Total liabilities	<u>70,400</u>	<u>25,498</u>	<u>4,000</u>	<u>-</u>
FUND BALANCES				
Nonspendable	364	437	156	-
Restricted	534	3,900	-	-
Committed	42	-	-	56,651
Assigned	-	-	7,935	-
Unassigned	38,717	(396)	-	-
Total fund balances	<u>39,657</u>	<u>3,941</u>	<u>8,091</u>	<u>56,651</u>
Total liabilities and fund balances	<u>\$ 110,057</u>	<u>\$ 29,439</u>	<u>\$ 12,091</u>	<u>\$ 56,651</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 61,322	\$ 182,601
2,909	24,932
11,592	71,695
-	682
-	857
-	11
1,683	2,911
278	1,292
547	1,308
1,255	1,535
<u>\$ 79,586</u>	<u>\$ 287,824</u>

\$ 18,434	\$ 63,397
311	7,416
2,257	50,087
<u>21,002</u>	<u>120,900</u>

825	1,782
24,606	29,040
29,806	86,499
3,347	11,282
-	38,321
58,584	166,924
<u>\$ 79,586</u>	<u>\$ 287,824</u>

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MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
As of June 30, 2012
(amounts expressed in thousands)

Fund Balances - Governmental Funds	\$	166,924
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	1,355,800	
Less accumulated depreciation	<u>(555,772)</u>	800,028
Other long-term assets		
Negative net pension asset	107,140	
Bond issuance costs	<u>504</u>	107,644
Accrued interest payable		(1,798)
Net amount due from community based health organization for outstanding loan does not represent current financial resources and therefore is not reported in governmental funds		421
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	(234,637)	
Capital leases payable	(1,597)	
Loans payable	<u>(18,171)</u>	(254,405)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.		(23,623)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(256)
Pollution remediation obligation		(33)
Net other post-employment benefits obligation		(105,187)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Clinic fees	27,869	
Property taxes	15,365	
Personal income taxes	<u>327</u>	43,561
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net position of the internal service funds are reported with governmental activities.		<u>57,676</u>
Net Position of Governmental Activities	\$	<u><u>790,952</u></u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Library Special Revenue Fund
REVENUES			
Taxes	\$ 305,273	\$ -	\$ 33,792
Intergovernmental	11,301	242,757	468
Licenses and permits	10,215	983	136
Charges for services	30,943	42,850	1,610
Interest	466	-	82
Other	18,393	3,272	3,107
Total revenues	<u>376,591</u>	<u>289,862</u>	<u>39,195</u>
EXPENDITURES			
Current:			
General government	57,162	-	-
Health services	80,736	75,608	-
Social services	50,754	175,706	-
Public safety and justice	174,553	39,740	-
Community services	-	2,811	-
Library services	-	-	55,088
Roads and bridges	-	-	-
Capital outlay	336	231	7,071
Debt service:			
Principal	-	-	-
Interest	31	-	-
Total expenditures	<u>363,572</u>	<u>294,096</u>	<u>62,159</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13,019</u>	<u>(4,234)</u>	<u>(22,964)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Proceeds from sale of capital assets	-	3	-
Transfers in	1,931	-	14,446
Transfers out	(21,010)	-	-
Total other financing sources (uses)	<u>(19,079)</u>	<u>3</u>	<u>14,446</u>
Net change in fund balances	<u>(6,060)</u>	<u>(4,231)</u>	<u>(8,518)</u>
Fund balances - beginning	45,717	8,172	16,609
Fund balances - ending	<u>\$ 39,657</u>	<u>\$ 3,941</u>	<u>\$ 8,091</u>

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

PERS Pension Bond Debt Service Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 40,966	\$ 380,031
-	58,062	312,588
-	16,393	27,727
-	4,598	80,001
291	341	1,180
17,722	14,329	56,823
<u>18,013</u>	<u>134,689</u>	<u>858,350</u>
1	4,217	61,380
-	-	156,344
-	-	226,460
-	6,801	221,094
-	31,326	34,137
-	-	55,088
-	43,623	43,623
-	73,250	80,888
10,710	17,816	28,526
5,388	5,164	10,583
<u>16,099</u>	<u>182,197</u>	<u>918,123</u>
<u>1,914</u>	<u>(47,508)</u>	<u>(59,773)</u>
-	15,101	15,101
-	1,710	1,713
-	20,974	37,351
-	(17,193)	(38,203)
-	20,592	15,962
1,914	(26,916)	(43,811)
54,737	85,500	210,735
<u>\$ 56,651</u>	<u>\$ 58,584</u>	<u>\$ 166,924</u>

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, 2012
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds		\$ (43,811)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	80,888	
Current year depreciation expense	<u>(28,484)</u>	52,404
Contributed and donated capital assets	508	
Proceeds on sale of capital assets	(1,714)	
Gain on disposal of capital assets	525	
Loss on disposal of capital assets	<u>(244)</u>	(925)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Increase in deferred revenues - clinic fees	6,409	
Increase in deferred revenues - property taxes	3,315	
Increase in deferred revenues - personal income taxes	<u>30</u>	9,754
Proceeds from the issuance of debt provide current financial resources to governmental funds, but are an increase of long-term liabilities in the statement of net position.		
		(15,101)
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 position. The premium is amortized to interest income in the statement of activities.		
Current year premium amortization		1,117
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		(69)
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 position and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(260)
Activities related to loan provided to community based health organization:		
Payments received from community based health organization	(138)	
Decrease in allowance for uncollectible accounts	<u>190</u>	52
Repayment of long-term debt (including defeased amounts) is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net position.		
		28,526
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(557)	
Decrease in accrued interest expense	<u>148</u>	(409)
Amortization expense on the net pension asset.		
		(6,152)

(continued)

(continued)

Activities related to pollution remediation obligations:		
Additions to pollution remediation obligation	(144)	
Pollution remediation activities incurred and paid within the fiscal year	<u>487</u>	343
Current year expense for net other post-employment benefits obligation		(7,784)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.		<u>4,037</u>
Change in net position of Governmental Activities		<u>\$ 21,722</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.
- **Library Fund** – a special revenue funds that accounts for the public library operations, including the serial property tax levy dedicated to library operations.
- **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. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the PERS Pension Bond debt service fund is on page 111.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes				
Property	\$ 233,405	\$ 233,405	\$ 233,453	\$ 48
Payments in lieu of taxes	1,092	1,092	727	(365)
Business income	48,825	48,825	52,250	3,425
Personal income	-	-	205	205
Motor vehicle rental	18,513	18,513	18,638	125
Intergovernmental	16,058	11,083	11,301	218
Licenses and permits	9,340	11,193	10,215	(978)
Charges for services	10,263	38,033	37,352	(681)
Interest	1,418	1,418	466	(952)
Other:				
Service reimbursements	18,563	18,799	18,100	(699)
Miscellaneous	1,459	1,459	293	(1,166)
Total revenues	<u>358,936</u>	<u>383,820</u>	<u>383,000</u>	<u>(820)</u>
EXPENDITURES				
Community justice	55,138	55,109	52,629	2,480
Community services	11,444	11,423	10,306	1,117
County assets	1,587	1,587	1,353	234
County management	28,838	28,838	26,283	2,555
District attorney	18,203	18,240	18,088	152
Health services	54,599	83,332	80,736	2,596
Human services	51,364	51,874	50,785	1,089
Nondepartmental	20,384	20,334	19,246	1,088
Sheriff	101,804	104,988	104,146	842
Total expenditures	<u>343,361</u>	<u>375,725</u>	<u>363,572</u>	<u>12,153</u>
Excess of revenues over expenditures	<u>15,575</u>	<u>8,095</u>	<u>19,428</u>	<u>11,333</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,860	2,120	1,931	(189)
Transfers out	(21,010)	(21,010)	(21,010)	-
Total other financing sources (uses)	<u>(19,150)</u>	<u>(18,890)</u>	<u>(19,079)</u>	<u>(189)</u>
Contingency	(16,561)	(9,524)	-	9,524
Net change in fund balances	<u>(20,136)</u>	<u>(20,319)</u>	<u>349</u>	<u>20,668</u>
Fund balances - beginning	51,298	51,481	67,177	15,696
Fund balances - ending	<u>\$ 31,162</u>	<u>\$ 31,162</u>	<u>67,526</u>	<u>\$ 36,364</u>

Reconciliation to GAAP Basis:

Certain clinic fee revenues are not considered available, and are reported as deferred revenues on the GAAP basis	(27,869)
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, Page 36	<u>\$ 39,657</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Program Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 193,430	\$ 198,435	\$ 176,005	\$ (22,430)
Licenses and permits	1,085	1,137	983	(154)
Charges for services	72,691	47,244	42,850	(4,394)
Interest	-	-	-	-
Other:				
Non-governmental grants	2,298	2,554	2,493	(61)
Service reimbursements	34	34	4	(30)
Miscellaneous	188	184	775	591
Total revenues	<u>269,726</u>	<u>249,588</u>	<u>223,110</u>	<u>(26,478)</u>
EXPENDITURES				
Community justice	29,068	25,991	24,527	1,464
Community services	8	72	64	8
County assets	-	122	41	81
District attorney	6,278	6,420	5,931	489
Health services	104,645	83,441	75,802	7,639
Human services	119,291	127,321	108,954	18,367
Nondepartmental	3,944	4,032	2,706	1,326
Sheriff	9,941	9,550	9,319	231
Total expenditures	<u>273,175</u>	<u>256,949</u>	<u>227,344</u>	<u>29,605</u>
Deficiency of revenues under expenditures	(3,449)	(7,361)	(4,234)	3,127
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	3	3
Total other financing sources	-	-	3	3
Contingency	-	(1,052)	-	1,052
Net change in fund balances	(3,449)	(8,413)	(4,231)	4,182
Fund balances - beginning	3,449	8,413	8,172	(241)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,941</u>	<u>\$ 3,941</u>

Reconciliation to GAAP Basis:

Intergovernmental revenues for State payments to County service providers	66,752
State payments to County service providers	(66,752)
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, page 36	<u>\$ 3,941</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$ 35,417	\$ 35,417	\$ 33,785	\$ (1,632)
Payments in lieu of taxes	-	-	7	7
Intergovernmental	485	485	468	(17)
Licenses and permits	160	160	136	(24)
Charges for services	1,450	1,450	1,610	160
Interest	290	290	82	(208)
Other:				
Non-governmental grants	1,627	1,627	1,671	44
Service reimbursements	36	36	1	(35)
Miscellaneous	55	55	66	11
Total revenues	<u>39,520</u>	<u>39,520</u>	<u>37,826</u>	<u>(1,694)</u>
EXPENDITURES				
Library	<u>63,207</u>	<u>63,207</u>	<u>60,790</u>	<u>2,417</u>
Deficiency of revenues under expenditures	<u>(23,687)</u>	<u>(23,687)</u>	<u>(22,964)</u>	<u>723</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>14,446</u>	<u>14,446</u>	<u>14,446</u>	<u>-</u>
Total other financing sources (uses)	<u>14,446</u>	<u>14,446</u>	<u>14,446</u>	<u>-</u>
Contingency	<u>(6,015)</u>	<u>(6,015)</u>	<u>-</u>	<u>6,015</u>
Net change in fund balances	<u>(15,256)</u>	<u>(15,256)</u>	<u>(8,518)</u>	<u>6,738</u>
Fund balances - beginning	<u>15,256</u>	<u>15,256</u>	<u>16,609</u>	<u>1,353</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8,091</u>	<u>\$ 8,091</u>
Reconciliation to GAAP Basis:				
In kind contributions			1,369	
Consumption of in kind contributions			(1,369)	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, page 36			<u>\$ 8,091</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 122.

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 Position

Proprietary Funds

June 30, 2012

(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	\$ 1,314	\$ 309	\$ 15,905	\$ 17,528	\$ 69,678
Receivables (net of allowances for uncollectibles):					
Accounts	14	-	-	14	804
Special assessments	48	22	-	70	-
Inventories	-	-	-	-	1,021
Prepaid items	-	-	-	-	1,540
Total current assets	<u>1,376</u>	<u>331</u>	<u>15,905</u>	<u>17,612</u>	<u>73,043</u>
Noncurrent assets:					
Contracts Receivable	-	-	-	-	215
Construction in progress	23	-	-	23	516
Capital assets (net of accumulated depreciation)	<u>2,275</u>	<u>1,454</u>	<u>-</u>	<u>3,729</u>	<u>6,518</u>
Total noncurrent assets	<u>2,298</u>	<u>1,454</u>	<u>-</u>	<u>3,752</u>	<u>7,249</u>
Total assets	<u>3,674</u>	<u>1,785</u>	<u>15,905</u>	<u>21,364</u>	<u>80,292</u>
LIABILITIES					
Current liabilities:					
Accounts payable	467	50	3,662	4,179	6,015
Claims and judgments payable	-	-	-	-	11,384
Payroll payable	-	-	12	12	690
Unearned revenue	-	-	-	-	28
Compensated absences	-	-	7	7	636
Total current liabilities	<u>467</u>	<u>50</u>	<u>3,681</u>	<u>4,198</u>	<u>18,753</u>
Noncurrent liabilities:					
Compensated absences	-	-	12	12	2,012
Incremental leases payable	-	-	-	-	1,851
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>12</u>	<u>12</u>	<u>3,863</u>
Total liabilities	<u>467</u>	<u>50</u>	<u>3,693</u>	<u>4,210</u>	<u>22,616</u>
NET POSITION					
Net investment in capital assets	2,298	1,454	-	3,752	7,034
Unrestricted	909	281	12,212	13,402	50,642
Total net position	<u>\$ 3,207</u>	<u>\$ 1,735</u>	<u>\$ 12,212</u>	<u>\$ 17,154</u>	<u>\$ 57,676</u>

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 Position
Proprietary Funds
For the Year Ended June 30, 2012
(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	
OPERATING REVENUES					
Charges for sales and services	\$ 834	\$ 380	\$ 44,544	\$ 45,758	\$ 154,839
Insurance premiums	-	-	-	-	8,389
Experience ratings and other	3	-	168	171	1,177
Total operating revenues	<u>837</u>	<u>380</u>	<u>44,712</u>	<u>45,929</u>	<u>164,405</u>
OPERATING EXPENSES					
Cost of sales and services	408	315	45,452	46,175	156,197
Administration	26	30	3,562	3,618	3,078
Depreciation	73	66	-	139	2,241
Total operating expenses	<u>507</u>	<u>411</u>	<u>49,014</u>	<u>49,932</u>	<u>161,516</u>
Operating income (loss)	<u>330</u>	<u>(31)</u>	<u>(4,302)</u>	<u>(4,003)</u>	<u>2,889</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	6	2	89	97	307
Gain on disposal of capital assets	-	-	-	-	82
Loss on disposal of capital assets	-	-	-	-	(89)
Total nonoperating revenues	<u>6</u>	<u>2</u>	<u>89</u>	<u>97</u>	<u>300</u>
Income (loss) before contributions and transfers	336	(29)	(4,213)	(3,906)	3,189
Capital contributions in	-	6	-	6	-
Capital contributions out	-	-	-	-	(4)
Transfers in	-	-	-	-	1,380
Transfers out	-	-	-	-	(528)
Change in net position	<u>336</u>	<u>(23)</u>	<u>(4,213)</u>	<u>(3,900)</u>	<u>4,037</u>
Total net position - beginning	2,871	1,758	16,425	21,054	53,639
Total net position - ending	<u>\$ 3,207</u>	<u>\$ 1,735</u>	<u>\$ 12,212</u>	<u>\$ 17,154</u>	<u>\$ 57,676</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, 2012
(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	\$ 825	\$ 375	\$ 40,680	\$ 41,880	\$ 16,435
Receipts connected with interfund activities	-	-	-	-	148,174
Payments to suppliers	(40)	(316)	(42,113)	(42,469)	(113,213)
Payments to employees	(19)	(26)	(4,076)	(4,121)	(38,652)
Payments connected with interfund activities	(1)	(2)	(2,440)	(2,443)	(7,388)
Net cash provided by (used in) operating activities	<u>765</u>	<u>31</u>	<u>(7,949)</u>	<u>(7,153)</u>	<u>5,356</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	380
Transfers out	-	-	-	-	(528)
Net cash used by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(265)	(8)	-	(273)	(2,359)
Transfers in	-	-	-	-	1,000
Proceeds on sales of capital assets	-	-	-	-	82
Net cash used by capital and related financing activities	<u>(265)</u>	<u>(8)</u>	<u>-</u>	<u>(273)</u>	<u>(1,277)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	6	2	89	97	307
Net cash provided by investing activities	<u>6</u>	<u>2</u>	<u>89</u>	<u>97</u>	<u>307</u>
Net increase (decrease) in cash and cash equivalents	506	25	(7,860)	(7,329)	4,238
Balances at beginning of the year	808	284	23,765	24,857	65,440
Balances at end of the year	<u>\$ 1,314</u>	<u>\$ 309</u>	<u>\$ 15,905</u>	<u>\$ 17,528</u>	<u>\$ 69,678</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 330	\$ (31)	\$ (4,302)	\$ (4,003)	\$ 2,889
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	73	66	-	139	2,241
Changes in assets and liabilities:					
Receivables, net	(12)	(5)	-	(17)	70
Inventories	-	-	-	-	425
Prepaid items	-	-	-	-	(288)
Contracts receivable	-	-	-	-	149
Accounts payable	374	1	378	753	(1)
Claims and judgments payable	-	-	-	-	(314)
Payroll payable	-	-	4	4	(57)
Unearned revenue	-	-	(4,032)	(4,032)	(15)
Compensated absences	-	-	3	3	28
Incremental leases payable	-	-	-	-	229
Total adjustments	<u>435</u>	<u>62</u>	<u>(3,647)</u>	<u>(3,150)</u>	<u>2,467</u>
Net cash provided by (used in) operating activities	<u>\$ 765</u>	<u>\$ 31</u>	<u>\$ (7,949)</u>	<u>\$ (7,153)</u>	<u>\$ 5,356</u>
Noncash financing activities:					
Contributions of capital assets from government	\$ -	\$ 6	\$ -	\$ 6	\$ -
Contributions of capital assets to government	-	-	-	-	(4)

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 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 Position
Fiduciary Funds
June 30, 2012
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 20,068
Receivables:	
Taxes	61,930
Restricted cash	<u>16</u>
Total assets	<u>82,014</u>
LIABILITIES	
Accounts payable	12,443
Due to other governmental units	58,782
Amounts held in trust	<u>10,789</u>
Total liabilities	<u>82,014</u>
NET POSITION	
Total net position	<u>\$ -</u>

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

Multnomah County, Oregon (County) was established in 1854 and is organized under the Oregon Revised Statutes (ORS), chapter 201.260, 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 No. 1 and the Mid County Lighting Service District No. 14 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. The balances and activity of the Authority are insignificant 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, 2012
(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 position 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, 2012
(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 and State Program Fund* accounts for the majority of revenues and expenditures related to federal and state financial assistance programs.

The *Library Fund* accounts for the public library operations. Library fund operations are supported by property taxes, charges for services and grants.

The *PERS Pension Bond Fund* accounts for payment of principal and interest on general obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest.

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.

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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 of Oregon 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 position and changes in net position. 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.

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

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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 position 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). 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.

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2. *Accounts receivables*

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 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 2012, the County continues to collect delinquent accounts.

3. *Inventories and prepaid items*

Inventories of materials and supplies in the governmental funds are valued at average cost and is included in non-spendable classification of fund balances. Inventories of materials and supplies in the 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 position*

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.

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On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balances and are segregated into separate classifications indicating the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. The Finance and Budget Policies state the County will spend restricted resources first, followed by committed then assigned, with unassigned resources spent last.

Fund balance is reported as *Nonspendable* when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid items.

Fund balance is reported as *Restricted* when the constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

Fund balance is reported as *Committed* when the Board of County Commissioners (BOCC) passes an ordinance or resolution that places specific constraints on how the resources may be used. County ordinances and resolutions are the BOCC's highest level of action in order to commit fund balances. The BOCC can modify or rescind the ordinance or resolution at any time through passage of an additional ordinance or resolution.

Resources that are constrained by the County's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as *Assigned* fund balance. The County has not established a policy regarding the assignment of funds, so this category of fund balance represents the residual amounts not otherwise reported as nonspendable, restricted or committed in governmental funds outside of the General Fund.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that is not otherwise reported as nonspendable, restricted or committed within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

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

The *Net investment in capital assets* component of net position represents total capital assets less accumulated depreciation less debt directly related to capital assets. This

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amount is reported on the Statement of Net Position and in the financial statements for Proprietary Fund types.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include dedicated property taxes, 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. Net position in these resources is reported as restricted on the *Statement of Net Position* and is recorded in separate funds supporting the specific function or operation.

5. *Capital assets*

Capital assets, which includes land, right of ways, 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 \$100 for infrastructure and software with an estimated useful life of at least three years. Such assets are recorded at historical 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.

Capital assets are depreciated unless they are inexhaustible in nature, such as land and right of ways. 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

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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 Position* 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.

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 position. 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

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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 Position* 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 Position* as a deferred lease obligation representing the cumulative difference between rent expense and rent payments.

10. *Net other postemployment 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 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. *Pollution Remediation Obligations*

In fiscal year 2009 the County implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49. Under this accounting standard, when the County determines a pollution remediation obligation exists and management is able to make a reasonable and supportable estimation of expected outlays, a long-term liability is recorded.

In the County's Government-wide and Proprietary Fund Financial Statements on a full accrual basis, pollution remediation costs are reported in the *Statement of Revenues, Expenses and Changes in Fund Net Position* as a program or operating expense (or as revenues for recoveries received after all remediation activities have been completed), special item or extraordinary item.

In the County's Governmental Fund Financial Statements on a modified accrual basis, expenditures and liabilities are recognized upon receipt of goods and services. Estimated

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recoveries from insurers and other responsible parties reduce any associated pollution remediation expenditures when the recoveries are measurable and available.

12. Contributions and in-kind donations

Contributions of cash, property or equipment received from other governments are credited to contribution revenue and 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 to contribution revenue in the government wide and fund financial statements.

13. 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.

14. 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.

E. New accounting pronouncements and accounting standards

The following pronouncements have been issued by the Governmental Accounting Standards Board (GASB):

1. ***GASB Statement No. 57, OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.*** This statement addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. This statement is effective for Multnomah County for fiscal year ending June 30, 2012.

The County administers a single-employer defined benefit healthcare plan, OPEB. Due to the membership size of the County's OPEB plan, the alternative measurement method is not permitted. Currently, the County obtains an actuarial valuation dated January 1st every two years for its OPEB plan. In accordance with the requirements of this standard, if significant changes to the County's OPEB plan occurred, such as changes in benefit provisions, changes in the size or composition of the individuals covered by the plan or other factors that impact long-term assumptions, management

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would obtain an annual actuarial valuation to ensure accuracy of the OPEB liability calculation and financial reporting and disclosures in the CAFR.

2. ***GASB Statement No. 60, Accounting and Financial Reporting for Service Concession Arrangements.*** This statement will improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. A SCA is an arrangement between a transferor (government) and an operator (governmental or nongovernmental), where the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (facility) in exchange for significant consideration and the operator collects and is compensated by fees from third parties. The Statement applies only to those SCAs in which set criteria determine whether a transferor has control over the facility are met. This statement is effective for Multnomah County for fiscal year ending June 30, 2013; however management has elected to early implement this standard for fiscal year ending June 30, 2012.

Management has evaluated existing contracts, leases and other agreements to determine if they are in fact a SCA, and if the criteria outlined in the statement for a SCA have been met. The County does not have any agreements which require accounting and reporting under GASB No. 60. On an annual basis, management will evaluate new lease agreements and other arrangements in accordance with the criteria outlined in statement No. 60.

3. ***GASB Statement No. 61, The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.*** The objective of this statement is to improve financial reporting for a governmental financial reporting entity. This statement modifies certain requirements for inclusion of component units in the financial reporting entity. This statement also amended statements No. 14, *The Financial Reporting Entity*, and No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis for State and Local Governments*, to better meet user needs and to address reporting entity issues that have arisen since the issuance of those statements. This statement is effective for Multnomah County for fiscal year ending June 30, 2013; however management has elected to early implement this standard for fiscal year ending June 30, 2012.

Management reviewed the financial reporting criteria outlined in GASB No. 61 to identify any potential component units and determine if existing component units required changes to the accounting, reporting or disclosures. Management’s analysis did not identify other reportable component units that were material to include or disclose in the CAFR. We also determined there to be no accounting or reporting changes to any of the existing component units: Mid County Lighting District No. 14, Dunthorpe-Riverdale Sanitary Service District No. 1, the Hospital Facilities Authority and The Library Foundation.

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4. ***GASB Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*** The intent of this statement is to provide a single source for applicable guidance from FASB and the AICPA, rather than establishing new guidance on affected topics. This statement will be effective for fiscal year ending June 30, 2013; however management has elected to early implement this standard effective for fiscal year ending June 30, 2012.

This statement has minimal impact to the County's CAFR or related accounting and financial reporting. The effect of implementing this standard was to remove footnote disclosure in the Summary of Significant Accounting Policies referencing private-sector standards issued prior to December 1, 1989. There were no other changes to the County's financials as a result of implementing this standard.

5. ***GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*** The objective of this statement is to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The statement provides reporting guidance for financial statement line items and the actual financial statement presentation and disclosure of these financial statement elements. This statement will be effective for fiscal year ending June 30, 2013; however management has elected to early implement this standard for fiscal year ending June 30, 2012.

Management has reviewed the requirements of this standard and has determined the impact to the County's financial reporting is to rename the Statement of Net Assets to the Statement of Net Position and change related references throughout the CAFR. In addition, the line item for "invested in capital assets, net of related debt" will change to "net investment in capital assets." There does not appear to be any other impact to the County's financial accounting and reporting.

6. ***GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions—an amendment of GASB Statement No. 53.*** The requirements of this statement enhance comparability and improve financial reporting by clarifying the circumstances in which hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. This statement was implemented by management in fiscal year 2011 and it was determined there is no impact as the County does not own or invest in the types of agreements addressed by the standard.
7. ***GASB Statement No. 65, Items Previously Reported as Assets and Liabilities.*** This statement evaluates and reclassifies various financial statement items that have been previously reported as either assets or liabilities, and evaluates them against the definitions provided for deferred outflows and deferred inflows of resources. This

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statement will be effective for fiscal year ending June 30, 2014. Management is in the process of evaluating this standard and has determined this standard will impact the County's financial accounting and reporting. At this point management does not know the full extent this standard will have for financial reporting.

8. ***GASB Statement No. 66, Technical Corrections.*** This statement clarified conflicting guidance that was created by GASB statements No. 54 and No. 62, with existing guidance in statements No. 10, No. 13 and No. 48. More specifically, statement No. 66 addressed certain transactions related to risk financing activities, operating leases, purchased loans and gains or losses recognized when service fees related to a transferred loan is significantly difference than "normal" service fee rates. This statement is effective for fiscal year ending June 30, 2014; however management has elected to early implement this standard for fiscal year ending June 30, 2012.

Management has reviewed the financial items identified in the statement and determined there is no impact to County's current financial accounting and reporting for these types of transactions.

9. ***GASB Statement No. 67, Financial Reporting for Pension Plans.*** The objective of this statement is to improve financial reporting by state and local governmental pension plans. This statement replaces the requirements of statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans* and No. 50, *Pension Disclosures*. This statement will be effective for fiscal year ending June 30, 2014.

The County along with other local governments participate in a cost-sharing multiple employer defined benefit public employee pension plan, PERS. This statement will not directly affect the County's reporting for PERS, however changes implemented by PERS under No. 67 will affect the County's reporting and disclosures for No. 68.

10. ***GASB Statement No. 68, Accounting and Financial Reporting for Pensions.*** This statement was issued to improve accounting and financial reporting by state and local governments for pensions. This statement replaces requirements of statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* as well as requirements of statement No. 50, *Pension Disclosures*. This statement and statement No. 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. This statement will be effective for fiscal year ending June 30, 2015.

The County along, with other local governments, participates in a cost-sharing multiple employer defined benefit public employee pension plan, noted as PERS. The requirements of this standard appear to have a significant impact over financial accounting and reporting for the County's participation in the PERS plan. At this

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point management is researching all of the requirements outlined in this standard and will be working with other local governments and PERS to ensure proper financial reporting and disclosures are met.

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 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 three supplemental budgets 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 the year-ended June 30, 2012, expenditures exceeded appropriations in the Behavioral Healthcare fund in the Department of County Human Service by \$148. During fiscal year 2012, changes made to the Oregon Health Plan at the State level impacted the mental health services provided by County Human Services. Higher year-end liabilities for claims incurred but not reported for these services resulted in higher expenses in the Behavioral Healthcare fund. As a result the County incurred a budget violation. This over expenditure was funded by available fund balance.

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

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average monthly yield of the County's investment portfolio. Each fund's portion of this pool is displayed as "Cash and Investments."

Changes to Oregon Revised Statutes, Chapter 295 have resulted in the Office of the State Treasurer being given responsibility for overseeing collateralization of public funds held by depositories in Oregon. 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 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.

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 in the County's name. These balances are not exposed to custodial credit risk.

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. The Oregon Short-Term Fund financial statements and its portfolio rules can be obtained at www.ost.state.or.us. LGIP is not rated by any national rating service.

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At year-end, the carrying amount of the County's deposits was \$27,550 and the bank balance was \$27,528. 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. The remaining balance of \$22 represents petty cash accounts that were uninsured and uncollateralized.

As of June 30, 2012, 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	\$ 128,086	0.20%	44.2%	5.3
US Treasuries	20,030	0.01%	6.9%	< 1
Corporate Debt	54,780	0.18%	18.9%	2.3
Bankers' Acceptances	12,088	0.01%	4.2%	< 1
Municipal Debt	3,299	0.01%	1.1%	< 1
Local Government				
Investment Pool	45,313	0.01%	15.6%	< 1
Cash and Equivalents	26,279	0.04%	9.1%	< 1
Total unrestricted cash and investments	<u>\$ 289,875</u>	0.54%	<u>100%</u>	

Portfolio weighted average maturity 8.3

As of June 30, 2012, the County had the following restricted cash and investments. Cash with Fiscal Agent and Miscellaneous Restricted Funds had weighted average maturities less than one month. The Pledged Investment had a weighted average maturity less than two months.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Yield</u>	<u>Risk Concentration</u>
Cash with Fiscal Agent	\$ 1,255	0.00%	81.0%
US Agency	280	0.02%	18.0%
Misc Restricted Funds	16	0.00%	1.0%
	<u>\$ 1,551</u>	0.02%	<u>100.0%</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	\$ 252,279	\$ 1,535	\$ 253,814
Business-type Activities	17,528	-	17,528
Fiduciary Funds	20,068	16	20,084
Total Cash and Investments	<u>\$ 289,875</u>	<u>\$ 1,551</u>	<u>\$ 291,426</u>

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At June 30, 2012, the County had the following corporate debt in its investment portfolio with the credit ratings noted by Standard & Poor's and Moody's respectively:

Investment Type / Issuer	Fair Value	Credit Rating	Maturity
Corporate note – Berkshire Hathaway	9,088	AA+/Aa2	02/11/2013
Corporate note – General Electric Credit Corp	13,745	AA+/A1	06/20/2014
Corporate note – Wal Mart Stores	8,252	AA/Aa2	05/01/2013
Corporate note – TOTAL Capital	4,133	AA-/Aa1	05/13/2013
Corporate note – Johnson & Johnson	3,501	AAA/Aaa	05/15/2013
Corporate note – Shell International	10,587	AA/Aa1	03/21/2014
Corporate note – Seariver Maritime (ExxonMobile)	4,971	AAA/Aaa	09/01/2012
Corporate note – Student Loan Marketing Assoc	503	Not Rated/Aaa	08/01/2012
Totals	<u>\$ 54,780</u>		

At June 30, 2012, the County had the following investments in US Government Agencies that were implicitly guaranteed by the US Government:

Investment Type / Issuer	Fair Value	Credit Rating
Agency notes – Federal Agriculture Mortgage	\$ 5,014	Not Rated
Agency notes – Federal Farm Credit Bank	32,263	AA+/Aaa
Agency notes – Federal Home Loan Bank	23,345	AA+/Aaa
Agency notes – Federal Home Lona Mortgage Corp	6,210	AA+/Aaa
Agency notes – Federal National Mortgage Association	23,038	AA+/Aaa
Agency notes – Financing Corporation (FICO)	9,889	Not Rated/Aaa
Agency notes – Housing and Urban Development (HUD)	2,111	Not Rated
Agency notes – Private Export Funding Corporation	6,134	AA+/Aaa
Agency notes – Tennessee Valley Authority	20,362	AA+/Aaa
Total	<u>\$128,366</u>	

At June 30, 2012, the County has the following investments in the obligations of municipal issuers:

Investment Type / Issuer	Fair Value	Credit Rating
Municipal debt – Port of Portland	\$ 1,047	A/Not Rated
Municipal debt – Clackamas Schools	1,113	Not Rated/Aa1
Municipal debt – Oregon School Board Association	1,139	SP-1+
Total	<u>\$ 3,299</u>	

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:

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<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, 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 not insured by an agency of the U.S. Government 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.
5. Investments guaranteed by an agency of the U.S. Government (.e.g., the U.S. Treasury or the Federal Depository Insurance Corporation) may be owned without limit.
6. Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions must have a long-term debt rating of A or an equivalent rating or better or be rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (2)]. Also, lawfully issued debt obligations of the States of California, Idaho and Washington and their political subdivisions must have a long-term rating of AA or better or be rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized

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statistical rating organization [ORS 294.035 (3)]. For these latter obligations, they are allowable subject to ORS 294.040.

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.

The County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. As of June 30, 2012, the County's bank balance of \$27,528 was not exposed to custodial credit risk.

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 noted on the following page. Included in General fund loans receivable balance is a loan from the County to a community based health organization. The loan agreement was executed in fiscal year 2008 in order to sustain operating costs for the health organization. As of June 30, 2012, the total loan receivable balance was \$1,091, netted with a related allowance for uncollectible accounts of \$670.

	Governmental Activities						Total	
	General Fund	Federal and State Program Fund	Library Fund	Internal Service Funds	Non-major Funds	Total Governmental Activities		Business-type Activities
Receivables:								
Taxes:								
Income	\$ 12,703	\$ -	\$ -	\$ -	\$ -	\$ 12,703	\$ -	\$ 12,703
Property	15,052	-	2,364	-	630	18,046	-	18,046
Other	4,265	-	-	-	2,279	6,544	-	6,544
Accounts	34,236	26,787	538	804	11,592	73,957	14	73,971
Loans	1,091	682	-	-	-	1,773	-	1,773
Interest	857	-	-	-	-	857	-	857
Special assessments	11	-	-	-	-	11	73	84
Contracts	1,228	-	-	215	1,683	3,126	-	3,126
Gross receivables	<u>69,443</u>	<u>27,469</u>	<u>2,902</u>	<u>1,019</u>	<u>16,184</u>	<u>117,017</u>	<u>87</u>	<u>117,104</u>
Less: allowance for discounts and uncollectible amounts	<u>(14,000)</u>	<u>(489)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,489)</u>	<u>(3)</u>	<u>(14,492)</u>
Net total receivables	<u>\$ 55,443</u>	<u>\$ 26,980</u>	<u>\$ 2,902</u>	<u>\$ 1,019</u>	<u>\$ 16,184</u>	<u>\$ 102,528</u>	<u>\$ 84</u>	<u>\$ 102,612</u>

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.

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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	\$ 12,688	\$ -	\$ 12,688
Allowance for doubtful accounts – personal income tax	(12,361)	-	(12,361)
Property taxes receivable (General Fund)	12,821	-	12,821
Property taxes receivable (other governmental funds)	2,544	-	2,544
Clinic fee revenues	27,869	-	27,869
Grant draws prior to meeting all eligibility Requirements	-	2,068	2,068
Loans receivable	-	682	682
Special assessments receivable	-	11	11
Contracts receivable	-	2,910	2,910
Contract revenue received in advance	-	37	37
Tax title land sales inventory	-	133	133
State vaccine inventory	-	685	685
Total deferred revenue for governmental funds	<u>\$ 43,561</u>	<u>\$ 6,526</u>	<u>\$ 50,087</u>

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the *Statement of Net Position*. Governmental activities also include Internal Service Funds, which report \$28 in unearned revenue, resulting in total unearned revenue on the *Statement of Net Position* of \$6,554.

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C. Capital assets

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

Primary Government

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 15,107	\$ -	\$ -	\$ (109)	\$ 14,998
Right-of-way	196,922	4	-	-	196,926
Construction in progress	39,542	56,717	(10,395)	(7)	85,857
Buildings-not in service	51,164	-	-	-	51,164
Total capital assets, not being depreciated	<u>302,735</u>	<u>56,721</u>	<u>(10,395)</u>	<u>(116)</u>	<u>348,945</u>
Capital assets, being depreciated:					
Buildings	372,900	15,080	9,372	(2,698)	394,654
Improvements other than buildings	627	251	40	-	918
Machinery and equipment	115,157	10,026	983	(11,752)	114,414
Bridges	155,007	-	-	-	155,007
Infrastructure	366,513	1,673	-	-	368,186
Total capital assets being depreciated	<u>1,010,204</u>	<u>27,030</u>	<u>10,395</u>	<u>(14,450)</u>	<u>1,033,179</u>
Less accumulated depreciation for:					
Buildings	(149,521)	(9,527)	-	1,384	(157,664)
Improvements other than buildings	(194)	(28)	-	-	(222)
Machinery and equipment	(79,143)	(9,573)	-	11,660	(77,056)
Bridges	(71,420)	(2,396)	-	-	(73,816)
Infrastructure	(257,103)	(9,201)	-	-	(266,304)
Total accumulated depreciation	<u>(557,381)</u>	<u>(30,725)</u>	<u>-</u>	<u>13,044</u>	<u>(575,062)</u>
Total capital assets being depreciated, net	<u>452,823</u>	<u>(3,695)</u>	<u>10,395</u>	<u>(1,406)</u>	<u>458,117</u>
Governmental activities capital assets, net	<u>\$ 755,558</u>	<u>\$ 53,026</u>	<u>-</u>	<u>\$ (1,522)</u>	<u>\$ 807,062</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ -	\$ 23	\$ -	\$ -	\$ 23
Total capital assets, not being depreciated	<u>-</u>	<u>23</u>	<u>-</u>	<u>-</u>	<u>23</u>
Capital assets, being depreciated:					
Improvements other than buildings	6,338	256	-	-	6,594
Total capital assets being depreciated	<u>6,338</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>6,594</u>
Less accumulated depreciation for:					
Improvements other than buildings	(2,726)	(139)	-	-	(2,865)
Total accumulated depreciation	<u>(2,726)</u>	<u>(139)</u>	<u>-</u>	<u>-</u>	<u>(2,865)</u>
Total capital assets being depreciated, net	<u>3,612</u>	<u>117</u>	<u>-</u>	<u>-</u>	<u>3,729</u>
Business-type activities capital assets, net	<u>\$ 3,612</u>	<u>140</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,752</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	\$11,491
Health services	130
Social services	67
Public safety & justice	361
Community services	1,466
Library	6,418
Roads and bridges	<u>10,792</u>
Total depreciation expense – governmental activities	<u>\$ 30,725</u>
Business-type activities:	
Sewer	\$ 66
Lighting	<u>73</u>
Total depreciation expense – business-type activities	<u>\$ 139</u>

D. Other assets

Other assets, net of accumulated amortization at June 30, 2012 consist of the following:

Bond issuance costs	\$ 504
Negative net pension asset	<u>107,140</u>
	<u>\$ 107,644</u>

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were \$68 and \$6,152, respectively for the year ended June 30, 2012.

E. Interfund receivables, payables, and transfers

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2012. Significant transfers include \$14,446 from the General Fund to the Library Fund to supplement the Library's operations and \$15,262 from the Willamette River Bridge Special Revenue Fund to the Sellwood Bridge Capital Project Fund for start up funds for the operation of the Capital Project fund for the Sellwood Bridge replacement project.

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	Transfers in:				
	General Fund	Library Fund	Other Governmental Funds	Internal Service Funds	Total transfers out
Transfers out:					
General Fund	\$ -	\$14,446	\$ 5,184	\$1,380	\$ 21,010
Other Governmental Funds	1,931	-	15,262	-	17,193
Internal Service Funds	-	-	528	-	528
Total transfers in:	\$1,931	\$14,446	\$ 20,974	\$ 1,380	\$ 38,731

F. Long-term debt

General Obligation Bonds

In March 2010, the County issued \$45,175 in General Obligation Refunding bonds, Series 2010 at a premium of \$4,870, with interest rates from 3.00% - 5.00%. These bonds were issued to refund previously issued General Obligation debt. At June 30, 2012 the outstanding balance on the Series 2010 bonds was \$31,795 and the balance on the unamortized premium was \$3,479.

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:

Purpose	Interest Rates	Amount
Governmental activities	3.00-5.00%	\$ 31,795

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

Year Ending June 30	Principal	Interest
2013	\$ 6,860	\$ 1,303
2014	7,210	951
2015	6,155	617
2016	5,665	349
2017	5,905	118
Total	\$ 31,795	\$ 3,338
Premium on long-term debt	3,479	
Total	\$ 35,274	

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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 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 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 agreement with Port City Development (Port City), a 501(c)(3) non profit agency. The future lease payments from Port City are pledged revenues for the debt service on these bonds. The term of the agreement with Port City for future pledged revenues is through fiscal year 2034, and the outstanding balance on these future lease payments at June 30, 2012 was \$1,577. During fiscal year 2012 Port City paid \$38 towards the outstanding balance on this lease agreement. The entire outstanding principal balance of \$880 along with interest of \$28 was paid off in fiscal year 2012.

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. In fiscal year 2006 the Oregon Food Bank satisfied their commitment to pledge future lease payments and no longer has any commitment to the County for this debt issue. The entire outstanding principal balance of \$1,550 along with interest of \$50 was paid off in fiscal year 2012.

Full Faith and Credit Bonds

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, 2012, \$131,513 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, 2012, \$2,160 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, 2012 the unamortized premium on the debt was \$2,545. The 2004 issue refunded \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50% and \$22,015 of outstanding Certificates of

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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. The Series 1999 and Series 2000 have since been paid off in full. At June 30, 2012 the deferred charge was \$1,944. At June 30, 2012, \$42,555 of these bonds were outstanding.

On March 31, 2010, the County issued \$9,800 in Full Faith and Credit Obligations, Series 2010 at a premium of \$573, with interest rates from 2.00% - 3.00%. The obligations were issued to finance the replacement cost of the County's data center, provide for telephone enhancements, deferred facilities maintenance and assist with a project to automate the movement of library materials. At June 30, 2012, the balance on the unamortized premium was \$409 and \$7,125 on the debt was outstanding.

On December 14, 2010, the County issued \$15,000 in Full Faith and Credit Obligations, Series 2010B with interest rates from 4.00% to 4.70%. The proceeds from the sale of the obligations were used to finance the construction costs for the East County Courthouse (ECC). At June 30, 2012 the entire debt issue was outstanding.

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

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	\$ 198,353

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

Year Ending June 30	Principal	Interest
2013	\$ 12,924	\$ 15,439
2014	12,932	16,066
2015	12,074	16,756
2016	12,895	15,169
2017	23,280	5,910
2018 – 2022	75,010	73,563
2023 – 2027	31,261	144,197
2028 – 2030	17,977	110,295
Total, before deferred charge	198,353	\$ 397,395
Deferred charge, net	(1,944)	
Premium on long-term debt, net	2,954	
Total	\$ 199,363	

The full faith and credit bonds are included in the bonds payable line item on the *Statement of Net Position*.

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<u>Full faith and credit bonds</u>	<u>Long-term</u>	<u>Current</u>	<u>Total</u>
Maturities	\$ 185,429	\$ 12,924	\$ 198,353
Deferred charge	(1,685)	(259)	(1,944)
Premium on long-term debt	2,533	421	2,954
Total	<u>\$ 186,277</u>	<u>\$ 13,086</u>	<u>\$ 199,363</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	\$ 79,015
Less: Accumulated depreciation	(33,548)
Total	<u>\$ 45,467</u>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.50-4.90%	<u>\$ 1,597</u>

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental</u>	
	<u>Principal</u>	<u>Interest</u>
2013	\$ 129	\$ 123
2014	135	118
2015	142	111
2016	149	103
2017	156	96
2018 – 2022	173	417
2023 – 2027	290	301
2028 – 2032	423	108
Total	<u>\$ 1,597</u>	<u>\$ 1,377</u>

Loans Payable

In fiscal year 2009, the County entered into a loan agreement with the Oregon Department of Transportation – Financial Services for the purpose of making capital improvements to the County’s road system. The total outstanding under this agreement was \$3,171 at June 30, 2012.

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In December 2011, the County entered into an interim financing agreement and issued Taxable Non-revolving Credit Facility Bond Series 2011 (Federally Taxable) of no more than \$50,000. The bonds carry an interest rate of LIBOR rate option for a three month rate period. This agreement provided interim financing for capital costs for the County's Sellwood Bridge replacement project. In December 2011, the County drew down \$15,000. At June 30, 2012 the \$15,000 was outstanding with an interest rate of .968%. The total outstanding balance on the debt along with the accrued interest is due in December 2012. Subsequent to year-end, in September 2012 the County drew an additional \$25,000 on this bond. The County plans to issue long-term Full Faith and Credit Obligations before the Credit Facility Bonds are due in December 2012. The outstanding balance on the Credit Facility Bonds will be paid off with the issuance of the Full Faith and Credit Obligations for the County's Sellwood Bridge Project.

The loan obligation outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	3.98%	\$ 18,171

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

Year Ending June 30	Principal	Interest
2013	\$ 287	\$ 126
2014	298	115
2015	310	103
2016	323	91
2017	335	78
2018 – 2022	16,618	304
Total	\$ 18,171	\$ 817

Pollution Remediation Obligations

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, including pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and postremediation monitoring. Included in the current year's additions and reductions are pollution remediation activities related to various properties where the County is responsible for cleanup costs. The year-end liability for pollution remediation includes estimates for site cleanup costs on two County owned properties. Contaminated soil is present at both sites. Contaminated ground water is being monitored and treated as necessary at one location. At the other site, a former landfill, where methane has been detected along with potential leachate issues, landfill gas investigations and gas probe installations have been performed. Management expects ongoing monitoring in the permanent gas probes and vents to continue until concentrations reach an acceptable level. In each of these sites, the County legally obligated itself to commence cleanup or

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monitoring. Both sites are subject to DEQ regulation and oversight at this time. Pollution remediation activities were paid by a capital project fund and an internal service fund.

In addition, the County is addressing pollution remediation concerns in connection with the construction of a new County bridge, the Sellwood Bridge project. Any pollution remediation costs incurred with the construction of the Sellwood Bridge project will be capitalized with the bridge. Management estimates any pollution remediation costs for the Sellwood Bridge project to be immaterial to the total construction cost for the bridge.

The calculation for the June 30, 2012 pollution remediation obligation is an estimate determined by management using the expected cash flow techniques and applying probabilities to the pollution remediation activities. The County's pollution remediation obligation is an estimate that is subject to changes resulting from price increases and decreases, changes in technology as well as changes in applicable laws and regulations. The current pollution remediation obligation does not provide for any recoveries that could reduce the liability. Changes in the County's pollution remediation obligation are noted in the schedule below and the liability is recorded on the *Statement of Net Position*.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

<u>Governmental Activities</u>	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	\$ 42,794	\$ -	\$ 7,520	\$ 35,274	\$ 7,556
Revenue Bonds	2,430	-	2,430	-	-
Full Faith and Credit Bonds	218,330	-	18,967	199,363	13,086
Capital Leases	1,719	-	122	1,597	129
Loans Payable	3,414	15,101	344	18,171	287
Long-term debt before Other long-term liabilities	268,687	15,101	29,383	254,405	21,058
 Pollution Remediation					
Obligations	376	144	487	33	33
Compensated Absences	25,686	28,921	28,336	26,271	7,149
Governmental activity long-term liabilities	<u>\$ 294,749</u>	<u>\$ 44,166</u>	<u>\$ 58,206</u>	<u>\$ 280,709</u>	<u>\$ 43,240</u>
 <u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 16</u>	<u>\$ 27</u>	<u>\$ 24</u>	<u>\$ 19</u>	<u>\$ 7</u>

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Conduit Financing

Multnomah County Conduit Financing

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, 2012, \$7,455 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

On October 21, 2008, the County issued \$6,400 in Higher Education Revenue Bonds. The proceeds of the bonds were used to provide financing for Pacific Northwest College of Art (PNCA) for costs of acquisition, construction, additions, renovations and improvements to buildings used by the PNCA to accommodate new programs and enrollment growth. 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 PNCA. 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, 2012, \$4,423 of the Higher Education Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2012 was \$11,878. 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. The proceeds of these bonds issues were used by health care facilities to finance various capital projects and refund outstanding bonds. The debt has 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. The obligors 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

MULTNOMAH COUNTY, OREGON
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June 30, 2012
(dollar amounts expressed in thousands)

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 respective health care facility. 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. A summary of the Authority's conduit debt is as follows:

Obligor (Health Care Facility), debt issue, terms	Original Amount	Balance June 30, 2012
Terwilliger Plaza, Hospital Revenue and Refunding Bonds, Series 1999, due serially through December 1, 2029	\$ 26,000	\$ 20,900
Providence Health System, Revenue Bonds, Series 2004, due serially through October 1, 2024	100,000	89,355
Terwilliger Plaza, Revenue Bonds, Series 2006, due serially through December 1, 2036	39,765	17,370
Pacific Mirabella (at South Waterfront Project), Variable Rate Demand Revenue Bonds, Series 2008A and 2008B, due serially through September 30, 2048	221,645	125,980
Oregon Baptist (Retirement Homes Project), Variable Rate Demand Revenue and Refunding Bonds, Series 2009, entire principal due November 1, 2034	7,050	6,570
Adventist Health System/West, Revenue Bonds, Series 2009A, due September 1, 2021 and September 1, 2040	66,535	66,535
Holladay Park Plaza, Revenue and Refunding Bonds, Variable Rate Demand Revenue Refunding Bonds, Series 2010A, due serially through December 1, 2040	14,460	14,180
	<u>\$ 475,455</u>	<u>\$ 340,890</u>

MULTNOMAH COUNTY, OREGON
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G. Fund balances and net position

Fund balances, Governmental funds

On the *Balance Sheet – Governmental Funds*, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2012 were as follows:

	General Fund	Federal and State Program Fund	Library Fund	PERS Bond Fund	Other Govern- mental Funds	Total Govern- mental Funds
<u>Fund balances</u>						
Nonspendable:						
Inventories	\$ 168	\$ -	\$ -	\$ -	\$ 278	\$ 446
Prepaid items	196	437	156	-	547	1,336
Restricted:						
Capital projects, buildings	-	-	-	-	9,206	9,206
Capital projects, information technology	-	-	-	-	1,256	1,256
Community support programs	-	3,900	-	-	1,959	5,859
Debt service	-	-	-	-	7,753	7,753
Document storage and retrieval	534	-	-	-	-	534
Road, bridge and bike path improvements	-	-	-	-	4,432	4,432
Committed:						
Capital projects, buildings	42	-	-	-	18,304	18,346
Capital projects, information technology	-	-	-	-	3,127	3,127
Community support programs	-	-	-	-	316	316
Debt service	-	-	-	56,651	8,059	64,710
Assigned:						
Capital projects, information technology	-	-	-	-	435	435
Community support programs	-	-	-	-	436	436
Debt service	-	-	-	-	144	144
Library operations	-	-	7,935	-	-	7,935
Road, bridge and bike path improvements	-	-	-	-	2,332	2,332
Unassigned	38,717	(396)	-	-	-	38,321
Total fund balances	<u>\$39,657</u>	<u>\$ 3,941</u>	<u>\$ 8,091</u>	<u>\$56,651</u>	<u>\$ 58,584</u>	<u>\$ 166,924</u>

Net position

On the government-wide *Statement of Net Position*, the net position is reported in one of three classifications as *Net investment in capital assets*, *Restricted*, or *Unrestricted*. Net position by classification as of June 30, 2012 is:

MULTNOMAH COUNTY, OREGON
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(dollar amounts expressed in thousands)

	Primary Government		Total	Component Unit
	Governmental Activities	Business-Type Activities		The Library Foundation
Net position				
Net investment in capital assets	\$ 686,874	\$ 3,752	\$ 690,626	\$ 12
Restricted for:				
Nonexpendable – Library operations	-	-	-	4,033
Expendable:				
Capital projects, buildings	9,206		9,206	-
Capital projects, information technology	1,256	-	1,256	-
Community support programs	5,859	-	5,859	-
Debt service	8,278	-	8,278	-
Document storage and retrieval	534	-	534	-
Library operations	-	-	-	3,366
Road, bridge and bike path improvements	4,432	-	4,432	-
Unrestricted	74,513	13,402	87,915	8,964
Total net position	<u>\$ 790,952</u>	<u>\$ 17,154</u>	<u>\$ 808,106</u>	<u>\$ 16,375</u>

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, workers' compensation and medical/dental, 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, 2012, 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. A discount factor of .935 and .944 were used to estimate the year-end workers' compensation component and the liability component, respectively. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. The County's excess insurance coverage policies cover claims in excess of \$750 for workers' compensation and \$1,000 for all liability claims. Settlements have not exceeded

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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 6/30/12	Fiscal Year Ended 6/30/11
Unpaid claims, beginning of fiscal year	\$ 11,698	\$ 12,189
Incurred claims (including IBNRs)	25,731	27,991
Actuarial adjustment	(2,832)	(3,117)
Claim payments	(23,213)	(25,365)
Unpaid claims, end of fiscal year	<u>\$ 11,384</u>	<u>\$ 11,698</u>

B. 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.

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, 2012.

<u>Year ended June 30</u>	
2013	\$ 4,069
2014	4,205
2015	3,530
2016	3,412
2017	3,495
2018 – 2022	3,983
2023 – 2027	1,467
2028 – 2032	458
Total minimum payments	<u>\$ 24,619</u>

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The County recorded \$4,500 in rent expense for the year ended June 30, 2012.

The County has entered into various construction and non-construction contracts at fiscal year-end. The commitments noted below are evidenced by signed purchase orders or contracts which were entered into prior to June 30, 2012.

Construction Commitment Description	Fiscal Year Ended 6/30/12
Buildings	\$ 4,888
Bridges	27,853
Roads	716
Sewer	424
Total outstanding contracts	\$ 33,881

C. Postemployment 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 for postemployment healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which covers 50% of the premium cost for retirees who meet certain eligibility requirements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. The County's postemployment medical plan does not issue a publicly available financial report.

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 offers retirees a health benefit equal to half of their monthly premium and retirees are required to pay the other half. The benefit is generally offered 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 2.00% of annual covered payroll to fund this retiree benefit. At June 30, 2012, there were 660 retirees that were receiving the postemployment healthcare benefit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2012, the County contributed \$7,476 to the plan. Of this amount, \$3,481 was explicitly contributed as part of the contractual obligation described above. The remaining \$3,995 represents the implicit subsidy derived from active employee contributions.

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

MULTNOMAH COUNTY, OREGON
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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, 2012, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 14,725
Interest on net OPEB obligation	3,896
Adjustment to annual required contribution	<u>(3,361)</u>
Annual OPEB cost (expense)	15,260
Contributions made	<u>(7,476)</u>
Increase in net OPEB obligation	7,784
Net OPEB obligation - beginning of year	<u>97,403</u>
Net OPEB obligation - end of year	<u><u>\$ 105,187</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and three preceding years were as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/09	12,232	18%	\$ 80,173
6/30/10	12,313	20%	90,048
6/30/11	14,689	50%	97,403
6/30/12	15,260	49%	105,187

Funded status and funding progress. As of the most recent actuarial report, January 1, 2011, the actuarial accrued liability for benefits was \$154,498 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$154,498. The covered payroll (annual payroll of active employees covered by the plan) was \$273,983 for fiscal year 2012 and the ratio of the UAAL to the covered payroll was 56%.

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.

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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, 2011), the projected 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 4.0% was used in the most recent actuarial valuation for the closed period. The actuarial report incorporates the projected effect of the healthcare reform law, The Patient Protection and Affordable Care Act (PPACA), passed into law in March 2010. A significant item in the law begins in 2018 when the County's plan may be subject to a 40% excise tax on the value of benefits provided above a certain dollar level. Because of some uncertainties in the excise tax component, the calculation of a precise obligation for this tax is impossible at this time. The report also states health care costs rates are trending down from 8.1% in 2012 to 6.8% in 2017 for the major medical component, which is representative for the overall plan. The report includes assumptions for inflation at 2.75%, annual payroll growth of 3.75% and 1.00% real wage growth. The County's unfunded actuarial accrued liability is re-determined each valuation and amortized over a 30 year open period as a level percentage of payroll. The remaining amortization period at June 30, 2012 is 30 years.

D. 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 voluntary retirement savings. There are three different tiers of membership based on the individual's original hire date with an Oregon PERS employer.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(dollar amounts expressed in thousands)

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 and represents a blended rate for all three different tiers of membership. The County is also required to contribute at an actuarially determined rate. The general service net employer contribution rate is 13.4% 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 2012, the County's annual pension cost of \$48,570 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2011 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, (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year and (d) trending healthcare costs from 6.9% in 2012 to 4.5% in 2029. 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, 2011, was 20 years.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2012
(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>
6/30/10	\$ 34,550	100%	\$ -
6/30/11	34,233	100%	-
6/30/12	48,570	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. Contributions are made through salary withholdings from participating employees up to the amounts specified in the Code. No contributions are required from the County. As of June 30, 2012, 3,541 individuals were participating in the 457 plan. 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, 2012, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$215,323. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

E. Subsequent events

In September of 2012, the County drew an additional \$25,000 of the total \$50,000 Taxable Non-Revolving Credit Facility and Bond agreement for the Sellwood Bridge project. After this draw the total outstanding debt on this agreement was \$40,000.

Management anticipates issuing \$128,000 in Full Faith and Credit obligations in December 2012 for the Sellwood Bridge project. These bonds will be issued before the Credit Facility Bond agreement is due. With the issuance of the Full Faith and Credit Bonds, the balance on the Credit Facility Bonds of \$40,000 will be paid off.

In October of 2012, a component unit of Multnomah County, the Hospital Facilities Authority, issued \$18,245 in Revenue Refunding Bonds, Series 2012 for Terwilliger Plaza to refund the outstanding principal of the Authority's \$26,000 Revenue and Refunding Bonds, Series 1999.

REQUIRED SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2012
(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) – Projected 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]
01/01/07	\$ -	\$ 122,905	\$ 122,905	0%	\$246,343	50%
01/01/09	\$ -	\$ 122,605	\$ 122,605	0%	\$263,090	47%
01/01/11 ¹	\$ -	\$ 154,498	\$ 154,498	0%	\$273,983	56%

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.

¹ The January 1, 2011 actuarial valuation included notable changes from the previous valuations. The discount rate used decreased from 4.5% to 4.0%. The 2011 valuation also provided for an excise tax of 40% based on the projected effect of the healthcare reform law. As a result the plan experienced a significant increase in the actuarial accrued liability from the previous valuations.

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

- Road Fund
- Emergency Communications Fund
- Bicycle Path Construction Fund
- Recreation Fund
- County School Fund
- Animal Control Fund
- Willamette River Bridges Fund
- Special Excise Tax Fund
- Land Corner Preservation Fund
- Inmate Welfare Fund
- Justice Services Special Operations Fund
- Oregon Historical Society Special Levy Fund
- Video Lottery Fund

Debt Service Funds

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

Capital Projects Funds

- Financed Projects Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund
- Sellwood Bridge Replacement Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012
(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	\$ 10,287	\$ 14,615	\$ 36,420	\$ 61,322
Receivables:				
Taxes	2,338	571	-	2,909
Accounts	6,848	-	4,744	11,592
Contracts	3	1,577	103	1,683
Inventories	278	-	-	278
Prepaid items	-	-	547	547
Restricted assets:				
Cash with fiscal agent	-	1,255	-	1,255
Total assets and other debits	<u>\$ 19,754</u>	<u>\$ 18,018</u>	<u>\$ 41,814</u>	<u>\$ 79,586</u>
LIABILITIES				
Accounts payable	\$ 11,899	\$ -	\$ 6,535	\$ 18,434
Payrolls payable	307	-	4	311
Deferred revenue	55	2,062	140	2,257
Total liabilities	<u>12,261</u>	<u>2,062</u>	<u>6,679</u>	<u>21,002</u>
FUND BALANCES				
Nonspendable	278	-	547	825
Restricted	4,176	7,753	12,677	24,606
Committed	316	8,059	21,431	29,806
Assigned	2,723	144	480	3,347
Total fund balances	<u>7,493</u>	<u>15,956</u>	<u>35,135</u>	<u>58,584</u>
Total liabilities and fund balances	<u>\$ 19,754</u>	<u>\$ 18,018</u>	<u>\$ 41,814</u>	<u>\$ 79,586</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2012
(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	\$ 32,229	\$ 8,737	\$ -	\$ 40,966
Intergovernmental	47,538	321	10,203	58,062
Licenses and permits	5,463	-	10,930	16,393
Charges for services	4,057	39	502	4,598
Interest	47	62	232	341
Other	261	8,218	5,850	14,329
Total revenues	<u>89,595</u>	<u>17,377</u>	<u>27,717</u>	<u>134,689</u>
EXPENDITURES				
Current:				
General government	291	3	3,923	4,217
Health services	-	-	-	-
Public safety and justice	6,801	-	-	6,801
Community services	29,954	-	1,372	31,326
Library services	-	-	-	-
Roads and bridges	43,246	-	377	43,623
Capital outlay	6,738	-	66,512	73,250
Debt service:				
Principal	-	17,816	-	17,816
Interest	-	5,164	-	5,164
Total expenditures	<u>87,030</u>	<u>22,983</u>	<u>72,184</u>	<u>182,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,565</u>	<u>(5,606)</u>	<u>(44,467)</u>	<u>(47,508)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	101	-	15,000	15,101
Proceeds from sale of capital assets	10	-	1,700	1,710
Transfers in	-	2,336	18,638	20,974
Transfers out	(17,193)	-	-	(17,193)
Total other financing sources (uses)	<u>(17,082)</u>	<u>2,336</u>	<u>35,338</u>	<u>20,592</u>
Net change in fund balances	<u>(14,517)</u>	<u>(3,270)</u>	<u>(9,129)</u>	<u>(26,916)</u>
Fund balances - beginning	<u>22,010</u>	<u>19,226</u>	<u>44,264</u>	<u>85,500</u>
Fund balances - ending	<u>\$ 7,493</u>	<u>\$ 15,956</u>	<u>\$ 35,135</u>	<u>\$ 58,584</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:

- **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.
- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.
- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school 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.
- **Willamette River Bridges Fund** - 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.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.
- **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.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **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.
- **Oregon Historical Society Special Levy Fund** - accounts for the five year local option levy revenues collected on behalf of the Oregon Historical Society and four east county Historical Societies. The funding is passed through to support the history library, museum and educational programs.
- **Video Lottery Fund** - accounts for revenues received from the Oregon State Lottery. Expenditures are restricted to furthering economic development per House Bill 3188 passed during the Regular Session of the 76th Oregon Legislative Assembly.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2012
(amounts expressed in thousands)

	<u>Road</u>	<u>Emergency Communications</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>	<u>Animal Control</u>
ASSETS						
Cash and investments	\$ 3,881	\$ -	\$ 334	\$ 60	\$ -	\$ 592
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	5,160	-	-	-	-	4
Contracts	3	-	-	-	-	-
Inventories	278	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 9,322</u>	<u>\$ -</u>	<u>\$ 334</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 596</u>
LIABILITIES						
Accounts payable	\$ 7,298	\$ -	\$ -	\$ 60	\$ -	\$ 12
Payroll Payable	136	-	-	-	-	2
Deferred revenue	3	-	-	-	-	-
Total liabilities	<u>7,437</u>	<u>-</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>14</u>
FUND BALANCES						
Nonspendable	278	-	-	-	-	-
Restricted	-	-	334	-	-	580
Committed	-	-	-	-	-	-
Assigned	1,607	-	-	-	-	2
Total fund balances	<u>1,885</u>	<u>-</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>582</u>
Total liabilities and fund balances	<u>\$ 9,322</u>	<u>\$ -</u>	<u>\$ 334</u>	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ 596</u>

Willamette River Bridges	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	Oregon Historical Society Special Levy	Video Lottery	Total
\$ 2,964	\$ 1,158	\$ 738	\$ 82	\$ 190	\$ -	\$ 288	\$ 10,287
-	2,272	5	-	-	61	-	2,338
20	-	2	46	350	-	1,266	6,848
-	-	-	-	-	-	-	3
-	-	-	-	-	-	-	278
-	-	-	-	-	-	-	-
<u>\$ 2,984</u>	<u>\$ 3,430</u>	<u>\$ 745</u>	<u>\$ 128</u>	<u>\$ 540</u>	<u>\$ 61</u>	<u>\$ 1,554</u>	<u>\$ 19,754</u>
\$ 1,036	\$ 3,114	\$ 25	\$ 55	\$ 126	\$ -	\$ 173	\$ 11,899
88	-	17	9	53	-	2	307
-	-	-	-	-	52	-	55
<u>1,124</u>	<u>3,114</u>	<u>42</u>	<u>64</u>	<u>179</u>	<u>52</u>	<u>175</u>	<u>12,261</u>
-	-	-	-	-	-	-	278
1,180	-	703	-	-	-	1,379	4,176
-	316	-	-	-	-	-	316
680	-	-	64	361	9	-	2,723
<u>1,860</u>	<u>316</u>	<u>703</u>	<u>64</u>	<u>361</u>	<u>9</u>	<u>1,379</u>	<u>7,493</u>
<u>\$ 2,984</u>	<u>\$ 3,430</u>	<u>\$ 745</u>	<u>\$ 128</u>	<u>\$ 540</u>	<u>\$ 61</u>	<u>\$ 1,554</u>	<u>\$ 19,754</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Roads</u>	<u>Emergency Communications</u>	<u>Bicycle Path Construction</u>	<u>Recreation</u>	<u>County School</u>	<u>Animal Control</u>
REVENUES						
Taxes	\$ 6,988	\$ -	\$ -	\$ 62	\$ 59	\$ -
Intergovernmental	33,073	237	72	-	16	74
Licenses and permits	64	-	-	-	-	1,752
Charges for services	30	-	-	-	1	88
Interest	31	-	1	-	-	4
Other:						
Non-governmental grants	-	-	-	-	-	96
Service reimbursements	-	-	-	-	-	-
Miscellaneous	22	-	-	-	-	-
Total revenues	<u>40,208</u>	<u>237</u>	<u>73</u>	<u>62</u>	<u>76</u>	<u>2,014</u>
EXPENDITURES						
Current:						
General government	-	-	-	-	-	291
Public safety and justice	-	-	-	-	-	-
Community services	-	237	-	62	77	-
Roads and bridges	38,537	-	-	-	-	-
Capital outlay	1,677	-	-	-	-	21
Total expenditures	<u>40,214</u>	<u>237</u>	<u>-</u>	<u>62</u>	<u>77</u>	<u>312</u>
Excess of revenues over (under) expenditures	<u>(6)</u>	<u>-</u>	<u>73</u>	<u>-</u>	<u>(1)</u>	<u>1,702</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt	101	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,931)
Total other financing sources (uses)	<u>101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,931)</u>
Net change in fund balances	95	-	73	-	(1)	(229)
Fund balance - beginning	1,790	-	261	-	1	811
Fund balance - ending	<u>\$ 1,885</u>	<u>\$ -</u>	<u>\$ 334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582</u>

Willamette River Bridges	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	Oregon Historical Society Special Levy	Video Lottery	Total
\$ -	\$ 23,266	\$ -	\$ -	\$ -	\$ 1,854	\$ -	\$ 32,229
8,199	-	-	-	21	-	5,846	47,538
-	-	-	-	3,647	-	-	5,463
18	-	824	1,297	1,799	-	-	4,057
-	4	4	-	1	-	2	47
-	-	-	-	-	-	-	96
-	-	-	-	110	-	-	110
21	-	-	1	11	-	-	55
<u>8,238</u>	<u>23,270</u>	<u>828</u>	<u>1,298</u>	<u>5,589</u>	<u>1,854</u>	<u>5,848</u>	<u>89,595</u>
-	-	-	-	-	-	-	291
-	-	-	1,263	5,538	-	-	6,801
-	23,264	-	-	-	1,845	4,469	29,954
3,757	-	952	-	-	-	-	43,246
5,021	-	-	-	19	-	-	6,738
<u>8,778</u>	<u>23,264</u>	<u>952</u>	<u>1,263</u>	<u>5,557</u>	<u>1,845</u>	<u>4,469</u>	<u>87,030</u>
<u>(540)</u>	<u>6</u>	<u>(124)</u>	<u>35</u>	<u>32</u>	<u>9</u>	<u>1,379</u>	<u>2,565</u>
-	-	-	-	-	-	-	101
-	-	-	-	10	-	-	10
<u>(15,262)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,193)</u>
<u>(15,262)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>(17,082)</u>
<u>(15,802)</u>	<u>6</u>	<u>(124)</u>	<u>35</u>	<u>42</u>	<u>9</u>	<u>1,379</u>	<u>(14,517)</u>
<u>17,662</u>	<u>310</u>	<u>827</u>	<u>29</u>	<u>319</u>	<u>-</u>	<u>-</u>	<u>22,010</u>
<u>\$ 1,860</u>	<u>\$ 316</u>	<u>\$ 703</u>	<u>\$ 64</u>	<u>\$ 361</u>	<u>\$ 9</u>	<u>\$ 1,379</u>	<u>\$ 7,493</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Gasoline	\$ 7,100	\$ 7,100	\$ 6,811	\$ (289)
Forest reserve yield	275	275	177	(98)
Intergovernmental	38,447	38,447	33,073	(5,374)
Licenses and permits	55	55	64	9
Charges for services	350	350	30	(320)
Interest	25	25	31	6
Other:				
Service reimbursements	275	275	-	(275)
Miscellaneous	66	66	22	(44)
Total revenues	<u>46,593</u>	<u>46,593</u>	<u>40,208</u>	<u>(6,385)</u>
EXPENDITURES				
Community services	<u>43,348</u>	<u>43,348</u>	<u>40,214</u>	<u>3,134</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,245</u>	<u>3,245</u>	<u>(6)</u>	<u>(3,251)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	400	400	101	(299)
Transfers out	(5,670)	(5,670)	-	5,670
Total other financing sources (uses)	<u>(5,270)</u>	<u>(5,270)</u>	<u>101</u>	<u>5,371</u>
Net change in fund balances	(2,025)	(2,025)	95	2,120
Fund balances - beginning	2,025	2,025	1,790	(235)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,885</u>	<u>\$ 1,885</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 250	\$ 250	\$ 237	\$ (13)
EXPENDITURES				
Sheriff	250	250	237	13
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 72	\$ 72
Interest	1	1	1	-
Total revenues	<u>1</u>	<u>1</u>	<u>73</u>	<u>72</u>
EXPENDITURES				
Community services	<u>100</u>	<u>100</u>	<u>-</u>	<u>100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(99)</u>	<u>(99)</u>	<u>73</u>	<u>172</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>73</u>	<u>73</u>	<u>-</u>	<u>(73)</u>
Total other financing sources (uses)	<u>73</u>	<u>73</u>	<u>-</u>	<u>(73)</u>
Contingency	<u>(259)</u>	<u>(259)</u>	<u>-</u>	<u>259</u>
Net change in fund balances	<u>(285)</u>	<u>(285)</u>	<u>73</u>	<u>358</u>
Fund balances - beginning	<u>285</u>	<u>285</u>	<u>261</u>	<u>(24)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334</u>	<u>\$ 334</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - Gasoline	\$ 105	\$ 105	\$ 62	\$ (43)
EXPENDITURES				
County management	105	105	62	43
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Forest reserve yield	\$ 166	\$ 166	\$ 59	\$ (107)
Intergovernmental	20	20	16	(4)
Charges for services	-	-	1	1
Total revenues	<u>186</u>	<u>186</u>	<u>76</u>	<u>(110)</u>
EXPENDITURES				
Nondepartmental	<u>187</u>	<u>187</u>	<u>77</u>	<u>110</u>
Net change in fund balances	(1)	(1)	(1)	-
Fund balances - beginning	<u>1</u>	<u>1</u>	<u>1</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 68	\$ 68	\$ 74	\$ 6
Licenses and permits	1,737	1,912	1,752	(160)
Charges for services	105	105	88	(17)
Interest	-	-	4	4
Other - Miscellaneous	195	195	96	(99)
Total revenues	<u>2,105</u>	<u>2,280</u>	<u>2,014</u>	<u>(266)</u>
EXPENDITURES				
Community services	<u>652</u>	<u>791</u>	<u>312</u>	<u>479</u>
Excess of revenues over expenditures	<u>1,453</u>	<u>1,489</u>	<u>1,702</u>	<u>213</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,860)</u>	<u>(2,120)</u>	<u>(1,931)</u>	<u>189</u>
Total other financing sources (uses)	<u>(1,860)</u>	<u>(2,120)</u>	<u>(1,931)</u>	<u>189</u>
Contingency	<u>(180)</u>	<u>(180)</u>	<u>-</u>	<u>180</u>
Net change in fund balances	<u>(587)</u>	<u>(811)</u>	<u>(229)</u>	<u>582</u>
Fund balances - beginning	<u>587</u>	<u>811</u>	<u>811</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 582</u>	<u>\$ 582</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Willamette River Bridges Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 7,548	\$ 7,548	\$ 8,199	\$ 651
Charges for services	-	-	18	18
Other:				
Service reimbursements	1,359	1,359	-	(1,359)
Miscellaneous	5	5	21	16
Total revenues	<u>8,912</u>	<u>8,912</u>	<u>8,238</u>	<u>(674)</u>
EXPENDITURES				
Community services	<u>15,975</u>	<u>15,975</u>	<u>8,778</u>	<u>7,197</u>
Deficiency of revenues under expenditures	<u>(7,063)</u>	<u>(7,063)</u>	<u>(540)</u>	<u>6,523</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,597	5,597	-	(5,597)
Transfers out	<u>(17,215)</u>	<u>(17,215)</u>	<u>(15,262)</u>	<u>1,953</u>
Total other financing sources (uses)	<u>(11,618)</u>	<u>(11,618)</u>	<u>(15,262)</u>	<u>(3,644)</u>
Contingency	<u>(546)</u>	<u>(546)</u>	<u>-</u>	<u>546</u>
Net change in fund balances	<u>(19,227)</u>	<u>(19,227)</u>	<u>(15,802)</u>	<u>3,425</u>
Fund balances - beginning	<u>19,227</u>	<u>19,227</u>	<u>17,662</u>	<u>(1,565)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,860</u>	<u>\$ 1,860</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Excise Tax Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 19,700	\$ 22,950	\$ 23,266	\$ 316
Interest	5	5	4	(1)
Total revenues	<u>19,705</u>	<u>22,955</u>	<u>23,270</u>	<u>315</u>
EXPENDITURES				
Nondepartmental	<u>20,055</u>	<u>23,305</u>	<u>23,264</u>	<u>41</u>
Net change in fund balances	(350)	(350)	6	356
Fund balances - beginning	<u>350</u>	<u>350</u>	<u>310</u>	<u>(40)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 316</u>	<u>\$ 316</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 850	\$ 850	\$ 824	\$ (26)
Interest	8	8	4	(4)
Other - Service reimbursements	116	116	-	(116)
Total revenues	<u>974</u>	<u>974</u>	<u>828</u>	<u>(146)</u>
EXPENDITURES				
Community services	<u>1,301</u>	<u>1,301</u>	<u>952</u>	<u>349</u>
Deficiency of revenues under expenditures	(327)	(327)	(124)	203
Contingency	<u>(418)</u>	<u>(418)</u>	<u>-</u>	<u>418</u>
Net change in fund balances	(745)	(745)	(124)	621
Fund balances - beginning	745	745	827	82
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 703</u>	<u>\$ 703</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 1,239	\$ 1,239	\$ 1,297	\$ 58
Interest	10	10	-	(10)
Other - Miscellaneous	2	2	1	(1)
Total revenues	<u>1,251</u>	<u>1,251</u>	<u>1,298</u>	<u>47</u>
EXPENDITURES				
Community justice	2	2	1	1
Sheriff	1,249	1,278	1,262	16
Total expenditures	<u>1,251</u>	<u>1,280</u>	<u>1,263</u>	<u>17</u>
Net change in fund balances	-	(29)	35	64
Fund balances - beginning	-	29	29	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 64</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Services Special Operations Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 37	\$ 37	\$ 21	\$ (16)
Licenses and permits	4,255	3,664	3,647	(17)
Charges for services	3,087	2,335	1,799	(536)
Interest	16	16	1	(15)
Other:				
Service reimbursements	211	211	110	(101)
Miscellaneous	2	7	11	4
Total revenues	<u>7,608</u>	<u>6,270</u>	<u>5,589</u>	<u>(681)</u>
EXPENDITURES				
Community justice	2,600	2,567	2,468	99
Health services	1,792	-	-	-
District attorney	186	186	38	148
Sheriff	3,348	3,818	3,051	767
Total expenditures	<u>7,926</u>	<u>6,571</u>	<u>5,557</u>	<u>1,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(318)</u>	<u>(301)</u>	<u>32</u>	<u>333</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	10	10
Net change in fund balances	<u>(318)</u>	<u>(301)</u>	<u>42</u>	<u>343</u>
Fund balances - beginning	318	301	319	18
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 361</u>	<u>\$ 361</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Oregon Historical Society Special Levy Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - property	\$ 1,945	\$ 1,945	\$ 1,854	\$ (91)
EXPENDITURES				
Nondepartmental	1,945	1,945	1,845	100
Net change in fund balances	-	-	9	9
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9</u>	<u>\$ 9</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Video Lottery Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ 4,975	\$ 5,846	\$ 871
Interest	-	-	2	2
Total revenues	-	4,975	5,848	873
EXPENDITURES				
Human services	-	1,900	1,727	173
Community justice services	-	2,005	2,005	-
Nondepartmental	-	1,070	737	333
Total expenditures	-	4,975	4,469	506
Net change in fund balances	-	-	1,379	1,379
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 1,379	\$ 1,379

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:

Major Fund

- **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.

Nonmajor Funds

- **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.
- **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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2012
(amounts expressed in thousands)

	<u>Revenue Bond</u>	<u>Capital Debt Retirement</u>	<u>General Obligation Bond</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 144	\$ 6,804	\$ 7,667	\$ 14,615
Receivables:				
Taxes	-	-	571	571
Accounts	-	-	-	-
Contracts	1,577	-	-	1,577
Restricted assets:				
Cash with fiscal agent	-	1,255	-	1,255
Total assets	<u>\$ 1,721</u>	<u>\$ 8,059</u>	<u>\$ 8,238</u>	<u>\$ 18,018</u>
LIABILITIES				
Deferred revenue	<u>\$ 1,577</u>	<u>\$ -</u>	<u>\$ 485</u>	<u>\$ 2,062</u>
Total liabilities	<u>1,577</u>	<u>-</u>	<u>485</u>	<u>2,062</u>
FUND BALANCES				
Restricted	-	-	7,753	7,753
Committed	-	8,059	-	8,059
Assigned	144	-	-	144
Total fund balances	<u>144</u>	<u>8,059</u>	<u>7,753</u>	<u>15,956</u>
Total liabilities and fund balances	<u>\$ 1,721</u>	<u>\$ 8,059</u>	<u>\$ 8,238</u>	<u>\$ 18,018</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Revenue Bond</u>	<u>Capital Debt Retirement</u>	<u>General Obligation Bond</u>	<u>Total</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 8,735	\$ 8,735
Payments in lieu of taxes	-	-	2	2
Intergovernmental	-	321	-	321
Charges for services	39	-	-	39
Interest	2	28	32	62
Other - service reimbursements	-	8,218	-	8,218
Total revenues	<u>41</u>	<u>8,567</u>	<u>8,769</u>	<u>17,377</u>
EXPENDITURES				
Current:				
General government	1	2	-	3
Debt service:				
Principal	2,430	8,561	6,825	17,816
Interest	78	3,441	1,645	5,164
Total expenditures	<u>2,509</u>	<u>12,004</u>	<u>8,470</u>	<u>22,983</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,468)</u>	<u>(3,437)</u>	<u>299</u>	<u>(5,606)</u>
OTHER FINANCING SOURCES				
Transfers in	1,500	836	-	2,336
Net change in fund balances	(968)	(2,601)	299	(3,270)
Fund balances - beginning	1,112	10,660	7,454	19,226
Fund balances - ending	<u>\$ 144</u>	<u>\$ 8,059</u>	<u>\$ 7,753</u>	<u>\$ 15,956</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revenue Bond Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 39	\$ 39	\$ 39	\$ -
Interest	16	16	2	(14)
Total revenues	<u>55</u>	<u>55</u>	<u>41</u>	<u>(14)</u>
EXPENDITURES				
Nondepartmental	<u>2,681</u>	<u>2,681</u>	<u>2,509</u>	<u>172</u>
Deficiency of revenues under expenditures	<u>(2,626)</u>	<u>(2,626)</u>	<u>(2,468)</u>	<u>158</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Net change in fund balances	<u>(1,126)</u>	<u>(1,126)</u>	<u>(968)</u>	<u>158</u>
Fund balances - beginning	<u>1,126</u>	<u>1,126</u>	<u>1,112</u>	<u>(14)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 144</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Debt Retirement Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 150	\$ 150	\$ 321	\$ 171
Interest	108	108	28	(80)
Other - service reimbursements	18,613	18,613	8,218	(10,395)
Total revenues	<u>18,871</u>	<u>18,871</u>	<u>8,567</u>	<u>(10,304)</u>
EXPENDITURES				
Nondepartmental	<u>21,944</u>	<u>21,944</u>	<u>12,004</u>	<u>9,940</u>
Deficiency of revenues under expenditures	<u>(3,073)</u>	<u>(3,073)</u>	<u>(3,437)</u>	<u>(364)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>836</u>	<u>836</u>	<u>836</u>	<u>-</u>
Net change in fund balances	<u>(2,237)</u>	<u>(2,237)</u>	<u>(2,601)</u>	<u>(364)</u>
Fund balances - beginning	<u>10,762</u>	<u>10,762</u>	<u>10,660</u>	<u>(102)</u>
Fund balances - ending	<u><u>\$ 8,525</u></u>	<u><u>\$ 8,525</u></u>	<u><u>\$ 8,059</u></u>	<u><u>\$ (466)</u></u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Obligation Bond Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - property	\$ 8,735	\$ 8,735	\$ 8,735	\$ -
Payments in lieu of taxes	-	-	2	2
Interest	113	113	32	(81)
Total revenues	<u>8,848</u>	<u>8,848</u>	<u>8,769</u>	<u>(79)</u>
EXPENDITURES				
Nondepartmental	<u>8,470</u>	<u>8,470</u>	<u>8,470</u>	<u>-</u>
Net change in fund balances	378	378	299	(79)
Fund balances - beginning	7,542	7,542	7,454	(88)
Fund balances - ending	<u>\$ 7,920</u>	<u>\$ 7,920</u>	<u>\$ 7,753</u>	<u>\$ (167)</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Pension Bond Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 825	\$ 825	\$ 291	\$ (534)
Other - service reimbursements	16,500	16,500	17,722	1,222
Total revenues	<u>17,325</u>	<u>17,325</u>	<u>18,013</u>	<u>688</u>
EXPENDITURES				
Nondepartmental	16,148	16,148	16,099	49
Net change in fund balances	1,177	1,177	1,914	737
Fund balances - beginning	55,000	55,000	54,737	(263)
Fund balances - ending	<u>\$ 56,177</u>	<u>\$ 56,177</u>	<u>\$ 56,651</u>	<u>\$ 474</u>

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:

Nonmajor Funds

- **Financed Projects Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **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.
- **Sellwood Bridge Replacement Fund** – accounts for expenditures for construction and replacement of the Sellwood Bridge. Resources are derived from Vehicle Registration Fees, City of Portland, Clackamas County, the State of Oregon and a request for federal funds, debt issuance or other financing proceeds.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2012
(amounts expressed in thousands)

	<u>Financed Projects</u>	<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Sellwood Bridge Replacement</u>	<u>Total</u>
ASSETS						
Cash and investments	\$ 4,026	\$ 21,627	\$ 1,513	\$ 6,489	\$ 2,765	\$ 36,420
Receivables:						
Accounts	-	286	-	-	4,458	4,744
Contracts	-	103	-	-	-	103
Prepaid items	23	-	70	-	454	547
Total assets	<u>\$ 4,049</u>	<u>\$ 22,016</u>	<u>\$ 1,583</u>	<u>\$ 6,489</u>	<u>\$ 7,677</u>	<u>\$ 41,814</u>
LIABILITIES						
Accounts payable	\$ 530	\$ 755	\$ 189	\$ 98	\$ 4,963	\$ 6,535
Payroll payable	2	2	-	-	-	4
Deferred revenue	-	140	-	-	-	140
Total liabilities	<u>532</u>	<u>897</u>	<u>189</u>	<u>98</u>	<u>4,963</u>	<u>6,679</u>
FUND BALANCES						
Nonspendable	23	-	70	-	454	547
Restricted	-	9,206	1,256	-	2,215	12,677
Committed	3,127	11,913	-	6,391	-	21,431
Assigned	367	-	68	-	45	480
Total fund balances	<u>3,517</u>	<u>21,119</u>	<u>1,394</u>	<u>6,391</u>	<u>2,714</u>	<u>35,135</u>
Total liabilities and fund balances	<u>\$ 4,049</u>	<u>\$ 22,016</u>	<u>\$ 1,583</u>	<u>\$ 6,489</u>	<u>\$ 7,677</u>	<u>\$ 41,814</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Financed Projects</u>	<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Sellwood Bridge Replacement</u>	<u>Total</u>
REVENUES						
Intergovernmental	\$ -	\$ 413	\$ -	\$ -	\$ 9,790	\$ 10,203
Licenses and permits	-	-	-	-	10,930	10,930
Charges for services	-	501	1	-	-	502
Interest	20	125	16	27	44	232
Other:						
Service reimbursements	-	2,740	-	2,942	-	5,682
Miscellaneous	-	6	-	1	161	168
Total revenues	<u>20</u>	<u>3,785</u>	<u>17</u>	<u>2,970</u>	<u>20,925</u>	<u>27,717</u>
EXPENDITURES						
Current:						
General government	-	2,996	927	-	-	3,923
Community services	76	-	-	1,296	-	1,372
Roads and bridges	-	-	-	-	377	377
Capital outlay	182	14,890	2,737	607	48,096	66,512
Total expenditures	<u>258</u>	<u>17,886</u>	<u>3,664</u>	<u>1,903</u>	<u>48,473</u>	<u>72,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(238)</u>	<u>(14,101)</u>	<u>(3,647)</u>	<u>1,067</u>	<u>(27,548)</u>	<u>(44,467)</u>
OTHER FINANCING SOURCES						
Proceeds for lease	-	-	-	-	15,000	15,000
Proceeds from sale of capital assets	-	1,645	55	-	-	1,700
Transfers in	-	2,989	-	387	15,262	18,638
Total other financing sources	<u>-</u>	<u>4,634</u>	<u>55</u>	<u>387</u>	<u>30,262</u>	<u>35,338</u>
Net change in fund balances	(238)	(9,467)	(3,592)	1,454	2,714	(9,129)
Fund balances - beginning	3,755	30,586	4,986	4,937	-	44,264
Fund balances - ending	<u>\$ 3,517</u>	<u>\$ 21,119</u>	<u>\$ 1,394</u>	<u>\$ 6,391</u>	<u>\$ 2,714</u>	<u>\$ 35,135</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Financed Projects Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 20	\$ 20
EXPENDITURES				
County management	3,701	3,701	258	3,443
Net change in fund balances	(3,701)	(3,701)	(238)	3,463
Fund balances - beginning	3,701	3,701	3,755	54
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,517</u>	<u>\$ 3,517</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 350	\$ 350	\$ 413	\$ 63
Charges for services	2,670	2,670	501	(2,169)
Interest	68	68	125	57
Other:				
Service reimbursements	2,679	2,679	2,740	61
Miscellaneous	-	-	6	6
Total revenues	<u>5,767</u>	<u>5,767</u>	<u>3,785</u>	<u>(1,982)</u>
EXPENDITURES				
County assets	<u>38,754</u>	<u>38,754</u>	<u>17,886</u>	<u>20,868</u>
Deficiency of revenues under expenditures	<u>(32,987)</u>	<u>(32,987)</u>	<u>(14,101)</u>	<u>18,886</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1,645	1,645
Transfers in	<u>2,990</u>	<u>2,990</u>	<u>2,989</u>	<u>(1)</u>
Total other financing sources	2,990	2,990	4,634	1,644
Contingency	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	(30,997)	(30,997)	(9,467)	21,530
Fund balances - beginning	<u>30,997</u>	<u>30,997</u>	<u>30,586</u>	<u>(411)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,119</u>	<u>\$ 21,119</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Acquisition Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 1	\$ 1
Interest	-	-	16	16
Total revenues	-	-	17	17
EXPENDITURES				
County assets	4,233	4,986	3,664	1,322
Deficiency of revenues under expenditures	(4,233)	(4,986)	(3,647)	1,339
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	55	55
Net change in fund balances	(4,233)	(4,986)	(3,592)	1,394
Fund balances - beginning	4,233	4,986	4,986	-
Fund balances - ending	\$ -	\$ -	\$ 1,394	\$ 1,394

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 20	\$ 20	\$ 27	\$ 7
Other:				
Service reimbursements	2,964	2,964	2,942	(22)
Miscellaneous	-	-	1	1
Total revenues	<u>2,984</u>	<u>2,984</u>	<u>2,970</u>	<u>(14)</u>
EXPENDITURES				
County assets	<u>5,638</u>	<u>5,638</u>	<u>1,903</u>	<u>3,735</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,654)</u>	<u>(2,654)</u>	<u>1,067</u>	<u>3,721</u>
OTHER FINANCING SOURCES				
Transfers in	<u>387</u>	<u>387</u>	<u>387</u>	<u>-</u>
Total other financing sources	<u>387</u>	<u>387</u>	<u>387</u>	<u>-</u>
Contingency	<u>(55)</u>	<u>(55)</u>	<u>-</u>	<u>55</u>
Net change in fund balances	<u>(2,322)</u>	<u>(2,322)</u>	<u>1,454</u>	<u>3,776</u>
Fund balances - beginning	<u>3,872</u>	<u>3,872</u>	<u>4,937</u>	<u>1,065</u>
Fund balances - ending	<u>\$ 1,550</u>	<u>\$ 1,550</u>	<u>\$ 6,391</u>	<u>\$ 4,841</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Sellwood Bridge Replacement Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,000	\$ 9,000	\$ 9,790	\$ 790
Licenses and permits	-	-	10,930	10,930
Interest	237	237	44	(193)
Other - miscellaneous	-	-	161	161
Total revenues	<u>9,237</u>	<u>9,237</u>	<u>20,925</u>	<u>11,688</u>
EXPENDITURES				
Community services	<u>62,935</u>	<u>62,935</u>	<u>48,473</u>	<u>14,462</u>
Deficiency of revenues under expenditures	<u>(53,698)</u>	<u>(53,698)</u>	<u>(27,548)</u>	<u>26,150</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	127,000	127,000	15,000	(112,000)
Transfers in	17,215	17,215	15,262	(1,953)
Transfers out	<u>(25,083)</u>	<u>(25,083)</u>	<u>-</u>	<u>25,083</u>
Total other financing sources (uses)	119,132	119,132	30,262	(88,870)
Contingency	<u>(25,434)</u>	<u>(25,434)</u>	<u>-</u>	<u>25,434</u>
Net change in fund balances	40,000	40,000	2,714	(37,286)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ 2,714</u>	<u>\$ (37,286)</u>

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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, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments - sewer:				
Current	\$ 802	\$ 802	\$ 803	\$ 1
Prior	9	9	15	6
Charges for services	2	2	9	7
Interest	4	4	6	2
Total revenues	<u>817</u>	<u>817</u>	<u>833</u>	<u>16</u>
EXPENDITURES				
Community services	<u>934</u>	<u>934</u>	<u>699</u>	<u>235</u>
Excess (deficiency) of revenues over (under) expenditures	(117)	(117)	134	251
Contingency	<u>(50)</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
Net change in fund balances	(167)	(167)	134	301
Fund balances - beginning	712	712	734	22
Fund balances - ending	<u>\$ 545</u>	<u>\$ 545</u>	<u>868</u>	<u>\$ 323</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			2,298	
Deferred revenue on assessments			43	
Allowance for uncollectible accounts, assessments			<u>(2)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 44			<u>\$ 3,207</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, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments - street lighting:				
Current	\$ 368	\$ 368	\$ 368	\$ -
Prior	6	6	7	1
Interest	2	2	2	-
Total revenues	<u>376</u>	<u>376</u>	<u>377</u>	<u>1</u>
EXPENDITURES				
Community services	<u>431</u>	<u>431</u>	<u>353</u>	<u>78</u>
Excess (deficiency) of revenues over (under) expenditures	(55)	(55)	24	79
Contingency	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>25</u>
Net change in fund balances	(80)	(80)	24	104
Fund balances - beginning	218	218	238	20
Fund balances - ending	<u>\$ 138</u>	<u>\$ 138</u>	<u>262</u>	<u>\$ 124</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,454	
Deferred revenue on assessments			20	
Allowance for uncollectible accounts, assessments			<u>(1)</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 44			<u>\$ 1,735</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, 2012
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 44,401	\$ 44,516	\$ 44,544	\$ 28
Interest	78	78	89	11
Other - miscellaneous	-	-	168	168
Total revenues	<u>44,479</u>	<u>44,594</u>	<u>44,801</u>	<u>207</u>
EXPENDITURES				
Human services	<u>44,401</u>	<u>48,866</u>	<u>49,014</u>	<u>(148)</u>
Excess (deficiency) of revenues over (under) expenditures	78	(4,272)	(4,213)	59
Contingency	<u>(15,618)</u>	<u>(11,268)</u>	<u>-</u>	<u>11,268</u>
Net change in fund balances	<u>(15,540)</u>	<u>(15,540)</u>	<u>(4,213)</u>	<u>11,327</u>
Fund balances - beginning	<u>15,540</u>	<u>15,540</u>	<u>16,425</u>	<u>885</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,212</u>	<u>\$ 12,212</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 Position
Internal Service Funds
June 30, 2012
(amounts expressed in thousands)

Government Activities - Internal Service Funds						
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 46,306	\$ 3,954	\$ 11,093	\$ 1,693	\$ 6,632	\$ 69,678
Accounts receivable	2	172	93	207	330	804
Inventories	-	506	192	156	167	1,021
Prepaid items	563	-	935	-	42	1,540
Total current assets	<u>46,871</u>	<u>4,632</u>	<u>12,313</u>	<u>2,056</u>	<u>7,171</u>	<u>73,043</u>
Noncurrent assets:						
Contracts receivable	-	-	-	-	215	215
Construction in progress	-	-	516	-	-	516
Capital assets (net of accumulated depreciation)	-	2,825	3,675	-	18	6,518
Total noncurrent assets	<u>-</u>	<u>2,825</u>	<u>4,191</u>	<u>-</u>	<u>233</u>	<u>7,249</u>
Total assets	<u>\$ 46,871</u>	<u>\$ 7,457</u>	<u>\$ 16,504</u>	<u>\$ 2,056</u>	<u>\$ 7,404</u>	<u>\$ 80,292</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 1,503	\$ 435	\$ 2,112	\$ 153	\$ 1,812	\$ 6,015
Claims and judgments payable	11,384	-	-	-	-	11,384
Payroll payable	82	36	385	28	159	690
Unearned revenue	-	-	-	28	-	28
Compensated absences	81	44	324	19	168	636
Total current liabilities	<u>13,050</u>	<u>515</u>	<u>2,821</u>	<u>228</u>	<u>2,139</u>	<u>18,753</u>
Noncurrent liabilities:						
Compensated absences	297	95	1,089	77	454	2,012
Incremental leases payable	-	-	-	-	1,851	1,851
Total noncurrent liabilities	<u>297</u>	<u>95</u>	<u>1,089</u>	<u>77</u>	<u>2,305</u>	<u>3,863</u>
Total liabilities	<u>13,347</u>	<u>610</u>	<u>3,910</u>	<u>305</u>	<u>4,444</u>	<u>22,616</u>
NET POSITION						
Net investment in capital assets	-	2,825	4,191	-	18	7,034
Unrestricted	33,524	4,022	8,403	1,751	2,942	50,642
Total net position	<u>\$ 33,524</u>	<u>\$ 6,847</u>	<u>\$ 12,594</u>	<u>\$ 1,751</u>	<u>\$ 2,960</u>	<u>\$ 57,676</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					Total Internal Service Funds
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	
OPERATING REVENUES						
Charges for services	\$ 82,130	\$ 6,652	\$ 28,842	\$ 5,588	\$ 31,627	\$ 154,839
Insurance premiums	8,389	-	-	-	-	8,389
Experience ratings and other	910	124	16	7	120	1,177
Total operating revenues	<u>91,429</u>	<u>6,776</u>	<u>28,858</u>	<u>5,595</u>	<u>31,747</u>	<u>164,405</u>
OPERATING EXPENSES						
Cost of sales and services	82,174	5,396	32,180	5,311	31,136	156,197
Administration	749	231	1,337	515	246	3,078
Depreciation	1	1,132	1,097	6	5	2,241
Total operating expenses	<u>82,924</u>	<u>6,759</u>	<u>34,614</u>	<u>5,832</u>	<u>31,387</u>	<u>161,516</u>
Operating income (loss)	<u>8,505</u>	<u>17</u>	<u>(5,756)</u>	<u>(237)</u>	<u>360</u>	<u>2,889</u>
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	194	18	63	8	24	307
Gain on disposal of capital assets	-	82	-	-	-	82
Loss on disposal of capital assets	-	(14)	(75)	-	-	(89)
Total nonoperating revenues (expenses)	<u>194</u>	<u>86</u>	<u>(12)</u>	<u>8</u>	<u>24</u>	<u>300</u>
Income (loss) before contributions and transfers	8,699	103	(5,768)	(229)	384	3,189
Capital contributions out	-	-	(4)	-	-	(4)
Transfers in	-	-	1,000	-	380	1,380
Transfers out	-	-	-	-	(528)	(528)
Change in net position	<u>8,699</u>	<u>103</u>	<u>(4,772)</u>	<u>(229)</u>	<u>236</u>	<u>4,037</u>
Total net position - beginning	24,825	6,744	17,366	1,980	2,724	53,639
Total net position - ending	<u>\$ 33,524</u>	<u>\$ 6,847</u>	<u>\$ 12,594</u>	<u>\$ 1,751</u>	<u>\$ 2,960</u>	<u>\$ 57,676</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2012
(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	\$ 9,359	\$ 1,035	\$ 455	\$ 2,529	\$ 3,057	\$ 16,435
Receipts connected with interfund activities	82,029	5,863	28,380	3,140	28,762	148,174
Payments to suppliers	(76,397)	(2,529)	(10,722)	(2,945)	(20,620)	(113,213)
Payments to employees	(6,114)	(2,169)	(20,635)	(1,730)	(8,004)	(38,652)
Payments connected with interfund activities	(789)	(865)	(2,246)	(908)	(2,580)	(7,388)
Net cash provided by (used in) operating activities	<u>8,088</u>	<u>1,335</u>	<u>(4,768)</u>	<u>86</u>	<u>615</u>	<u>5,356</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	380	380
Transfers out	-	-	-	-	(528)	(528)
Net cash used in noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(148)</u>	<u>(148)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(1,233)	(1,123)	-	(3)	(2,359)
Transfers in	-	-	1,000	-	-	1,000
Proceeds on sales of capital assets	-	82	-	-	-	82
Net cash used in capital and related financing activities	<u>-</u>	<u>(1,151)</u>	<u>(123)</u>	<u>-</u>	<u>(3)</u>	<u>(1,277)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	194	18	63	8	24	307
Net cash provided by investing activities	<u>194</u>	<u>18</u>	<u>63</u>	<u>8</u>	<u>24</u>	<u>307</u>
Net increase (decrease) in cash and cash equivalents	8,282	202	(4,828)	94	488	4,238
Balances at beginning of the year	38,024	3,752	15,921	1,599	6,144	65,440
Balances at the end of the year	<u>\$ 46,306</u>	<u>\$ 3,954</u>	<u>\$ 11,093</u>	<u>\$ 1,693</u>	<u>\$ 6,632</u>	<u>\$ 69,678</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	<u>\$ 8,505</u>	<u>\$ 17</u>	<u>\$ (5,756)</u>	<u>\$ (237)</u>	<u>\$ 360</u>	<u>\$ 2,889</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation	1	1,132	1,097	6	5	2,241
Changes in assets and liabilities:						
Receivables	(1)	122	(20)	46	(77)	70
Inventories	-	10	(78)	488	5	425
Prepaid items	(35)	-	(246)	-	(7)	(288)
Contracts receivable	-	-	-	-	149	149
Accounts payable	(45)	100	215	(230)	(41)	(1)
Claims and judgments payable	(314)	-	-	-	-	(314)
Payroll payable	1	(12)	7	(6)	(47)	(57)
Unearned revenue	(40)	-	(3)	28	-	(15)
Compensated absences	16	(34)	16	(9)	39	28
Incremental leases payable	-	-	-	-	229	229
Total adjustments	<u>(417)</u>	<u>1,318</u>	<u>988</u>	<u>323</u>	<u>255</u>	<u>2,467</u>
Net cash provided by (used in) operating activities	<u>\$ 8,088</u>	<u>\$ 1,335</u>	<u>\$ (4,768)</u>	<u>\$ 86</u>	<u>\$ 615</u>	<u>\$ 5,356</u>
Noncash financing activities:						
Contributions of capital assets to governmental funds	-	-	(4)	-	-	(4)

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 6,935	\$ 6,935	\$ 8,437	\$ 1,502
Interest	265	265	194	(71)
Other:				
Service reimbursements	86,937	87,584	82,029	(5,555)
Experience ratings and other	281	281	963	682
Total revenues	<u>94,418</u>	<u>95,065</u>	<u>91,623</u>	<u>(3,442)</u>
EXPENDITURES				
County management	90,417	91,064	79,638	11,426
Nondepartmental	3,749	3,749	3,285	464
Total expenditures	<u>94,166</u>	<u>94,813</u>	<u>82,923</u>	<u>11,890</u>
Excess of revenues over expenditures	<u>252</u>	<u>252</u>	<u>8,700</u>	<u>8,448</u>
OTHER FINANCING SOURCES				
Cash transfers in	25,083	25,083	-	(25,083)
Total other financing sources	<u>25,083</u>	<u>25,083</u>	<u>-</u>	<u>(25,083)</u>
Contingency	(1,765)	(1,765)	-	1,765
Net change in fund balances	<u>23,570</u>	<u>23,570</u>	<u>8,700</u>	<u>(14,870)</u>
Fund balances - beginning	1,430	1,430	24,824	23,394
Fund balances - ending	<u>\$ 25,000</u>	<u>\$ 25,000</u>	<u>\$ 33,524</u>	<u>\$ 8,524</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fleet Management Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 896	\$ 896	\$ 789	\$ (107)
Interest	25	25	18	(7)
Other:				
Service reimbursements	5,774	5,787	5,863	76
Miscellaneous	57	57	124	67
Total revenues	<u>6,752</u>	<u>6,765</u>	<u>6,794</u>	<u>29</u>
EXPENDITURES				
County assets	<u>10,436</u>	<u>10,449</u>	<u>6,860</u>	<u>3,589</u>
Deficiency of revenues under expenditures	<u>(3,684)</u>	<u>(3,684)</u>	<u>(66)</u>	<u>3,618</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	<u>200</u>	<u>200</u>	<u>82</u>	<u>(118)</u>
Total other financing sources	<u>200</u>	<u>200</u>	<u>82</u>	<u>(118)</u>
Contingency	<u>(459)</u>	<u>(459)</u>	<u>-</u>	<u>459</u>
Net change in fund balances	<u>(3,943)</u>	<u>(3,943)</u>	<u>16</u>	<u>3,959</u>
Fund balances - beginning	<u>3,943</u>	<u>3,943</u>	<u>4,006</u>	<u>63</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,022</u>	<u>\$ 4,022</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			<u>2,825</u>	
Net Position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 123			<u>\$ 6,847</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 408	\$ 408	\$ 462	\$ 54
Interest	113	113	63	(50)
Other:				
Service reimbursements	29,907	29,991	28,380	(1,611)
Miscellaneous	-	-	16	16
Total revenues	<u>30,428</u>	<u>30,512</u>	<u>28,921</u>	<u>(1,591)</u>
EXPENDITURES				
County assets	37,349	37,433	33,970	3,463
Nondepartmental	4,352	4,352	670	3,682
Total expenditures	<u>41,701</u>	<u>41,785</u>	<u>34,640</u>	<u>7,145</u>
Deficiency of revenues under expenditures	<u>(11,273)</u>	<u>(11,273)</u>	<u>(5,719)</u>	<u>5,554</u>
OTHER FINANCING SOURCES				
Transfers in	1,000	1,000	1,000	-
Total other financing sources	1,000	1,000	1,000	-
Contingency	(1,686)	(1,686)	-	1,686
Net change in fund balances	(11,959)	(11,959)	(4,719)	7,240
Fund balances - beginning	11,959	11,959	13,122	1,163
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8,403</u>	<u>\$ 8,403</u>
Reconciliation to GAAP basis:				
Net investment in capital assets			4,191	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 123			<u>\$ 12,594</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail/Distribution Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 3,373	\$ 3,373	\$ 2,448	\$ (925)
Interest	10	10	8	(2)
Other:				
Service reimbursements	3,175	3,177	3,140	(37)
Miscellaneous	35	35	7	(28)
Total revenues	<u>6,593</u>	<u>6,595</u>	<u>5,603</u>	<u>(992)</u>
EXPENDITURES				
County assets	<u>7,340</u>	<u>7,342</u>	<u>5,826</u>	<u>1,516</u>
Deficiency of revenues under expenditures	(747)	(747)	(223)	524
Contingency	<u>(782)</u>	<u>(782)</u>	<u>-</u>	<u>782</u>
Net change in fund balances	(1,529)	(1,529)	(223)	1,306
Fund balances - beginning	<u>1,529</u>	<u>1,529</u>	<u>1,974</u>	<u>445</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,751</u>	<u>\$ 1,751</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget favorable (unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 2,760	\$ 2,760	\$ 3,017	\$ 257
Interest	45	45	24	(21)
Other:				
Non-governmental grants	-	-	41	41
Service reimbursements	30,327	30,663	28,762	(1,901)
Miscellaneous	5,020	5,020	76	(4,944)
Total revenues	<u>38,152</u>	<u>38,488</u>	<u>31,920</u>	<u>(6,568)</u>
EXPENDITURES				
County assets	<u>39,113</u>	<u>39,449</u>	<u>31,385</u>	<u>8,064</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(961)</u>	<u>(961)</u>	<u>535</u>	<u>1,496</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	380	380	380	-
Transfers out	<u>(528)</u>	<u>(528)</u>	<u>(528)</u>	<u>-</u>
Total other financing sources (uses)	<u>(148)</u>	<u>(148)</u>	<u>(148)</u>	<u>-</u>
Contingency	<u>(791)</u>	<u>(791)</u>	<u>-</u>	<u>791</u>
Net change in fund balances	<u>(1,900)</u>	<u>(1,900)</u>	<u>387</u>	<u>2,287</u>
Fund balances - beginning	<u>1,900</u>	<u>1,900</u>	<u>2,340</u>	<u>440</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>2,727</u></u>	<u><u>\$ 2,727</u></u>
Reconciliation to GAAP basis:				
Long-term contracts receivable			215	
Net investment in capital assets			<u>18</u>	
Net position as reported on the Statement of Revenues, Expenses and Changes in Fund Net Position, page 123			<u><u>\$ 2,960</u></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, 2012
(amounts expressed in thousands)

	Sundry Taxing Bodies	Department and Offices Agency	Public Guardian	Visitors' Facilities Trust	Total
ASSETS:					
Cash and Investments	\$ 6,242	\$ 8,481	\$ 806	\$ 4,539	\$ 20,068
Receivables:					
Taxes	58,969	408	-	2,553	61,930
Restricted cash	-	16	-	-	16
Total assets	<u>\$ 65,211</u>	<u>\$ 8,905</u>	<u>\$ 806</u>	<u>\$ 7,092</u>	<u>\$ 82,014</u>
LIABILITIES:					
Accounts payable	\$ 6,234	\$ 3,142	\$ 73	\$ 2,994	\$ 12,443
Due to other governmental units	58,782	-	-	-	58,782
Amounts held in trust	195	5,763	733	4,098	10,789
Total liabilities	<u>\$ 65,211</u>	<u>\$ 8,905</u>	<u>\$ 806</u>	<u>\$ 7,092</u>	<u>\$ 82,014</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2012
(amounts expressed in thousands)

	Balance June 30, 2011	Additions	Deletions	Balance June 30, 2012
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 6,227	\$ 947,047	\$ 947,032	\$ 6,242
Taxes receivable	48,026	1,003,893	992,950	58,969
Total assets	<u>\$ 54,253</u>	<u>\$ 1,950,940</u>	<u>\$ 1,939,982</u>	<u>\$ 65,211</u>
Liabilities:				
Accounts payable	\$ 6,221	\$ 938,628	\$ 938,615	\$ 6,234
Due to other governmental units	47,697	963,556	952,471	58,782
Amounts held in trust	335	957,959	958,099	195
Total liabilities	<u>\$ 54,253</u>	<u>\$ 2,860,143</u>	<u>\$ 2,849,185</u>	<u>\$ 65,211</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 9,736	\$ 1,317,060	\$ 1,318,315	\$ 8,481
Taxes receivable	127	1,251,733	1,251,452	408
Restricted cash	26	780	790	16
Total assets	<u>\$ 9,889</u>	<u>\$ 2,569,573</u>	<u>\$ 2,570,557</u>	<u>\$ 8,905</u>
Liabilities:				
Accounts payable	\$ 2,220	\$ 58,384	\$ 57,462	\$ 3,142
Amounts held in trust	7,669	1,295,555	1,297,461	5,763
Total liabilities	<u>\$ 9,889</u>	<u>\$ 1,353,939</u>	<u>\$ 1,354,923</u>	<u>\$ 8,905</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 730	\$ 3,442	\$ 3,366	\$ 806
Accounts receivable	-	1,598,232	1,598,232	-
Total assets	<u>\$ 730</u>	<u>\$ 1,601,674</u>	<u>\$ 1,601,598</u>	<u>\$ 806</u>
Liabilities:				
Accounts payable	\$ 62	\$ 2,901	\$ 2,890	\$ 73
Amounts held in trust	668	1,578	1,513	733
Total liabilities	<u>\$ 730</u>	<u>\$ 4,479</u>	<u>\$ 4,403</u>	<u>\$ 806</u>
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	\$ 3,034	\$ 16,274	\$ 14,769	\$ 4,539
Taxes receivable	2,137	12,745	12,329	2,553
Total assets	<u>\$ 5,171</u>	<u>\$ 29,019</u>	<u>\$ 27,098</u>	<u>\$ 7,092</u>
Liabilities:				
Accounts payable	\$ 2,937	\$ 11,003	\$ 10,946	\$ 2,994
Amounts held in trust	2,234	12,355	10,491	4,098
Total liabilities	<u>\$ 5,171</u>	<u>\$ 23,358</u>	<u>\$ 21,437</u>	<u>\$ 7,092</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 19,727	\$ 2,283,823	\$ 2,283,482	\$ 20,068
Taxes receivable	50,290	2,268,371	2,256,731	61,930
Accounts receivable	-	1,598,232	1,598,232	-
Restricted cash	26	780	790	16
Total assets	<u>\$ 70,043</u>	<u>\$ 6,151,206</u>	<u>\$ 6,139,235</u>	<u>\$ 82,014</u>
Liabilities:				
Accounts payable	\$ 11,440	\$ 1,010,916	\$ 1,009,913	\$ 12,443
Due to other governmental units	47,697	963,556	952,471	58,782
Amounts held in trust	10,906	2,267,447	2,267,564	10,789
Total liabilities	<u>\$ 70,043</u>	<u>\$ 4,241,919</u>	<u>\$ 4,229,948</u>	<u>\$ 82,014</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, 2012
(amounts expressed in thousands)

	<u>June 30, 2012</u>	<u>June 30, 2011</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 14,998	\$ 15,107
Right-of-way	196,926	196,922
Construction in progress	85,857	39,542
Buildings-not in service	51,164	51,164
Buildings	394,654	372,900
Improvements other than buildings	918	627
Machinery and equipment	114,414	115,157
Bridges	155,007	155,007
Infrastructure	368,186	366,513
Total governmental funds capital assets	<u>\$ 1,382,124</u>	<u>\$ 1,312,939</u>
 INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,312,939	\$ 1,271,209
General fund	(3,786)	209
Road fund	1,670	1,692
Bicycle path construction fund	-	1,131
Federal and state program fund	230	1,646
Animal control fund	22	-
Willamette river bridges fund	5,524	24,691
Library fund	(735)	129
Land corner preservation fund	(9)	(34)
Justice services special operations	19	22
Financed projects fund	182	539
Capital improvement fund	14,619	8,805
Capital Acquisition Fund	2,737	974
Asset preservation fund	607	203
Sellwood Bridge Replacement	48,096	-
Risk management fund	-	(81)
Fleet management fund	643	(546)
Information technology fund	(601)	2,364
Mail distribution fund	(55)	-
Facilities management fund	22	(14)
Total governmental funds capital assets, ending balance	<u>\$ 1,382,124</u>	<u>\$ 1,312,939</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2012
(amounts expressed in thousands)

	<u>Land</u>	<u>Right of Way</u>	<u>Work in Progress</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>
FUNCTION AND ACTIVITY					
General government:					
Legislative	\$ 423	\$ -	\$ 15	\$ 12,927	\$ -
Administrative	1,767	-	5,130	82,711	272
	<u>2,190</u>	<u>-</u>	<u>5,145</u>	<u>95,638</u>	<u>272</u>
Health and social services:					
Health	1,368	-	178	33,006	1
Social	92	-	422	9,276	-
	<u>1,460</u>	<u>-</u>	<u>600</u>	<u>42,282</u>	<u>1</u>
Public safety:					
Law enforcement	1,033	-	1,641	94,300	99
Justice services	1,337	-	95	56,266	3
	<u>2,370</u>	<u>-</u>	<u>1,736</u>	<u>150,566</u>	<u>102</u>
Community services:					
Community service development	-	-	-	-	108
Recreation	-	-	-	-	-
Library	4,153	-	127	63,735	431
	<u>4,153</u>	<u>-</u>	<u>127</u>	<u>63,735</u>	<u>539</u>
Roads and bridges:					
Roads and bridges	992	196,926	78,151	-	-
	<u>992</u>	<u>196,926</u>	<u>78,151</u>	<u>-</u>	<u>-</u>
External organizations:					
External use	3,833	-	98	93,597	4
	<u>\$ 14,998</u>	<u>\$ 196,926</u>	<u>\$ 85,857</u>	<u>\$ 445,818</u>	<u>\$ 918</u>

Machinery and Equipment	Bridges	Infrastructure	Total
\$ 280	\$ -	\$ -	\$ 13,645
29,934	-	-	119,814
<u>30,214</u>	<u>-</u>	<u>-</u>	<u>133,459</u>
1,322	-	-	35,875
1,191	-	-	10,981
<u>2,513</u>	<u>-</u>	<u>-</u>	<u>46,856</u>
8,632	-	-	105,705
2,562	-	-	60,263
<u>11,194</u>	<u>-</u>	<u>-</u>	<u>165,968</u>
14	-	-	122
25	-	-	25
67,585	-	-	136,031
<u>67,624</u>	<u>-</u>	<u>-</u>	<u>136,178</u>
2,869	155,007	368,186	802,131
<u>2,869</u>	<u>155,007</u>	<u>368,186</u>	<u>802,131</u>
-	-	-	97,532
<u>\$ 114,414</u>	<u>\$ 155,007</u>	<u>\$ 368,186</u>	<u>\$ 1,382,124</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, 2012
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2011	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2012
General government:				
Legislative	\$ 8,271	\$ 12	\$ 5,362	\$ 13,645
Administrative	138,827	5,253	(24,266)	119,814
	<u>147,098</u>	<u>5,265</u>	<u>(18,904)</u>	<u>133,459</u>
Health and social services:				
Health	35,761	281	(167)	35,875
Social	10,354	609	18	10,981
	<u>46,115</u>	<u>890</u>	<u>(149)</u>	<u>46,856</u>
Public safety:				
Law enforcement	104,534	905	266	105,705
Justice services	55,756	3,300	1,207	60,263
	<u>160,290</u>	<u>4,205</u>	<u>1,473</u>	<u>165,968</u>
Community services:				
Community service development	122	-	-	122
Recreation	25	-	-	25
Library	137,397	6,600	(7,966)	136,031
	<u>137,544</u>	<u>6,600</u>	<u>(7,966)</u>	<u>136,178</u>
Roads and bridges:				
Roads and bridges	746,521	55,662	(52)	802,131
	<u>746,521</u>	<u>55,662</u>	<u>(52)</u>	<u>802,131</u>
External organizations:				
External use	75,371	11,129	11,032	97,532
	<u>\$ 1,312,939</u>	<u>\$ 83,751</u>	<u>\$ (14,566)</u>	<u>\$ 1,382,124</u>

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 Capitalized Lease Obligations
- Schedule of Loans Outstanding
- Schedule of Full Faith and Credit Bonds Outstanding

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2012
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2011	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, 2012
2011-12	\$ -	\$ 1,238,762	\$ (6,322)	\$ 547	\$ (30,992)	\$ (1,163,527)	\$ 38,468
2010-11	33,763	-	(2,455)	1,338	196	(13,125)	19,717
2009-10	15,697	-	(807)	1,290	148	(3,264)	13,064
2008-09 and prior	13,129	-	(221)	2,471	3	(9,730)	5,652
	<u>\$ 62,589</u>	<u>\$ 1,238,762</u>	<u>\$ (9,805)</u>	<u>\$ 5,646</u>	<u>\$ (30,645)</u>	<u>\$ (1,189,646)</u>	<u>\$ 76,901</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2012

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 7,529	\$ 7,523	\$ 15,052	\$ 4,607	\$ 19,659
Special revenue funds:					
Library fund	1,083	1,281	2,364	-	2,364
Oregon historical society fund	61	-	61	-	61
Land corner preservation fund	-	-	-	5	5
Special excise tax fund	-	-	-	2,272	2,272
Total special revenue funds	<u>1,144</u>	<u>1,281</u>	<u>2,425</u>	<u>2,277</u>	<u>4,702</u>
General obligation bond fund	282	287	569	2	571
Agency funds	24,771	34,011	58,782	3,148	61,930
Sub-total taxes receivable	<u>33,726</u>	<u>43,102</u>	<u>76,828</u>	<u>10,034</u>	<u>86,862</u>
Special assessments collected through taxes	50	23	73	-	73
Total receivables	<u>\$ 33,776</u>	<u>\$ 43,125</u>	<u>\$ 76,901</u>	<u>\$ 10,034</u>	<u>\$ 86,935</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, 2012
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	<u>Outstanding June 30, 2011</u>		<u>2011-12 Transactions</u>			<u>Outstanding June 30, 2012</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 March 31, 2010	\$ -	\$ 38,620	\$ -	\$ -	\$ 6,825	\$ -	\$ 31,795
	-	38,620	-	-	6,825	-	31,795

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 31, 2010	<u>\$ 1,645</u>
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MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2012
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 2010 Dated 3/31/10 3.00 to 5.00%		Total	
	Principal	Interest	Principal	Interest
	2013	\$ 6,860	\$ 1,303	\$ 6,860
2014	7,210	951	7,210	951
2015	6,155	617	6,155	617
2016	5,665	349	5,665	349
2017	5,905	118	5,905	118
	<u>\$ 31,795</u>	<u>\$ 3,338</u>	<u>\$ 31,795</u>	<u>\$ 3,338</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Obligations
June 30, 2012
(amounts expressed in thousands)

CAPITALIZED LEASE OBLIGATIONS

Fiscal Year of Maturity	Sellwood Lofts Dated 01/01/02 10.31%		Sheriff Warehouse Dated 07/01/10 4.00%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
	2013	\$ 17	\$ 101	\$ 112	\$ 22	\$ 129
2014	19	100	116	18	135	118
2015	21	98	121	13	142	111
2016	23	95	126	8	149	103
2017	25	93	131	3	156	96
2018	28	90	-	-	28	90
2019	31	87	-	-	31	87
2020	34	84	-	-	34	84
2021	38	80	-	-	38	80
2022	42	76	-	-	42	76
2023	47	71	-	-	47	71
2024	52	66	-	-	52	66
2025	57	61	-	-	57	61
2026	64	55	-	-	64	55
2027	70	48	-	-	70	48
2028	78	40	-	-	78	40
2029	86	32	-	-	86	32
2030	96	22	-	-	96	22
2031	106	12	-	-	106	12
2032	57	2	-	-	57	2
	<u>\$ 991</u>	<u>\$ 1,313</u>	<u>\$ 606</u>	<u>\$ 64</u>	<u>\$ 1,597</u>	<u>\$ 1,377</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2012
(amounts expressed in thousands)

GENERAL LONG TERM LOANS

Fiscal Year of Maturity	OTIB Dated 09/04/08 3.98%		Non-Taxable Revolving LOC Dated 12/14/11 0.968%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 287	\$ 126	\$ -	\$ -	\$ 287	\$ 126
2014	299	115	-	-	299	115
2015	311	103	-	-	311	103
2016	323	91	-	-	323	91
2017	336	78	-	-	336	78
2018	349	64	-	-	349	64
2019	363	50	-	-	363	50
2020	377	36	-	-	377	36
2021	393	21	-	-	393	21
2022	126	5	15,000	128	15,126	133
	<u>\$ 3,164</u>	<u>\$ 689</u>	<u>\$ 15,000</u>	<u>\$ 128</u>	<u>\$ 18,164</u>	<u>\$ 817</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2012
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999		Series 2003		Series 2004	
	Dated 12/01/99		Dated 05/15/03		Dated 10/01/04	
	6.49 to 7.74%		1.50 to 3.25%		3.00 to 5.00%	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 4,479	\$ 12,563	\$ 1,060	\$ 52	\$ 6,010	\$ 1,897
2014	4,472	13,565	1,100	19	5,965	1,597
2015	4,469	14,618	-	-	6,185	1,294
2016	6,845	13,341	-	-	4,600	1,027
2017	16,985	4,358	-	-	4,810	794
2018	19,470	3,096	-	-	5,055	560
2019	22,200	1,649	-	-	4,845	338
2020	5,319	19,876	-	-	5,085	114
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>\$ 131,513</u>	<u>\$ 379,146</u>	<u>\$ 2,160</u>	<u>\$ 71</u>	<u>\$ 42,555</u>	<u>\$ 7,621</u>

Series 2010A		Series 2010B		Total	
Dated 03/31/10		Dated 12/14/10			
2.00 to 3.00%		4.00 to 4.70%			
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,375	\$ 214	\$ -	\$ 713	\$ 12,924	\$ 15,439
1,395	172	-	713	12,932	16,066
1,420	131	-	713	12,074	16,756
1,450	88	-	713	12,895	15,169
1,485	45	-	713	23,280	5,910
-	-	-	713	24,525	4,369
-	-	-	713	27,045	2,700
-	-	-	713	10,404	20,703
-	-	1,350	713	6,558	22,120
-	-	1,380	659	6,478	23,671
-	-	1,410	600	6,399	25,286
-	-	1,440	537	6,321	26,981
-	-	1,475	470	6,250	28,755
-	-	1,510	401	6,180	30,616
-	-	1,545	325	6,111	32,559
-	-	1,585	247	6,048	34,594
-	-	1,630	167	5,992	36,730
-	-	1,675	84	5,937	38,971
\$ 7,125	\$ 650	\$ 15,000	\$ 9,907	\$ 198,353	\$ 397,395

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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.

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental Activities:				
Net Investment in capital assets	\$ 686,874	\$ 637,922	\$ 620,544	\$ 470,426
Restricted	29,565	49,806	103,600	98,542
Unrestricted	74,513	81,502	(8,728)	(10,907)
Total governmental activities net position	<u>\$ 790,952</u>	<u>\$ 769,230</u>	<u>\$ 715,416</u>	<u>\$ 558,061</u>
Business-Type Activities:				
Net Investment in capital assets	\$ 3,752	\$ 3,612	\$ 3,696	\$ 3,442
Unrestricted	13,402	17,442	13,600	9,631
Total business-type activities net position	<u>\$ 17,154</u>	<u>\$ 21,054</u>	<u>\$ 17,296</u>	<u>\$ 13,073</u>
Primary Government:				
Net Investment in capital assets	\$ 690,626	\$ 641,534	\$ 624,240	\$ 473,868
Restricted	29,565	49,806	103,600	98,542
Unrestricted	87,915	98,944	4,872	(1,276)
Total primary government net position	<u>\$ 808,106</u>	<u>\$ 790,284</u>	<u>\$ 732,712</u>	<u>\$ 571,134</u>

Source: Current and prior years' financial statements

2008	2007	2006	Restated 2005	2004	2003
\$ 465,079	\$ 456,502	\$ 434,866	\$ 523,606	\$ 511,277	\$ 475,949
77,979	76,266	71,388	100,156	62,954	62,535
27,954	17,731	32,205	18,912	(12,431)	(26,225)
<u>\$ 571,012</u>	<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 642,674</u>	<u>\$ 561,800</u>	<u>\$ 512,259</u>
\$ 3,424	\$ 3,020	\$ 2,985	\$ 2,577	\$ 2,480	\$ 2,474
2,928	4,612	2,830	2,012	1,915	2,095
<u>\$ 6,352</u>	<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$ 4,589</u>	<u>\$ 4,395</u>	<u>\$ 4,569</u>
\$ 468,503	\$ 459,522	\$ 437,851	\$ 526,183	\$ 513,757	\$ 478,423
77,979	76,266	71,388	100,156	62,954	62,535
30,882	22,343	35,035	20,924	(10,516)	(24,130)
<u>\$ 577,364</u>	<u>\$ 558,131</u>	<u>\$ 544,274</u>	<u>\$ 647,263</u>	<u>\$ 566,195</u>	<u>\$ 516,828</u>

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 27,239	\$ 27,789	\$ 22,843	\$ 21,936
Health services	72,910	77,276	70,455	60,340
Social services	1,568	1,321	1,902	1,125
Public safety and justice	16,809	16,056	17,490	17,597
Community services	2,914	2,325	-	10
Library	1,747	1,759	1,757	1,754
Roads and bridges	11,866	9,131	1,107	1,227
Operating grants and contributions	308,392	316,218	299,735	291,018
Capital grants and contributions	839	16,415	2,885	3,831
Total governmental activities program revenues	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>
Business-type activities:				
Charges for services:				
Dunthorpe	837	816	809	713
Mid County	380	363	341	264
Behavioral Health	44,712	46,110	42,931	39,027
Operating grants and contributions	-	-	-	-
Capital grants and contributions	6	36	133	80
Total business-type activities program revenues	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>
Total primary government program revenues	<u>490,219</u>	<u>515,615</u>	<u>462,388</u>	<u>438,922</u>
Expenses				
Governmental activities:				
General government	65,813	58,642	59,572	64,660
Health services	150,421	151,327	137,615	133,751
Social services	224,975	222,515	224,928	210,590
Public safety and justice	217,842	216,403	210,079	217,215
Community services	34,511	26,683	22,796	24,320
Library	61,641	60,343	56,548	55,181
Roads and bridges	54,287	51,772	49,571	53,462
Interest on long-term debt	10,695	11,774	12,800	14,041
Total governmental activities expenses	<u>820,185</u>	<u>799,459</u>	<u>773,909</u>	<u>773,220</u>
Business-type activities:				
Dunthorpe	507	486	516	458
Mid County	411	427	403	420
Behavioral Health	49,014	43,640	39,207	32,720
Total business-type activities expenses	<u>49,932</u>	<u>44,553</u>	<u>40,126</u>	<u>33,598</u>
Total primary government expenses	<u>870,117</u>	<u>844,012</u>	<u>814,035</u>	<u>806,818</u>

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$	21,721	\$ 23,703	\$ 25,531	\$ 20,486	\$ 16,394	\$ 15,976
	52,241	45,765	44,406	44,145	44,006	40,901
	1,615	1,309	1,210	1,175	1,805	759
	17,765	17,904	16,600	16,394	15,901	23,216
	10	31	8	1	4	-
	1,855	1,745	1,641	1,887	2,042	2,537
	2,141	1,962	1,784	1,867	1,880	1,250
	265,271	257,810	247,933	256,489	249,079	256,659
	10,505	5,594	5,272	34,149	9,809	4,461
	<u>373,124</u>	<u>355,823</u>	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>	<u>345,759</u>
	627	574	455	423	344	248
	268	306	294	289	235	233
	36,072	34,879	34,519	29,472	25,603	32,486
	-	-	-	-	435	897
	10	76	82	238	-	-
	<u>36,977</u>	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>	<u>33,864</u>
	<u>410,101</u>	<u>391,658</u>	<u>379,735</u>	<u>407,015</u>	<u>367,537</u>	<u>379,623</u>
	75,547	87,472	114,378	128,871	154,646	36,374
	125,355	118,380	112,201	106,551	110,968	110,322
	196,537	185,672	177,891	181,194	167,746	169,218
	208,253	199,850	196,167	192,005	182,941	180,503
	26,069	24,136	23,336	21,795	18,391	17,925
	52,087	47,872	43,530	41,357	40,843	43,934
	56,716	53,701	54,256	56,781	57,374	58,354
	16,443	16,954	21,822	18,058	19,543	20,127
	<u>757,007</u>	<u>734,037</u>	<u>743,581</u>	<u>746,612</u>	<u>752,452</u>	<u>636,757</u>
	476	405	407	487	355	344
	377	354	328	495	723	468
	37,803	34,221	33,640	29,480	25,787	33,739
	<u>38,656</u>	<u>34,980</u>	<u>34,375</u>	<u>30,462</u>	<u>26,865</u>	<u>34,551</u>
	<u>795,663</u>	<u>769,017</u>	<u>777,956</u>	<u>777,074</u>	<u>779,317</u>	<u>671,308</u>

(continued)

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

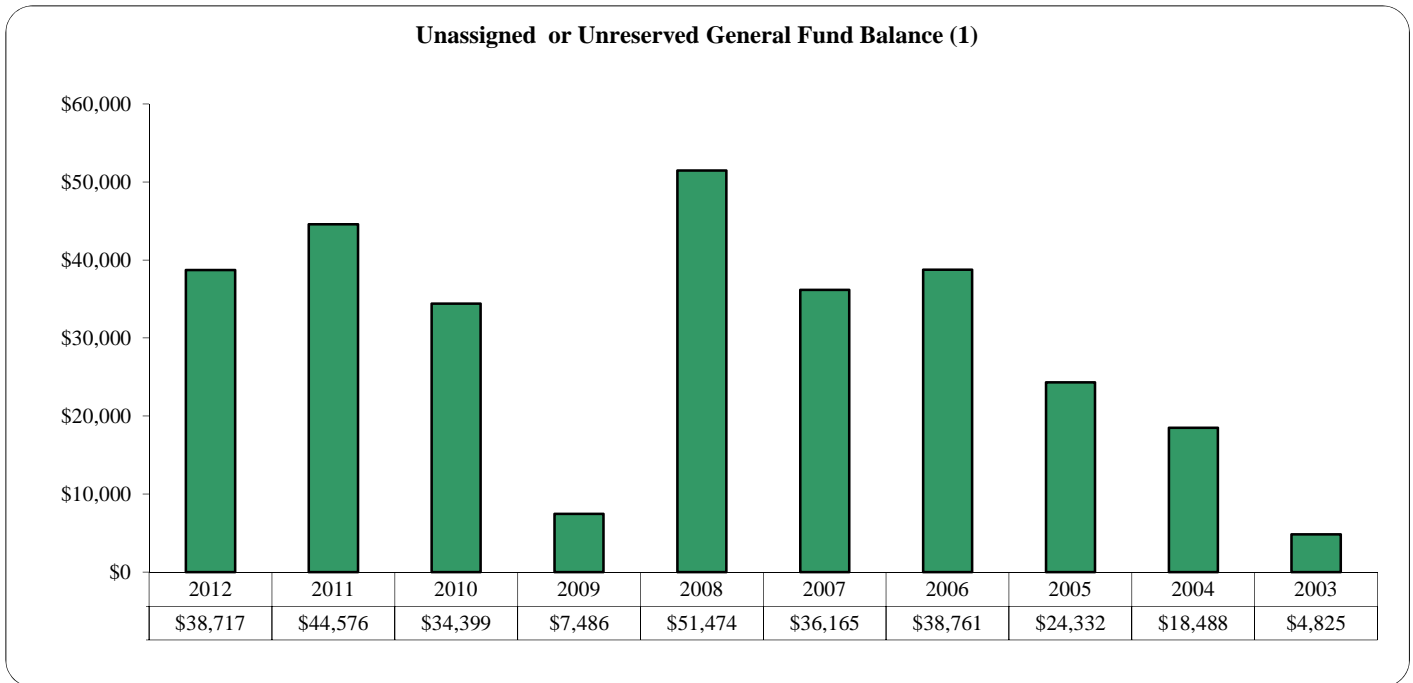
(continued)	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Net Expense				
Governmental activities	\$ (375,901)	\$ (331,169)	\$ (355,735)	\$ (374,382)
Business-type activities	(3,997)	2,772	4,088	6,486
Total primary government net expense	<u>(379,898)</u>	<u>(328,397)</u>	<u>(351,647)</u>	<u>(367,896)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	272,299	268,605	266,294	258,200
Debt service	8,842	8,246	9,001	8,227
Personal income taxes	235	683	-	(5,341)
Business income taxes	52,250	48,570	44,150	42,900
Selective excise and use taxes	48,777	46,167	42,692	39,161
Payments in lieu of taxes	697	1,500	1,305	1,516
State government shared revenues	10,108	7,423	7,768	8,562
Grants and contributions not restricted to specific programs	10	1	27	14
Interest and investment earnings	2,604	2,946	2,589	5,767
Miscellaneous	1,194	667	1,665	1,797
Gain on sale of capital assets	607	175	228	628
Transfers	-	-	-	-
Special items:				
Loss on transfer of County roads	-	-	-	-
Total governmental activities	<u>397,623</u>	<u>384,983</u>	<u>375,719</u>	<u>361,431</u>
Business-type activities:				
Interest and investment earnings	97	115	128	235
Miscellaneous	-	871	7	-
Transfers	-	-	-	-
Total business-type activities	<u>97</u>	<u>986</u>	<u>135</u>	<u>235</u>
Total primary government	<u>397,720</u>	<u>385,969</u>	<u>375,854</u>	<u>361,666</u>
Change in Net Position				
Governmental activities	21,722	53,814	19,984	(12,951)
Cumulative effect of change in accounting principle	-	-	-	-
Total governmental activities	<u>21,722</u>	<u>53,814</u>	<u>19,984</u>	<u>(12,951)</u>
Business-type activities	(3,900)	3,758	4,223	6,721
Total primary government change in net position	<u>\$ 17,822</u>	<u>\$ 57,572</u>	<u>\$ 24,207</u>	<u>\$ (6,230)</u>

Source: Current and prior years' financial statements

2008	2007	2006	2005	2004	2003
\$ (383,883)	\$ (378,214)	\$ (399,196)	\$ (370,019)	\$ (411,532)	\$ (290,998)
(1,679)	855	975	(40)	(248)	(687)
<u>(385,562)</u>	<u>(377,359)</u>	<u>(398,221)</u>	<u>(370,059)</u>	<u>(411,780)</u>	<u>(291,685)</u>
249,446	231,073	219,854	209,056	201,278	193,912
9,077	9,249	9,373	7,815	7,326	9,699
2,748	21,237	59,764	124,577	175,325	-
65,650	57,399	50,980	36,463	30,286	26,491
42,812	39,582	36,914	33,646	32,404	33,199
1,537	1,738	2,249	3,012	2,184	2,899
9,613	9,517	8,692	6,741	7,584	6,206
10	6	2	1,150	166	70
11,887	13,454	10,094	4,943	2,443	4,226
1,410	6,771	4,007	2,233	1,877	2,917
10,206	228	1,607	166	200	1,711
-	-	-	-	-	440
-	-	(108,555)	-	-	-
<u>404,396</u>	<u>390,254</u>	<u>294,981</u>	<u>429,802</u>	<u>461,073</u>	<u>281,770</u>
398	495	251	121	74	131
1	467	-	113	-	24
-	-	-	-	-	(440)
<u>399</u>	<u>962</u>	<u>251</u>	<u>234</u>	<u>74</u>	<u>(285)</u>
<u>404,795</u>	<u>391,216</u>	<u>295,232</u>	<u>430,036</u>	<u>461,147</u>	<u>281,485</u>
20,513	12,040	(104,215)	59,783	49,541	(9,228)
-	-	-	21,091	-	-
<u>20,513</u>	<u>12,040</u>	<u>(104,215)</u>	<u>80,874</u>	<u>49,541</u>	<u>(9,228)</u>
<u>(1,280)</u>	<u>1,817</u>	<u>1,226</u>	<u>194</u>	<u>(174)</u>	<u>(972)</u>
<u>\$ 19,233</u>	<u>\$ 13,857</u>	<u>\$ (102,989)</u>	<u>\$ 81,068</u>	<u>\$ 49,367</u>	<u>\$ (10,200)</u>

MULTNOMAH COUNTY, OREGON
Fund Balances, Governmental Funds (1)
Last Ten Fiscal Years
(dollar amounts expressed in thousands)
(modified accrual basis of accounting)
(unaudited)

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
General Fund (2)				
Reserved	\$ -	\$ -	\$ 25,016	\$ 23,891
Unreserved	-	-	34,399	7,486
Nonspendable	364	654	-	-
Restricted	534	487	-	-
Committed	42	487	-	-
Unassigned	38,717	44,576	-	-
Total general fund	<u>39,657</u>	<u>46,204</u>	<u>59,415</u>	<u>31,377</u>
All Other Governmental Funds				
Reserved	-	-	97,220	91,256
Unreserved, reported in:				
Special revenue funds	-	-	30,594	49,718
Nonspendable	1,418	1,237		
Restricted	28,506	48,942		
Committed	86,457	94,237		
Assigned	11,282	20,914		
Unassigned	(396)	(312)		
Total all other governmental funds	<u>127,267</u>	<u>165,018</u>	<u>127,814</u>	<u>140,974</u>
Total governmental funds	<u>\$ 166,924</u>	<u>\$ 211,222</u>	<u>\$ 187,229</u>	<u>\$ 172,351</u>



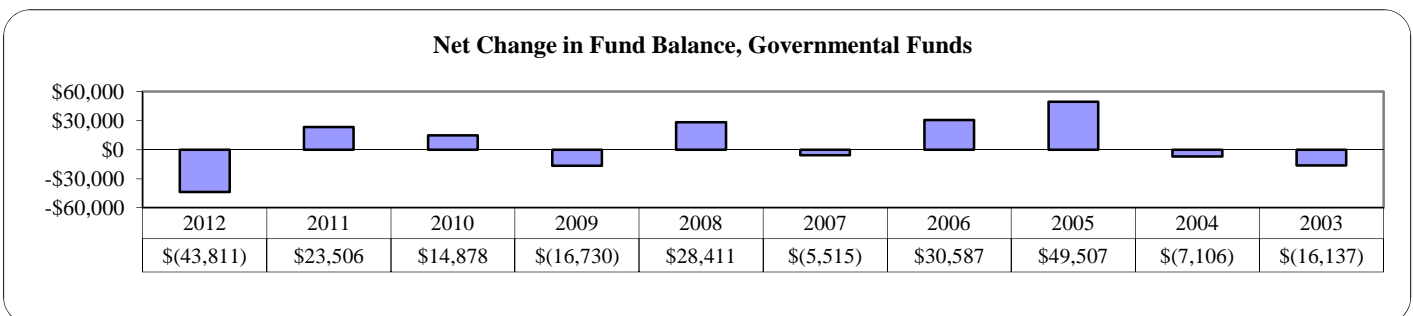
- (1) This schedule was modified with the implementation of GASB Statement #54, effective fiscal year 2011, which affected the categories used to report fund balances.
- (2) Reclassifications were made to amounts reported as Reserved and Unreserved in the General Fund for fiscal years 2000 - 2007 reported above in order to be consistent with the current reporting of amounts reserved for interfund receivables.

Source: Current and prior years' financial statements

2008	2007	2006	2005	2004	2003
\$ 20,139	\$ 24,053	\$ 16,203	\$ 18,084	\$ 1,004	\$ 961
51,474	36,165	38,761	24,332	18,488	4,825
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>71,613</u>	<u>60,218</u>	<u>54,964</u>	<u>42,416</u>	<u>19,492</u>	<u>5,786</u>
70,605	51,317	53,964	37,292	39,224	63,810
46,863	49,135	57,257	55,890	27,375	23,601
<u>117,468</u>	<u>100,452</u>	<u>111,221</u>	<u>93,182</u>	<u>66,599</u>	<u>87,411</u>
<u>\$ 189,081</u>	<u>\$ 160,670</u>	<u>\$ 166,185</u>	<u>\$ 135,598</u>	<u>\$ 86,091</u>	<u>\$ 93,197</u>

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

	2012	2011	2010	2009
Revenues				
Taxes	\$ 380,031	\$ 374,935	\$ 365,385	\$ 350,296
Intergovernmental	312,588	317,944	300,963	292,689
Licenses and permits	27,727	23,535	14,722	14,806
Charges for services	80,001	68,875	85,603	74,827
Interest	1,180	1,486	1,796	4,391
Miscellaneous	56,823	64,335	54,118	43,916
Total revenues	<u>858,350</u>	<u>851,110</u>	<u>822,587</u>	<u>780,925</u>
Expenditures				
Current:				
General government	61,380	62,951	58,971	59,960
Health services	156,344	158,283	145,555	138,941
Social services	226,460	223,815	227,257	211,832
Public safety and justice	221,094	220,279	215,442	219,797
Community services	34,137	26,283	22,458	24,080
Library	55,088	54,223	52,118	50,872
Roads and bridges	43,623	40,790	37,540	38,148
Capital Outlay	80,888	32,804	21,481	20,783
Debt service:				
Principal	28,526	23,947	30,762	23,424
Interest	10,583	11,759	12,997	13,989
Total expenditures	<u>918,123</u>	<u>855,134</u>	<u>824,581</u>	<u>801,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(59,773)</u>	<u>(4,024)</u>	<u>(1,994)</u>	<u>(20,901)</u>
Other Financing Sources (Uses)				
Proceeds from issuance of debt	15,101	16,282	11,309	623
Proceeds from issuance of refunding bonds	-	-	45,175	-
Premium on short-term debt	-	-	-	-
Premium on long-term debt	-	-	5,443	-
Issuance of capital lease	-	815	-	-
Proceeds from sale of capital assets	1,713	24	10	-
Payment to escrow agent - refunded debt	-	-	(49,710)	-
Transfers in	37,351	33,521	47,360	61,978
Transfers out	(38,203)	(23,112)	(42,715)	(58,430)
Total other financing sources (uses)	<u>15,962</u>	<u>27,530</u>	<u>16,872</u>	<u>4,171</u>
Net change in fund balances	<u>\$ (43,811)</u>	<u>\$ 23,506</u>	<u>\$ 14,878</u>	<u>\$ (16,730)</u>
Debt service as a percentage of noncapital expenditures	<u>4.7%</u>	<u>4.3%</u>	<u>5.4%</u>	<u>4.8%</u>



Source: Current and prior years' financial statements

	2008	2007	2006	2005	2004	2003
\$	375,044	\$ 356,682	\$ 441,579	\$ 422,212	\$ 375,204	\$ 268,225
	277,099	260,549	250,855	284,527	252,978	261,020
	15,441	15,934	16,025	14,743	14,760	14,496
	67,750	62,791	62,245	61,399	55,180	66,325
	9,557	10,837	8,347	4,134	1,960	3,499
	50,342	46,880	46,090	51,926	50,385	37,495
	<u>795,233</u>	<u>753,673</u>	<u>825,141</u>	<u>838,941</u>	<u>750,467</u>	<u>651,060</u>
	69,224	73,559	136,726	146,626	124,459	52,375
	128,914	122,029	115,778	112,562	111,745	106,408
	197,210	187,256	178,736	184,335	168,648	168,329
	209,119	202,477	198,774	198,608	197,251	200,114
	25,904	24,040	23,468	22,266	19,318	19,398
	48,051	44,411	46,228	44,546	42,753	40,741
	40,723	39,875	42,283	39,844	40,454	39,497
	27,367	31,589	22,150	9,288	11,968	17,770
	21,522	19,861	18,256	16,929	25,179	15,186
	16,394	16,958	18,235	17,928	19,543	20,082
	<u>784,428</u>	<u>762,055</u>	<u>800,634</u>	<u>792,932</u>	<u>761,318</u>	<u>679,900</u>
	<u>10,805</u>	<u>(8,382)</u>	<u>24,507</u>	<u>46,009</u>	<u>(10,851)</u>	<u>(28,840)</u>
	-	-	-	54,235	-	9,615
	-	-	-	-	-	-
	-	157	-	-	-	-
	-	-	-	5,089	-	-
	-	33	1,093	-	-	-
	14,219	35	1,988	5	425	-
	-	-	-	(58,847)	-	-
	29,266	26,996	47,004	29,907	32,641	39,819
	<u>(25,879)</u>	<u>(24,354)</u>	<u>(44,005)</u>	<u>(26,891)</u>	<u>(29,321)</u>	<u>(36,731)</u>
	<u>17,606</u>	<u>2,867</u>	<u>6,080</u>	<u>3,498</u>	<u>3,745</u>	<u>12,703</u>
\$	<u>28,411</u>	<u>\$ (5,515)</u>	<u>\$ 30,587</u>	<u>\$ 49,507</u>	<u>\$ (7,106)</u>	<u>\$ (16,137)</u>
	<u>5.0%</u>	<u>5.0%</u>	<u>4.7%</u>	<u>4.4%</u>	<u>6.0%</u>	<u>5.3%</u>

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

Function/Program	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities:				
General government	\$ 32,200	\$ 34,230	\$ 27,142	\$ 26,142
Health services	107,371	113,591	104,070	91,457
Social services	172,360	180,874	180,656	171,782
Public safety and justice	57,705	60,451	60,818	61,855
Community services	5,898	7,184	3,636	3,943
Library	5,318	4,948	5,178	5,306
Roads and bridges	63,432	67,012	36,674	38,353
Total governmental activities	<u>444,284</u>	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>
Business-type activities:				
Dunthorpe-Riverdale	837	822	877	713
Mid County	386	393	406	344
Behavioral Health	44,712	46,110	42,931	39,027
Total business-type activities	<u>45,935</u>	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>
Total primary government	<u>\$ 490,219</u>	<u>\$ 515,615</u>	<u>\$ 462,388</u>	<u>\$ 438,922</u>

Source: Current and prior years' financial statements

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 35,044	\$ 28,530	\$ 32,587	\$ 33,367	\$ 31,429	\$ 23,463
81,507	74,024	74,003	71,924	77,315	72,730
152,905	142,100	134,894	139,569	126,534	136,045
57,364	58,188	54,278	62,497	63,534	71,518
3,196	3,278	4,712	4,387	1,830	2,730
5,359	5,302	4,106	4,079	4,018	4,572
37,749	44,401	39,805	60,770	36,260	34,701
<u>373,124</u>	<u>355,823</u>	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>	<u>345,759</u>
627	574	455	423	344	256
278	382	376	527	235	484
36,072	34,879	34,519	29,472	26,038	33,124
<u>36,977</u>	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>	<u>33,864</u>
<u>\$ 410,101</u>	<u>\$ 391,658</u>	<u>\$ 379,735</u>	<u>\$ 407,015</u>	<u>\$ 367,537</u>	<u>\$ 379,623</u>

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

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
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
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044
2009	263,630	42,900	16,115	16,101	6,878	2,122	2,550	350,296
2010	275,462	44,150	15,441	20,105	7,063	905	2,259	365,385
2011	277,258	48,570	18,208	20,842	7,052	657	2,348	374,935
2012	277,827	52,250	20,052	21,852	6,811	205	1,034	380,031

Source: Current and prior years' financial statements

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

Year	Residential Property	Commercial Property	Public Utility Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Real Market Value
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
2008	30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763
2009	32,075,253	15,987,533	2,390,005	2,362,074	52,814,865	5.21	107,381,958
2010	33,268,838	16,437,414	2,545,964	2,297,087	54,549,303	5.20	105,010,710
2011	34,269,351	16,954,346	2,569,318	2,194,393	55,987,408	5.10	101,559,353
2012	35,156,964	17,653,597	2,641,653	2,089,271	57,541,485	5.01	95,354,432

(1) See Property Tax Rates - Total Direct on page 158

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	
	Adjustments	Amount		Percentage of Levy	Amount		Percentage of Levy	
2003	\$ 210,411	\$ (7,164)	\$ 203,247	\$ 197,233	93.74 %	\$ 5,982	\$ 203,215	96.58 %
2004	215,031	(7,217)	207,814	202,692	94.26	5,449	208,141	96.80
2005	224,978	(8,121)	216,857	211,480	94.00	5,332	216,812	96.37
2006	236,631	(7,479)	229,152	223,312	94.37	5,788	229,100	96.82
2007	246,944	(7,319)	239,625	233,608	94.60	5,957	239,565	97.01
2008	265,938	(8,394)	257,544	250,542	94.21	6,850	257,392	96.79
2009	275,133	(8,519)	266,614	257,497	93.59	8,267	265,764	96.59
2010	283,349	(8,894)	274,455	266,292	93.98	5,064	271,356	95.77
2011	285,605	(8,600)	277,005	269,609	94.40	2,767	272,376	95.37
2012	288,355	(8,686)	279,669	270,714	93.88	-	270,714	93.88

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

Year	Multnomah County Direct Rates				Overlapping Rates						Total
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	
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
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72
2009	4.27	0.78	0.16	5.21	6.35	0.70	7.18	0.01	0.08	1.81	21.34
2010	4.27	0.76	0.17	5.20	6.62	0.75	7.25	0.01	0.07	2.00	21.90
2011	4.24	0.71	0.15	5.10	6.56	0.73	7.23	0.01	0.07	2.02	21.72
2012	4.21	0.64	0.16	5.01	6.39	0.62	7.45	0.01	0.08	1.97	21.53

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

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2011 and December 31, 2002
(dollar amounts expressed in thousands)

December 31, 2011				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 12,566	\$ 615,232	1	1.07 %
Portland General Electric	6,506	406,993	2	0.71
Comcast Corporation	6,191	351,392	3	0.61
Pacificorp (PP&L)	5,111	319,636	4	0.56
Weston Investment Co LLC	5,244	248,199	5	0.43
QWEST Corporation	3,539	220,328	6	0.38
LC Portland LLC	3,865	173,396	7	0.30
Evraz Inc NA	2,644	166,299	8	0.29
Fred Meyer Stores	3,251	163,369	9	0.28
Boeing Co	2,661	163,001	10	0.28
	<u>\$ 51,578</u>	<u>\$ 2,827,845</u>		<u>4.91 %</u>
Total Assessed Valuation		<u>\$ 57,541,485</u>		

December 31, 2002				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
QWEST Communications	N/A	\$ 475,715	1	1.12 %
Portland General Electric	N/A	308,621	2	0.73
Pacificorp (PP&L)	N/A	252,030	3	0.60
Wacker Siltronic Corp	N/A	204,816	4	0.48
Boeing Co	N/A	190,771	5	0.45
Microchip Technology	N/A	176,086	6	0
Alaska Airlines	N/A	164,000	7	0.39
Oregon Steel	N/A	149,337	8	0
Fred Meyer Stores	N/A	147,487	9	0
Northwest Natural Gas Co	N/A	142,913	10	0.34
		<u>\$ 2,211,776</u>		<u>5.22 %</u>
Total Assessed Valuation		<u>\$ 42,349,119</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2011-12 and 2002-03 respectively.
Note: Tax amounts not available for year ended December 31, 2002

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			
2003	\$ 91,610	\$ 41,501	\$ 276,763	\$ 7,890	\$ 718	\$ 418,482	1.75 %	\$ 617
2004	86,445	28,596	270,203	7,425	634	393,303	1.61	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.53	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.33	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.20	477
2008	63,125	13,604	234,688	5,320	242	316,979	1.07	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.03	406
2010	45,175	1,020	219,018	2,845	2,132	270,190	0.92	367
2011	38,620	1,719	217,158	2,430	3,414	263,341	0.89	355
2012	31,795	1,597	198,353	1,995	18,164	251,904	0.86	340

Note: 2011 and 2012 percentages calculated using 2010 personal income data, which is the most recent available.
(1) See population and personal income data on page 166

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)
2003	\$ 91,610	\$ (10,335)	\$ 81,275	0.34 %	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	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.22	0.13	86
2008	63,125	(8,569)	54,556	0.18	0.11	76
2009	56,570	(7,643)	48,927	0.17	0.09	68
2010	45,175	(7,611)	37,564	0.13	0.07	51
2011	38,620	(7,454)	31,166	0.11	0.06	42
2012	31,795	(7,753)	24,042	0.08	0.04	32

Note: 2011 and 2012 percentages calculated using 2010 personal income data, which is the most recent available.

(1) See taxable assessed value schedule on page 156

(2) See population and personal income data on page 166

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

Fiscal Year	Revenue Bonds						Coverage
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
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	
2008	80	-	80	560	268	0.10	
2009	33	8	25	2,080	208	0.01	
2010	35	-	35	395	152	0.06	
2011	36	5	31	415	133	0.06	
2012	39	1	38	2,430	78	0.02	

Note: 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.

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

ORS 287A.100 provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.054.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Real market value	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	1,907,089	2,031,187	2,100,214	2,147,639
Less bonded debt at June 30	31,795	38,620	45,175	56,570
Legal debt margin	<u>\$ 1,875,294</u>	<u>\$ 1,992,567</u>	<u>\$ 2,055,039</u>	<u>\$ 2,091,069</u>
Total net debt applicable to the limit as a percentage of debt limit.	1.67%	1.90%	2.15%	2.63%

ORS 287A.105 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. This became effective January 1, 2008 superseding ORS 287.053.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Real market value	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	953,544	1,015,594	1,050,107	1,073,820
Less bonded debt at June 30	198,353	217,158	219,018	222,988
Legal debt margin	<u>\$ 755,191</u>	<u>\$ 798,436</u>	<u>\$ 831,089</u>	<u>\$ 850,832</u>
Total net debt applicable to the limit as a percentage of debt limit.	20.80%	21.38%	20.86%	20.77%

ORS 238.694 provides a debt limit on revenue bonds to finance pension liabilities of 5% of the real market value of all taxable property within the County's boundaries.

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Real market value	\$ 95,354,432	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	4,767,722	5,077,968	5,250,536	5,369,098
Less bonded debt at June 30	131,513	142,223	151,373	159,113
Legal debt margin	<u>\$ 4,636,209</u>	<u>\$ 4,935,745</u>	<u>\$ 5,099,163</u>	<u>\$ 5,209,985</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.76%	2.80%	2.88%	2.96%

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

2008	2007	2006	2005	2004	2003
\$ 100,302,763	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
2,006,055	1,741,402	1,562,200	1,409,153	1,329,820	1,267,827
63,125	69,380	75,340	81,025	86,445	91,610
\$ 1,942,930	\$ 1,672,022	\$ 1,486,860	\$ 1,328,128	\$ 1,243,375	\$ 1,176,217
3.15%	3.98%	4.82%	5.75%	6.50%	7.23%
\$ 100,302,763	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
1,003,028	870,701	781,100	704,576	664,910	633,913
234,688	246,413	256,833	266,063	270,203	276,763
\$ 768,340	\$ 624,288	\$ 524,267	\$ 438,513	\$ 394,707	\$ 357,150
23.40%	28.30%	32.88%	37.76%	40.64%	43.66%
\$ 100,302,763	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
5,015,138	4,353,504	3,905,500	3,522,881	3,324,550	3,169,567
165,583	170,908	175,203	178,568	181,103	182,893
\$ 4,849,555	\$ 4,182,596	\$ 3,730,297	\$ 3,344,313	\$ 3,143,447	\$ 2,986,674
3.30%	3.93%	4.49%	5.07%	5.45%	5.77%

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2012
(dollar amounts expressed in thousands)
(unaudited)

<u>Overlapping District (1)</u>	<u>Gross (2) Property-tax Backed Debt</u>	<u>Net (3) Property-tax Backed Debt</u>	<u>Percent (4) Overlapping</u>	<u>Total Direct and Overlapping</u>
City of Fairview	\$ 485	\$ -	100.00 %	\$ -
City of Gresham	60,608	20,981	100.00	20,981
City of Lake Oswego	141,397	35,267	5.70	2,009
City of Milwaukie	4,135	-	0.89	-
City of Portland	685,277	149,410	99.65	148,880
City of Troutdale	14,165	14,165	100.00	14,165
Metro	322,870	273,485	50.56	138,272
Port of Portland	69,305	-	46.66	-
Tri-Metropolitan Transport District	9,800	9,800	50.73	4,971
Clackamas County ESD	25,520	-	0.06	-
Multnomah ESD	34,745	-	98.25	-
Northwest Regional ESD	5,840	-	0.74	-
Multnomah County SD 1 (Portland)	460,455	460,455	99.38	457,598
Multnomah County SD 3 (Parkrose)	62,475	62,475	100.00	62,475
Multnomah County SD 7 (Reynolds)	142,369	142,369	100.00	142,369
Multnomah County SD 10J (Gresham-Barlow)	95,453	95,453	84.15	80,323
Multnomah County SD 28J (Centennial)	32,935	32,935	92.93	30,607
Multnomah County SD 39 (Corbett)	2,550	2,550	100.00	2,550
Multnomah County SD 40 (David Douglas)	60,360	60,360	100.00	60,360
Multnomah County SD 51J (Riverdale)	27,728	27,728	95.09	26,366
Mt Hood Community College	68,969	22,330	83.47	18,638
Portland Community College	366,225	191,375	47.92	91,714
Clackamas County SD 7J (Lake Oswego)	110,704	110,704	0.32	358
Columbia County SD 1J (Scappoose)	32,230	32,230	26.85	8,655
Washington County SD 48J (Beaverton)	500,995	500,995	0.49	2,467
Washington County SD 1J (Hillsboro)	315,773	315,773	0.01	16
Clackamas County RFPD #1	22,290	2,655	0.20	5
Rockwood Water PUD	6,375	-	100.00	-
Sauvie Island RFPD 30	90	90	96.29	87
Sunrise Water Authority	125	125	100.00	125
Tualatin Valley Fire & Rescue Dist	62,470	47,470	1.70	808
Lusted Water District	875	875	100.00	875
Multnomah County Drainage Dist No 1	3,695	125	100.00	125
Subtotal, overlapping debt	3,749,288	2,612,180		\$ 1,315,799
Multnomah County direct debt	230,148	53,920	100.00	230,148
Total direct and overlapping debt				<u>\$ 1,545,947</u>

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2012

(2) Gross Property-tax Backed Debt includes all General Obligation (GO) bonds and Full Faith & Credit bonds.

(3) Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited Tax GO and less Self-supporting Full Faith & Credit debt.

(4) Percent overlapping equals the RMV of the overlapping area of the overlapping district divided by the RMV of the County.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

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

<u>Year</u>	<u>Population (1)</u>	<u>Personal Income (2) (thousands)</u>	<u>Per Capita Income (2)</u>	<u>PMSA* Unemployment Rate (3)</u>
2003	677,850	\$ 23,890,048	\$ 35,166	9.0 %
2004	685,950	24,484,971	36,407	7.2
2005	692,825	25,011,925	37,062	6.0
2006	701,545	27,043,127	39,550	5.1
2007	710,025	28,234,192	40,462	4.9
2008	717,880	29,687,197	41,638	5.6
2009	724,680	28,440,292	39,081	11.2
2010	736,785	29,458,183	39,945	10.4
2011	741,925 (1)	N/A	N/A	9.4 (5)
2012	741,925 (4)	N/A	N/A	8.2 (5)

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

(1) Population Research Center, PSU

(2) US BEA, Dept of Commerce, Bureau of Economic Analysis

(3) OLMIS, Oregom Labor Market Information System

(4) Population data for July 1, 2012 not available at this time.

(5) As of June 30, 2012

* Portland Metropolitan Statistical Area

MULTNOMAH COUNTY, OREGON

Principal Employers

Current Year and Nine Years Ago

Employer	2011-12		
	Employees	Rank	Percentage of Total PMSA* Employment
State of Oregon	23,000	1	1.91 %
U.S. Government	17,600	2	1.46
Intel Corporation	16,250	3	1.35
Providence Health System	14,389	4	1.20
Oregon Health and Science University	13,733	5	1.14
Fred Meyer Stores	10,389	6	0.86
Legacy Health System	9,662	7	0.80
Kaiser Foundation Health Plan	9,195	8	0.76
City of Portland	8,951	9	0.74
Nike, Inc.	7,000	10	0.58
	<u>130,169</u>		<u>10.80 %</u>
Total PMSA* employment	<u>1,202,787</u> (1)		

Employer	2002-03		
	Employees	Rank	Percentage of Total PMSA* Employment
U.S. Government	18,700	1	1.71 %
Intel Corporation	14,890	2	1.37
Providence Health System	13,496	3	1.24
Oregon Health Sciences University	11,400	4	1.05
Fred Meyer Stores	10,500	5	0.96
City of Portland	8,485	6	0.78
Kaiser Foundation	8,000	7	0.73
Legacy Health System	7,972	8	0.73
State of Oregon	6,883	9	0.63
Safeway Stores	6,000	10	0.55
	<u>106,326</u>		<u>9.75 %</u>
Total PMSA* employment	<u>1,090,813</u>		

* Portland Metropolitan Statistical Area

(1) As of June 30, 2012

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

Function/Program	2012	2011	2010	2009
Governmental activities:				
General government	613.5	637.0	613.5	622.5
Health services	954.5	966.5	916.0	914.0
Social services	660.0	650.0	661.5	677.0
Public safety and justice	1,444.5	1,476.0	1,503.5	1,531.0
Community services	61.5	62.5	61.0	60.5
Library	460.5	480.0	477.0	467.5
Roads and bridges	144.0	146.0	138.0	143.0
Total governmental activities	4,338.5	4,418.0	4,370.5	4,415.5
Business-type activities:				
Behavioral Health	8.0	6.0	6.0	7.0
Total business-type activities	8.0	6.0	6.0	7.0
Total primary government budgeted FTE	4,346.5	4,424.0	4,376.5	4,422.5
 MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	675	764	716	716
Bargaining units:				
General employees (Local 88)	2,750	2,771	2,740	2,724
Electricians (Local 48)	19	19	18	19
Operating engineers (Local 701)	12	13	13	13
Paint makers (Local 1094)	0	1	1	2
Corrections (Teamsters 223)	421	411	420	429
Deputy sheriffs association	88	87	92	88
Oregon nurses association	189	199	216	220
Juvenile group workers (Local 86)	54	52	52	56
Prosecuting attorneys association	73	68	78	81
Parole and Probation Officers	115	121	123	131
Total bargaining units	3,721	3,742	3,753	3,763
Temporary County employees	129	128	100	72
Total actual County employees	4,525	4,634	4,569	4,551

Source: Multnomah County payroll records

2008	2007	2006	2005	2004	2003
614.5	603.5	665.5	676.0	695.0	657.5
874.5	864.5	841.5	802.5	832.5	892.5
621.0	582.5	573.0	596.0	538.5	565.5
1,561.5	1,538.5	1,559.0	1,585.0	1,584.5	1,596.0
69.5	75.0	81.0	73.0	73.0	72.0
440.5	423.0	411.0	413.5	487.5	465.5
149.0	150.0	139.0	159.5	164.0	176.0
<u>4,330.5</u>	<u>4,237.0</u>	<u>4,270.0</u>	<u>4,305.5</u>	<u>4,375.0</u>	<u>4,425.0</u>
8.0	7.0	11.0	17.0	45.5	34.5
<u>8.0</u>	<u>7.0</u>	<u>11.0</u>	<u>17.0</u>	<u>45.5</u>	<u>34.5</u>
<u>4,338.5</u>	<u>4,244.0</u>	<u>4,281.0</u>	<u>4,322.5</u>	<u>4,420.5</u>	<u>4,459.5</u>
704	659	668	669	654	668
2,664	2,602	2,623	2,648	2,785	2,792
18	19	17	21	21	22
10	11	12	14	13	12
2	2	2	2	2	3
437	432	449	450	454	467
88	91	98	96	97	93
221	228	238	239	256	269
59	60	58	56	58	65
88	83	85	86	86	79
134	133	133	133	0	0
<u>3,721</u>	<u>3,661</u>	<u>3,715</u>	<u>3,745</u>	<u>3,772</u>	<u>3,802</u>
<u>103</u>	<u>114</u>	<u>91</u>	<u>109</u>	<u>92</u>	<u>100</u>
<u>4,528</u>	<u>4,434</u>	<u>4,474</u>	<u>4,523</u>	<u>4,518</u>	<u>4,570</u>

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

FUNCTION/PROGRAM	2012	2011	2010
Governmental Activities:			
General Government			
Number of property tax accounts - residential	242,228	242,210	241,771
Number of property tax accounts - personal	61,876	62,125	63,075
Number of property tax accounts - commercial	34,042	34,063	34,161
Number of marriage licenses issued	6,306	6,201	6,276
Health Services			
Total clinic visits	339,794	362,546	384,762
County residents who rate their health good or better	85%	85%	90%
Environmental health inspections	13,109	13,371	12,572
Women, infants, and children (WIC) served in the WIC program	31,277	32,107	31,542
Flu vaccinations at health clinics	22,687	20,982	15,597
Social Services			
Households that have received assistance with energy bills	17,160	17,383	19,292
Clients with developmental disabilities served	4,485	4,336	4,465
Senior and physically disabled clients served	N/A	39,136	37,470
Alcohol and drug treatment clients	4,255	N/A	6,824
Early childhood mental health clients	5,327	4,025	4,511
Families served in early childhood programs	472	505	615
Students enrolled in extended day school activities	19,958	19,127	17,669
Public Safety and Justice			
Sheriff			
Responses to calls for services (a)	46,749	40,655	40,835
Number of arrests (parts 1, 2 and 3 crimes)	2,812	2,776	2,850
Corrections			
Number of inmates booked	37,166	36,557	38,634
Average daily jail population	1,240	1,187	1,274
Average length of jail stay in days	13	13	13
Inmates held for court at Courthouse	18,280	17,536	16,748
Juvenile			
Youth admitted to detention center	N/A	1,638	1,758
Average length of stay in days in youth detention center	N/A	8.7	7.8
Community service hours completed	N/A	3,277	4,353
Average number of youth on probation per month	N/A	378	478
(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

(a) Beginning in 2012, a substantial increase due to equipment upgrades allowing for greater number of serving civil documents

2009	2008	2007	2006	2005	2004	2003
240,212	234,567	225,597	225,445	224,367	219,682	218,911
63,086	63,279	64,126	58,082	63,497	62,171	60,999
34,226	34,210	34,152	34,199	33,173	33,182	33,410
6,257	6,383	6,542	6,203	9,037	6,297	5,878
358,692	330,105	312,661	301,263	277,736	288,201	348,619
89%	89%	87%	86%	85%	82%	84%
11,873	11,672	10,130	9,126	9,039	9,978	9,204
31,179	30,850	30,339	30,672	31,144	31,471	24,810
13,140	9,600	6,148	5,084	3,283	3,629	3,666
22,129	14,606	13,676	12,482	12,450	10,868	11,787
4,270	3,950	3,780	3,613	3,477	3,417	3,300
N/A	N/A	N/A	44,664	45,241	41,454	44,055
4,617	10,503	10,829	9,391	8,478	8,284	7,508
4,869	4,726	7,700	7,737	7,708	7,899	7,053
693	718	768	887	848	687	956
14,773	15,041	17,052	16,315	14,384	9,721	3,863
36,848	N/A	41,601	43,327	41,260	35,500	36,972
3,037	2,938	2,708	3,204	3,548	3,383	3,714
32,992	35,533	37,113	38,726	37,577	36,260	35,532
1,378	1,559	1,641	1,612	1,577	1,654	1,682
17	18	18	17	17	18	19
10,898	11,737	11,632	13,905	12,506	14,144	13,545
2,112	2,021	1,992	2,161	2,161	2,207	2,357
7.9	8.3	11.7	9.0	9.0	10.0	10.3
6,521	6,623	10,894	5,531	5,531	6,733	7,672
567	533	523	582	582	573	606

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

FUNCTION/PROGRAM	2012	2011	2010
Public Safety and Justice (continued)			
Adult			
Community service hours completed	98,240	101,392	141,732
Adults participating in educational classes	801	710	705
Clients receiving GED's	85	78	79
Average no. adults on probation & post-prison supervision/month	8,284	8,278	7,896
District Attorney			
Cases of adult criminal activity prosecuted	26,137	24,241	25,932
Juvenile delinquency cases prosecuted	550	476	651
Hours of Community Court community service completed	14,295	13,869	17,552
Community Services			
Number of registered voters	451,659	408,126	407,541
Number of votes cast in last general election (a)	284,104	284,104	367,540
Percent of registered voters who voted in last general election	70%	70%	86%
Animal Control - Total Intake - Dogs and Cats	7,563	8,606	8,320
Library			
New library cards issued annually	69,198	73,566	71,809
Books circulated (Total circulation) (b)	24,794,942	23,939,091	22,715,292
Borrowers who used their cards in last three years	444,618	436,949	425,749
Library satisfaction (c)	98.4%	91.5%	90.1%
Web site visits/hits (d)	N/A	N/A	7,858,192
External website & catalog visits (e)	6,888,701	7,158,805	6,710,594
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	593	592	591
Mid County Service District			
Lighting - number of accounts	7,986	7,993	7,985

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

(a) Community Service general elections are held in November on even years.

(b) Total circulation as of 2012.

(c) Library satisfaction is from a patron survey beginning in 2012. Satisfaction rating is % found library materials of interest starting in fiscal year 2004.

(d) Website visits from fiscal year 2006 - 2010, website hits in fiscal year 2005 and prior.

(e) External website visits and catalog visits starting in fiscal year 2011. Catalog visits 2010 and prior.

2009	2008	2007	2006	2005	2004	2003
123,442	82,429	80,131	84,818	91,886	109,349	122,391
639	588	481	584	630	554	596
60	38	62	67	99	50	73
8,793	9,261	9,619	9,763	9,118	9,347	9,171
27,149	27,377	21,415	22,563	21,936	22,008	22,530
869	1,064	817	946	944	1,013	947
17,004	16,742	15,477	16,984	18,123	4,668	8,464
426,567	380,298	380,298	430,693	430,693	363,589	363,843
367,540	262,628	262,628	365,530	365,530	245,238	245,238
86%	69%	69%	85%	85%	*67%	67%
8,096	8,886	9,879	9,808	9,597	8,939	8,448
74,677	71,843	67,379	69,973	74,805	76,161	73,012
21,513,255	20,394,496	19,900,816	19,589,530	19,462,344	18,762,556	17,854,110
421,199	440,311	431,429	455,296	474,292	465,223	436,104
90.4%	91.3%	92.4%	92.5%	92.5%	86.5%	96.8%
6,810,872	6,695,693	6,647,087	6,410,053	111,433,518	93,764,392	66,650,158
5,709,967	5,366,879	5,313,210	N/A	N/A	N/A	N/A
590	583	582	579	578	578	575
7,987	7,885	7,800	7,392	7,392	7,373	7,127

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

FUNCTION/PROGRAM	2012	2011	2010	2009
Governmental Activities:				
General Government				
Buildings owned	79	78	74	79
Buildings leased	55	54	51	52
Automobiles	308	310	316	325
Vehicles (excluding automobiles)	294	253	263	298
Heavy equipment	105	100	93	122
Health Services				
Health & dental centers	7	7	7	7
School based health centers	14	14	14	13
Social Services				
Aging & Disability offices	5	5	5	7
Public Safety and Justice				
Sheriff				
Vehicular patrol units	63	65	66	50
Number of employees (sworn and civilian)	766	763	785	786
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	2	2	2	3
Population	1,310	1,310	1,367	1,539
Community Justice				
Adult probation & parole offices	7	7	6	6
Adult housing program offices	4	4	4	4
Juvenile counseling offices	4	4	4	4
Library				
Regional	2	2	2	2
Neighborhood	11	11	11	11
Leased	6	6	6	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	270	270	270	271
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	19	19	19
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,507	4,507	4,499	4,525
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments

N/A = not available

2008	2007	2006	2005	2004	2003
79	83	84	87	88	86
53	59	59	59	62	67
328	301	311	302	311	322
300	292	295	292	300	272
141	132	136	135	139	140
7	7	7	7	7	7
13	13	13	14	14	14
7	7	7	9	9	11
45	47	43	48	44	35
786	798	794	814	847	835
3	3	3	3	3	3
3	3	3	4	4	3
1,633	1,690	1,690	1,537	1,651	1,531
6	6	6	6	6	7
4	4	4	5	5	5
4	4	4	4	5	6
2	2	2	2	2	2
11	11	11	11	11	10
4	4	4	4	4	4
271	273	273	326	326	326
24	24	24	24	24	24
6	6	6	6	6	6
18	18	18	23	23	23
4,484	4,439	4,400	4,219	3,974	3,710
1	1	1	1	1	1
15	15	15	15	15	15

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AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS SECTION

AUDIT COMMENTS

- Report of Independent Auditors on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Oregon Minimum Auditing Standards*

FEDERAL GRANT PROGRAMS

- Report of Independent Auditors on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*
- Report of Independent Auditors on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with *OMB Circular A-133*
- Schedule of Expenditures of Federal Awards
- Notes to Schedule of Expenditures of Federal Awards
- Schedule of Findings and Questioned Costs
- Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND
 ON INTERNAL CONTROL OVER FINANCIAL REPORTING
 BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
 ACCORDANCE WITH OREGON MINIMUM AUDIT STANDARDS**

Board of Commissioners
 Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County (“the County”) as of and for the year ended June 30, 2012 and have issued our report thereon dated November 16, 2012. 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 use of approved 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 2012 and 2013.
- 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 one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. The County experienced a budgetary over-expenditure in the Behavioral Health Managed Care Fund which is disclosed in the notes to the financial statements.

MOSS ADAMS LLP**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency in internal control over financial reporting as item 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 16, 2012

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of County Commissioners
Multnomah County, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Federal, State Program Fund, and the Library Fund of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 16, 2012. Our report includes a reference to 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. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the County is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

MOSS ADAMS LLP

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiency in internal control over financial reporting as item 2012-01. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's response to the finding identified in our audit is described in Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs. We did not audit the County's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the audit committee, management, others within the entity, Board of County Commissioners, the Secretary of State, Divisions of Audits, of the State of Oregon, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Eugene, Oregon
November 16, 2012

REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of County Commissioners
 Multnomah County, Oregon

COMPLIANCE

We have audited the Multnomah County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2012. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

INTERNAL CONTROL OVER COMPLIANCE

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

MOSS ADAMS LLP

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-02. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Multnomah County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the audit committee, management, others within the entity, Board of County Commissioners, the Secretary of State, Divisions of Audits, of the State of Oregon, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Moss Adams, LLP

Eugene, Oregon
November 16, 2012

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	2613007	\$ 47,585
National School Lunch Program	10.555	2613007	99,424
<i>Total Child Nutrition Cluster</i>			<u>147,009</u>
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants & Child	10.557	1936002309	3,167,702
WIC Grants To States (WGS)	10.578		23,416
Passed Through State of Oregon Senior & Disabled Services Division			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		21,553
Passed Through State Department of Agriculture:			
Schools and Roads - Grants to States	10.665	PI 106-393	255,135
Total Department of Agriculture			<u>3,614,815</u>
<u>U.S. Department of Commerce</u>			
Passed Through NOAA			
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	210-3055	60,000
Total Department of Commerce			<u>60,000</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		527,569
Passed Through City of Portland:			
Community Development Block Grants/Entitlement Grants	14.218	30000598	308,000
<i>Total Community Development Block Grants/Entitlement Grants</i>			<u>835,569</u>
Supportive Housing Program	* 14.235		2,086,900
Healthy Homes Demonstration Program	14.901		239,342
Passed Through Housing Authority of Portland:			
Home Investment Partnerships Program	14.239	7multn02	37,262
Housing Opportunities for Persons with AIDS	14.241	30001954	8,552
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	7multn02	9,634
Public Housing Capital Fund	14.872		64,009
Passed Through City of Portland:			
Healthy Homes Production Grant Program	14.913	1011165	682
Total Department of Housing and Urban Development			<u>3,281,951</u>
<u>U.S. Department of the Interior</u>			
Direct Programs:			
Payments in Lieu of Taxes	15.226		27,291
Distribution of Receipts to State and Local Governments	15.227		252,084
National Spatial Data Infrastructure Cooperative Agreements Program	15.809		29,649
Total Department of the Interior			<u>309,024</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice			
Direct Programs:			
Comprehensive Approaches to Sex Offender Management Discretionary Grant (CASOM)	16.203		63,267
Services for Trafficking Victims	16.320		76,480
Supervised Visitation, Safe Havens for Children	16.527		16,436
Missing Children's Assistance	16.543		231,633
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		5,330
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		16,842
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	* 16.590		414,107
State Criminal Alien Assistance Program	16.606		400,599
Bulletproof Vest Partnership Program	16.607		43,214
Project Safe Neighborhoods	16.609		148,371
Public Safety Partnership and Community Policing Grants	16.710		82,900
Reduction and Prevention of Children's Exposure to Violence	16.730		68,932
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		97,911
Congressionally Recommended Awards	16.753		226,290
ARRA - Recovery Act Transitional Housing	16.805		177,126
ARRA - Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		7,888
Second Chance Act Prisoner Reentry Initiative	16.812		164,129
Equitable Sharing Program	16.922		25,000
Passed Through Oregon Commission on Children and Families:			
Juvenile Accountability Block Grants	16.523	2008-6362	142,739
Juvenile Justice and Delinquency Prevention Allocation to States	16.540	FG2008/FG2008-11	748
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	08-3205/09-3437	283,747
Violence Against Women Formula Grants	16.588	09-VAWA-3229	78,750
Passed Through State Department of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	1936002309	845,094
Passed Through City of Portland:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	2009-0552	370,482
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	* 16.803	1936002309	989,335
Grant (JAG) Program / Grants to Units of Local Government	* 16.804	2009-09772	65,949
<i>Total JAG Program Cluster</i>			2,270,860
Passed Through City of Portland, Bureau of Police:			
Economic High-Tech and Cyber Crime Prevention	16.752	1112156	46,339
Passed Through State Department of Corrections:			
Second Chance Act Prisoner Reentry Initiative	16.812	2010-CZ-BX-003	309,103
Total Department of Justice			5,398,740

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Labor</u>			
Passed Through Special Mobility Services Inc. Senior Community Service Employment Program	17.235	1936002309	600
Total Department of Labor			600
<u>U.S. Department of Transportation</u>			
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	7520	55,969
Highway Planning and Construction	20.205	1936002309	154,390
Highway Planning and Construction	20.205	1936002309	13,757,537
<i>Total Highway Planning and Construction</i>			<u>13,967,896</u>
Passed Through State Department of Transportation: Commercial Driver's License Program Improvement Grant	20.232	1936002309	39,339
Total Department of Transportation			14,007,234
<u>U.S. National Endowment for the Humanities</u>			
Passed Through National Endowment for the Humanities: Promotion of the Humanities Public Programs	45.164	LS-50107-07	2,500
Total National Endowment for the Humanities			2,500
<u>Institute of Museum and Library Services</u>			
Passed Through Oregon State Library:			
Grants to States	* 45.310	11-04-4P	33,340
Grants to States	* 45.310	12-03-3P	2,983
Grants to States	* 45.310	LNET 01-11	339,977
Total Institute of Museum and Library Services			376,300
<u>U.S. Environmental Protection Agency</u>			
Passed Through State Department of Human Services			
State Public Water System Supervision	66.432	1936002309	9,084
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1936002309	12,397
Total Environmental Protection Agency			21,481
<u>U.S. Department of Energy</u>			
Direct Program:			
Renewable Energy Research and Development	81.087		104,413
Passed Through Oregon Department of Energy:			
ARRA - State Energy Program	* 81.041	1936002309	303,329
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	* 81.042	1936002309	278,483
ARRA - Weatherization Assistance for Low-Income Persons	* 81.042	1936002309	2,228,894
<i>Total Weatherization Assistance for Low-Income Persons</i>			<u>2,507,377</u>
ARRA - Energy Efficient Appliance Rebate Program (EEARP)	81.127	1936002309	16,025
ARRA- Energy Efficiency and Conservation Block Grant Program	81.128	1936002309	498
Total Department of Energy			2,931,641

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>Federal Emergency Management</u>			
Direct Program:			
Disaster Assistance - FEMA Flood	83.516		27,239
Total Federal Emergency Management			27,239
<u>U.S. Department of Education</u>			
Passed Through Portland Community College:			
Adult Education - Basic Grants to States	84.002	045-09	30,450
Passed Through Portland Public Schools:			
Title I Grants to Local Educational Agencies	84.010		240,000
ARRA - Title I Grants to Local Educational Agencies	84.389	SAE 1011095	133,728
<i>Total Title I Part A Cluster</i>			<u>373,728</u>
Passed Through Portland Public Schools:			
Voluntary Public School Choice	84.361	57973	5,852
Total Department of Education			410,030
<u>U.S. Election Assistance Commission</u>			
Passed Through State Department:			
Help America Vote Act Requirements Payments	90.401	HAVA 0701-093011	11,646
Total Election Assistance Commission			11,646
<u>U.S. Department of Health and Human Services</u>			
Passed Through State Department of Human Services:			
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	1936002309	177,119
Passed Through State Department:			
Medicare Enrollment Assistance Program	93.071	MIPPA 09-11-12	18,838
Passed Through State Health Division:			
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	LPHA 135574-13	82,550
Direct Programs:			
Enhance the Safety of Children Affected by Substance Abuse	93.087		580,947
Oral Diseases and Disorders Research	93.121		27,247
Injury Prevention and Control Research and State and Community Based Programs	93.136		141,333
Passed Through Portland State University:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	CDC sub050139 MCHD	18,346
Passed Through State Division of Public Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	MADS-7C02	225
<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>			<u>159,904</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Direct Programs:			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		327,634
Affordable Care Act (ACA) Grants for School-Based Health Center Capital Expenditures	93.501		100,740
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	* 93.224	6H80CS00149-11-01	7,267,554
Refugee and Entrant Assistance Discretionary Grants	93.576		97,757
ARRA – Grants to Health Center Programs	93.703		158,624
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	* 93.724		3,336,925
HIV Emergency Relief Project Grants	* 93.914	2H89HA00040-18-00	3,832,673
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		877,328
Healthy Start Initiative	93.926		811,268
Passed Through National Association of City and County Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC090141	3,464
Passed Through State Department of Human Services:			
Special Programs for the Aging Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1936002309	7,166
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	1936002309	46,541
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	1936002309	867,860
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	1936002309	1,081,025
Nutrition Services Incentive Program	93.053	1936002309	446,580
<i>Total Aging Cluster</i>			2,395,464
Alzheimer's Disease Demonstration Grants to States	93.051	1936002309	127,404
National Family Caregiver Support, Title III, Part E	93.052	1936002309	269,655
Public Health Emergency Preparedness	93.069	1936002309	300,780
Environmental Public Health and Emergency Response	93.070	1936002309	17,029
Passed Through NW Family Services:			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90AE0160	266,127
Passed Through State Department of Human Services:			
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	72,858
Passed Through University of Washington:			
AIDS Education and Training Centers	93.145	654951	109,309
Passed Through State Department of Human Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1936002309	252,017
Family Planning Services	93.217	1936002309	376,261
Substance Abuse and Mental Health Services-Access to Recovery	93.275	135133	132,060

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)			
Passed Through State Division of Public Health:			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	1936002309	149,324
Universal Newborn Hearing Screening	93.251	LPHA 135574-13	39,624
Adult Viral Hepatitis Prevention and Control	93.270	LPHA 135574-13	69,976
Passed Through State Department of Human Services:			
Immunization Grants	93.268	1936002309	55,200
Passed Through Oregon Research Institute			
Drug Abuse and Addiction Research Programs	93.279	1112020	1,563
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	1936002309	247,270
Passed Through Washington County Public Health:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	CA 09-0978	22,327
Passed Through National Association of County & City Health Officers			
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	2010-100101	279,030
<i>Total Centers for Disease Control and Prevention Investigations and Technical Assistance</i>			<u>548,627</u>
Passed Through Oregon Community Health Information Network:			
ARRA - Community Health Applied Research Network	93.420		4,837
Passed Through State Division Public Health:			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	132027	130,807
Passed Through Oregon Commission on Children And Families:			
Promoting Safe and Stable Families	93.556	MUL0911	51,743
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	1936002309	82,523
Passed Through Oregon Department of Justice:			
Child Support Enforcement	93.563	1936002309	1,850,663
Passed Through Oregon Housing and Community Services:			
Low-Income Home Energy Assistance	* 93.568	0310559	5,816,042
Foster Care Title IV E	93.658		4,606
Passed Through Oregon Housing and Community Services:			
Community Services Block Grant	93.569	0310559	846,559
Passed Through Oregon Department of Justice:			
Grants to States for Access and Visitation Programs	93.597	Multnomah	40,381
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	0210115-6	64,665

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Passed Through Oregon Secretary of State: Voting Access for Individuals with Disabilities Grants to States	93.617	110087	28,686
Passed Through Oregon Commission on Children And Families: Social Services Block Grant	93.667	MUL0911	721,079
Passed Through Oregon Health Sciences University: ARRA - Trans-NIH Recovery Act Research Support	93.701	APHPM0167ST-MC	9,974
Passed Through Washington State Department of Health: ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	#N17703	17,776
Passed Through State Dept of Consumer Business Svc./Dep. Human Services: Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	SHIBA 1011-15 / 130183	56,243
Passed Through Oregon Community Health Information Network: Medicaid Transformation Grants	93.793	Con#1011167	55,000
Passed Through Kaiser Foundation Research Institute: Cardiovascular Diseases Research	93.837	#R18HL095481-01A1	47,363
Passed Through State Department of Human Services: National Bioterrorism Hospital Preparedness Program	93.889	1936002309	324,013
Passed Through Oregon Health Sciences University: Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	GPBHD0014A MULT	11,563
Passed Through State Department of Human Services: HIV Prevention Activities Health Department Based	93.940	1936002309	681,518
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1936002309	381,225
Passed Through National Association of Chronic Disease Directors: Assistance Programs for Chronic Disease Prevention and Control	93.945	4CA128-01 1 MCHD#0809147	42,140
Passed Through State Department of Human Services: Block Grants for Community Mental Health Services	93.958	1936002309	701,285
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1936002309	4,227,879
Passed Through Oregon Health Sciences University: Maternal and Child Health Services Block Grant to the States	93.994	4 B04MC06604-01-04	106,608
Passed Through State Department of Human Services: Maternal and Child Health Services Block Grant to the States	93.994	1936002309	411,455
<i>Total Maternal and Child Health Services Block Grant to the States</i>			<u>518,063</u>
Total Department of Health and Human Services			<u>39,814,190</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2012

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Corporation for National and Community Service</u>			
Direct Program:			
Foster Grandparent Program	94.011		172,544
Total Corporation for National and Community Service			<u>172,544</u>
<u>U.S. Department of Homeland Security</u>			
Passed Through City of Portland-Department of Emergency Communications:			
Non-Profit Security Program	97.008	UASI08/09/10	207,102
Homeland Security Grant Program	97.067	UA08-0181	31,639
Passed Through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	1936002309	712,987
Passed Through Oregon Emergency Management:			
Flood Mitigation Assistance	97.029	EMS-200X-FM-E00X	6,218
Emergency Management Performance Grants	97.042	EMPG09	370,620
State Homeland Security Program (SHSP)	97.073	08-243	45,915
State Homeland Security Program (SHSP)	97.073	09	53,130
State Homeland Security Program (SHSP)	97.073	10	144,138
State Homeland Security Program (SHSP)	97.073	11-267	172,751
<i>Total State Homeland Security Program (SHSP)</i>			<u>415,934</u>
Law Enforcement Terrorism Prevention Program (LETTP)	97.074	LETTP 05	4,954
<i>Total Law Enforcement Terrorism Prevention Program (LETTP)</i>			<u>4,954</u>
Buffer Zone Protection Program (BZPP)	97.078	08-093	2,961
Total Department of Homeland Security			<u>1,752,414</u>
Total Federal Expenditure			<u>\$ 72,192,350</u>

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The County's reporting entity is defined in Note 1 to the County's June 30, 2012 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. Expenditures reported on this schedule are recognized following the cost principles in OMB Circular A-87, *Cost Principles for State, Local Governments and Indian Tribal Governments*, where certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

The Highway Planning and Construction grant, CFDA 20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed pass through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration.

Note C – Relationship to Basic Financial Statements

Federal financial assistance revenues reported in the County's basic financial statements are included with operating grants and contributions.

Note D – Non-cash Awards

The accompanying Schedule of Expenditures of Federal Awards includes three non-cash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$6,323. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$99,424.

An additional award from the Department of Health and Human Services is in the form of immunization vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the non-cash portion of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2012 is calculated on a proportionate basis; \$2,580,925. This amount is disclosed only and is not included in the cash value portion reported on the Schedule of Expenditures of Federal Awards of \$55,200.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note E - Subrecipients

Of the Federal expenditures presented in the schedule, Multnomah County provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
WIC Grants to States (WGS)	10.578	7,581
Schools and Roads - Grants to States	10.665	58,931
Pacific Coast Salmon Recovery Pacific Salmon Treaty Program	11.438	5,000
Community Development Block Grants/Entitlement Grants	14.218	747,651
Supportive Housing Program	14.235	1,698,913
Missing Children's Assistance	16.543	138,504
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	168,638
Project Safe Neighborhoods	16.609	8,555
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	42,182
Edward Byrne Memorial Justice Assistance Grant Program	16.738	674,420
Congressionally Recommended Awards	16.753	165,765
<i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</i>	16.803	423,863
<i>ARRA - Recovery Act - Transitional Housing</i>	16.805	65,981
Second Chance Act Prisoner Reentry Initiative	16.812	457,639
Highway Planning and Construction	20.205	9,290
Title I Grants to Local Educational Agencies	84.010	240,000
Voluntary Public School Choice	84.361	5,575
<i>ARRA - Recovery Act - Title I Grants to Local Educational Agencies</i>	84.389	133,728
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	38,471
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	253,386
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	1,066,025
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	13,555
Alzheimer's Disease Demonstration Grants to States	93.051	40,731
National Family Caregiver Support, Title III, Part E	93.052	113,762
Nutrition Services Incentive Program	93.053	441,581
Enhance Safety of Children Affected by Substance Abuse	93.087	415,084
Oral Diseases and Disorders Research	93.121	9,823
Projects for Assistance in Transition from Homelessness (PATH)	93.150	235,196
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	62,394
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	281,268
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	99,452
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	118,490
Low-Income Home Energy Assistance	93.568	412,663
Community Services Block Grant	93.569	708,278
Social Services Block Grant	93.667	670,707
<i>ARRA - Recovery Act - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)</i>	93.724	1,419,400
HIV Emergency Relief Project Grants	93.914	2,280,611
HIV Prevention Activities Health Department Based	93.940	326,025
Block Grants for Community Mental Health Services	93.958	241,744
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,901,318
Non-Profit Security Program	97.008	3,431
Total Subrecipient pass-through		18,205,611

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified
 Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies(s) identified X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies (s) identified X yes _____ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
45.310	Grants to States
81.041	ARRA – State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA – Weatherization Assistance for Low-Income Persons
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)
93.724	ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
93.914	HIV Emergency Relief Project Grants
93.568	Low-Income Home Energy Assistance

**MULTNOMAH COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2012**

16.738	<u>Justice Assistance Grant (JAG) Cluster</u> Edward Byrne Memorial Justice Assistance Grant Program
16.803	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories
16.804	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to Units of Local Government

Dollar threshold used to distinguish between type A and type B programs: \$ 2,165,771

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

FINDING 2012-01 – Capitalization of Software – Significant Deficiency in Internal Control

Criteria: Governmental Accounting Standards Board Pronouncement 51 – *Accounting and Financial Reporting for Intangible Assets*, issued June 2007 and effective for periods beginning after June 15, 2009 requires capitalization of internally generated software. This pronouncement requires the classification of software related expenditures into one of three categories: a) Preliminary Project State; b) Application Development Stage; 3) Post-Implementation / Operation Stage. Expenditures categorized as Application Development Stage are to be capitalized; all other expenditures related to the project are to be expensed as incurred.

Condition: The County does not have an effective process in place to accurately capture capital related software development expenditures, and does not have a process to properly classify software development costs into the three categories specified by GASB 51.

Context: The County had approximately 20 software projects in various stages of development during fiscal year 2012. Without established processes in place, management experienced significant difficulty in accurately capturing those expenditures that were subject to capitalization under GASB 51. This lead to several errors that had to be corrected including: the attempted capitalization of expenditures that should have been expensed, and the expense of items that should have been capitalized.

Cause: Management attempts to identify qualifying projects and the associated expenditures for capitalization as part of the year end closing process. This is a manual process mostly occurring outside of the accounting system. A significant portion of the expenditures capitalized are payroll related using a timekeeping system external to the accounting system. Management had difficulty identifying labor that was strictly for the Application Development Stage.

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Effect: Errors are occurring in the reporting of software development costs that should be capitalized as assets. In the current year, there was approximately \$70,000 of expenses initially capitalized that were later determined to not meet the capitalization criteria of GASB 51. Also, there was approximately \$510,000 of expenses not initially capitalized that were later determined to meet the capitalization criteria of GASB 51. A total of approximately \$871,000 in software costs were capitalized during the current year and about 60% of that was initially erroneously excluded from this total. In addition, due to the time constraints involved, only five of the software projects were actually evaluated for capitalization. The remaining projects were not assessed for capitalization and were fully expensed resulting in potential overstatement of current year expenditures and understatement of capitalized assets.

Recommendation: Management should implement an effective process for properly identifying and capturing expenditures that meet the criteria for capitalization. This process should include consideration and documentation of the following elements: identification at project inception of whether the project is of a capital nature, development of a project budget, establishment of the likelihood the project will meet its intended objectives, establishment of the financial commitment to fund the project to completion, assessment of whether the project will have enough expenditures during the Application Development Stage to meet the County's capitalization threshold; use of SAP as a project or cost accounting mechanism to identify costs that are to be capitalized; reconciliation between the budgeted project costs to be capitalized and actual expenditures as recorded in SAP; and a set of internal controls over the process to ensure accuracy and timeliness of information.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan."

Section III - Federal Award Findings and Questioned Costs

FINDING 2012-02 – Eligibility – Significant Deficiency in Internal Controls

Federal Programs: Weatherization for Assistance for Low-Income Persons, CFDA 81.042
ARRA – Weatherization Assistance for Low-Income Persons, CFDA 81.042
Low-Income Home Energy Assistance, CFDA 93.568

Federal Agencies: US Department of Energy
US Department of Health and Human Services

Award Years: 2011 to 2013 for both grants

Criteria: The County is responsible for designing and implementing effective internal controls over the eligibility determination process to ensure program integrity and proper use of federal resources.

**MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Condition: During testing procedures performed over the eligibility determination process, internal controls were found to be poorly designed and not effectively implemented. There was a lack of segregation of duties and no evidence of a formal review and approval process in place. Even though controls were found to be deficient, no instance of eligibility non-compliance was noted.

Questioned Costs: None to be reported.

Context: Personnel responsible for the eligibility determination process were found to be capable of, and often did, complete the entire client eligibility determination without any further review or approval by another person. Within the Weatherization program (CFDA 81.042), one instance out of a sample of 10 was noted where the client application for services was not maintained in the file. Within the LIEAP program (CFDA 93.568), a search for duplicates on the authorization number was performed and 51 duplicates were noted within the population of approximately 14,000. Additional procedures were performed over these duplicates and in most instances the duplicate was provided to a family member or resident of the same address. No instance of double payment was noted, and all the duplicate individuals examined were found to be eligible for services.

Cause: Weatherization Programs (CFDA 81.042) – the same individual may be able to receive the client’s application, approve the client’s eligibility and enter the client’s data into the system without further documentation of review or approval by another County staff. As a result, there are no segregation of duties built into the client eligibility process.

LIEAP Program (CFDA 93.568) – the County is required to use the OPUS system designed and maintained by the Oregon Housing and Community Services Division to determine client eligibility. The internal controls built into this system do not require that the person who enters the data be separate and different from the person that reviews and approves client eligibility. There is no segregation of duties designed into the system, and the County has not effectively designed or implemented its own controls over the system to mitigate this weakness.

Effect: Without well designed and effective internal controls implemented over the eligibility determination process, there is a higher risk that federal funds could be subject to fraud or abuse. Lack of review and oversight also increases the risk for potential data errors and eligibility noncompliance.

Recommendation: It is recommended that the County develop and implement a series of internal controls over the eligibility determination process to ensure all client applications are subject to review and approval, and that this process is thoroughly documented. It is also recommended that role assignments for personnel be restructured to increase segregation of duties as it pertains to eligibility determinations.

Management’s Response: Management’s response is included at “Management’s Views and Corrective Action Plan.”



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Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs

For the Fiscal Year Ending June 30, 2012

FINDING 2012-01 Capitalization of Software – Significant Deficiency in Internal Control

Management has appreciated discussions with Moss Adams about improving GASB 51 reporting. We are undertaking several actions to both strengthen internal controls and to improve GASB 51 reporting going forward. The IT Division has incorporated steps to prospectively identify potential GASB 51 software projects at each quarterly Demand Planning meeting and at each IT Advisory Board meeting. Projects so identified will be flagged, and all project development efforts will be characterized by GASB 51 phases. IT's time tracking software will be further configured to ensure that labor costs associated with the development phase of GASB 51 software projects can be accurately captured and properly capitalized. We will also review this information in conjunction with other software costs recorded in SAP. In addition, we will document our process and implement internal controls throughout the process including evidence of reviews and approvals. Related to this issue, management also plans to evaluate our current capitalization thresholds including the capitalization threshold for software.

FINDING 2012-02 Eligibility – Significant Deficiency in Internal Controls

Federal Programs: Low-Income Energy Assistance, CFDA 93.568, Weatherization Assistance for Low-Income Persons, CFDA 81.042 and ARRA – Weatherization for Assistance for Low-Income Persons, CFDA 81.042

Upon learning of the eligibility finding during the LIEAP audit, DCHS management took additional steps to strengthen internal controls over the eligibility screening process. This included segregation of duties for the individuals who perform data entry from those who are approvers for the process and developing a log noting the steps to document eligibility approval. Management believes these additional controls will meet the grant requirements.

Management is still working with the Weatherization program to review the steps in the eligibility approval process and identify where controls can be strengthened and how this will be documented. Before the end of fiscal year 2013, DCHS will have implemented controls over the eligibility determination process to ensure client applications are reviewed, approved and documented and that segregation of duties is built into this process.

Management anticipates both programs will be in full compliance with the eligibility reporting requirements before June 30, 2013.

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