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About the Cover

For a few weeks in 2008, the old and new Sauvie Island Bridges sat side by side above Multnomah Channel. The old bridge opened in 1950. It had deteriorated to the point that it could no longer support trucks carrying full loads. The new bridge opened with a community celebration on June 23, 2008. By late summer the old bridge was removed, its steel and concrete recycled for future use. The new bridge was designed by David Evans & Associates of Portland and constructed by Max J. Kuney Co. of Spokane. Multnomah County staff managed the design and construction contracts. The bridge cost approximately \$46 million, including \$25 million from the Oregon Transportation Investment Act. The new tied-arch bridge can support the weight of modern trucks, which will help ensure that Sauvie Island's agricultural economy continues to thrive.

Photo by Mike Pullen.

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008



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

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MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2008
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**REPORTS OF INDEPENDENT CERTIFIED
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Report of Independent Certified Public Accountants
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INTRODUCTORY SECTION



Department of County Management

MULTNOMAH COUNTY OREGON

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November 25, 2008

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

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2008, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

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

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the County at June 30, 2008, 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 710,025 citizens. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

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

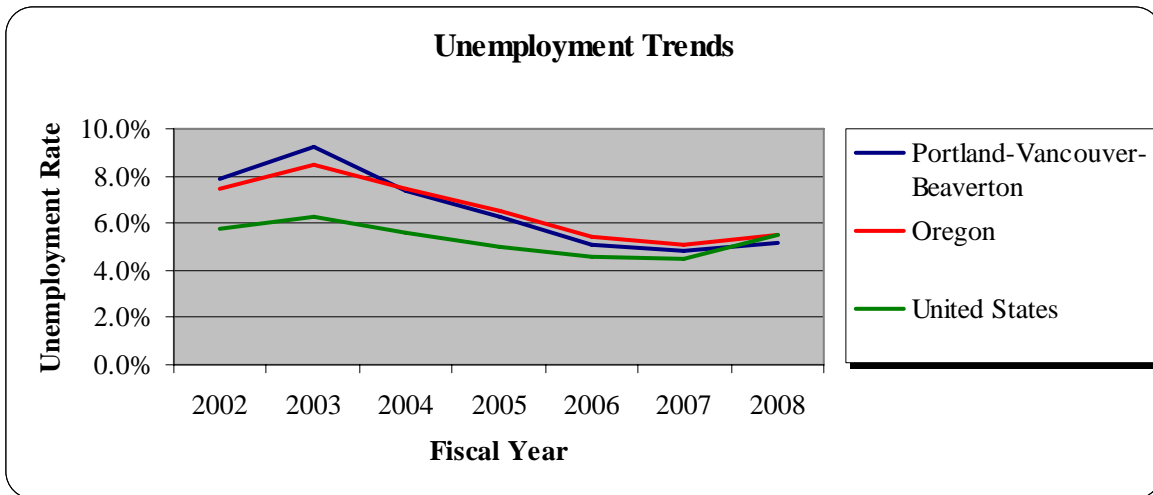
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse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

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund and the Federal State Program special revenue fund the budget to actual comparisons are provided on pages 35-36 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 76.

FACTORS AFFECTING FINANCIAL CONDITION

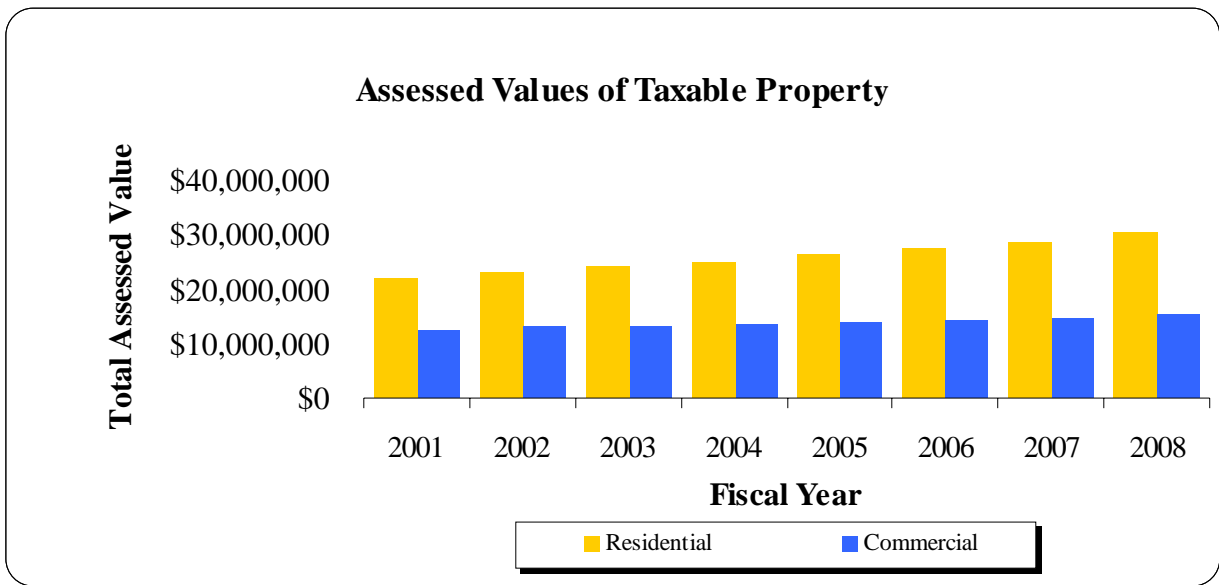
Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy began to weaken as fiscal year 2008 progressed. The area's unemployment rate increased to 5.2% at June 30, 2008 as compared to 4.8% a year ago. The unemployment rate for the area is close to the national average of 5.5% for June of 2008 compared to 4.5% for June 2007. The chart below compares the area's unemployment rate to the rates for the State and the Nation.



Financial outlook: The financial outlook for the County's general fund over the next five years is weaker than previous forecasts primarily due to an anticipated moderate to severe recession. While less pronounced than other regions, the regional economy has experienced falling real estate values and rising unemployment. The impacts of the turmoil in the financial and housing markets and slowing of consumer spending are beginning to be seen locally and are expected to worsen over fiscal year 2009. The State of Oregon, which is heavily dependent on income taxes, provides a significant portion of the County's funding. The County expects it will be impacted by financial conditions faced by the State as well as nationally.

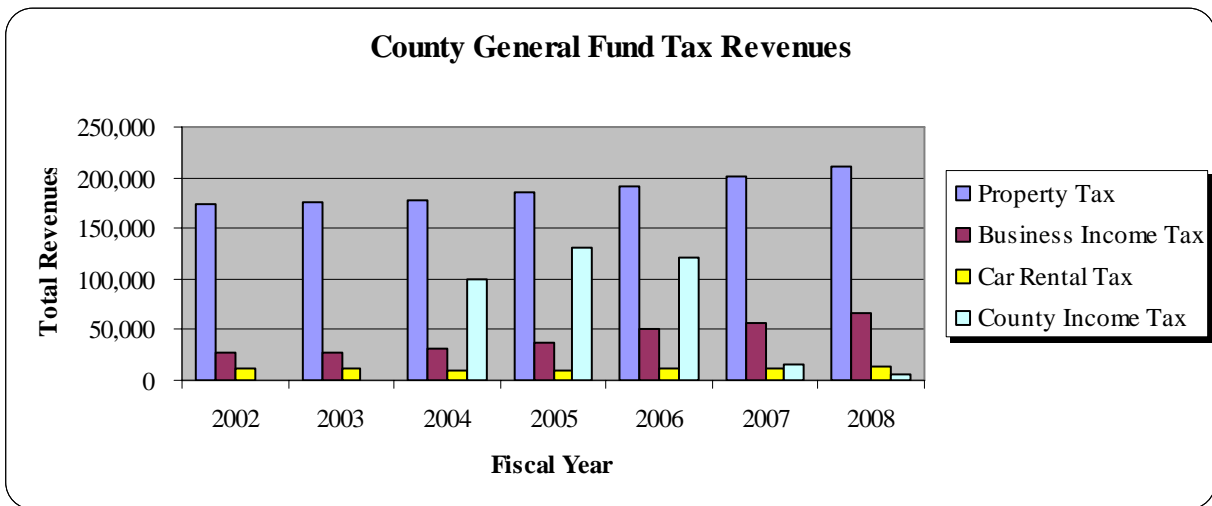
The region's slowing economy will have an impact on the County's revenue stream. Property taxes are expected to grow at 2.5% over the next year, but new residential and commercial construction are expected to slow significantly. The chart on the following page shows the County's residential and commercial assessed property tax values over the past eight years. Residential properties have experienced a 38% increase in taxable property values over an eight year period compared to a 24% increase for commercial property values over the same period. Because assessed, or taxable values, are significantly below real market values for most properties, property tax collections should be relatively inelastic despite falling real market values.



Business income tax is the second largest source of revenue for the County and it has been set at a rate of 1.45% of net income. Business income tax collections parallel the business cycle. Increased business income tax collections in fiscal year 2008 reflect double-digit growth for the fifth year in a row. Business income tax collections in fiscal year 2008 rose by 14%, following on fiscal year 2007 collections that were 12% higher than the previous year. Tax code changes enacted for tax year 2008 are expected to reduce collections by approximately 2%. The forecast for fiscal year 2009 calls for a 16% decrease in collections. If the economy weakens faster than anticipated, collections could be significantly lower over the next several fiscal years.

Motor vehicle rental taxes, which decreased in each of the three years immediately following the September 11th terrorist attacks, are expected to level off after growing by 30% from fiscal year 2004 to 2008. Fiscal year 2009 collections are expected to be down 2% and fall another 4% to 6% in fiscal year 2010. Overall, ongoing General Fund revenue is expected to fall by 1% going into fiscal year 2010. Subsequent growth is forecast between 2.5% to 3.5% depending on the length of the anticipated recession. Expenditures, before any Board actions to balance revenues and expenditures, are expected to grow between 4.5% and 6.0% annually, taking into account the normal rate of inflation, employee benefits and long term fixed costs.

During 2003 Multnomah County voters approved a temporary personal income tax of 1.25% 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 would be imposed, and in fiscal year 2008 the County’s general fund recognized \$6,611 in collections on delinquent accounts as compared to \$16,038 in tax revenue in fiscal year 2007. The graph on the following page highlights the County’s major tax sources.



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

The County’s adopted financial and budget policies generally provide for the County to use one time only resources for costs that will not recur in future years. However, the policies allow the use of one-time only resources when in the short run it appears more beneficial to allocate such resources to the highest priority public service that would otherwise be unfunded, than to restrict them to non-recurring costs. The result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding which can lead to future budget shortfalls. As mentioned earlier, fiscal year 2006 was the last year of the three year temporary personal income tax measure and the County has established necessary general fund reserves to reduce the impact of the loss of the personal income tax revenues due to the sunset of the tax. The 2009 adopted budget includes approximately \$43.3 million of one-time only funds. These one-time only funds include \$24.4 million to buy down debt which will in turn free \$4 million of ongoing resources. In preparing the 2010 budget, the County will be in the position of identifying programs that will no longer receive funding due to a lack of ongoing resources.

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 two general fund reserves designated as unappropriated fund balance and funded at approximately 5% each of budgeted “corporate” revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) of the general fund. These reserves are to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond rating, which is currently Aa1 from Moody’s Investors Services.

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

Officers and with representatives from the City of Gresham as needed, to confer on financial issues that either overlap or impact each entity.

Major initiatives. The construction on the County's new 525-bed Wapato jail and secure alcohol and drug treatment facility was completed during fiscal year 2005. Currently there are insufficient funds to operate this facility and as a result the jail remains empty. The Chair and the Sheriff are in discussions with State of Oregon corrections officials and other local jurisdictions to seek possible options to make use of the facility. Other capital project initiatives include addressing the County's bridge rehabilitation and replacement needs. Thus far the County has been successful in obtaining \$25,000 in State and Federal awards for current bridge projects but an estimated long-term shortfall of \$280,000 still exists between identified needs and identified funds over the next twenty years. The County has completed a project to replace the Sauvie Island bridge, with the new bridge opened to traffic in June 2008. The total cost of the bridge was \$45,711. The County will continue to seek additional Federal and local funding for the repair and replacement on County bridges, specifically the Sellwood bridge. In addition, the County is working on developing a plan for a new courthouse and discussions are in place to consider available funding options. The County is also currently in the process of acquiring land to proceed with the construction of a new East County Justice facility to coordinate law enforcement efforts between the County and other jurisdictions.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2007. This was the twenty-third year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully Submitted,



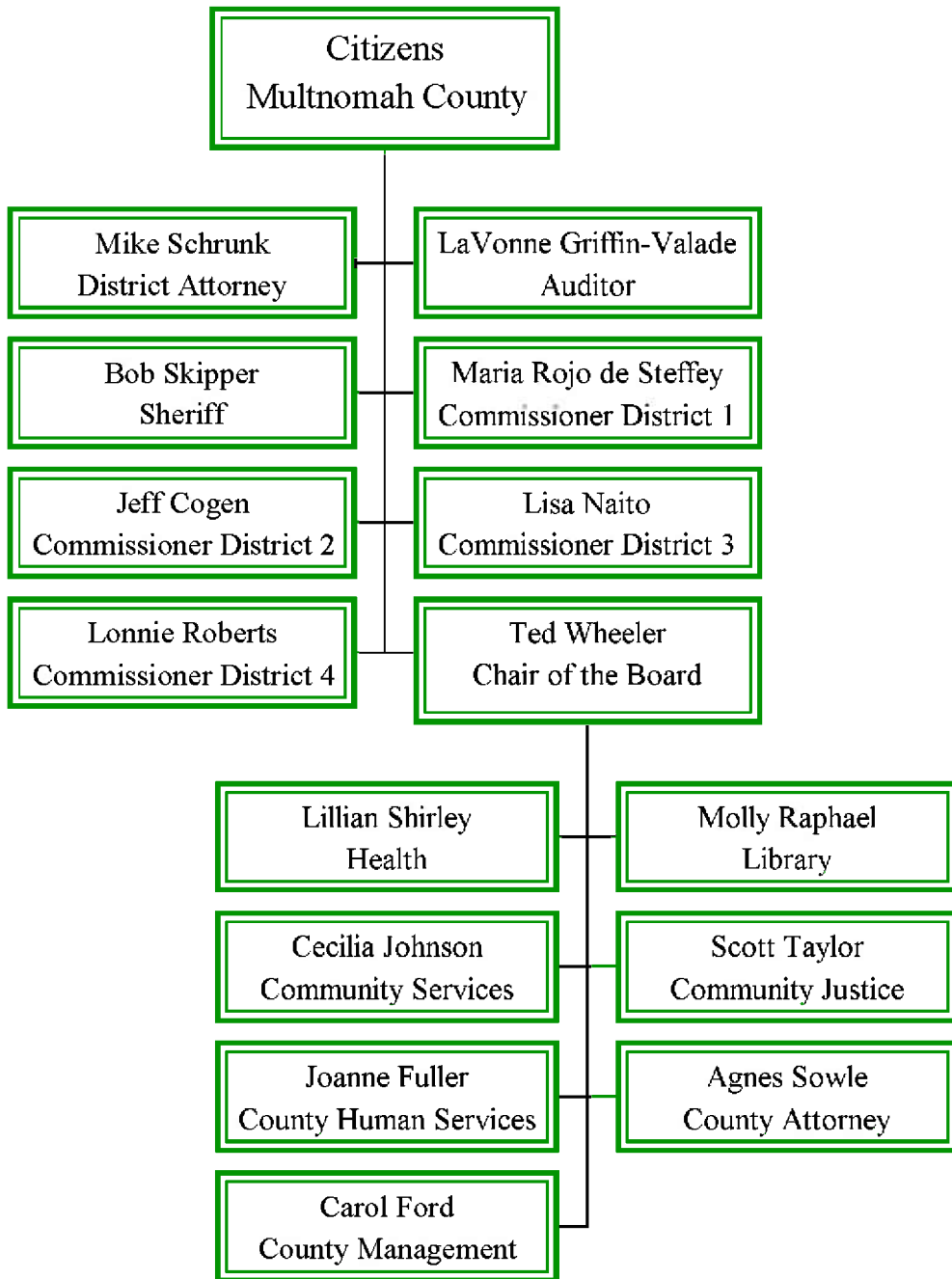
Mindy Harris
Chief Financial Officer



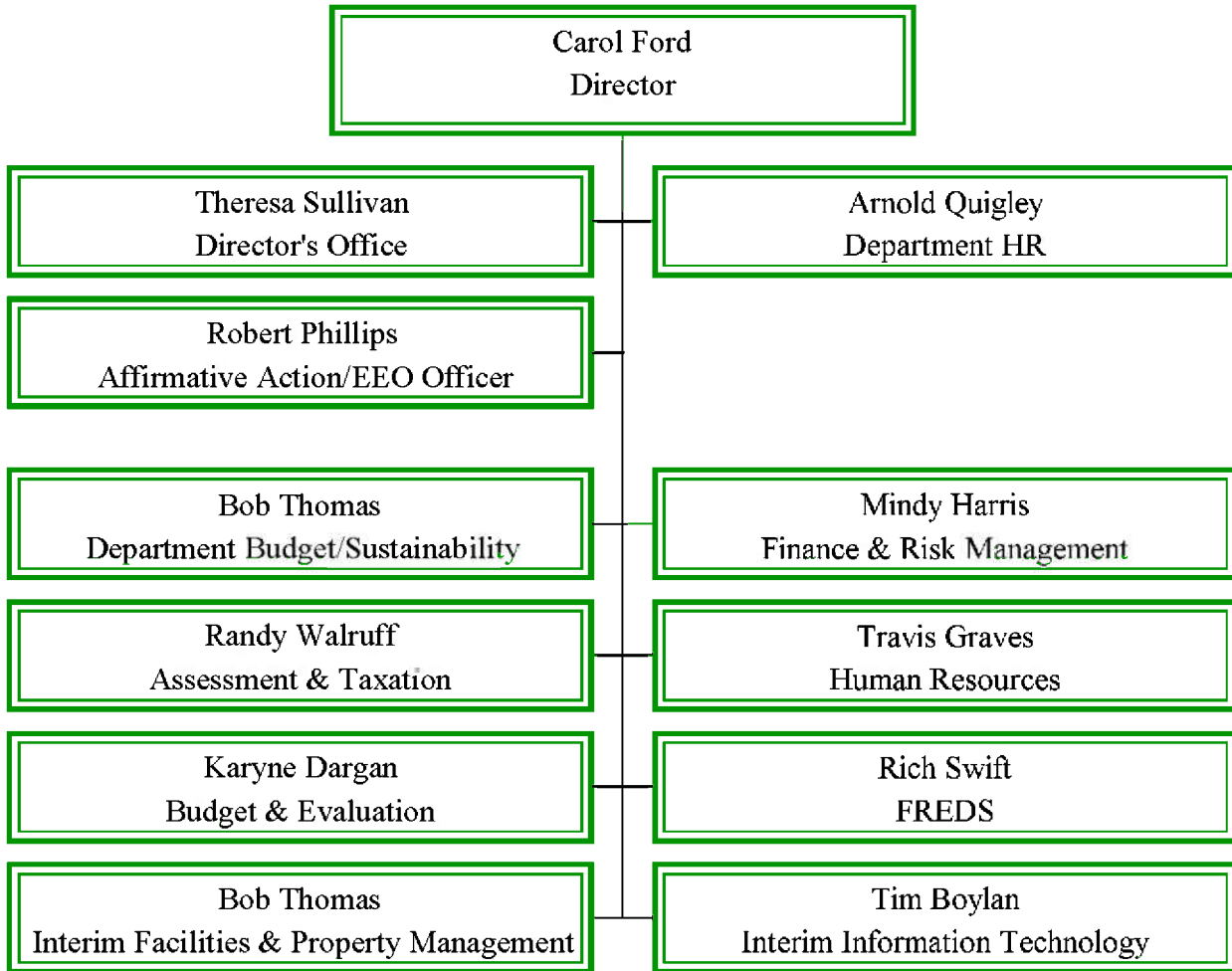
Cara Fitzpatrick
Accounting Manager

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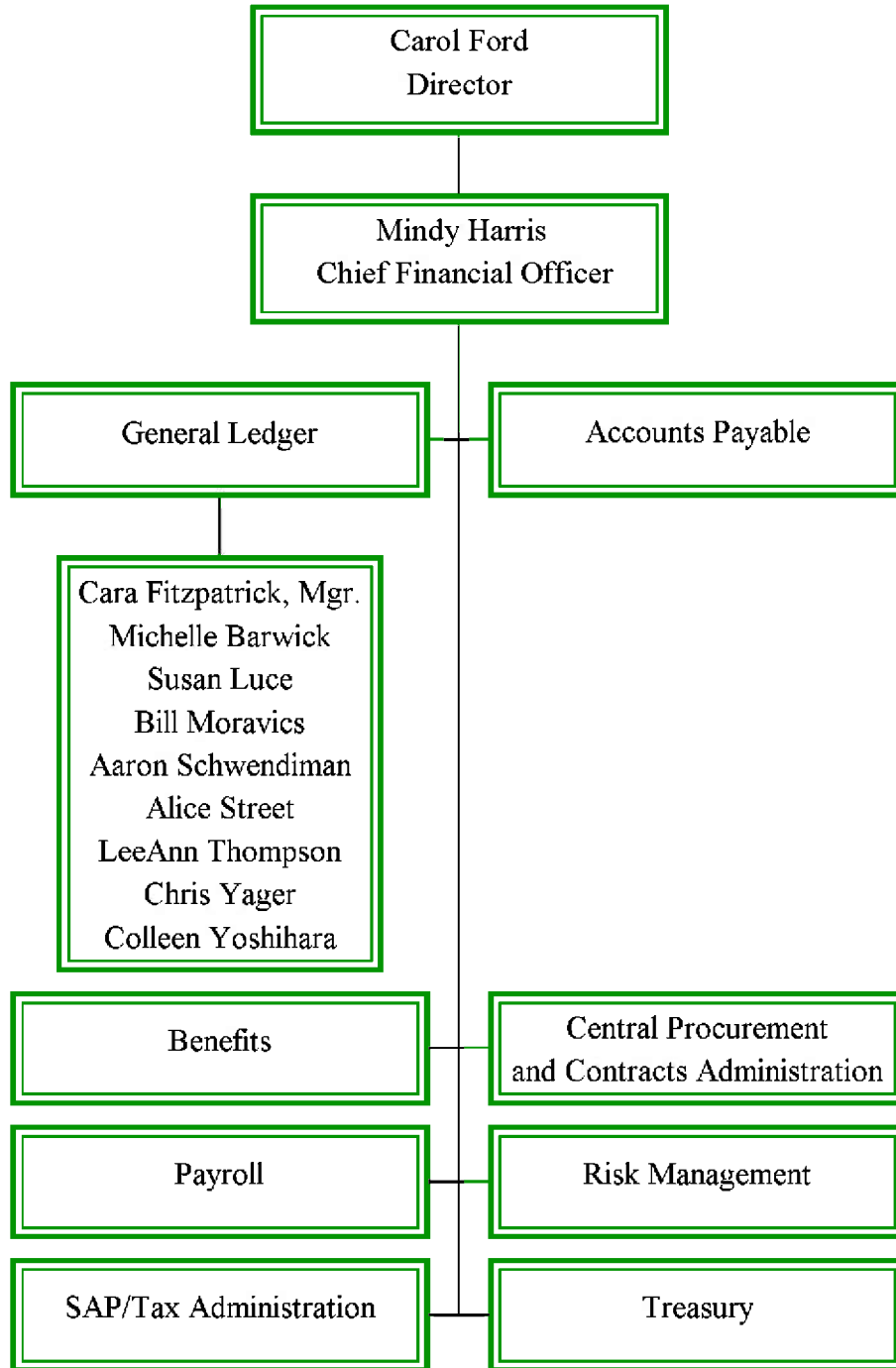
MULTNOMAH COUNTY, OREGON



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, 2008
Principal Officers

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

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FINANCIAL SECTION

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Department of County Management
MULTNOMAH COUNTY OREGON

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MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Multnomah County, Oregon, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2008, by \$577,364 (*net assets*). Of this amount, \$21,587 is restricted for capital improvement projects, \$7,369 is restricted for various community support programs, \$47,277 is restricted for future years' debt service, and \$1,746 is restricted for library operations.
- Total net assets increased by \$19,233 or 3% in fiscal year 2008. There is not one primary factor for the increase in net assets, but rather various reasons account for the overall increase in net assets which are discussed by management below.
- In governmental activities, business income tax revenues increased by \$8,251 or 14% over the prior year. In recent years County management has made collection efforts on business income taxes a higher priority leading to increased revenues, though total collections will likely decline as the economy weakens.
- Property tax revenues continue to increase steadily each year and were up by 8% or \$18,201 over the prior year. This is partially the result of an increase in the rate assessed for the Library local option levy. Voters approved an increase in the rate from 75.5 cents per thousand to 89 cents per thousand, accounting for \$7,679 of the total revenue growth.
- Personal income tax revenues decreased by \$18,489 or 87% from the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections of delinquent accounts are recognized in fiscal year 2008.
- General government expenses for governmental activities decreased by \$11,925 or 14% from the prior year. The primary reason for the decrease is due to the reduction in the distribution of personal income tax collections reflecting a decrease in expected future collections and distributions from what was accrued in fiscal year 2007. Calendar year 2006 was the last year the tax was in effect.
- Net assets for business-type activities decreased by \$1,280 or 17% in fiscal year 2008. The decrease is primarily recorded in the net assets of the Behavioral Health Managed Care fund, and is related to a change in the process to provide mental health services on a fee for service basis rather than a capitated services model. The change resulted in higher overall expenses in the prior year due to the partial year of capitated services and the higher incurred but not reported liability. In the current year, a further increase in the incurred but not reported liability was offset by increases in revenue from the State and additional interest earnings. In addition interest and investment earnings for business-type activities increased by \$244 or 97% over the prior year as a result of a greater return on investments in the current year.
- Total assets for business-type activities decreased by \$1,774 or 14% over the prior year and total liabilities decreased by \$494 or 9% from fiscal year 2007. The decrease is primarily in the Behavioral Health Managed Care fund. Cash balances have increased for the fund over the prior year as a result of fee for service premiums received from the State and a lag in the corresponding disbursements for

services using a fee for service model. The fund's incurred but not reported liability increased over the prior year due to additional historical claims data available to calculate the liability, as the fee for service model has now been in place for just over one year.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$189,081, an increase of \$28,411 in comparison with the prior year's decrease of \$5,515.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$51,474, or approximately 16% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The County maintains 26 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 and the Federal State Program 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 31-34 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 37-39 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 40 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 123-124 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 41 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 76 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 75.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County’s financial position. The County’s assets exceeded liabilities by \$577,364 at the close of the most recent fiscal year.

Multnomah County’s Net Assets

| | Governmental Activities | | Business- Type Activities | | Total | |
|----------------------------------------------------|----------------------------|-------------------|------------------------------|-----------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Current and other assets | \$ 469,917 | \$ 448,340 | \$ 7,865 | \$ 9,643 | \$ 477,782 | \$ 457,983 |
| Capital assets | 613,142 | 623,885 | 3,424 | 3,420 | 616,566 | 627,305 |
| Total assets | <u>1,083,059</u> | <u>1,072,225</u> | <u>11,289</u> | <u>13,063</u> | <u>1,094,348</u> | <u>1,085,288</u> |
| Long-term liabilities outstanding | 382,106 | 392,124 | 28 | 19 | 382,134 | 392,143 |
| Other liabilities | 129,941 | 129,603 | 4,909 | 5,412 | 134,850 | 135,014 |
| Total liabilities | <u>512,047</u> | <u>521,727</u> | <u>4,937</u> | <u>5,431</u> | <u>516,984</u> | <u>527,157</u> |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 465,079 | 456,502 | 3,424 | 3,420 | 468,503 | 459,522 |
| Restricted | 77,979 | 76,266 | - | - | 77,979 | 76,266 |
| Unrestricted | 27,954 | 17,731 | 2,928 | 4,212 | 30,882 | 22,343 |
| Total net assets | <u>\$ 571,012</u> | <u>\$ 550,499</u> | <u>\$ 6,352</u> | <u>\$ 7,632</u> | <u>\$ 577,364</u> | <u>\$ 558,131</u> |

The largest portion of the County’s net assets, approximately 81%, 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 \$468,503 as compared to \$459,522 a year ago. The increase in the investment in capital assets net of related debt is primarily due to the completion of the new Sauvie Island bridge, begun in fiscal year 2004 and opened to traffic in June 2008. During fiscal year 2008 the County paid approximately \$15,517 in debt related to capital assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County’s restricted net assets in the amount of \$77,979 or approximately 14% are restricted for capital projects, debt service, library operations and various community support programs. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$30,882 or approximately 5%. At the end of the current year, the County is able to report positive balances in all categories of net assets for the government as a whole.

Total net assets increased by \$19,233 during the current fiscal year. This increase is attributable to various factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net assets for fiscal years 2007 and 2008.

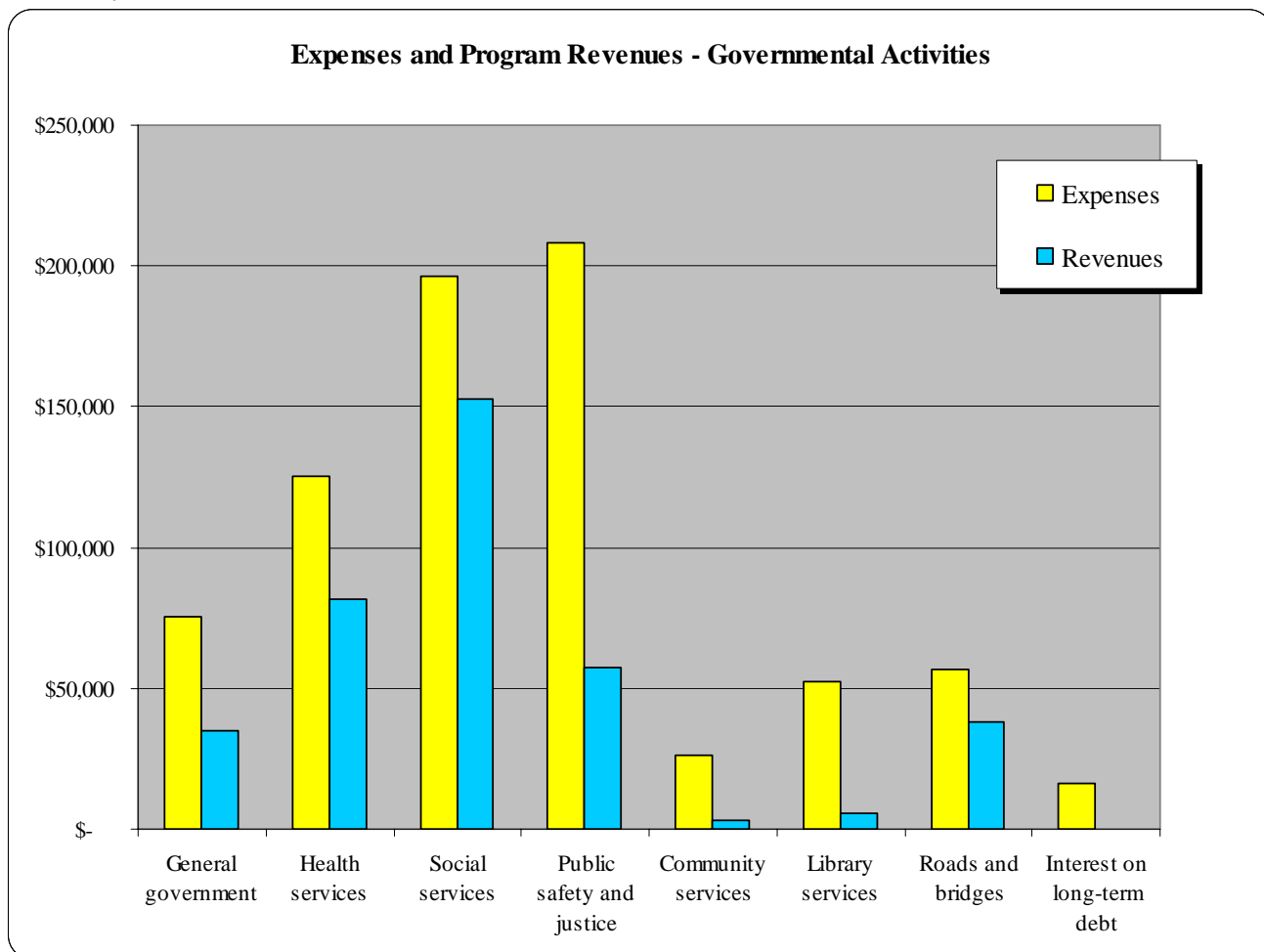
Multnomah County's Changes in Net Assets

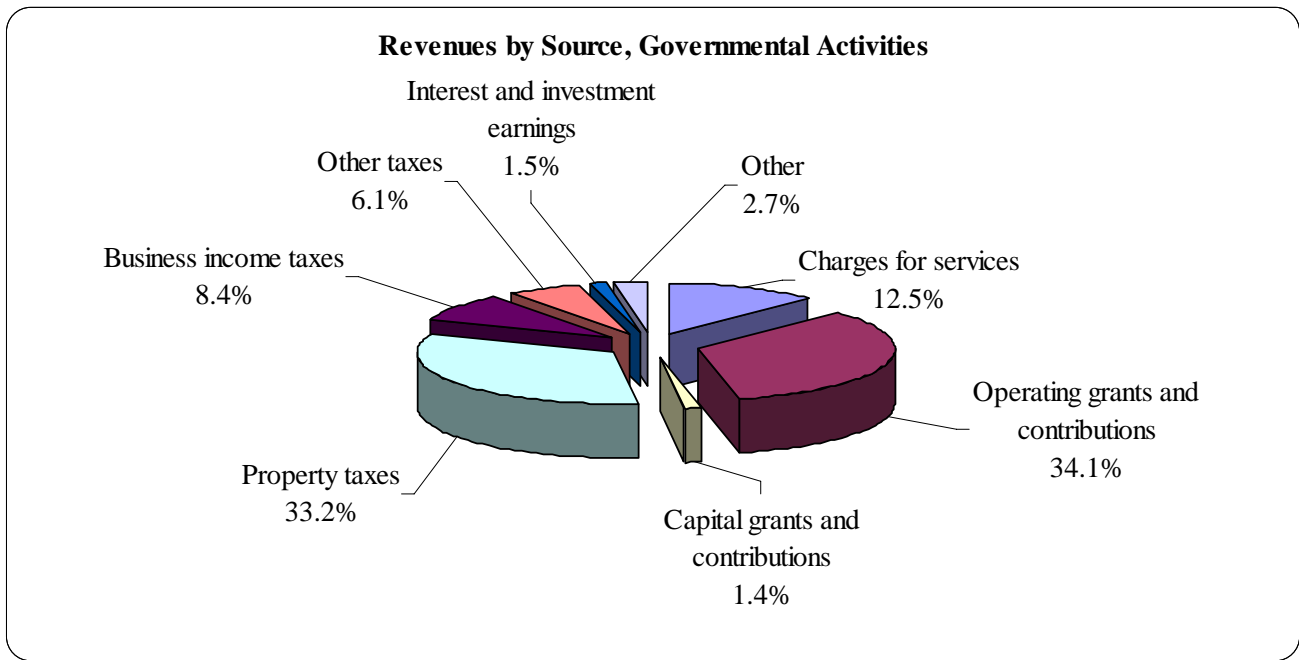
| | Governmental | | Business-type | | Total | |
|--------------------------------------------------------------|---------------------|------------------|----------------------|-----------------|------------------|------------------|
| | Activities | | Activities | | | |
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 97,348 | \$ 92,419 | \$36,967 | \$35,759 | \$134,315 | \$128,178 |
| Operating grants and contributions | 265,271 | 257,810 | - | - | 265,271 | 257,810 |
| Capital grants and contributions | 10,505 | 5,594 | 10 | 76 | 10,515 | 5,670 |
| General revenues: | | | | | | |
| Taxes: | | | | | | |
| Property taxes | 258,523 | 240,322 | - | - | 258,523 | 240,322 |
| Personal income taxes | 2,748 | 21,237 | - | - | 2,748 | 21,237 |
| Business income taxes | 65,650 | 57,399 | - | - | 65,650 | 57,399 |
| Other taxes | 44,349 | 41,320 | - | - | 44,349 | 41,320 |
| State government shared revenues | 9,613 | 9,517 | - | - | 9,613 | 9,517 |
| Grants and contributions not restricted to specific programs | 10 | 6 | - | - | 10 | 6 |
| Interest and investment earnings | 11,887 | 13,454 | 398 | 495 | 12,285 | 13,949 |
| Miscellaneous | 1,410 | 6,771 | 1 | 467 | 1,411 | 7,238 |
| Gain on sale of capital assets | 10,206 | 228 | - | - | 10,206 | 228 |
| Total revenues | 777,520 | 746,077 | 37,376 | 36,797 | 814,896 | 782,874 |
| Expenses: | | | | | | |
| General government | 75,547 | 87,472 | - | - | 75,547 | 87,472 |
| Health services | 125,355 | 118,380 | - | - | 125,355 | 118,380 |
| Social services | 196,537 | 185,672 | - | - | 196,537 | 185,672 |
| Public safety and justice | 208,253 | 199,850 | - | - | 208,253 | 199,850 |
| Community services | 26,069 | 24,136 | - | - | 26,069 | 24,136 |
| Library services | 52,087 | 47,872 | - | - | 52,087 | 47,872 |
| Roads and bridges | 56,716 | 53,701 | - | - | 56,716 | 53,701 |
| Interest on long-term debt | 16,443 | 16,954 | - | - | 16,443 | 16,954 |
| Dunthorpe-Riverdale Service District Number 1 | - | - | 476 | 405 | 476 | 405 |
| Mid County Service District Number 14 | - | - | 377 | 354 | 377 | 354 |
| Behavioral Health Managed Care | - | - | 37,803 | 34,221 | 37,803 | 34,221 |
| Total expenses | 757,007 | 734,037 | 38,656 | 34,980 | 795,663 | 769,017 |
| Increase (decrease) in net assets | 20,513 | 12,040 | (1,280) | 1,817 | 19,233 | 13,857 |
| Beginning net assets | 550,499 | 538,459 | 7,632 | 5,815 | 558,131 | 544,274 |
| Ending net assets | \$571,012 | \$550,499 | \$ 6,352 | \$ 7,632 | \$577,364 | \$558,131 |

Governmental activities. Governmental activities increased the County’s net assets by \$20,513; key elements of this increase are highlighted below:

- General revenues for personal income taxes decreased by \$18,489 or 87% due to the sunset of the County’s three year temporary personal income tax. Total distributions recorded in general government expenses are directly related to personal income tax revenues and were down by \$12,535 over the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections on delinquent accounts are recognized in fiscal year 2008.
- Business income taxes increased over the prior year by \$8,251 or 14%. Business income tax revenues have grown an average of 20% annually over the past five years. This growth in revenue has mirrored growth in the regional economy. Current forecasts estimate that revenue from the business income tax will decline in proportion to an anticipated economic contraction.
- Property taxes increased by \$18,201 or 8% over the prior year. This is partially the result of an increase in the rate assessed for the Library local option levy. Voters approved an increase in the rate from 75.5 cents per thousand to 89 cents per thousand, accounting for \$7,679 of the total revenue growth.

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





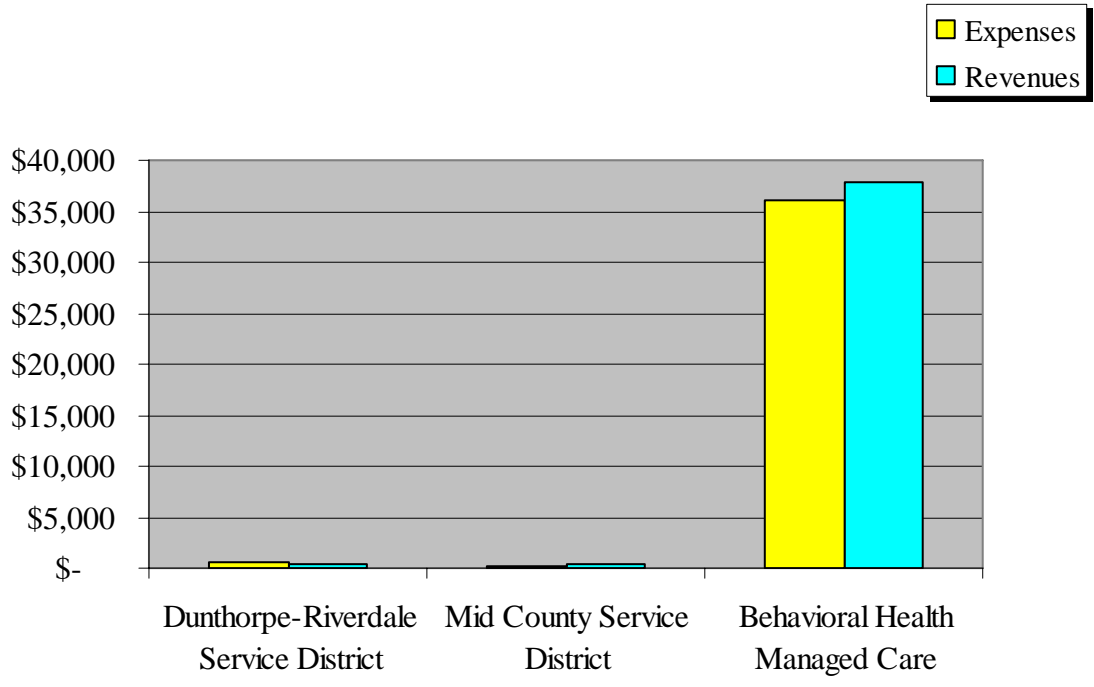
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

Business-type activities. Business-type activities decreased the County’s net assets by \$1,280, compared to an increase of \$1,817 in the prior year. The primary reasons for the current year’s decrease are:

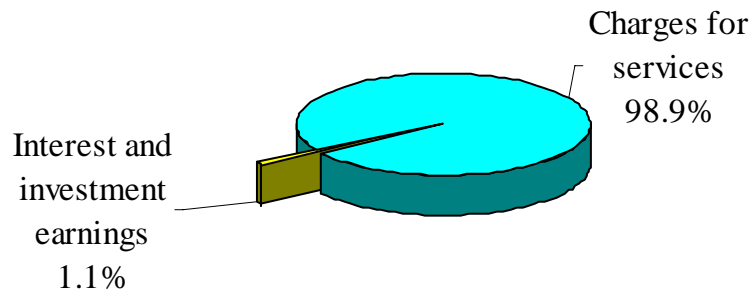
- The Mid County Service District’s revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2008 the District collected \$268 in fines, fees and charges for services which is a decrease from the prior year of \$38 or 12% due to a reduction in the street lighting assessment fees as capital projects were completed over the past several years.
- The Dunthorpe-Riverdale Service District’s revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2008 the District collected \$627 in fines, fees and charges for services which is an increase over the prior year of \$53 or 9% due to an increase in customer sewer user assessment fees to assist with rising utility costs and needed capital improvements.
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health plan enrolled members within Multnomah County. Revenues in the Behavioral Health Managed Care fund were steady compared to the prior year with an increase of \$1,193 or approximately 3%. For the same period expenses increased by \$3,582 or 10%. The expenses for system of care were greater in fiscal year 2008 due to increased services to children receiving intensive service array care over the prior year. In addition the safety net expenses were greater due to increases in the call center services.
- Miscellaneous revenues in the prior year included \$467 for the Behavioral Health Managed Care fund as a result of adjustments to the fund’s incurred but not reported liabilities. This adjustment was a one-time event and reflected changes by the County in redesigning the capitated services model to a fee for service model.

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

Expenses and Revenues - 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 \$189,081, an increase of \$28,411 over the prior year. Approximately 52% or \$98,337 of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed 1) to interfund receivables (\$19,475), 2) to prepaid items and inventories (\$2,763), 3) to pay debt service (\$46,915), or 4) to pay for ongoing capital projects (\$21,591).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$51,474 in the General Fund or approximately 72% of the total fund balance of \$71,613. This indicates a high degree of liquidity of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 22% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$11,395 during the current fiscal year. The primary factor for this increase can be attributed to unanticipated growth in business income tax revenues. Business income tax revenues were budgeted at \$52,815 while actual revenue collections were \$65,650 for the year.

The Federal and State Program Special Revenue Fund has a total fund balance of \$4,429, of which \$917 is reserved for prepaid items and inventories. The remaining \$3,512 is unreserved. Federal revenues are closely matched with Federal expenditures and the fund balance increased over the prior year by \$997.

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

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

- Dunthorpe-Riverdale Service District Fund, \$(18)
- Mid County Service District Fund, \$339
- Behavioral Health Managed Care Fund, \$2,607

The total change in net assets for all proprietary funds was \$1,280. 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 budgeted revenues were increased by \$3,840 and total budgeted expenditures were increased by \$10,948. Contingency was reduced by \$6,160 for increases in budgeted expenditures not related to increased revenues, and may only be used only when approved by the Board for a specific purpose and department. There was an increase to the projected General Fund budgetary fund balance of \$48 as a result of these budget amendments.

The following list highlights department expenditures that had changes from the original budget to the final adopted budget in the General Fund greater than \$2,000:

- Community justice – The department’s final budget exceeded the original budget by \$2,899. This was primarily due to cuts made to the final biennial budget for the State, which was adopted after the County had adopted the budget for fiscal year 2008 and was funded with contingency funds. Included in these cuts were \$548 in juvenile services and \$1,755 for adult services. There was also another \$240 from contingency to expand the Court Appearance Notification System and to shift responsibility for this project from the Local Public Safety Coordinating Council to the department of Community Justice.
- Nondepartmental – The final budget for nondepartmental offices and agencies exceeded the original budget by \$2,280 due to increases to distribute business income tax and personal income tax revenues that were higher than expected collections. Distributions of business income taxes to east county cities increased by \$805, and distributions of personal income taxes to county schools increased by \$1,475.
- Sheriff – The Sheriff’s office final budget exceeded the original budget by \$3,576. Of this, \$973 was part of the budget modification mentioned above to offset cuts to the State budget, to cover a shortfall in funding for senate bill 1145 for the first year of the biennium. Other changes include \$1,500 to keep additional jail beds open, \$614 for a field based work release and supervision program, and \$201 for additional deputies to form a warrant strike force.

Capital Projects and Debt Administration

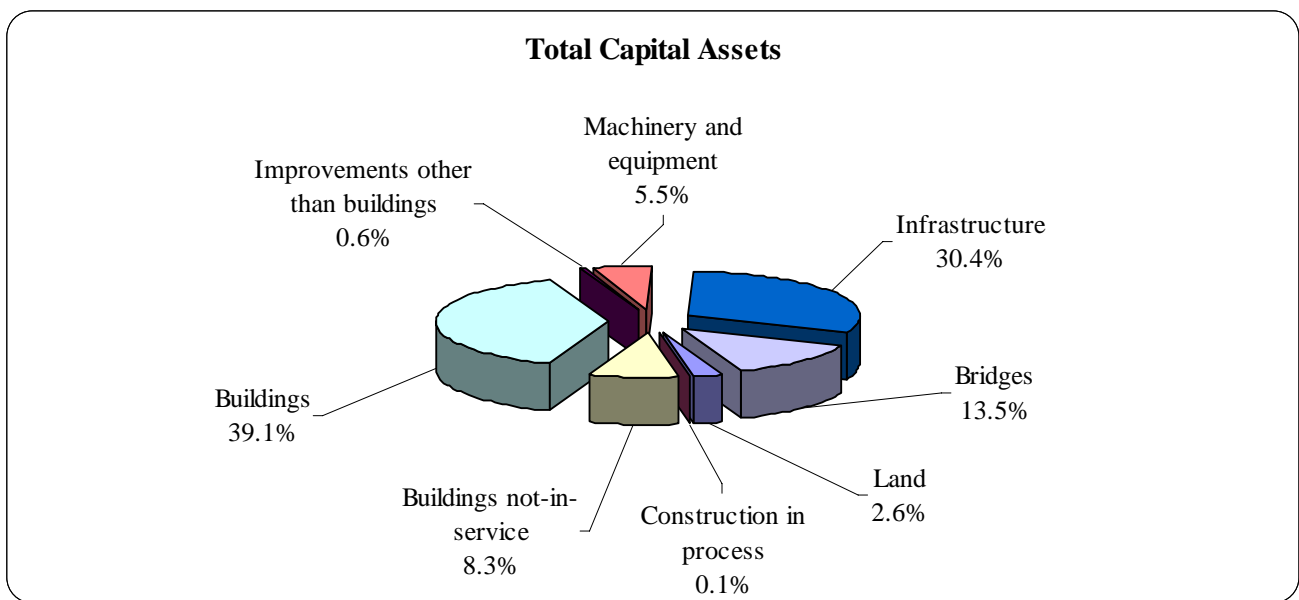
Capital assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to \$613,566 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County’s investment in capital assets for the current fiscal year was a decrease of \$13,739 or approximately 2%. Major capital asset events during the current fiscal year included:

- Governmental construction in progress decreased by \$35,418 or 99% over the prior year as the construction on the Sauvie Island bridge project concluded. The final cost of the bridge when completed was \$45,711, making up most of the increase in governmental bridges.
- Governmental buildings decreased by \$12,385 or 4%, partially due to depreciation on existing buildings but also related to the disposition of surplus property of \$4,106. This property was disposed of at a gain of \$10,105, with part of the proceeds being used to acquire land for a new East County Justice facility.
- Buildings not-in-service 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 | |
|-----------------------------------|-------------------------|-------------------|---------------------------|-----------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| Land | \$ 16,296 | \$ 13,787 | \$ - | \$ - | \$ 16,296 | \$ 13,787 |
| Construction in process | 317 | 35,735 | - | - | 317 | 35,735 |
| Buildings not-in-service | 51,164 | 51,164 | - | - | 51,164 | 51,164 |
| Buildings | 240,967 | 253,353 | - | - | 240,967 | 253,353 |
| Improvements other than buildings | 188 | 197 | 3,424 | 3,420 | 3,612 | 3,617 |
| Machinery and equipment | 34,003 | 31,606 | - | - | 34,003 | 31,606 |
| Bridges | 83,033 | 37,585 | - | - | 83,033 | 37,585 |
| Infrastructure | 187,174 | 200,458 | - | - | 187,174 | 200,458 |
| Total capital assets | \$ 613,142 | \$ 623,885 | \$ 3,424 | \$ 3,420 | \$ 616,566 | \$ 627,305 |

The following chart indicates the County's capital assets as of June, 30, 2008. Additional information on the County's capital assets can be found in note 3.C on pages 58-59 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$317,900. Of this amount, \$63,125 comprises debt backed by the general obligation bonds; \$235,609 represents debt backed by the full faith and credit bonds; \$242 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

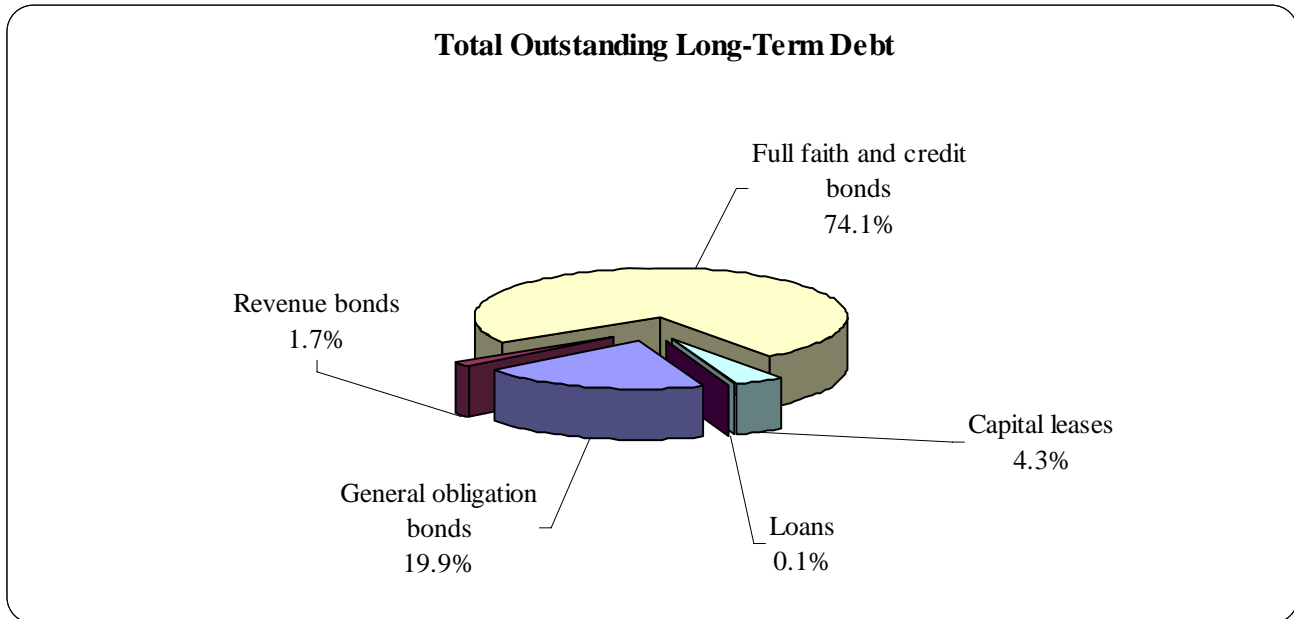
| | Governmental Activities | | Business- Type Activities | | Total | |
|-------------------------------|----------------------------|-------------------|------------------------------|-------------|-------------------|-------------------|
| | 2008 | 2007 | 2008 | 2007 | 2008 | 2007 |
| General obligation bonds | \$ 63,125 | \$ 69,380 | \$ - | \$ - | \$ 63,125 | \$ 69,380 |
| Revenue bonds | 5,320 | 5,880 | - | - | 5,320 | 5,880 |
| Full faith and credit bonds | 235,609 | 247,413 | - | - | 235,609 | 247,413 |
| Capital leases | 13,604 | 16,620 | - | - | 13,604 | 16,620 |
| Loans | 242 | 362 | - | - | 242 | 362 |
| Total outstanding debt | \$ 317,900 | \$ 339,655 | \$ - | \$ - | \$ 317,900 | \$ 339,655 |

The County's total debt decreased by \$21,755 or approximately 6% during the current fiscal year. Changes to the County's long-term debt during fiscal year 2008 consisted primarily of principal payments.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$2,006,055, 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 \$1,003,028, which is in excess of the County's outstanding full faith and credit debt.

The following chart indicates the County's long-term liabilities as of June 30, 2008. Additional information on the County's long-term liabilities can be found in note 3.G on pages 61-68 of this report.



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 5.2% which is higher than the prior year's rate of 4.8%. The rate has been trending upward in recent months as economic conditions have begun to show signs of weakening.

- It is anticipated that business income tax revenues will decrease in the coming year as compared to the 2008 budgeted amount. Business income tax is highly sensitive to economic conditions. In a weakening economic climate it would not be surprising for revenues to drop by 15% or more.
- Property tax revenues are not expected to be significantly different than the original budget estimates.

All of these factors were considered in preparing the County's budget for fiscal year 2008-2009.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$51,474. At this level, the County is able to maintain fully funded reserves as described in the Financial and Budget policies.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2008
(amounts expressed in thousands)

| | Primary Government | | | Component Unit |
|------------------------------------------------------------------------------------------|----------------------------|-----------------------------|-------------------|---------------------------|
| | Governmental Activities | Business-Type Activities | Total | The Library Foundation |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and investments | \$ 228,242 | \$ 8,157 | \$ 236,399 | \$ 12,709 |
| Receivables (net of allowance for uncollectibles): | | | | |
| Taxes | 31,297 | - | 31,297 | - |
| Accounts | 66,461 | 1 | 66,462 | 89 |
| Loans | 756 | - | 756 | - |
| Interest | 847 | - | 847 | - |
| Special assessments | 11 | 36 | 47 | - |
| Contracts | 3,982 | - | 3,982 | - |
| Contributions | - | - | - | 570 |
| Internal balances | 329 | (329) | - | - |
| Inventories | 3,237 | - | 3,237 | - |
| Prepaid items | 2,047 | - | 2,047 | 21 |
| Contributions receivable from charitable remainder unitrust and life insurance policy | - | - | - | 1,535 |
| Restricted cash and investments | 598 | - | 598 | - |
| Capital assets: | | | | |
| Land and construction in progress | 16,613 | - | 16,613 | - |
| Buildings-not in service, not depreciating | 51,164 | - | 51,164 | - |
| Other capital assets (net of accumulated depreciation) | 545,365 | 3,424 | 548,789 | 16 |
| Other assets, net of amortization | 132,110 | - | 132,110 | - |
| Total assets | <u>1,083,059</u> | <u>11,289</u> | <u>1,094,348</u> | <u>14,940</u> |
| LIABILITIES | | | | |
| Accounts payable | 68,473 | 4,888 | 73,361 | 18 |
| Claims and judgments payable | 11,414 | - | 11,414 | - |
| Accrued salaries and benefits | 7,658 | 11 | 7,669 | - |
| Accrued interest payable | 2,854 | - | 2,854 | - |
| Gift annuity payable | - | - | - | 7 |
| Unearned revenue | 9,540 | - | 9,540 | - |
| Due within one year: | | | | |
| Compensated absences | 6,498 | 10 | 6,508 | - |
| Bonds payable | 20,415 | - | 20,415 | - |
| Capital leases payable | 2,847 | - | 2,847 | - |
| Loans payable | 242 | - | 242 | - |
| Noncurrent liabilities: | | | | |
| Due in more than one year: | | | | |
| Compensated absences | 15,856 | 28 | 15,884 | - |
| Bonds payable | 283,639 | - | 283,639 | - |
| Capital leases payable | 10,757 | - | 10,757 | - |
| Deferred lease obligation | 1,718 | - | 1,718 | - |
| Net other postemployment benefits obligation | 70,136 | - | 70,136 | - |
| Total liabilities | <u>512,047</u> | <u>4,937</u> | <u>516,984</u> | <u>25</u> |
| NET ASSETS | | | | |
| Invested in capital assets, net of related debt | 465,079 | 3,424 | 468,503 | 16 |
| Restricted: | | | | |
| Nonexpendable - Library operations | - | - | - | 4,033 |
| Expendable: | | | | |
| Capital projects | 21,587 | - | 21,587 | - |
| Community support programs | 7,369 | - | 7,369 | - |
| Debt service | 47,277 | - | 47,277 | - |
| Library operations | 1,746 | - | 1,746 | 4,387 |
| Unrestricted | 27,954 | 2,928 | 30,882 | 6,479 |
| Total net assets | <u>\$ 571,012</u> | <u>\$ 6,352</u> | <u>\$ 577,364</u> | <u>\$ 14,915</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, 2008

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------|-------------------|---------------------------------------------|-------------------------------------------|-----------------------------------------|
| | | Fees, Fines and Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 75,547 | \$ 21,721 | \$ 4,497 | \$ 8,826 |
| Health services | 125,355 | 52,241 | 29,266 | - |
| Social services | 196,537 | 1,615 | 151,290 | - |
| Public safety and justice | 208,253 | 17,765 | 39,599 | - |
| Community services | 26,069 | 10 | 3,117 | 69 |
| Library | 52,087 | 1,855 | 3,504 | - |
| Roads and bridges | 56,716 | 2,141 | 33,998 | 1,610 |
| Interest on long-term debt | 16,443 | - | - | - |
| Total governmental activities | <u>757,007</u> | <u>97,348</u> | <u>265,271</u> | <u>10,505</u> |
| Business-type activities: | | | | |
| Dunthorpe-Riverdale service District | | | | |
| Number 1 | 476 | 627 | - | - |
| Mid County service District | | | | |
| Number 14 | 377 | 268 | - | 10 |
| Behavioral health managed care | 37,803 | 36,072 | - | - |
| Total business-type activities | <u>38,656</u> | <u>36,967</u> | <u>-</u> | <u>10</u> |
| Total primary government | <u>\$ 795,663</u> | <u>\$ 134,315</u> | <u>\$ 265,271</u> | <u>\$ 10,515</u> |
| Component unit: | | | | |
| The Library Foundation | <u>\$ 2,736</u> | <u>\$ -</u> | <u>\$ 1,963</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 assets

Net assets - beginning

Net assets - ending

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

| Net (Expenses) Revenues and Changes in Net Assets | | | |
|--------------------------------------------------------------|-------------------------------------|-------------------|-----------------------------------|
| Primary Government | | | Component Unit |
| Governmental Activities | Business-type Activities | Total | The Library Foundation |
| \$ (40,503) | \$ - | \$ (40,503) | \$ - |
| (43,848) | - | (43,848) | - |
| (43,632) | - | (43,632) | - |
| (150,889) | - | (150,889) | - |
| (22,873) | - | (22,873) | - |
| (46,728) | - | (46,728) | - |
| (18,967) | - | (18,967) | - |
| (16,443) | - | (16,443) | - |
| <u>(383,883)</u> | <u>-</u> | <u>(383,883)</u> | <u>-</u> |
| - | 151 | 151 | - |
| - | (99) | (99) | - |
| - | (1,731) | (1,731) | - |
| <u>-</u> | <u>(1,679)</u> | <u>(1,679)</u> | <u>-</u> |
| <u>(383,883)</u> | <u>(1,679)</u> | <u>(385,562)</u> | <u>-</u> |
| - | - | - | (773) |
| 249,446 | - | 249,446 | - |
| 9,077 | - | 9,077 | - |
| 2,748 | - | 2,748 | - |
| 65,650 | - | 65,650 | - |
| 42,812 | - | 42,812 | - |
| 1,537 | - | 1,537 | - |
| 9,613 | - | 9,613 | - |
| 10 | - | 10 | 1,409 |
| 11,887 | 398 | 12,285 | (628) |
| 1,410 | 1 | 1,411 | 4 |
| 10,206 | - | 10,206 | - |
| <u>404,396</u> | <u>399</u> | <u>404,795</u> | <u>785</u> |
| 20,513 | (1,280) | 19,233 | 12 |
| 550,499 | 7,632 | 558,131 | 14,903 |
| <u>\$ 571,012</u> | <u>\$ 6,352</u> | <u>\$ 577,364</u> | <u>\$ 14,915</u> |

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2008
(amounts expressed in thousands)

| | <u>General Fund</u> | <u>Federal and State Special Revenue Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------|-------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 60,312 | \$ 21 | \$ 113,540 | \$ 173,873 |
| Receivables: | | | | |
| Taxes | 26,445 | - | 4,852 | 31,297 |
| Accounts | 7,410 | 49,594 | 8,682 | 65,686 |
| Loans | - | 756 | - | 756 |
| Interest | 847 | - | - | 847 |
| Special assessments | 11 | - | - | 11 |
| Contracts | 1,383 | - | 2,599 | 3,982 |
| Due from other funds | 19,475 | - | - | 19,475 |
| Inventories | 394 | 359 | 993 | 1,746 |
| Prepays and deposits | 270 | 558 | 189 | 1,017 |
| Restricted cash and investments | - | 275 | 323 | 598 |
| Total assets | <u>\$ 116,547</u> | <u>\$ 51,563</u> | <u>\$ 131,178</u> | <u>\$ 299,288</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 21,835 | \$ 20,508 | \$ 12,363 | \$ 54,706 |
| Payroll payable | 3,816 | 2,272 | 904 | 6,992 |
| Due to other funds | - | 19,475 | - | 19,475 |
| Deferred revenue | 19,283 | 4,879 | 4,872 | 29,034 |
| Total liabilities | <u>44,934</u> | <u>47,134</u> | <u>18,139</u> | <u>110,207</u> |
| FUND BALANCES | | | | |
| Reserved for capital projects | - | - | 21,591 | 21,591 |
| Reserved for debt service | - | - | 46,915 | 46,915 |
| Reserved for interfund receivable | 19,475 | - | - | 19,475 |
| Reserved for inventories | 394 | 359 | 993 | 1,746 |
| Reserved for prepaid items | 270 | 558 | 189 | 1,017 |
| Unreserved, reported in: | | | | |
| General fund | 51,474 | - | - | 51,474 |
| Special revenue funds | - | 3,512 | 43,351 | 46,863 |
| Total fund balances | <u>71,613</u> | <u>4,429</u> | <u>113,039</u> | <u>189,081</u> |
| Total liabilities and fund balances | <u>\$ 116,547</u> | <u>\$ 51,563</u> | <u>\$ 131,178</u> | <u>\$ 299,288</u> |

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2008
(amounts expressed in thousands)

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------|
| Fund Balances - Governmental Funds | \$ | 189,081 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Governmental capital assets | 1,219,956 | |
| Less accumulated depreciation | <u>(612,950)</u> | 607,006 |
| Other long-term assets | | |
| Negative net pension asset | 131,747 | |
| Bond issuance costs | <u>363</u> | 132,110 |
| Accrued interest payable | | (2,854) |
| Amount payable to other Governments under Intergovernmental Agreement for financial support of community based health organization | | (308) |
| 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 | (304,054) | |
| Capital leases payable | (13,604) | |
| Loans payable | <u>(242)</u> | (317,900) |
| Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds. | | (20,048) |
| Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds. | | (7,341) |
| Net other post-employment benefits obligation | | (70,136) |
| Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds. | | |
| Property taxes | 9,827 | |
| Personal income taxes | <u>9,783</u> | 19,610 |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities. | | <u>41,792</u> |
| Net Assets of Governmental Activities | \$ | <u><u>571,012</u></u> |

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

MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | <u>General Fund</u> | <u>Federal and State Special Revenue Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--------------------------------------------------------------|-------------------------|-------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 297,372 | \$ - | \$ 77,672 | \$ 375,044 |
| Intergovernmental | 18,452 | 214,795 | 43,852 | 277,099 |
| Licenses and permits | 8,763 | 2,432 | 4,246 | 15,441 |
| Charges for services | 9,365 | 51,362 | 7,023 | 67,750 |
| Interest | 5,073 | 11 | 4,473 | 9,557 |
| Other | 13,279 | 3,244 | 33,819 | 50,342 |
| Total revenues | <u>352,304</u> | <u>271,844</u> | <u>171,085</u> | <u>795,233</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 62,495 | - | 6,729 | 69,224 |
| Health services | 50,188 | 77,312 | 1,414 | 128,914 |
| Social services | 45,156 | 151,942 | 112 | 197,210 |
| Public safety and justice | 165,768 | 38,854 | 4,497 | 209,119 |
| Community services | - | 2,485 | 23,419 | 25,904 |
| Library services | - | - | 48,051 | 48,051 |
| Roads and bridges | - | - | 40,723 | 40,723 |
| Capital outlay | 574 | 254 | 26,539 | 27,367 |
| Debt service: | | | | |
| Principal | 11 | - | 21,511 | 21,522 |
| Interest | 1,262 | - | 15,132 | 16,394 |
| Total expenditures | <u>325,454</u> | <u>270,847</u> | <u>188,127</u> | <u>784,428</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>26,850</u> | <u>997</u> | <u>(17,042)</u> | <u>10,805</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 8 | - | 14,211 | 14,219 |
| Transfers in | 1,854 | - | 27,412 | 29,266 |
| Transfers out | (17,317) | - | (8,562) | (25,879) |
| Total other financing sources (uses) | <u>(15,455)</u> | <u>-</u> | <u>33,061</u> | <u>17,606</u> |
| Net change in fund balances | 11,395 | 997 | 16,019 | 28,411 |
| Fund balances - beginning | 60,218 | 3,432 | 97,020 | 160,670 |
| Fund balances - ending | <u>\$ 71,613</u> | <u>\$ 4,429</u> | <u>\$ 113,039</u> | <u>\$ 189,081</u> |

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|
| Net change in fund balances - Governmental Funds | | \$ 28,411 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | |
| Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives. | | |
| Expenditures for capital assets | 27,367 | |
| Current year depreciation expense | <u>(32,305)</u> | (4,938) |
| Contributed and donated capital assets | 1,649 | |
| Proceeds on sale of capital assets | (14,220) | |
| Gain on termination of capital lease | 153 | |
| Gain on disposal of capital assets | 10,117 | |
| Loss on disposal of capital assets | <u>(4,263)</u> | (6,564) |
| 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 - property taxes | 1,298 | |
| Decrease in deferred revenues - personal income taxes | <u>(3,863)</u> | (2,565) |
| Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net assets. The premium is amortized to interest income in the statement of activities. | | |
| Current year premium amortization | | 339 |
| Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | | |
| Current year amortization expense | | (32) |
| The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt. | | |
| Current year interest expense | | (260) |
| Amount received from other Governments for financial support of community based health organization but not yet distributed is a liability on the Statement of Net Assets | | |
| | | (308) |
| Repayment of long-term debt is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets. | | |
| | | 21,522 |
| Some expenses reported in the statement of activities do not require the use of current resources | | |
| Increase in long-term compensated absences | (1,614) | |
| Decrease in accrued interest expense | 211 | |
| Decrease in personal income tax distribution liability | <u>4,251</u> | 2,848 |
| Amortization expense on the net pension asset. | | (6,152) |
| Current year expense for net other post-employment benefits obligation | | (12,146) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities. | | |
| | | <u>358</u> |
| Change in net assets of Governmental Activities | | <u>\$ 20,513</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.

MULTNOMAH COUNTY, OREGON
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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: | | | | |
| Current | \$ 199,204 | \$ 199,204 | \$ 204,708 | \$ 5,504 |
| Prior | 4,171 | 4,171 | 3,886 | (285) |
| Penalties and interest | 1,299 | 1,299 | 1,642 | 343 |
| Payments in lieu of taxes | 800 | 910 | 1,388 | 478 |
| Transient lodging | - | - | 5 | 5 |
| Business income | 52,215 | 53,020 | 65,650 | 12,630 |
| Personal income | 5,000 | 6,475 | 6,611 | 136 |
| Motor vehicle rental | 12,359 | 12,359 | 13,482 | 1,123 |
| Intergovernmental: | | | | |
| Federal | 2 | 468 | - | (468) |
| State | 10,398 | 10,398 | 14,568 | 4,170 |
| Local | 3,784 | 3,993 | 3,884 | (109) |
| Licenses and permits | 9,250 | 9,363 | 8,763 | (600) |
| Charges for services | 9,255 | 9,514 | 9,365 | (149) |
| Interest | 3,110 | 3,110 | 5,073 | 1,963 |
| Other: | | | | |
| Service reimbursements | 13,636 | 14,004 | 12,399 | (1,605) |
| Miscellaneous | 1,114 | 1,149 | 880 | (269) |
| Total revenues | <u>325,597</u> | <u>329,437</u> | <u>352,304</u> | <u>22,867</u> |
| EXPENDITURES | | | | |
| Community justice | 51,108 | 54,007 | 51,349 | 2,658 |
| Community services | 11,114 | 11,219 | 10,517 | 702 |
| County management | 31,867 | 31,896 | 30,220 | 1,676 |
| District attorney | 19,636 | 19,787 | 18,712 | 1,075 |
| Health services | 53,361 | 53,797 | 50,188 | 3,609 |
| Human services | 44,823 | 46,293 | 45,156 | 1,137 |
| Nondepartmental | 20,782 | 23,064 | 23,061 | 3 |
| Sheriff | 96,065 | 99,641 | 96,251 | 3,390 |
| Total expenditures | <u>328,756</u> | <u>339,704</u> | <u>325,454</u> | <u>14,250</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(3,159)</u> | <u>(10,267)</u> | <u>26,850</u> | <u>37,117</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Loan proceeds | - | 1,000 | - | (1,000) |
| Proceeds from sale of capital assets | - | - | 8 | 8 |
| Transfers in | 2,067 | 2,067 | 1,854 | (213) |
| Transfers out | <u>(17,313)</u> | <u>(17,317)</u> | <u>(17,317)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(15,246)</u> | <u>(14,250)</u> | <u>(15,455)</u> | <u>(1,205)</u> |
| Contingency | <u>(8,361)</u> | <u>(2,201)</u> | <u>-</u> | <u>2,201</u> |
| Net change in fund balances | <u>(26,766)</u> | <u>(26,718)</u> | <u>11,395</u> | <u>38,113</u> |
| Fund balances - beginning | <u>40,266</u> | <u>40,266</u> | <u>60,218</u> | <u>19,952</u> |
| Fund balances - ending | <u>\$ 13,500</u> | <u>\$ 13,548</u> | <u>\$ 71,613</u> | <u>\$ 58,065</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, 2008
(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 | \$ 209,172 | \$ 171,013 | \$ 162,578 | \$ (8,435) |
| Licenses and permits | 2,469 | 2,470 | 2,432 | (38) |
| Charges for services | 54,240 | 54,336 | 51,362 | (2,974) |
| Interest | 9 | 9 | 11 | 2 |
| Other: | | | | |
| Non-governmental grants | 1,451 | 2,924 | 2,522 | (402) |
| Service reimbursements | 80 | 80 | 92 | 12 |
| Miscellaneous | 614 | 554 | 630 | 76 |
| Total revenues | <u>268,035</u> | <u>231,386</u> | <u>219,627</u> | <u>(11,759)</u> |
| EXPENDITURES | | | | |
| Community justice | 28,094 | 26,525 | 24,555 | 1,970 |
| Community services | 409 | 1,013 | 770 | 243 |
| County management | 121 | 121 | 83 | 38 |
| District attorney | 5,678 | 6,157 | 5,628 | 529 |
| Health services | 77,389 | 80,463 | 77,372 | 3,091 |
| Human services | 144,680 | 107,678 | 99,725 | 7,953 |
| Nondepartmental | 1,516 | 1,742 | 1,632 | 110 |
| Sheriff | 10,184 | 9,972 | 8,865 | 1,107 |
| Total expenditures | <u>268,071</u> | <u>233,671</u> | <u>218,630</u> | <u>15,041</u> |
| Excess (deficiency) of revenues over (under) expenditures | (36) | (2,285) | 997 | 3,282 |
| Fund balances - beginning | 36 | 2,285 | 3,432 | 1,147 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>4,429</u> | <u>\$ 4,429</u> |

Reconciliation to GAAP Basis:

| | |
|---------------------------------------------------------------------------------------------------------------------------------|-----------------|
| Intergovernmental revenues for State payments to County service providers | 52,217 |
| State payments to County service providers | <u>(52,217)</u> |
| Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 33 | <u>\$ 4,429</u> |

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

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 115.

Enterprise Funds:

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

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

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
Proprietary Funds
June 30, 2008
(amounts expressed in thousands)

| | Business-type Activities - Enterprise Funds | | | | |
|-----------------------------------------------------|----------------------------------------------------------|--------------------------------------------|---------------------------------------------------|-----------------|---------------------------------------------------------------------|
| | Dunthorpe- Riverdale Service District | Mid County Service District | Behavioral Health Managed Care | Total | Governmental Activities - Internal Service Funds |
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 482 | \$ 386 | \$ 7,289 | \$ 8,157 | \$ 54,369 |
| Receivables (net of allowances for uncollectibles): | | | | | |
| Accounts | 1 | - | - | 1 | 775 |
| Special assessments | 24 | 12 | - | 36 | - |
| Due from other funds | - | - | - | - | 76 |
| Inventories | - | - | - | - | 1,491 |
| Prepaid items | - | - | - | - | 1,030 |
| Total current assets | <u>507</u> | <u>398</u> | <u>7,289</u> | <u>8,194</u> | <u>57,741</u> |
| Noncurrent assets: | | | | | |
| Advances to other funds | - | - | - | - | 253 |
| Capital assets (net of accumulated depreciation) | 1,916 | 1,508 | - | 3,424 | 6,137 |
| Total noncurrent assets | <u>1,916</u> | <u>1,508</u> | <u>-</u> | <u>3,424</u> | <u>6,390</u> |
| Total assets | <u>2,423</u> | <u>1,906</u> | <u>7,289</u> | <u>11,618</u> | <u>64,131</u> |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 196 | 59 | 4,633 | 4,888 | 6,119 |
| Claims and judgments payable | - | - | - | - | 11,414 |
| Payroll payable | - | - | 11 | 11 | 666 |
| Deferred revenue | - | - | - | - | 116 |
| Compensated absences | - | - | 10 | 10 | 611 |
| Due to other funds | 76 | - | - | 76 | - |
| Total current liabilities | <u>272</u> | <u>59</u> | <u>4,654</u> | <u>4,985</u> | <u>18,926</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | - | - | 28 | 28 | 1,695 |
| Advances from other funds | 253 | - | - | 253 | - |
| Incremental leases payable | - | - | - | - | 1,718 |
| Total noncurrent liabilities | <u>253</u> | <u>-</u> | <u>28</u> | <u>281</u> | <u>3,413</u> |
| Total liabilities | <u>525</u> | <u>59</u> | <u>4,682</u> | <u>5,266</u> | <u>22,339</u> |
| NET ASSETS | | | | | |
| Invested in capital assets, net of realted debt | 1,916 | 1,508 | - | 3,424 | 6,137 |
| Unrestricted | (18) | 339 | 2,607 | 2,928 | 35,655 |
| Total net assets | <u>\$ 1,898</u> | <u>\$ 1,847</u> | <u>\$ 2,607</u> | <u>\$ 6,352</u> | <u>\$ 41,792</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 Assets
Proprietary Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | Business-type Activities - Enterprise Funds | | | | |
|-----------------------------------------------------|----------------------------------------------------------|--------------------------------------------|---------------------------------------------------|-----------------|---------------------------------------------------------------------|
| | Dunthorpe- Riverdale Service District | Mid County Service District | Behavioral Health Managed Care | Total | Governmental Activities - Internal Service Funds |
| OPERATING REVENUES | | | | | |
| Charges for sales and services | \$ 627 | \$ 268 | \$ 36,072 | \$ 36,967 | \$ 140,703 |
| Insurance premiums | - | - | - | - | 6,360 |
| Experience ratings and other | - | - | 1 | 1 | 839 |
| Total operating revenues | <u>627</u> | <u>268</u> | <u>36,073</u> | <u>36,968</u> | <u>147,902</u> |
| OPERATING EXPENSES | | | | | |
| Cost of sales and services | 354 | 275 | 36,032 | 36,661 | 140,757 |
| Administration | 37 | 43 | 1,771 | 1,851 | 3,221 |
| Depreciation | 62 | 59 | - | 121 | 2,219 |
| Total operating expenses | <u>453</u> | <u>377</u> | <u>37,803</u> | <u>38,633</u> | <u>146,197</u> |
| Operating income (loss) | <u>174</u> | <u>(109)</u> | <u>(1,730)</u> | <u>(1,665)</u> | <u>1,705</u> |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Interest revenue | 24 | 18 | 356 | 398 | 1,991 |
| Interest expense | (23) | - | - | (23) | - |
| Gain on disposal of capital assets | - | - | - | - | 89 |
| Loss on disposal of capital assets | - | - | - | - | (41) |
| Total nonoperating revenues | <u>1</u> | <u>18</u> | <u>356</u> | <u>375</u> | <u>2,039</u> |
| Income (loss) before contributions and transfers | 175 | (91) | (1,374) | (1,290) | 3,744 |
| Capital contributions in | - | 10 | - | 10 | 3 |
| Capital contributions out | - | - | - | - | (2) |
| Transfers in | - | - | - | - | 1,496 |
| Transfers out | - | - | - | - | (4,883) |
| Change in net assets | <u>175</u> | <u>(81)</u> | <u>(1,374)</u> | <u>(1,280)</u> | <u>358</u> |
| Total net assets - beginning | <u>1,723</u> | <u>1,928</u> | <u>3,981</u> | <u>7,632</u> | <u>41,434</u> |
| Total net assets - ending | <u>\$ 1,898</u> | <u>\$ 1,847</u> | <u>\$ 2,607</u> | <u>\$ 6,352</u> | <u>\$ 41,792</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, 2008

(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 | \$ 640 | \$ 268 | \$ 36,074 | \$ 36,982 | \$ 148,061 |
| Payments to suppliers | (540) | (249) | (34,249) | (35,038) | (93,653) |
| Payments to employees | (14) | (18) | (3,400) | (3,432) | (33,544) |
| Internal activity - payments to other funds | (23) | (22) | (493) | (538) | (12,708) |
| Net cash provided (used) by operating activities | <u>63</u> | <u>(21)</u> | <u>(2,068)</u> | <u>(2,026)</u> | <u>8,156</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers in | - | - | - | - | 1,496 |
| Transfers out | - | - | - | - | (4,883) |
| Net cash used by noncapital and related financing activities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,387)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchases of capital assets | (97) | (17) | - | (114) | (3,177) |
| Internal loan repayment | (71) | - | - | (71) | 71 |
| Interest on debt | (23) | - | - | (23) | - |
| Proceeds on sales of capital assets | - | - | - | - | 90 |
| Net cash used by capital and related financing activities | <u>(191)</u> | <u>(17)</u> | <u>-</u> | <u>(208)</u> | <u>(3,016)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Interest received | 24 | 18 | 356 | 398 | 1,991 |
| Net cash provided by investing activities | <u>24</u> | <u>18</u> | <u>356</u> | <u>398</u> | <u>1,991</u> |
| Net increase (decrease) in cash and cash equivalents | (104) | (20) | (1,712) | (1,836) | 3,744 |
| Balances at beginning of the year | 586 | 406 | 9,001 | 9,993 | 50,625 |
| Balances at end of the year | <u>\$ 482</u> | <u>\$ 386</u> | <u>\$ 7,289</u> | <u>\$ 8,157</u> | <u>\$ 54,369</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Operating income (loss) | \$ 174 | \$ (109) | \$ (1,730) | \$ (1,665) | \$ 1,705 |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | | |
| Cash flows reported in other categories: | | | | | |
| Depreciation | 62 | 59 | - | 121 | 2,219 |
| Changes in assets and liabilities: | | | | | |
| Receivables, net | 13 | - | - | 13 | 210 |
| Inventories | - | - | - | - | 535 |
| Prepaid items | - | - | - | - | (227) |
| Accounts payable | (186) | 29 | (346) | (503) | 698 |
| Claims and judgments payable | - | - | - | - | 2,746 |
| Deferred revenue | - | - | - | - | 31 |
| Compensated absences | - | - | 9 | 9 | 82 |
| Incremental leases payable | - | - | - | - | 57 |
| Payroll payable | - | - | (1) | (1) | 100 |
| Total adjustments | <u>(111)</u> | <u>88</u> | <u>(338)</u> | <u>(361)</u> | <u>6,451</u> |
| Net cash provided (used) by operating activities | <u>\$ 63</u> | <u>\$ (21)</u> | <u>\$ (2,068)</u> | <u>\$ (2,026)</u> | <u>\$ 8,156</u> |
| Noncash financing activities: | | | | | |
| Contributions of capital assets | \$ - | \$ 10 | \$ - | \$ 10 | \$ 1 |

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

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FIDUCIARY FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2008
(amounts expressed in thousands)

| | <u>Agency Funds</u> |
|---------------------------------|---------------------|
| ASSETS | |
| Cash and investments | \$ 16,898 |
| Taxes receivable | 39,733 |
| Restricted cash | 15 |
| Total assets | <u>56,646</u> |
| LIABILITIES | |
| Accounts payable | 10,054 |
| Due to other governmental units | 37,395 |
| Amounts held in trust | 9,197 |
| Total liabilities | <u>56,646</u> |
| NET ASSETS | |
| Total net assets | <u>\$ -</u> |

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

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MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

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

B. Government-wide and fund financial statements

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

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

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

The County reports the following major governmental funds:

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

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

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.

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Additionally, the County reports the following fund types:

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

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

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

other charges between the government's sewer and lighting functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

2. *Receivables and payables*

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

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

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax generated an estimated \$120,000 for each calendar year the tax was in effect. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2008, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of \$4,941 for personal income taxes. This amount is shown net with taxes receivable on both the fund financial statements and the statement of net assets. In the statement of activities the reduction is recorded to the related income tax revenues, and on the fund financial statements the offset is recorded in deferred revenues.

3. *Inventories and prepaid items*

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

4. *Fund balances and net assets*

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

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

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

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

5. *Capital assets*

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets for business-type activities.

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

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

6. *Other assets*

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

7. *Unearned / Deferred revenues*

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

9. *Long-term obligations*

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

11. *Contributions and in-kind donations*

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

12. *Estimates*

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

13. *Reclassifications*

Certain amounts from the financial statements of the discretely presented component unit have been reclassified to conform with the presentation requirements of the primary government's financial statements. In addition, reclassifications were made to certain prior year amounts in order to be consistent with the current year's presentation.

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 one supplemental budget and several other budgetary appropriations throughout the year.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Note 3. Detailed notes on all funds

A. Cash and investments

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

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

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

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

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

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

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

At year-end, the carrying amount of the County's deposits was \$88,943 and the bank balance was \$88,908. The bank balance was covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers in the name of the County as the County's agent. The remaining balance of \$35 represents petty cash accounts that were uninsured and uncollateralized.

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

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

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

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

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3. Purchase of commercial paper and other corporate debt up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.

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

Multnomah County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. Deposits of public funds are collateralized at 25% of balances above federal deposit insurance pursuant to ORS 295. As of June 30, 2008, \$35 of the County's bank balance of \$88,908 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2008, the County had the following corporate debt in our investment portfolio with the credit ratings noted by Standard & Poor's and Moody's respectively:

| <u>Investment Type / Issuer</u> | <u>Fair Value</u> | <u>Credit Rating</u> | <u>Maturity</u> |
|--------------------------------------------------------------|-------------------|----------------------|-----------------|
| Corporate note – General Electric | \$ 2,998 | AAA / Aaa | 10/15/2008 |
| Corporate note – General Electric (Heller Financial, Inc) | 1,045 | AAA / Aaa | 11/01/2009 |
| Commercial paper – Bank of America | 7,744 | A1+ / P1 | 07/11/2008 |
| Commercial paper – Toyota Motor Credit Corp. | 3,242 | A1+ / P1 | 08/05/2008 |
| Commercial paper – General Electric | 3,988 | A1+ / P1 | 08/13/2008 |
| Commercial paper – US Bancorp | 2,590 | A1+ / P1 | 08/19/2008 |
| Commercial paper – Toyota Motor Credit Corp. | 4,970 | A1+ / P1 | 09/16/2008 |
| Totals | <u>\$ 26,577</u> | | |

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At June, 2008, the County had the following investments in US Government Agencies that were implicitly guaranteed by the US Government:

| <u>Investment Type / Issuer</u> | <u>Fair Value</u> | <u>Credit Rating</u> |
|-----------------------------------------|-------------------|----------------------|
| Agency notes – Federal Home Loan Bank | \$ 34,243 | AAA |
| Agency notes – Federal Farm Credit Bank | 7,002 | AAA |
| Agency notes – Tennessee Valley Auth. | 1,828 | AAA |
| Total | <u>\$ 43,073</u> | |

As of June 30, 2008, 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 | \$ 42,797 | 3.37% | 16.9% | < 1 |
| Corporate Debt | 4,043 | 4.77% | 1.6% | < 1 |
| Commercial Paper | 22,534 | 2.41% | 8.9% | < 1 |
| US Treasuries | 9,942 | 1.61% | 3.9% | < 1 |
| Bankers' Acceptances | 28,322 | 2.65% | 11.2% | < 1 |
| Local Government | | | | |
| Investment Pool | 56,707 | 3.16% | 22.4% | < 1 |
| Cash and Equivalents | <u>88,943</u> | 2.30% | <u>35.1%</u> | < 1 |
| Total unrestricted cash and investments | <u>\$ 253,296</u> | | <u>100%</u> | |

Portfolio weighted average maturity 2.5

As of June 30, 2008, the County had the following restricted cash and investments. All restricted cash and investments maintained a weighted average maturity of less than one month.

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Yield</u> | <u>Risk Concentration</u> |
|------------------------|-------------------|-------------------------------|---------------------------|
| Cash with Fiscal Agent | <u>\$ 613</u> | 1.39% | <u>100%</u> |

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

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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 | \$ 228,242 | \$ 598 | \$ 228,840 |
| Business-type Activities | 8,157 | - | 8,157 |
| Fiduciary Funds | 16,898 | 15 | 16,913 |
| Total Cash and Investments | <u>\$ 253,297</u> | <u>\$ 613</u> | <u>\$ 253,910</u> |

B. Receivables

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

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MULTNOMAH COUNTY
Accounts Receivable

| | Governmental Activities | | | | | | |
|----------------------------------------------|-------------------------|-------------------------------------|------------------------------|-------------------|-------------------------------------|-----------------------------|------------------|
| | General Fund | Federal State Program Fund | Internal Service Funds | Nonmajor Funds | Total Governmental Activities | Business-type Activities | Total |
| Receivables: | | | | | | | |
| Taxes: | | | | | | | |
| Income | \$ 15,390 | \$ - | \$ - | \$ - | \$ 15,390 | \$ - | \$ 15,390 |
| Property | 9,946 | - | - | 2,115 | 12,061 | - | 12,061 |
| Other | 6,050 | - | - | 2,737 | 8,787 | - | 8,787 |
| Accounts | 9,357 | 51,134 | 775 | 8,682 | 69,948 | 1 | 69,949 |
| Loans | - | 756 | - | - | 756 | - | 756 |
| Interest | 847 | - | - | - | 847 | - | 847 |
| Special assessments | 11 | - | - | - | 11 | 39 | 50 |
| Contracts | 1,383 | - | - | 2,599 | 3,982 | - | 3,982 |
| Gross receivables | 42,984 | 51,890 | 775 | 16,133 | 110,053 | 40 | 111,822 |
| Less: allowance for discounts/uncollectibles | (6,888) | (1,540) | - | - | (8,428) | (3) | (8,431) |
| Net total receivables | <u>\$ 36,096</u> | <u>\$ 50,350</u> | <u>\$ 775</u> | <u>\$ 16,133</u> | <u>\$103,354</u> | <u>\$ 37</u> | <u>\$103,391</u> |

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> | <u>Total</u> |
|-----------------------------------------------------------|--------------------|-----------------|------------------|
| Personal income tax receivable | \$ 14,724 | \$ - | \$ 14,724 |
| Allowance for doubtful accounts – personal income tax | (4,941) | - | (4,941) |
| Property taxes receivable (General Fund) | 8,102 | - | 8,102 |
| Property taxes receivable (other governmental funds) | 1,725 | - | 1,725 |
| Grant draws prior to meeting all eligibility requirements | - | 4,147 | 4,147 |
| Contracts receivable | - | 3,982 | 3,982 |
| Contract revenue received in advance | - | 187 | 187 |
| Loans receivable | - | 756 | 756 |
| Tax title land sales inventory | - | 341 | 341 |
| Special assessments receivable | - | 11 | 11 |
| Total deferred revenue for governmental funds | <u>\$ 19,610</u> | <u>\$ 9,424</u> | <u>\$ 29,034</u> |

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the Statement of Net Assets. Governmental activities also include Internal Service Funds, which report \$116 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$9,540.

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C. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Transfers</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|----------------------------------------------|------------------------------|-------------------|------------------|-------------------|---------------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 13,787 | \$ 4,060 | 992 | \$ (2,543) | \$ 16,296 |
| Construction in process | 35,735 | 317 | (35,735) | - | 317 |
| Buildings-not in service | 51,164 | - | - | - | 51,164 |
| Total capital assets, not being depreciated | <u>100,686</u> | <u>4,377</u> | <u>(34,743)</u> | <u>(2,543)</u> | <u>67,777</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 368,897 | 2,186 | - | (5,959) | 365,124 |
| Improvements other than buildings | 343 | - | - | - | 343 |
| Machinery and equipment | 124,597 | 10,135 | 45 | (12,597) | 122,180 |
| Bridges | 99,501 | 13,621 | 34,698 | (1,641) | 146,179 |
| Infrastructure | 553,645 | 1,874 | - | (3,921) | 551,598 |
| Total capital assets being depreciated | <u>1,146,983</u> | <u>27,816</u> | <u>34,743</u> | <u>(24,118)</u> | <u>1,185,424</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (115,544) | (10,596) | - | 1,984 | (124,156) |
| Improvements other than buildings | (146) | (9) | - | - | (155) |
| Machinery and equipment | (92,991) | (7,741) | - | 12,555 | (88,177) |
| Bridges | (61,916) | (2,362) | - | 1,131 | (63,147) |
| Infrastructure | (353,187) | (13,816) | - | 2,579 | (364,424) |
| Total accumulated depreciation | <u>(623,784)</u> | <u>(34,524)</u> | <u>-</u> | <u>18,249</u> | <u>(640,059)</u> |
| Total capital assets being depreciated, net | <u>523,199</u> | <u>(6,708)</u> | <u>34,743</u> | <u>(5,869)</u> | <u>545,365</u> |
| Governmental activities capital assets, net | <u>\$ 623,885</u> | <u>\$ (2,331)</u> | <u>-</u> | <u>\$ (8,412)</u> | <u>\$ 613,142</u> |
| Business-type activities: | | | | | |
| Capital assets, being depreciated: | | | | | |
| Improvements other than buildings | \$ 5,640 | \$ 125 | - | \$ - | \$ 5,765 |
| Machinery and equipment | 41 | - | - | (41) | - |
| Total capital assets being depreciated | <u>5,681</u> | <u>125</u> | <u>-</u> | <u>(41)</u> | <u>5,765</u> |
| Less accumulated depreciation for: | | | | | |
| Improvements other than buildings | (2,220) | (121) | - | - | (2,341) |
| Machinery and equipment | (41) | - | - | 41 | - |
| Total accumulated depreciation | <u>(2,261)</u> | <u>(121)</u> | <u>-</u> | <u>41</u> | <u>(2,341)</u> |
| Business-type activities capital assets, net | <u>\$ 3,420</u> | <u>\$ 4</u> | <u>-</u> | <u>\$ -</u> | <u>\$ 3,424</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 | \$ 14,352 |
| Health services | 130 |
| Public safety & justice | 1,169 |
| Community services | 162 |
| Library | 4,012 |
| Roads and bridges | 14,699 |
| Total depreciation expense – governmental activities | <u>\$ 34,524</u> |
| Business-type activities: | |
| Sewer | \$ 62 |
| Lighting | 59 |
| Total depreciation expense – business-type activities | <u>\$ 121</u> |

D. Other assets

Other assets, net of accumulated amortization at June 30, 2008 consist of the following:

| | |
|----------------------------|-------------------|
| Bond issuance costs | \$ 363 |
| Negative net pension asset | <u>131,747</u> |
| | <u>\$ 132,110</u> |

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were \$32 and \$6,152, respectively for the year ended June 30, 2008.

E. Interfund receivables, payables, and transfers

Due from / to other funds:

The County records “due from” and “due to” transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from reporting a negative cash balance. The \$19,745 is also noted as a reservation of the General Fund’s fund balance. The amount payable to the Risk Fund is related to a capital loan for sewer

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improvements in the Dunthorpe Riverdale Service District Fund. These balances are expected to be collected in the subsequent year. The composition of interfund balances as of June 30, 2008 is as follows:

| Receivable Funds | Payable Funds | Amount |
|------------------|-------------------------------------------|-----------|
| General Fund | Federal State Fund | \$ 19,475 |
| Risk Fund* | Dunthorpe Riverdale Service District Fund | 76 |
| | | \$ 19,551 |

*Internal service fund

Advances to / from other funds:

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

| Receivable Funds | Payable Funds | Amount |
|------------------|-------------------------------------------|--------|
| Risk Fund* | Dunthorpe Riverdale Service District Fund | \$ 253 |

*Internal service fund

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2008. The general fund transfers to nonmajor governmental funds include one large transfer to the Library special revenue fund to provide for various County Library upgrades and projects.

| | Transfers in: | | | Total |
|-----------------------------|---------------|-----------------------------|------------------------|-----------|
| | General Fund | Nonmajor Governmental Funds | Internal Service Funds | |
| Transfers out: | | | | |
| General Fund | \$ - | \$ 17,317 | \$ - | \$ 17,317 |
| Nonmajor Governmental Funds | 1,854 | 5,212 | 1,496 | 8,562 |
| Internal Service Funds | - | 4,883 | - | 4,883 |
| Total transfers out: | \$ 1,854 | \$ 27,412 | \$ 1,496 | \$ 30,762 |

F. Short-term debt

Tax Revenue Anticipation Note

The County issues short-term debt in order to meet current operational needs during months when property tax collections are slow. On July 1, 2007 the County issued \$29,850 in short-term debt, Series 2007. The County received \$500 in June 2007 as a good faith deposit and the remaining \$29,350 in tax revenue anticipation notes were

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issued on July 2, 2007. The notes carried an interest rate of 4.25% and were due at June 30, 2008. Short-term liability activity for the year-ended June 30, 2008 was as follows:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|-----------------------------------------------|------------------------------|------------------|-------------------|---------------------------|--------------------------------|
| Tax revenue anticipation note, Series 2007 | \$ 500 | \$ 29,350 | \$ 29,850 | \$ - | \$ - |
| Total | <u>\$ 500</u> | <u>\$ 29,350</u> | <u>\$ 29,850</u> | <u>\$ -</u> | <u>\$ -</u> |

G. Long-term debt

General Obligation Bonds

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

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|------------------|
| Governmental activities | 3.70-5.65% | <u>\$ 63,125</u> |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|------------------|
| 2009 | \$ 6,555 | \$ 2,677 |
| 2010 | 6,860 | 2,387 |
| 2011 | 7,160 | 2,093 |
| 2012 | 7,470 | 1,780 |
| 2013 | 7,490 | 1,451 |
| 2014 – 2017 | 27,590 | 2,503 |
| Total | <u>\$ 63,125</u> | <u>\$ 12,891</u> |

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In October 1998, the County issued \$3,155 of revenue bonds to finance constructing, renovating,

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improving and equipping County-owned facilities, and entered into a public / private partnership with the Regional Children’s Campus (RCC), a 501(c)(3) non profit agency. Total lease revenues from RCC for fiscal year 2008 were \$339. The total principal and interest paid during the fiscal year were \$285. The outstanding balance on the debt was \$1,710 at June 30, 2008. On October 1, 2008 the County paid off the remaining balance of \$1,710 on the 1998 revenue bonds as a result of revenues recognized on a property sale committed for future revenues on this debt.

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, 2008 was \$1,720. As a result of a current year restructuring of the agreement between the County and Port City, the County forgave \$259 in lease payments in fiscal year 2008. The total principal and interest paid during the fiscal year were \$198. The outstanding balance on the debt was \$1,310 at June 30, 2008. The debt matures in fiscal year 2016.

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 total principal and interest paid during the fiscal year were \$344. The outstanding balance on the debt was \$2,300 at June 30, 2008. The debt matures in fiscal year 2016.

Revenue bonds outstanding at year-end are as follows:

| Purpose | Interest Rates | Amount |
|-------------------------|----------------|----------|
| Governmental activities | 4.00-5.20% | \$ 5,320 |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| 2009 | \$ 2,080 | \$ 209 |
| 2010 | 395 | 152 |
| 2011 | 415 | 133 |
| 2012 | 435 | 113 |
| 2013 | 460 | 91 |
| 2014 – 2016 | 1,535 | 121 |
| Total | <u>\$ 5,320</u> | <u>\$ 819</u> |

Full Faith and Credit Bonds

On April 1, 1999, the County issued \$36,125 in Certificates of Participation with interest rates from 4.00% to 4.75% to finance the costs of acquiring land and facilities. In October 2004, the County advance refunded \$22,015 of the 1999 Certificates of Participation by issuing \$54,235 in full faith and credit bonds. Certificates of Participation are direct obligations and pledge the full faith and credit of the County. At June 30, 2008, \$3,300 of the 1999 Certificates of Participation were outstanding.

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Payment of principal and interest, except for a term bond, will be guaranteed by MBIA. At June 30, 2008, \$165,583 of these bonds were outstanding.

On April 1, 2000, the County issued \$61,215 in Full Faith and Credit Bonds with interest rates from 5.00% to 5.50% to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. In October 2004, the County advance refunded \$27,985 of these full faith and credit bonds by issuing \$54,235 in full faith and credit bonds. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2008, \$5,495 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, 2008, \$6,075 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

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5.00%. At June 30, 2008 the unamortized premium on the debt was \$3,902. This issue was used to refund \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50%, \$22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and \$4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is a deferred charge of \$3,887, which is amortized as a component of interest expense over the life of the new debt. At June 30, 2008 the deferred charge was \$2,980. The entire amount of this debt issue was outstanding at June 30, 2008.

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

| Purpose | Interest Rates | Amount |
|-------------------------|----------------|------------|
| Governmental activities | 1.50-7.74% | \$ 234,688 |

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

| Year Ending June 30 | Principal | Interest |
|--------------------------------|------------|------------|
| 2009 | \$ 11,700 | \$ 10,246 |
| 2010 | 13,770 | 9,535 |
| 2011 | 15,550 | 8,633 |
| 2012 | 17,440 | 7,662 |
| 2013 | 11,549 | 14,512 |
| 2014 – 2018 | 79,956 | 54,269 |
| 2019 – 2023 | 52,744 | 91,082 |
| 2024 – 2028 | 23,355 | 151,525 |
| 2029 – 2030 | 8,624 | 75,450 |
| Total, before deferred charge | 234,688 | \$ 422,914 |
| Deferred charge, net | (2,981) | |
| Premium on long-term debt, net | 3,902 | |
| Total | \$ 235,609 | |

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

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:

| Asset | Governmental Activities |
|--------------------------------|----------------------------|
| Buildings | \$ 69,135 |
| Less: Accumulated depreciation | (26,216) |
| Total | \$ 42,919 |

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

| Purpose | Interest Rates | Amount |
|-------------------------|----------------|-----------|
| Governmental activities | 2.50-7.25% | \$ 13,604 |

Future minimum lease payments are as follows:

| Year Ending June 30 | Governmental | |
|---------------------|--------------|----------|
| | Principal | Interest |
| 2009 | \$ 2,847 | \$ 743 |
| 2010 | 2,277 | 723 |
| 2011 | 2,384 | 584 |
| 2012 | 2,500 | 436 |
| 2013 | 2,622 | 276 |
| 2014 – 2018 | 116 | 476 |
| 2019 – 2023 | 192 | 398 |
| 2024 – 2028 | 321 | 270 |
| 2029 – 2032 | 345 | 68 |
| Total | \$ 13,604 | \$ 3,974 |

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Loans Payable

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

| <u>Purpose</u> | <u>Interest Rates</u> | <u>Amount</u> |
|-------------------------|-----------------------|---------------|
| Governmental activities | 5.65-7.20% | <u>\$ 242</u> |

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| 2009 | <u>\$ 242</u> | <u>\$ 6</u> |

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

| <u>Governmental Activities</u> | <u>Beginning Balance</u> | <u>Additions</u> | <u>Adjustments & Reductions</u> | <u>Ending Balance</u> | <u>Due Within One Year</u> |
|------------------------------------------------------|------------------------------|------------------|-----------------------------------------|---------------------------|--------------------------------|
| General Obligation Bonds | \$ 69,380 | \$ - | \$ 6,255 | \$ 63,125 | \$ 6,555 |
| Revenue Bonds | 5,880 | - | 560 | 5,320 | 2,080 |
| Full Faith and Credit Bonds | 247,413 | - | 11,804 | 235,609 | 11,780 |
| Capital Leases | 16,620 | - | 3,016 | 13,604 | 2,847 |
| Loans Payable | 362 | - | 120 | 242 | 242 |
| Long-term debt before other long-term liabilities | <u>339,655</u> | <u>-</u> | <u>21,755</u> | <u>317,900</u> | <u>23,504</u> |
| Compensated Absences | 20,659 | 26,183 | 24,488 | 22,354 | 6,498 |
| Governmental activity long-term liabilities | <u>\$ 360,314</u> | <u>\$ 26,183</u> | <u>\$ 46,243</u> | <u>\$ 340,254</u> | <u>\$ 30,002</u> |
| <u>Business-Type Activities</u> | | | | | |
| Compensated Absences | <u>\$ 29</u> | <u>\$ 38</u> | <u>\$ 29</u> | <u>\$ 38</u> | <u>\$ 10</u> |

Defeased Full Faith and Credit Bonds

On October 1, 2004 the County defeased certain full faith and credit bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future service on the old bonds. Accordingly, the trust account assets and related liability for the defeased bonds are not included in the County's financial statements. At June 30, 2008, Series 2000A and Series 1999A were outstanding in the amount of \$27,985 and \$22,015, respectively.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Defeased Certificates of Participation

On October 1, 2004 the County defeased certain Certificates of Participation by placing the proceeds of the new Full Faith and Credit bonds in irrevocable trusts to provide for all future service on the old debt. Accordingly, the trust account assets and related liability for the defeased debt are not included in the County's financial statements. At June 30, 2008, the amount of these bonds outstanding totaled \$4,960.

Conduit Financing

Multnomah County Conduit Financing

On November 1, 1997, the County issued \$31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements. The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund \$17,750 of the Series 1994 issue. On April 1, 2000, the County issued an additional \$17,160 in Conduit Educational Revenue Bonds for the University to finance the construction of a student housing facility, parking garage and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds. Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2008, \$32,915 of Educational Facilities Revenue Bonds were outstanding.

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2008, \$8,285 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

The County's total conduit debt at June 30, 2008 was \$41,200. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. On March 1, 1999, the Authority issued \$26,000 in Hospital Revenue Bonds (Terwilliger Plaza). On December 4, 2003, the Authority issued an additional \$17,200 in Hospital Revenue Bonds (Holladay Park Plaza). On July 13, 2004, the Authority issued \$100,000 in Hospital Revenue Bonds (Providence Health Systems). On December 12, 2006, the Authority issued \$39,765 in revenue bonds (Terwilliger Plaza). On July 2, 2007, the Authority issued \$8,200 in Revenue Bonds (Pacific Mirabella). The proceeds of these bonds were used by health care facilities to finance various capital projects and refund outstanding bonds. The Hospital Revenue Bonds have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. As of June 30, 2008, \$185,885 of these bonds were outstanding.

Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2008, interfund premiums exceeded reimbursable expenditures.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. An excess liability coverage insurance policy covers claims in excess of \$750 for workers' compensation and \$1,000 for all other claims. Settlements have not exceeded coverages for each of the past three fiscal years. The County anticipates the balance in the claims liability account at year-end will be paid within the next fiscal year.

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

| | Fiscal Year Ended 6/30/08 | Fiscal Year Ended 6/30/07 |
|-----------------------------------------|------------------------------|------------------------------|
| Unpaid claims, beginning of fiscal year | \$ 8,668 | \$ 10,627 |
| Incurred claims (including IBNRs) | 21,726 | 18,794 |
| Actuarial adjustment | 489 | (4,157) |
| Claim payments | (19,469) | (16,596) |
| Unpaid claims, end of fiscal year | <u>\$ 11,414</u> | <u>\$ 8,668</u> |

B. Subsequent events

In October of 2008, the Hospital Facilities Authority of Multnomah County issued \$221,645 as a tax-exempt loan. The tax-exempt debt has not been recognized as a liability of the County or the Authority because the notes are secured solely by the provisions of the loan agreement and payments are made by the retirement facility.

Also in October of 2008 the County issued higher-education revenue bonds as conduit debt in the amount of \$7,400. The tax-exempt debt has not been recognized as a liability of the County.

In November of 2008 the Board of County Commissioners approved a short-term internal loan from the Risk Fund to the General Fund for an amount not to exceed \$10,000. The loan is to assist with current operational needs during months when property tax collections are slow.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Subsequent to year-end the County paid off the outstanding balance of the loan obligations. The total principal balance on the loans that were paid off subsequent to year-end was \$242.

C. Commitments and contingent liabilities

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

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

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, 2008.

| <u>Year ended June 30</u> | |
|---------------------------|-------------------------|
| 2009 | 2,956 |
| 2010 | 2,378 |
| 2011 | 2,180 |
| 2012 | 2,033 |
| 2013 | 1,920 |
| 2014 – 2018 | 5,940 |
| 2019 – 2023 | 19 |
| 2024 – 2025 | <u>7</u> |
| Total minimum payments | <u><u>\$ 17,433</u></u> |

The County recorded \$3,312 in rent expense for the year ended June 30, 2008.

D. Post employment benefits other than pensions

Plan description. The County administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postretirement healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which cover both active and retired participants. Benefit provisions are established through negotiations between the County and

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

representatives of collective bargaining units. The County's post employment medical plan does not issue a publicly available financial report. The County implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006.

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County pays 50% of the premiums of health care coverage for retirees from age 58 to age 65. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to contribute 1.1% of annual covered payroll. At June 30, 2008, there were 629 retirees that were receiving the post employment healthcare benefit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2008, the County contributed \$2,756 to the plan or approximately 45% of total premiums. Plan members receiving benefits contributed \$3,338 or approximately 55% of the total premiums during fiscal year 2008.

Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending June 30, 2008, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

| | |
|--------------------------------------------|-------------------------|
| Annual required contribution (ARC) | \$ 15,696 |
| Interest on net OPEB obligation | 2,610 |
| Adjustment to annual required contribution | <u>(3,404)</u> |
| Annual OPEB cost (expense) | 14,902 |
| Contributions made | <u>(2,756)</u> |
| Increase in net OPEB obligation | 12,146 |
| Net OPEB obligation - beginning of year | <u>57,990</u> |
| Net OPEB obligation - end of year | <u><u>\$ 70,136</u></u> |

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the three preceding years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|--------------------------------------------------|------------------------|
| 6/30/05 | \$ 12,438 | 18% | \$ 34,099 |
| 6/30/06 | 12,716 | 16% | 44,742 |
| 6/30/07 | 15,083 | 12% | 57,990 |
| 6/30/08 | 14,902 | 18% | 70,136 |

Funded status and funding progress. As of the most recent actuarial report, January 1, 2007, the actuarial accrued liability for benefits was \$122,905, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$122,905. The covered payroll (annual payroll of active employees covered by the plan) was \$246,343 for fiscal year 2008 and the ratio of the UAAL to the covered payroll was 50%.

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

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

In the most recently conducted, actuarial valuation (as of January 1, 2007), the unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 4.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

down from 9.5% in 2007 to 5.0% in 2014 for the major medical component, which is representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is being amortized using the level-dollar method with a closed group rolling 30 year amortization methodology. The remaining amortization period at June 30, 2008 is 30 years.

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

Pension plans

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

Oregon Public Employees Retirement System (PERS)

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

PERS
PO Box 23700
Tigard, OR 97281-3700

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2008
(dollar amounts expressed in thousands)

Annual pension cost. For 2008, the County's annual pension cost of \$41,686 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, and (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2003, was 24 years.

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> |
|------------------------------|--------------------------------------|------------------------------------------|-----------------------------------|
| 6/30/06 | \$ 41,686 | 100% | \$ - |
| 6/30/07 | 42,557 | 100% | - |
| 6/30/08 | 39,337 | 100% | - |

Deferred Compensation Plan

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

At June 30, 2008, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$166,350. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2008
(dollar amounts expressed in thousands)

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Liability (AAL) – Unit Credit (b) | Unfunded (Funded) AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll [(b-a)/c] |
|--------------------------------|----------------------------------------|------------------------------------------------------------|------------------------------------------------|--------------------------|---------------------------|---------------------------------------------------------------|
| 01/01/02 | \$ - | \$ 61,290 | \$ 61,290 | 0% | \$212,833 | 29% |
| 01/01/05 | - | 109,895 | 109,895 | 0% | 228,597 | 48% |
| 01/01/07 | \$ - | \$ 122,905 | \$ 122,905 | 0% | \$246,343 | 50% |

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

- Justice Bond Project Fund
- Financed Projects Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(amounts expressed in thousands)

| | <u>Total Nonmajor Special Revenue Funds</u> | <u>Total Nonmajor Debt Service Funds</u> | <u>Total Nonmajor Capital Projects Funds</u> | <u>Total Nonmajor Governmental Funds</u> |
|-------------------------------------|-----------------------------------------------------|--------------------------------------------------|------------------------------------------------------|--------------------------------------------------|
| ASSETS | | | | |
| Cash and investments | \$ 44,319 | \$ 46,511 | \$ 22,710 | \$ 113,540 |
| Receivables: | | | | |
| Taxes | 4,409 | 443 | - | 4,852 |
| Accounts | 8,657 | - | 25 | 8,682 |
| Contracts | 366 | 1,720 | 513 | 2,599 |
| Inventories | 993 | - | - | 993 |
| Prepaid items | 189 | - | - | 189 |
| Restricted assets: | | | | |
| Cash with fiscal agent | - | 323 | - | 323 |
| Total assets and other debits | <u>\$ 58,933</u> | <u>\$ 48,997</u> | <u>\$ 23,248</u> | <u>\$ 131,178</u> |
| LIABILITIES | | | | |
| Accounts payable | \$ 11,410 | \$ - | \$ 953 | \$ 12,363 |
| Payrolls payable | 901 | - | 3 | 904 |
| Deferred revenue | <u>2,089</u> | <u>2,082</u> | <u>701</u> | <u>4,872</u> |
| Total liabilities | <u>14,400</u> | <u>2,082</u> | <u>1,657</u> | <u>18,139</u> |
| FUND BALANCES | | | | |
| Reserved for capital projects | - | - | 21,591 | 21,591 |
| Reserved for debt service | - | 46,915 | - | 46,915 |
| Reserved for inventories | 993 | - | - | 993 |
| Reserved for prepaid items | 189 | - | - | 189 |
| Unreserved, undesignated | <u>43,351</u> | <u>-</u> | <u>-</u> | <u>43,351</u> |
| Total fund balances | <u>44,533</u> | <u>46,915</u> | <u>21,591</u> | <u>113,039</u> |
| Total liabilities and fund balances | <u>\$ 58,933</u> | <u>\$ 48,997</u> | <u>\$ 23,248</u> | <u>\$ 131,178</u> |

MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(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 | \$ 68,622 | \$ 9,050 | \$ - | \$ 77,672 |
| Intergovernmental | 35,002 | - | 8,850 | 43,852 |
| Licenses and permits | 4,246 | - | - | 4,246 |
| Charges for services | 6,741 | 80 | 202 | 7,023 |
| Interest | 2,267 | 1,760 | 446 | 4,473 |
| Other | 3,362 | 30,315 | 142 | 33,819 |
| Total revenues | <u>120,240</u> | <u>41,205</u> | <u>9,640</u> | <u>171,085</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 339 | 10 | 6,380 | 6,729 |
| Health services | 1,414 | - | - | 1,414 |
| Social services | 112 | - | - | 112 |
| Public safety and justice | 4,495 | - | 2 | 4,497 |
| Community services | 22,558 | - | 861 | 23,419 |
| Library services | 48,051 | - | - | 48,051 |
| Roads and bridges | 40,723 | - | - | 40,723 |
| Capital outlay | 19,691 | - | 6,848 | 26,539 |
| Debt service: | | | | |
| Principal | - | 21,511 | - | 21,511 |
| Interest | 213 | 14,919 | - | 15,132 |
| Total expenditures | <u>137,596</u> | <u>36,440</u> | <u>14,091</u> | <u>188,127</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(17,356)</u> | <u>4,765</u> | <u>(4,451)</u> | <u>(17,042)</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | 1 | 1,706 | 12,504 | 14,211 |
| Transfers in | 21,029 | - | 6,383 | 27,412 |
| Transfers out | (7,066) | - | (1,496) | (8,562) |
| Total other financing sources (uses) | <u>13,964</u> | <u>1,706</u> | <u>17,391</u> | <u>33,061</u> |
| Net change in fund balances | (3,392) | 6,471 | 12,940 | 16,019 |
| Fund balances - beginning | 47,925 | 40,444 | 8,651 | 97,020 |
| Fund balances - ending | <u>\$ 44,533</u> | <u>\$ 46,915</u> | <u>\$ 21,591</u> | <u>\$ 113,039</u> |

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

NONMAJOR SPECIAL REVENUE FUNDS

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

- **Strategic Investment Program Fund** - accounts primarily for monies received from corporations receiving property tax abatements and paying fees for specific purposes as a part of the reduced tax agreement to be used for community service.
- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.
- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.
- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.
- **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.
- **Tax Title Land Sales Fund** - accounts for the receipt and sale of real property foreclosed upon by the County because of unpaid property taxes. Proceeds are subsequently distributed to all taxing districts.
- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.
- **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.
- **Library Fund** - accounts for the public library operations.
- **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.
- **General Reserve Fund** - accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2008
(amounts expressed in thousands)

| | Strategic Investment Program | Road | Emergency Communications | Bicycle Path Construction | Recreation |
|-------------------------------------|---------------------------------------------|-----------------|-------------------------------------|--------------------------------------|-------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 374 | \$ 3,683 | \$ 1 | \$ 553 | \$ 8 |
| Receivables: | | | | | |
| Taxes | - | - | - | - | - |
| Accounts | - | 3,976 | 63 | - | 18 |
| Contracts | - | 17 | - | - | - |
| Inventories | - | 652 | - | - | - |
| Prepaid items | - | - | - | - | - |
| Total assets | <u>\$ 374</u> | <u>\$ 8,328</u> | <u>\$ 64</u> | <u>\$ 553</u> | <u>\$ 26</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 6,239 | \$ - | \$ 2 | \$ 26 |
| Payroll Payable | - | 123 | - | - | - |
| Deferred revenue | - | 17 | - | - | - |
| Total liabilities | <u>-</u> | <u>6,379</u> | <u>-</u> | <u>2</u> | <u>26</u> |
| FUND BALANCES | | | | | |
| Reserved for inventories | - | 652 | - | - | - |
| Reserved for prepaid items | - | - | - | - | - |
| Unreserved, undesignated | 374 | 1,297 | 64 | 551 | - |
| Total fund balances | <u>374</u> | <u>1,949</u> | <u>64</u> | <u>551</u> | <u>-</u> |
| Total liabilities and fund balances | <u>\$ 374</u> | <u>\$ 8,328</u> | <u>\$ 64</u> | <u>\$ 553</u> | <u>\$ 26</u> |

(concluded on the following pages)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet (concluded)
June 30, 2008
(amounts expressed in thousands)

| | <u>County School</u> | <u>Tax Title Land Sales</u> | <u>Animal Control</u> | <u>Willamette River Bridges</u> | <u>Library</u> |
|-------------------------------------|----------------------|---------------------------------|---------------------------|-------------------------------------|------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 1 | \$ 139 | \$ 534 | \$ 3,194 | \$ 16,751 |
| Receivables: | | | | | |
| Taxes | - | - | - | - | 1,672 |
| Accounts | - | - | 6 | 2,548 | 1,279 |
| Contracts | - | 349 | - | - | - |
| Inventories | - | 341 | - | - | - |
| Prepaid items | - | - | - | - | 189 |
| Total assets | <u>\$ 1</u> | <u>\$ 829</u> | <u>\$ 540</u> | <u>\$ 5,742</u> | <u>\$ 19,891</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ - | \$ 9 | \$ - | \$ 563 | \$ 1,117 |
| Payroll Payable | - | 3 | - | 78 | 628 |
| Deferred revenue | - | 690 | - | - | 1,363 |
| Total liabilities | <u>-</u> | <u>702</u> | <u>-</u> | <u>641</u> | <u>3,108</u> |
| FUND BALANCES | | | | | |
| Reserved for inventories | - | 341 | - | - | - |
| Reserved for prepaid items | - | - | - | - | 189 |
| Unreserved, undesignated | 1 | (214) | 540 | 5,101 | 16,594 |
| Total fund balances | <u>1</u> | <u>127</u> | <u>540</u> | <u>5,101</u> | <u>16,783</u> |
| Total liabilities and fund balances | <u>\$ 1</u> | <u>\$ 829</u> | <u>\$ 540</u> | <u>\$ 5,742</u> | <u>\$ 19,891</u> |

| Special Excise Tax | Land Corner Preservation | Inmate Welfare | Justice Services Special Operations | General Reserve | Total |
|---------------------------|---------------------------------|-----------------------|--------------------------------------------|------------------------|------------------|
| \$ 597 | \$ 1,677 | \$ 879 | \$ 888 | \$ 15,040 | \$ 44,319 |
| 2,732 | 5 | - | - | - | 4,409 |
| - | - | 32 | 735 | - | 8,657 |
| - | - | - | - | - | 366 |
| - | - | - | - | - | 993 |
| - | - | - | - | - | 189 |
| <u>\$ 3,329</u> | <u>\$ 1,682</u> | <u>\$ 911</u> | <u>\$ 1,623</u> | <u>\$ 15,040</u> | <u>\$ 58,933</u> |
| \$ 3,025 | \$ 18 | \$ 69 | \$ 342 | \$ - | \$ 11,410 |
| - | 14 | 17 | 38 | - | \$ 901 |
| - | - | - | 19 | - | \$ 2,089 |
| <u>3,025</u> | <u>32</u> | <u>86</u> | <u>399</u> | <u>-</u> | <u>14,400</u> |
| - | - | - | - | - | 993 |
| - | - | - | - | - | 189 |
| 304 | 1,650 | 825 | 1,224 | 15,040 | 43,351 |
| 304 | 1,650 | 825 | 1,224 | 15,040 | 44,533 |
| <u>\$ 3,329</u> | <u>\$ 1,682</u> | <u>\$ 911</u> | <u>\$ 1,623</u> | <u>\$ 15,040</u> | <u>\$ 58,933</u> |

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | Strategic Investment Program | Roads | Emergency Communications | Bicycle Path Construction |
|--------------------------------------------------------------|---------------------------------------------|-----------------|-------------------------------------|--------------------------------------|
| REVENUES | | | | |
| Taxes | \$ 431 | \$ 8,039 | \$ - | \$ - |
| Intergovernmental | - | 31,386 | 299 | - |
| Licenses and permits | - | 74 | - | - |
| Charges for services | - | 993 | - | - |
| Interest | - | 214 | - | 20 |
| Other: | | | | |
| Non-governmental grants | - | - | - | - |
| Service reimbursements | - | - | - | - |
| Miscellaneous | - | 27 | - | - |
| Total revenues | <u>431</u> | <u>40,733</u> | <u>299</u> | <u>20</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Health services | - | - | - | - |
| Social services | 112 | - | - | - |
| Public safety and justice | - | - | - | - |
| Community services | - | - | 235 | 3 |
| Library services | - | - | - | - |
| Roads and bridges | - | 34,065 | - | - |
| Capital outlay | - | 1,819 | - | - |
| Debt service, interest | - | - | - | - |
| Total expenditures | <u>112</u> | <u>35,884</u> | <u>235</u> | <u>3</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>319</u> | <u>4,849</u> | <u>64</u> | <u>17</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of capital assets | - | - | - | - |
| Transfers in | - | - | - | 57 |
| Transfers out | (350) | (5,212) | - | - |
| Total other financing sources (uses) | <u>(350)</u> | <u>(5,212)</u> | <u>-</u> | <u>57</u> |
| Net change in fund balances | (31) | (363) | 64 | 74 |
| Fund balance - beginning | 405 | 2,312 | - | 477 |
| Fund balance - ending | <u>\$ 374</u> | <u>\$ 1,949</u> | <u>\$ 64</u> | <u>\$ 551</u> |

| <u>Recreation</u> | <u>County School</u> | <u>Tax Title Land Sales</u> | <u>Animal Control</u> | <u>Willamette River Bridges</u> | <u>Library</u> | <u>Special Excise Tax</u> |
|-------------------|----------------------|-----------------------------|-----------------------|---------------------------------|------------------|---------------------------|
| \$ 112 | \$ 227 | \$ 18 | \$ - | \$ - | \$ 37,938 | \$ 21,857 |
| - | 16 | 22 | 60 | 2,611 | 497 | - |
| - | - | - | 1,008 | 314 | 216 | - |
| - | - | 56 | 112 | 3 | 1,639 | - |
| - | 1 | 33 | 20 | 366 | 835 | 40 |
| - | - | - | 142 | - | 3,007 | - |
| - | - | - | - | 20 | - | - |
| - | - | - | - | 27 | - | - |
| <u>112</u> | <u>244</u> | <u>129</u> | <u>1,342</u> | <u>3,341</u> | <u>44,132</u> | <u>21,897</u> |
| - | - | 300 | 39 | - | - | 21,965 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 112 | 243 | - | - | - | - | - |
| - | - | - | - | - | 48,051 | - |
| - | - | - | - | 5,737 | - | - |
| - | - | - | - | 12,121 | 5,751 | - |
| - | - | - | - | 213 | - | - |
| <u>112</u> | <u>243</u> | <u>300</u> | <u>39</u> | <u>18,071</u> | <u>53,802</u> | <u>21,965</u> |
| - | 1 | (171) | 1,303 | (14,730) | (9,670) | (68) |
| - | - | - | - | - | - | - |
| - | - | - | - | 5,155 | 15,817 | - |
| - | - | - | (1,217) | (287) | - | - |
| - | - | - | (1,217) | 4,868 | 15,817 | - |
| - | 1 | (171) | 86 | (9,862) | 6,147 | (68) |
| - | - | 298 | 454 | 14,963 | 10,636 | 372 |
| <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 127</u> | <u>\$ 540</u> | <u>\$ 5,101</u> | <u>\$ 16,783</u> | <u>\$ 304</u> |

(concluded on the following page)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (concluded)
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | Land Corner Preservation | Inmate Welfare | Justice Services Special Operations | General Reserve | Total |
|--------------------------------------------------------------|-------------------------------------|---------------------------|--------------------------------------------------------|----------------------------|------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 68,622 |
| Intergovernmental | - | - | 111 | - | 35,002 |
| Licenses and permits | - | - | 2,634 | - | 4,246 |
| Charges for services | 758 | 1,489 | 1,691 | - | 6,741 |
| Interest | 79 | 32 | 14 | 613 | 2,267 |
| Other: | | | | | - |
| Non-governmental grants | - | 5 | 1 | - | 3,155 |
| Service reimbursements | - | - | 112 | - | 132 |
| Miscellaneous | - | 11 | 10 | - | 75 |
| Total revenues | <u>837</u> | <u>1,537</u> | <u>4,573</u> | <u>613</u> | <u>120,240</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | - | - | - | - | 22,304 |
| Health services | - | - | 1,414 | - | 1,414 |
| Social services | - | - | - | - | 112 |
| Public safety and justice | - | 1,692 | 2,803 | - | 4,495 |
| Community services | - | - | - | - | 593 |
| Library services | - | - | - | - | 48,051 |
| Roads and bridges | 921 | - | - | - | 40,723 |
| Capital outlay | - | - | - | - | 19,691 |
| Debt service, interest | - | - | - | - | 213 |
| Total expenditures | <u>921</u> | <u>1,692</u> | <u>4,217</u> | <u>-</u> | <u>137,596</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(84)</u> | <u>(155)</u> | <u>356</u> | <u>613</u> | <u>(17,356)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Proceeds from sale of capital assets | 1 | - | - | - | 1 |
| Transfers in | - | - | - | - | 21,029 |
| Transfers out | - | - | - | - | (7,066) |
| Total other financing sources (uses) | <u>1</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>13,964</u> |
| Net change in fund balances | (83) | (155) | 356 | 613 | (3,392) |
| Fund balance - beginning | 1,733 | 980 | 868 | 14,427 | 47,925 |
| Fund balance - ending | <u>\$ 1,650</u> | <u>\$ 825</u> | <u>\$ 1,224</u> | <u>\$ 15,040</u> | <u>\$ 44,533</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Strategic Investment Program Fund
For the Year Ended June 30, 2008
(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 | \$ 350 | \$ 350 | \$ 431 | \$ 81 |
| EXPENDITURES | | | | |
| Human services | 400 | 400 | 112 | 288 |
| Excess (deficiency) of revenues over (under) expenditures | (50) | (50) | 319 | 369 |
| OTHER FINANCING USES | | | | |
| Transfers out | (350) | (350) | (350) | - |
| Net change in fund balances | (400) | (400) | (31) | 369 |
| Fund balances - beginning | 400 | 400 | 405 | 5 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 374</u> | <u>\$ 374</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2008
(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 | \$ 7,375 | \$ 7,375 | \$ 7,356 | \$ (19) |
| Forest reserve yield | 150 | 150 | 683 | 533 |
| Intergovernmental | 36,114 | 36,114 | 31,386 | (4,728) |
| Licenses and permits | 65 | 65 | 74 | 9 |
| Charges for services | 555 | 555 | 993 | 438 |
| Interest | 400 | 400 | 214 | (186) |
| Other: | | | | |
| Service reimbursements | 599 | 599 | - | (599) |
| Miscellaneous | 3,989 | 3,989 | 27 | (3,962) |
| Total revenues | <u>49,247</u> | <u>49,247</u> | <u>40,733</u> | <u>(8,514)</u> |
| EXPENDITURES | | | | |
| Community services | <u>46,709</u> | <u>46,709</u> | <u>35,884</u> | <u>10,825</u> |
| Excess of revenues over expenditures | <u>2,538</u> | <u>2,538</u> | <u>4,849</u> | <u>2,311</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(5,429)</u> | <u>(5,429)</u> | <u>(5,212)</u> | <u>217</u> |
| Net change in fund balances | <u>(2,891)</u> | <u>(2,891)</u> | <u>(363)</u> | <u>2,528</u> |
| Fund balances - beginning | <u>2,891</u> | <u>2,891</u> | <u>2,312</u> | <u>(579)</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,949</u> | <u>\$ 1,949</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, 2008
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Favorable (Unfavorable)</u> |
|--------------------------------------|-------------------------|--------------|---------------|-----------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 240 | \$ 300 | \$ 299 | \$ (1) |
| EXPENDITURES | | | | |
| Sheriff | 240 | 300 | 235 | 65 |
| Excess of revenues over expenditures | - | - | 64 | 64 |
| Fund balances - beginning | - | - | - | - |
| 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
Bicycle Path Construction Fund
For the Year Ended June 30, 2008
(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 | \$ 10 | \$ 10 | \$ 20 | \$ 10 |
| EXPENDITURES | | | | |
| Community services | 524 | 524 | 3 | 521 |
| Excess (deficiency) of revenues over (under) expenditures | (514) | (514) | 17 | 531 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 64 | 64 | 57 | (7) |
| Net change in fund balances | (450) | (450) | 74 | 524 |
| Fund balances - beginning | 450 | 450 | 477 | 27 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 551</u> | <u>\$ 551</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2008
(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 | \$ 120 | \$ 120 | \$ 112 | \$ (8) |
| EXPENDITURES | | | | |
| County management | 120 | 120 | 112 | 8 |
| 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, 2008
(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 - forest reserve yield | \$ - | \$ 230 | \$ 227 | \$ (3) |
| Intergovernmental | 75 | 91 | 16 | (75) |
| Interest | - | - | 1 | 1 |
| Total revenues | <u>75</u> | <u>321</u> | <u>244</u> | <u>(77)</u> |
| EXPENDITURES | | | | |
| Nondepartmental | <u>75</u> | <u>321</u> | <u>243</u> | <u>78</u> |
| Excess of revenues over expenditures | - | - | 1 | 1 |
| Fund balances - beginning | - | - | - | - |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 1</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Title Land Sales Fund
For the Year Ended June 30, 2008
(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 | | | | |
| Payments in lieu of taxes | 44 | 44 | 18 | (26) |
| Intergovernmental | 100 | 100 | 22 | (78) |
| Licenses and permits | - | - | - | - |
| Charges for services | 253 | 253 | 56 | (197) |
| Interest | 24 | 24 | 33 | 9 |
| Total revenues | <u>421</u> | <u>421</u> | <u>129</u> | <u>(292)</u> |
| EXPENDITURES | | | | |
| Community services | 721 | 721 | 300 | 421 |
| Deficiency of revenues under expenditures | (300) | (300) | (171) | 129 |
| Fund balances - beginning | 300 | 300 | 298 | (2) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 127</u> | <u>\$ 127</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, 2008
(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 | \$ 60 | \$ 60 | \$ 60 | \$ - |
| Licenses and permits | 1,052 | 1,052 | 1,008 | (44) |
| Charges for services | 105 | 105 | 112 | 7 |
| Interest | - | - | 20 | 20 |
| Other - Miscellaneous | 90 | 90 | 142 | 52 |
| Total revenues | <u>1,307</u> | <u>1,307</u> | <u>1,342</u> | <u>35</u> |
| EXPENDITURES | | | | |
| Community services | 124 | 124 | 39 | 85 |
| Excess of revenues over expenditures | <u>1,183</u> | <u>1,183</u> | <u>1,303</u> | <u>120</u> |
| OTHER FINANCING USES | | | | |
| Transfers out | (1,217) | (1,217) | (1,217) | - |
| Total other financing uses | <u>(1,217)</u> | <u>(1,217)</u> | <u>(1,217)</u> | <u>-</u> |
| Contingency | (218) | (218) | - | 218 |
| Net change in fund balances | (252) | (252) | 86 | 338 |
| Fund balances - beginning | 252 | 252 | 454 | 202 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 540</u> | <u>\$ 540</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, 2008
(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 | \$ 5,000 | \$ 5,000 | \$ 2,611 | \$ (2,389) |
| Licenses and permits | - | - | 314 | 314 |
| Charges for services | 563 | 563 | 3 | (560) |
| Interest | 142 | 142 | 366 | 224 |
| Other: | | | | |
| Service reimbursements | 70 | 70 | 20 | (50) |
| Miscellaneous | 10 | 10 | 27 | 17 |
| Total revenues | <u>5,785</u> | <u>5,785</u> | <u>3,341</u> | <u>(2,444)</u> |
| EXPENDITURES | | | | |
| Community services | <u>21,752</u> | <u>21,752</u> | <u>18,071</u> | <u>3,681</u> |
| Deficiency of revenues under expenditures | <u>(15,967)</u> | <u>(15,967)</u> | <u>(14,730)</u> | <u>1,237</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 5,365 | 5,365 | 5,155 | (210) |
| Transfers out | <u>(500)</u> | <u>(500)</u> | <u>(287)</u> | <u>213</u> |
| Total other financing sources (uses) | 4,865 | 4,865 | 4,868 | 3 |
| Contingency | <u>(3,000)</u> | <u>(3,000)</u> | <u>-</u> | <u>3,000</u> |
| Net change in fund balances | (14,102) | (14,102) | (9,862) | 4,240 |
| Fund balances - beginning | <u>18,465</u> | <u>18,465</u> | <u>14,963</u> | <u>(3,502)</u> |
| Fund balances - ending | <u>\$ 4,363</u> | <u>\$ 4,363</u> | <u>\$ 5,101</u> | <u>\$ 738</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2008
(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 | \$ 38,064 | \$ 38,064 | \$ 37,938 | \$ (126) |
| Intergovernmental | 500 | 500 | 497 | (3) |
| Licenses and permits | 80 | 80 | 216 | 136 |
| Charges for services | 1,417 | 1,417 | 1,639 | 222 |
| Interest | 200 | 200 | 835 | 635 |
| Other: | | | | |
| Non-governmental grants | 609 | 1,757 | 1,815 | 58 |
| Service reimbursements | 63 | 63 | - | (63) |
| Miscellaneous | 1 | 1 | - | (1) |
| Total revenues | <u>40,934</u> | <u>42,082</u> | <u>42,940</u> | <u>858</u> |
| EXPENDITURES | | | | |
| Library | <u>55,112</u> | <u>56,264</u> | <u>52,610</u> | <u>3,654</u> |
| Deficiency of revenues under expenditures | <u>(14,178)</u> | <u>(14,182)</u> | <u>(9,670)</u> | <u>4,512</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | <u>15,813</u> | <u>15,817</u> | <u>15,817</u> | <u>-</u> |
| Total other financing sources | <u>15,813</u> | <u>15,817</u> | <u>15,817</u> | <u>-</u> |
| Contingency | <u>(1,686)</u> | <u>(1,686)</u> | <u>-</u> | <u>1,686</u> |
| Net change in fund balances | <u>(51)</u> | <u>(51)</u> | <u>6,147</u> | <u>6,198</u> |
| Fund balances - beginning | <u>51</u> | <u>51</u> | <u>10,636</u> | <u>10,585</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>16,783</u> | <u>\$ 16,783</u> |
| Reconciliation to GAAP Basis: | | | | |
| In kind contributions | | | 1,192 | |
| Consumption of in kind contributions | | | <u>(1,192)</u> | |
| Fund balance as reported on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 82 | | | <u>\$ 16,783</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, 2008
(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 | \$ 19,166 | \$ 21,746 | \$ 21,857 | \$ 111 |
| Interest | 24 | 24 | 40 | 16 |
| Total revenues | <u>19,190</u> | <u>21,770</u> | <u>21,897</u> | <u>127</u> |
| EXPENDITURES | | | | |
| Nondepartmental | 19,600 | 22,180 | 21,965 | 215 |
| Deficiency of revenues under expenditures | (410) | (410) | (68) | 342 |
| Fund balances - beginning | 410 | 410 | 372 | (38) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 304</u> | <u>\$ 304</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, 2008
(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 | | | | |
| Charges for services | \$ 1,100 | \$ 1,100 | \$ 758 | \$ (342) |
| Interest | - | - | 79 | 79 |
| Total revenues | <u>1,100</u> | <u>1,100</u> | <u>837</u> | <u>(263)</u> |
| EXPENDITURES | | | | |
| Community services | <u>1,295</u> | <u>1,295</u> | <u>921</u> | <u>374</u> |
| Deficiency of revenues under expenditures | <u>(195)</u> | <u>(195)</u> | <u>(84)</u> | <u>111</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from sale of capital assets | <u>-</u> | <u>-</u> | <u>1</u> | <u>1</u> |
| Total other financing sources | <u>-</u> | <u>-</u> | <u>1</u> | <u>1</u> |
| Contingency | <u>(1,583)</u> | <u>(1,583)</u> | <u>-</u> | <u>1,583</u> |
| Net change in fund balances | <u>(1,778)</u> | <u>(1,778)</u> | <u>(83)</u> | <u>1,695</u> |
| Fund balances - beginning | <u>1,778</u> | <u>1,778</u> | <u>1,733</u> | <u>(45)</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,650</u> | <u>\$ 1,650</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, 2008
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------------------|-------------------------|--------------|---------------------------|-----------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ 9 | \$ 9 | \$ - | \$ (9) |
| Charges for services | 1,518 | 1,518 | 1,489 | (29) |
| Interest | 52 | 52 | 32 | (20) |
| Other: | | | | |
| Miscellaneous | 5 | 5 | 16 | 11 |
| Total revenues | <u>1,584</u> | <u>1,584</u> | <u>1,537</u> | <u>(47)</u> |
| EXPENDITURES | | | | |
| Community justice | 22 | 22 | 16 | 6 |
| Sheriff | 2,470 | 2,470 | 1,676 | 794 |
| Total expenditures | <u>2,492</u> | <u>2,492</u> | <u>1,692</u> | <u>800</u> |
| Deficiency of revenues under expenditures | (908) | (908) | (155) | 753 |
| Fund balances - beginning | 908 | 908 | 980 | 72 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 825</u> | <u>\$ 825</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, 2008
(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 | \$ 66 | \$ 66 | \$ 111 | \$ 45 |
| Licenses and permits | 2,628 | 2,628 | 2,634 | 6 |
| Charges for services | 1,618 | 1,643 | 1,691 | 48 |
| Interest | 16 | 16 | 14 | (2) |
| Other: | | | | |
| Non-governmental grants | - | - | 1 | 1 |
| Service reimbursements | 103 | 103 | 112 | 9 |
| Miscellaneous | 478 | 553 | 10 | (543) |
| Total revenues | <u>4,909</u> | <u>5,009</u> | <u>4,573</u> | <u>(436)</u> |
| EXPENDITURES | | | | |
| Community justice | 952 | 952 | 946 | 6 |
| Health services | 1,314 | 1,414 | 1,414 | - |
| District attorney | 124 | 124 | 16 | 108 |
| Sheriff | 2,880 | 2,880 | 1,841 | 1,039 |
| Total expenditures | <u>5,270</u> | <u>5,370</u> | <u>4,217</u> | <u>1,153</u> |
| Excess (deficiency) of revenues over (under) expenditures | (361) | (361) | 356 | 717 |
| Fund balances - beginning | 361 | 361 | 868 | 507 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,224</u> | <u>\$ 1,224</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Reserve Fund
For the Year Ended June 30, 2008
(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 | 500 | 500 | 613 | 113 |
| Fund balances - beginning | 14,250 | 14,250 | 14,427 | 177 |
| Fund balances - ending | <u>\$ 14,750</u> | <u>\$ 14,750</u> | <u>\$ 15,040</u> | <u>\$ 290</u> |

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NONMAJOR DEBT SERVICE FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2008
(amounts expressed in thousands)

| | <u>Capital Debt Retirement</u> | <u>General Obligation Bond</u> | <u>PERS Pension Bond</u> | <u>Revenue Bond</u> | <u>Total</u> |
|-------------------------------------|----------------------------------------|----------------------------------------|----------------------------------|-------------------------|------------------|
| ASSETS | | | | | |
| Cash and investments | \$ 6,812 | \$ 8,488 | \$ 27,199 | \$ 4,012 | \$ 46,511 |
| Receivables: | | | | | |
| Taxes | - | 443 | - | - | 443 |
| Contracts | - | - | - | 1,720 | 1,720 |
| Restricted assets: | | | | | |
| Cash with fiscal agent | 5 | - | - | 318 | 323 |
| Total assets | <u>\$ 6,817</u> | <u>\$ 8,931</u> | <u>\$ 27,199</u> | <u>\$ 6,050</u> | <u>\$ 48,997</u> |
| LIABILITIES | | | | | |
| Deferred revenue | \$ - | \$ 362 | \$ - | \$ 1,720 | \$ 2,082 |
| Total liabilities | <u>-</u> | <u>362</u> | <u>-</u> | <u>1,720</u> | <u>2,082</u> |
| FUND BALANCES | | | | | |
| Reserved for debt service | 6,817 | 8,569 | 27,199 | 4,330 | 46,915 |
| Total liabilities and fund balances | <u>\$ 6,817</u> | <u>\$ 8,931</u> | <u>\$ 27,199</u> | <u>\$ 6,050</u> | <u>\$ 48,997</u> |

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | Capital Debt Retirement | General Obligation Bond | PERS Pension Bond | Revenue Bond | Total |
|--------------------------------------------------------------|----------------------------------------|----------------------------------------|----------------------------------|-------------------------|------------------|
| REVENUES | | | | | |
| Taxes | \$ - | \$ 9,050 | \$ - | \$ - | \$ 9,050 |
| Charges for services | - | - | - | 80 | 80 |
| Interest | 221 | 314 | 1,112 | 113 | 1,760 |
| Other - service reimbursements | 12,538 | - | 17,777 | - | 30,315 |
| Total revenues | <u>12,759</u> | <u>9,364</u> | <u>18,889</u> | <u>193</u> | <u>41,205</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 10 | - | - | - | 10 |
| Debt service: | | | | | |
| Principal | 9,371 | 6,255 | 5,325 | 560 | 21,511 |
| Interest | 4,228 | 2,973 | 7,450 | 268 | 14,919 |
| Total expenditures | <u>13,609</u> | <u>9,228</u> | <u>12,775</u> | <u>828</u> | <u>36,440</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(850)</u> | <u>136</u> | <u>6,114</u> | <u>(635)</u> | <u>4,765</u> |
| OTHER FINANCING SOURCES | | | | | |
| Proceeds from sale of capital assets | - | - | - | 1,706 | 1,706 |
| Net change in fund balances | (850) | 136 | 6,114 | 1,071 | 6,471 |
| Fund balances - beginning | 7,667 | 8,433 | 21,085 | 3,259 | 40,444 |
| Fund balances - ending | <u>\$ 6,817</u> | <u>\$ 8,569</u> | <u>\$ 27,199</u> | <u>\$ 4,330</u> | <u>\$ 46,915</u> |

MULTNOMAH COUNTY, OREGON
Capital Debt Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | \$ 235 | \$ 235 | \$ 221 | \$ (14) |
| Other - service reimbursements | 11,331 | 11,331 | 12,538 | 1,207 |
| Total revenues | <u>11,566</u> | <u>11,566</u> | <u>12,759</u> | <u>1,193</u> |
| EXPENDITURES | | | | |
| Nondepartmental | 13,988 | 13,988 | 13,609 | 379 |
| Deficiency of revenues under expenditures | (2,422) | (2,422) | (850) | 1,572 |
| Contingency | (5,217) | (5,217) | - | 5,217 |
| Net change in fund balances | (7,639) | (7,639) | (850) | 6,789 |
| Fund balances - beginning | 7,639 | 7,639 | 7,667 | 28 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,817</u> | <u>\$ 6,817</u> |

MULTNOMAH COUNTY, OREGON
General Obligation Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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: | | | | |
| Current year | \$ 8,750 | \$ 8,750 | \$ 8,841 | \$ 91 |
| Prior years' | 204 | 204 | 178 | (26) |
| Penalties and interest | - | - | 31 | 31 |
| Interest | 280 | 280 | 314 | 34 |
| Total revenues | <u>9,234</u> | <u>9,234</u> | <u>9,364</u> | <u>130</u> |
| EXPENDITURES | | | | |
| Nondepartmental | <u>9,228</u> | <u>9,228</u> | <u>9,228</u> | <u>-</u> |
| Excess of revenues over expenditures | 6 | 6 | 136 | 130 |
| Fund balances - beginning | <u>8,308</u> | <u>8,308</u> | <u>8,433</u> | <u>125</u> |
| Fund balances - ending | <u><u>\$ 8,314</u></u> | <u><u>\$ 8,314</u></u> | <u><u>\$ 8,569</u></u> | <u><u>\$ 255</u></u> |

MULTNOMAH COUNTY, OREGON
PERS Pension Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | \$ 850 | \$ 850 | \$ 1,112 | \$ 262 |
| Other - service reimbursements | 13,000 | 13,000 | 17,777 | 4,777 |
| Total revenues | <u>13,850</u> | <u>13,850</u> | <u>18,889</u> | <u>5,039</u> |
| EXPENDITURES | | | | |
| Nondepartmental | 12,825 | 12,825 | 12,775 | 50 |
| Excess of revenues over expenditures | 1,025 | 1,025 | 6,114 | 5,089 |
| Fund balances - beginning | 19,600 | 19,600 | 21,085 | 1,485 |
| Fund balances - ending | <u>\$ 20,625</u> | <u>\$ 20,625</u> | <u>\$ 27,199</u> | <u>\$ 6,574</u> |

MULTNOMAH COUNTY, OREGON
Revenue Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | | | | |
| Charges for services | \$ 2,324 | \$ 2,324 | \$ 80 | \$ (2,244) |
| Interest | 67 | 67 | 113 | 46 |
| Total revenues | <u>2,391</u> | <u>2,391</u> | <u>193</u> | <u>(2,198)</u> |
| EXPENDITURES | | | | |
| Nondepartmental | 844 | 844 | 828 | 16 |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,547</u> | <u>1,547</u> | <u>(635)</u> | <u>(2,182)</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from sale of capital assets | - | - | 1,706 | 1,706 |
| Net change in fund balances | 1,547 | 1,547 | 1,071 | (476) |
| Fund balances - beginning | 3,330 | 3,330 | 3,259 | (71) |
| Fund balances - ending | <u>\$ 4,877</u> | <u>\$ 4,877</u> | <u>\$ 4,330</u> | <u>\$ (547)</u> |

NONMAJOR CAPITAL PROJECTS FUNDS

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

- **Justice Bond Project Fund** – accounts for projects to expand Inverness Jail, construct new jail facilities, upgrade other jail facilities and pay for data processing linkages in the Corrections system.
- **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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008
(amounts expressed in thousands)

| | <u>Justice Bond Project</u> | <u>Financed Projects</u> | <u>Capital Improvement</u> | <u>Capital Acquisition</u> | <u>Asset Preservation</u> | <u>Total</u> |
|-------------------------------------|-------------------------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 919 | \$ 334 | \$ 17,365 | \$ 484 | \$ 3,608 | \$ 22,710 |
| Receivables: | | | | | | |
| Accounts | - | - | 25 | - | - | 25 |
| Contracts | - | - | 513 | - | - | 513 |
| Total assets | <u>\$ 919</u> | <u>\$ 334</u> | <u>\$ 17,903</u> | <u>\$ 484</u> | <u>\$ 3,608</u> | <u>\$ 23,248</u> |
| LIABILITIES | | | | | | |
| Accounts payable | \$ 1 | \$ 3 | \$ 569 | \$ 9 | \$ 371 | \$ 953 |
| Payroll payable | - | 3 | - | - | - | 3 |
| Deferred revenue | - | - | 701 | - | - | 701 |
| Total liabilities | <u>1</u> | <u>6</u> | <u>1,270</u> | <u>9</u> | <u>371</u> | <u>1,657</u> |
| FUND BALANCES | | | | | | |
| Reserved for capital projects | 918 | 328 | 16,633 | 475 | 3,237 | 21,591 |
| Total liabilities and fund balances | <u>\$ 919</u> | <u>\$ 334</u> | <u>\$ 17,903</u> | <u>\$ 484</u> | <u>\$ 3,608</u> | <u>\$ 23,248</u> |

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | Justice Bond Project | Financed Projects | Capital Improvement | Capital Acquisition | Asset Preservation | Total |
|--------------------------------------------------------------|-------------------------------------|------------------------------|--------------------------------|--------------------------------|-------------------------------|-----------------|
| REVENUES | | | | | | |
| Intergovernmental | \$ - | \$ - | \$ 8,820 | \$ - | \$ 30 | \$ 8,850 |
| Charges for services | - | - | 202 | - | - | 202 |
| Interest | 26 | 16 | 232 | 18 | 154 | 446 |
| Other: | | | | | | |
| Service reimbursements | - | - | - | 124 | - | 124 |
| Miscellaneous | - | - | 18 | - | - | 18 |
| Total revenues | <u>26</u> | <u>16</u> | <u>9,272</u> | <u>142</u> | <u>184</u> | <u>9,640</u> |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | 6,262 | 118 | - | 6,380 |
| Public safety and justice | 2 | - | - | - | - | 2 |
| Community services | - | 5 | - | - | 856 | 861 |
| Capital outlay | 85 | 200 | 5,845 | - | 718 | 6,848 |
| Total expenditures | <u>87</u> | <u>205</u> | <u>12,107</u> | <u>118</u> | <u>1,574</u> | <u>14,091</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(61)</u> | <u>(189)</u> | <u>(2,835)</u> | <u>24</u> | <u>(1,390)</u> | <u>(4,451)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Proceeds from sale of capital assets | - | - | 12,504 | - | - | 12,504 |
| Transfers in | - | 200 | 3,008 | - | 3,175 | 6,383 |
| Transfers out | - | - | - | (1,496) | - | (1,496) |
| Total other financing sources (uses) | <u>-</u> | <u>200</u> | <u>15,512</u> | <u>(1,496)</u> | <u>3,175</u> | <u>17,391</u> |
| Net change in fund balances | (61) | 11 | 12,677 | (1,472) | 1,785 | 12,940 |
| Fund balances - beginning | 979 | 317 | 3,956 | 1,947 | 1,452 | 8,651 |
| Fund balances - ending | <u>\$ 918</u> | <u>\$ 328</u> | <u>\$ 16,633</u> | <u>\$ 475</u> | <u>\$ 3,237</u> | <u>\$21,591</u> |

MULTNOMAH COUNTY, OREGON
Justice Bond Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | \$ - | \$ - | \$ 26 | \$ 26 |
| EXPENDITURES | | | | |
| County management | 600 | 600 | 87 | 513 |
| Deficiency of revenues under expenditures | (600) | (600) | (61) | 539 |
| Contingency | (86) | (86) | - | 86 |
| Net change in fund balances | (686) | (686) | (61) | 625 |
| Fund balances - beginning | 686 | 686 | 979 | 293 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 918</u> | <u>\$ 918</u> |

MULTNOMAH COUNTY, OREGON
Financed Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | \$ - | \$ - | \$ 16 | \$ 16 |
| EXPENDITURES | | | | |
| County management | 4,100 | 4,100 | 205 | 3,895 |
| Deficiency of revenues under expenditures | (4,100) | (4,100) | (189) | 3,911 |
| OTHER FINANCING SOURCES | | | | |
| Financing proceeds | 8,450 | 8,450 | - | (8,450) |
| Transfers in | 200 | 200 | 200 | - |
| Total other financing sources | 8,650 | 8,650 | 200 | (8,450) |
| Net change in fund balances | 4,550 | 4,550 | 11 | (4,539) |
| Fund balances - beginning | 300 | 300 | 317 | 17 |
| Fund balances - ending | <u>\$ 4,850</u> | <u>\$ 4,850</u> | <u>\$ 328</u> | <u>\$ (4,522)</u> |

MULTNOMAH COUNTY, OREGON
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | Variance with Final Budget Favorable (Unfavorable) |
|-------------------------------------------|-------------------------|-----------------|---------------------------|-----------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 8,820 | \$ 8,820 |
| Charges for services | 27,717 | 27,717 | 202 | (27,515) |
| Interest | 150 | 150 | 232 | 82 |
| Other - miscellaneous | 9,050 | 9,050 | 18 | (9,032) |
| Total revenues | <u>36,917</u> | <u>36,917</u> | <u>9,272</u> | <u>(27,645)</u> |
| EXPENDITURES | | | | |
| County management | <u>60,370</u> | <u>60,370</u> | <u>12,107</u> | <u>48,263</u> |
| Deficiency of revenues under expenditures | <u>(23,453)</u> | <u>(23,453)</u> | <u>(2,835)</u> | <u>20,618</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from sale of capital assets | 16,000 | 16,000 | 12,504 | (3,496) |
| Transfers in | <u>3,008</u> | <u>3,008</u> | <u>3,008</u> | <u>-</u> |
| Total other financing sources | <u>19,008</u> | <u>19,008</u> | <u>15,512</u> | <u>(3,496)</u> |
| Net change in fund balances | (4,445) | (4,445) | 12,677 | 17,122 |
| Fund balances - beginning | <u>4,445</u> | <u>4,445</u> | <u>3,956</u> | <u>(489)</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 16,633</u> | <u>\$ 16,633</u> |

MULTNOMAH COUNTY, OREGON
Capital Acquisition Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | \$ - | \$ - | \$ 18 | \$ 18 |
| Other - service reimbursements | 124 | 124 | 124 | - |
| Total revenues | <u>124</u> | <u>124</u> | <u>142</u> | <u>18</u> |
| EXPENDITURES | | | | |
| Nondepartmental | 17 | 17 | - | 17 |
| County management | 900 | 900 | 118 | 782 |
| Total expenditures | <u>917</u> | <u>917</u> | <u>118</u> | <u>799</u> |
| Excess (deficiency) of revenues over (under) expenditures | (793) | (793) | 24 | 817 |
| OTHER FINANCING USES | | | | |
| Transfers out | (1,496) | (1,496) | (1,496) | - |
| Net change in fund balances | (2,289) | (2,289) | (1,472) | 817 |
| Fund balances - beginning | 2,289 | 2,289 | 1,947 | (342) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 475</u> | <u>\$ 475</u> |

MULTNOMAH COUNTY, OREGON
Asset Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(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 | \$ - | \$ - | \$ 30 | \$ 30 |
| Interest | 150 | 150 | 154 | 4 |
| Total revenues | <u>150</u> | <u>150</u> | <u>184</u> | <u>34</u> |
| EXPENDITURES | | | | |
| County management | 5,435 | 5,435 | 1,574 | 3,861 |
| Deficiency of revenues under expenditures | <u>(5,285)</u> | <u>(5,285)</u> | <u>(1,390)</u> | <u>3,895</u> |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 3,175 | 3,175 | 3,175 | - |
| Net change in fund balances | (2,110) | (2,110) | 1,785 | 3,895 |
| Fund balances - beginning | 2,110 | 2,110 | 1,452 | (658) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,237</u> | <u>\$ 3,237</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, 2008
(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 | \$ 605 | \$ 605 | \$ 598 | \$ (7) |
| Prior | 7 | 7 | 10 | 3 |
| Charges for services | 2 | 2 | 15 | 13 |
| Interest | 12 | 12 | 24 | 12 |
| Total revenues | <u>626</u> | <u>626</u> | <u>647</u> | <u>21</u> |
| EXPENDITURES | | | | |
| Community services | <u>662</u> | <u>662</u> | <u>583</u> | <u>79</u> |
| Excess (deficiency) of revenues over (under) expenditures | (36) | (36) | 64 | (58) |
| Contingency | <u>(25)</u> | <u>(25)</u> | <u>-</u> | <u>25</u> |
| Net change in fund balances | (61) | (61) | 64 | 125 |
| Fund balances - beginning | 145 | 145 | 227 | 82 |
| Fund balances - ending | <u>\$ 84</u> | <u>\$ 84</u> | <u>291</u> | <u>\$ 207</u> |
| Reconciliation to GAAP basis: | | | | |
| Invested in capital assets | | | 1,916 | |
| Advances from other funds | | | (329) | |
| Deferred revenue on assessments | | | 22 | |
| Allowance for uncollectible accounts, assessments | | | <u>(2)</u> | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 38 | | | <u>\$ 1,898</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, 2008
(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 | \$ 249 | \$ 249 | \$ 254 | \$ 5 |
| Prior | 5 | 5 | 6 | 1 |
| Interest | 24 | 24 | 18 | (6) |
| Charges for services | - | - | 7 | 7 |
| Total revenues | <u>278</u> | <u>278</u> | <u>285</u> | <u>7</u> |
| EXPENDITURES | | | | |
| Community services | <u>342</u> | <u>342</u> | <u>334</u> | <u>8</u> |
| Deficiency of revenues under expenditures | (64) | (64) | (49) | 15 |
| Contingency | <u>(25)</u> | <u>(25)</u> | <u>-</u> | <u>25</u> |
| Net changes in fund balances | (89) | (89) | (49) | 40 |
| Fund balances - beginning | <u>385</u> | <u>385</u> | <u>378</u> | <u>(7)</u> |
| Fund balances - ending | <u>\$ 296</u> | <u>\$ 296</u> | <u>329</u> | <u>\$ 33</u> |
| Reconciliation to GAAP basis: | | | | |
| Invested in capital assets | | | 1,508 | |
| Deferred revenue on assessments | | | 11 | |
| Allowance for uncollectible accounts, assessments | | | <u>(1)</u> | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 38 | | | <u>\$ 1,847</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, 2008
(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 | \$ 35,403 | \$ 36,057 | \$ 36,072 | \$ 15 |
| Interest | - | - | 356 | 356 |
| Other - miscellaneous | - | - | 1 | 1 |
| Total revenues | <u>35,403</u> | <u>36,057</u> | <u>36,429</u> | <u>372</u> |
| EXPENDITURES | | | | |
| Human services | <u>35,403</u> | <u>38,057</u> | <u>37,803</u> | <u>254</u> |
| Deficiency of revenues under expenditures | - | (2,000) | (1,374) | 626 |
| Contingency | <u>(2,658)</u> | <u>(658)</u> | - | 658 |
| Net change in fund balances | (2,658) | (2,658) | (1,374) | 1,284 |
| Fund balances - beginning | <u>2,658</u> | <u>2,658</u> | <u>3,981</u> | <u>1,323</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,607</u> | <u>\$ 2,607</u> |

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INTERNAL SERVICE FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008
(amounts expressed in thousands)

| Government Activities - Internal Service Funds | | | | | | |
|-------------------------------------------------------|----------------------------|-----------------------------|-----------------------------------|--------------------------------|----------------------------------|---------------------------------------|
| | Risk Management | Fleet Management | Information Technology | Mail / Distribution | Facilities Management | Internal Service Funds |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 31,585 | \$ 3,307 | \$ 13,487 | \$ 1,138 | \$ 4,852 | \$ 54,369 |
| Accounts receivable | - | 229 | 83 | 149 | 314 | 775 |
| Inventories | - | 562 | 264 | 665 | - | 1,491 |
| Due from other funds | 76 | - | - | - | - | 76 |
| Prepaid items | 497 | - | 482 | - | 51 | 1,030 |
| Total current assets | <u>32,158</u> | <u>4,098</u> | <u>14,316</u> | <u>1,952</u> | <u>5,217</u> | <u>57,741</u> |
| Noncurrent assets: | | | | | | |
| Advances to other funds | 253 | | | | | 253 |
| Capital assets (net of accumulated depreciation) | 41 | 4,444 | 1,623 | 14 | 15 | 6,137 |
| Total assets | <u>\$ 32,452</u> | <u>\$ 8,542</u> | <u>\$ 15,939</u> | <u>\$ 1,966</u> | <u>\$ 5,232</u> | <u>\$ 64,131</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | \$ 1,341 | \$ 301 | \$ 2,139 | \$ 369 | \$ 1,969 | \$ 6,119 |
| Claims and judgments payable | 11,414 | - | - | - | - | 11,414 |
| Payroll payable | 76 | 44 | 352 | 27 | 167 | 666 |
| Deferred revenue | 49 | - | 32 | - | 35 | 116 |
| Compensated absences | 71 | 41 | 308 | 20 | 171 | 611 |
| Total current liabilities | <u>12,951</u> | <u>386</u> | <u>2,831</u> | <u>416</u> | <u>2,342</u> | <u>18,926</u> |
| Noncurrent liabilities: | | | | | | |
| Compensated absences | 230 | 110 | 871 | 61 | 423 | 1,695 |
| Incremental leases payable | - | - | - | - | 1,718 | 1,718 |
| Total noncurrent liabilities | <u>230</u> | <u>110</u> | <u>871</u> | <u>61</u> | <u>2,141</u> | <u>3,413</u> |
| Total liabilities | <u>13,181</u> | <u>496</u> | <u>3,702</u> | <u>477</u> | <u>4,483</u> | <u>22,339</u> |
| NET ASSETS | | | | | | |
| Invested in capital assets | 41 | 4,444 | 1,623 | 14 | 15 | 6,137 |
| Unrestricted | 19,230 | 3,602 | 10,614 | 1,475 | 734 | 35,655 |
| Total net assets | <u>\$ 19,271</u> | <u>\$ 8,046</u> | <u>\$ 12,237</u> | <u>\$ 1,489</u> | <u>\$ 749</u> | <u>\$ 41,792</u> |

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | Government Activities - Internal Service Funds | | | | | |
|--------------------------------------------------|-------------------------------------------------------|-------------------------|-------------------------------|----------------------------|------------------------------|-------------------------------|
| | <u>Risk Management</u> | <u>Fleet Management</u> | <u>Information Technology</u> | <u>Mail / Distribution</u> | <u>Facilities Management</u> | <u>Internal Service Funds</u> |
| OPERATING REVENUES | | | | | | |
| Charges for services | \$ 60,010 | \$ 6,786 | \$ 30,295 | \$ 5,833 | \$ 37,779 | \$ 140,703 |
| Insurance premiums | 6,360 | - | - | - | - | 6,360 |
| Experience ratings and other | 752 | 64 | 1 | 3 | 19 | 839 |
| Total operating revenues | <u>67,122</u> | <u>6,850</u> | <u>30,296</u> | <u>5,836</u> | <u>37,798</u> | <u>147,902</u> |
| OPERATING EXPENSES | | | | | | |
| Cost of sales and services | 70,490 | 4,930 | 28,312 | 5,314 | 31,711 | 140,757 |
| Administration | 759 | 338 | 993 | 447 | 684 | 3,221 |
| Depreciation | 5 | 1,324 | 879 | 9 | 2 | 2,219 |
| Total operating expenses | <u>71,254</u> | <u>6,592</u> | <u>30,184</u> | <u>5,770</u> | <u>32,397</u> | <u>146,197</u> |
| Operating income (loss) | <u>(4,132)</u> | <u>258</u> | <u>112</u> | <u>66</u> | <u>5,401</u> | <u>1,705</u> |
| NONOPERATING REVENUES | | | | | | |
| (EXPENSES) | | | | | | |
| Interest revenue | 1,255 | 145 | 529 | 39 | 23 | 1,991 |
| Gain on disposal of capital assets | - | 55 | 34 | - | - | 89 |
| Loss on disposal of capital assets | - | (25) | (16) | - | - | (41) |
| Total nonoperating revenues | <u>1,255</u> | <u>175</u> | <u>547</u> | <u>39</u> | <u>23</u> | <u>2,039</u> |
| Income (loss) before contributions and transfers | (2,877) | 433 | 659 | 105 | 5,424 | 3,744 |
| Capital contributions in | - | - | 3 | - | - | 3 |
| Capital contributions out | - | (2) | - | - | - | (2) |
| Transfers in | - | - | 1,496 | - | - | 1,496 |
| Transfers out | - | - | (200) | - | (4,683) | (4,883) |
| Change in net assets | <u>(2,877)</u> | <u>431</u> | <u>1,958</u> | <u>105</u> | <u>741</u> | <u>358</u> |
| Total net assets - beginning | 22,148 | 7,615 | 10,279 | 1,384 | 8 | 41,434 |
| Total net assets - ending | <u>\$ 19,271</u> | <u>\$ 8,046</u> | <u>\$ 12,237</u> | <u>\$ 1,489</u> | <u>\$ 749</u> | <u>\$ 41,792</u> |

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008
(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 | \$ 67,171 | \$ 6,898 | \$ 30,324 | \$ 5,897 | \$ 37,771 | \$ 148,061 |
| Payments to suppliers | (62,110) | (2,436) | (9,813) | (3,209) | (16,085) | (93,653) |
| Payments to employees | (5,390) | (2,233) | (17,004) | (1,579) | (7,338) | (33,544) |
| Internal activity - payments to other funds | (753) | (764) | (1,293) | (966) | (8,932) | (12,708) |
| Net cash provided by operating activities | <u>(1,082)</u> | <u>1,465</u> | <u>2,214</u> | <u>143</u> | <u>5,416</u> | <u>8,156</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | | |
| Transfers in | - | - | 1,496 | - | - | 1,496 |
| Transfers out | - | - | (200) | - | (4,683) | (4,883) |
| Net cash provided by (used in) noncapital and related financing activities | <u>-</u> | <u>-</u> | <u>1,296</u> | <u>-</u> | <u>(4,683)</u> | <u>(3,387)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Purchases of capital assets | - | (2,053) | (1,107) | - | (17) | (3,177) |
| Internal loan repayment | 71 | - | - | - | - | 71 |
| Proceeds on sales of capital assets | - | 53 | 37 | - | - | 90 |
| Net cash used in capital and related financing activities | <u>71</u> | <u>(2,000)</u> | <u>(1,070)</u> | <u>-</u> | <u>(17)</u> | <u>(3,016)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| Interest received | 1,255 | 145 | 529 | 39 | 23 | 1,991 |
| Net cash provided by investing activities | <u>1,255</u> | <u>145</u> | <u>529</u> | <u>39</u> | <u>23</u> | <u>1,991</u> |
| Net increase (decrease) in cash and cash equivalents | 244 | (390) | 2,969 | 182 | 739 | 3,744 |
| Balances at beginning of the year | 31,341 | 3,697 | 10,518 | 956 | 4,113 | 50,625 |
| Balances at the end of the year | <u>\$ 31,585</u> | <u>\$ 3,307</u> | <u>\$ 13,487</u> | <u>\$ 1,138</u> | <u>\$ 4,852</u> | <u>\$ 54,369</u> |
| Reconciliation of operating income (loss) to net cash provided by operating activities: | | | | | | |
| Operating income (loss) | \$ (4,132) | \$ 258 | \$ 112 | \$ 66 | \$ 5,401 | \$ 1,705 |
| Adjustments to reconcile operating income (loss) to net cash provided by operating activities: | | | | | | |
| Depreciation | 5 | 1,324 | 879 | 9 | 2 | 2,219 |
| Changes in assets and liabilities: | | | | | | |
| Receivables | - | 48 | 88 | 66 | 8 | 210 |
| Inventories | - | (60) | 587 | 8 | - | 535 |
| Prepaid items | (109) | - | (77) | - | (41) | (227) |
| Accounts payable | 307 | (99) | 541 | (1) | (50) | 698 |
| Claims and judgments payable | 2,746 | - | - | - | - | 2,746 |
| Deferred revenue | 49 | - | 21 | (5) | (34) | 31 |
| Compensated absences | 41 | (7) | (2) | - | 50 | 82 |
| Incremental leases payable | - | - | - | - | 57 | 57 |
| Payroll payable | 11 | 1 | 65 | - | 23 | 100 |
| Total adjustments | <u>3,050</u> | <u>1,207</u> | <u>2,102</u> | <u>77</u> | <u>15</u> | <u>6,451</u> |
| Net cash (used) provided by operating activities | <u>\$ (1,082)</u> | <u>\$ 1,465</u> | <u>\$ 2,214</u> | <u>\$ 143</u> | <u>\$ 5,416</u> | <u>\$ 8,156</u> |
| Noncash financing activities: | | | | | | |
| Contributions of capital assets | \$ - | \$ (2) | \$ 3 | \$ - | \$ - | \$ 1 |

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2008
(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 | | | | |
| Charges for services | \$ 6,025 | \$ 6,025 | \$ 6,540 | \$ 515 |
| Interest | 400 | 400 | 1,255 | 855 |
| Other: | | | | |
| Service reimbursements | 62,746 | 63,906 | 59,967 | (3,939) |
| Experience ratings and other | 463 | 463 | 687 | 224 |
| Total revenues | <u>69,634</u> | <u>70,794</u> | <u>68,449</u> | <u>(2,345)</u> |
| EXPENDITURES | | | | |
| County management | 85,349 | 86,490 | 68,310 | 18,180 |
| Nondepartmental | 3,085 | 3,104 | 2,939 | 165 |
| Total expenditures | <u>88,434</u> | <u>89,594</u> | <u>71,249</u> | <u>18,345</u> |
| Deficiency of revenues under expenditures | (18,800) | (18,800) | (2,800) | 16,000 |
| Fund balances - beginning | 18,800 | 18,800 | 21,701 | 2,901 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | 18,901 | <u>\$ 18,901</u> |
| Reconciliation to GAAP basis: | | | | |
| Advance to service district | | | 329 | |
| Invested in capital assets | | | 41 | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116 | | | <u>\$ 19,271</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, 2008
(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 | | | | |
| Charges for services | \$ 1,034 | \$ 1,034 | \$ 1,120 | \$ 86 |
| Interest | 150 | 150 | 145 | (5) |
| Other: | | | | |
| Service reimbursements | 5,849 | 5,948 | 5,666 | (282) |
| Miscellaneous | 56 | 56 | 64 | 8 |
| Total revenues | <u>7,089</u> | <u>7,188</u> | <u>6,995</u> | <u>(193)</u> |
| EXPENDITURES | | | | |
| County management | <u>10,798</u> | <u>10,897</u> | <u>7,321</u> | <u>3,576</u> |
| Deficiency of revenues under expenditures | <u>(3,709)</u> | <u>(3,709)</u> | <u>(326)</u> | <u>3,383</u> |
| OTHER FINANCING SOURCES | | | | |
| Proceeds from sale of assets | <u>213</u> | <u>213</u> | <u>53</u> | <u>(160)</u> |
| Total other financing sources | 213 | 213 | 53 | (160) |
| Contingency | <u>(531)</u> | <u>(531)</u> | <u>-</u> | <u>531</u> |
| Net change in fund balances | (4,027) | (4,027) | (273) | 3,754 |
| Fund balances - beginning | <u>4,027</u> | <u>4,027</u> | <u>3,875</u> | <u>(152)</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>3,602</u> | <u>\$ 3,602</u> |
| Reconciliation to GAAP basis: | | | | |
| Invested in capital assets | | | <u>4,444</u> | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116 | | | <u>\$ 8,046</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, 2008
(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 | | | | |
| Charges for services | \$ 1,123 | \$ 1,123 | \$ 560 | \$ (563) |
| Interest | - | - | 529 | 529 |
| Other: | | | | |
| Service reimbursements | 29,365 | 29,690 | 29,735 | 45 |
| Miscellaneous | - | - | 1 | 1 |
| Total revenues | <u>30,488</u> | <u>30,813</u> | <u>30,825</u> | <u>12</u> |
| EXPENDITURES | | | | |
| County management | <u>37,862</u> | <u>38,187</u> | <u>30,412</u> | <u>7,775</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(7,374)</u> | <u>(7,374)</u> | <u>413</u> | <u>7,787</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of assets | - | - | 37 | 37 |
| Transfers in | 1,496 | 1,496 | 1,496 | - |
| Transfers out | <u>(200)</u> | <u>(200)</u> | <u>(200)</u> | <u>-</u> |
| Total other financing sources (uses) | 1,296 | 1,296 | 1,333 | 37 |
| Contingency | <u>(3,100)</u> | <u>(3,100)</u> | <u>-</u> | <u>3,100</u> |
| Net changes in fund balances | (9,178) | (9,178) | 1,746 | 10,924 |
| Fund balances - beginning | <u>9,178</u> | <u>9,178</u> | <u>8,868</u> | <u>(310)</u> |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>10,614</u> | <u>\$ 10,614</u> |
| Reconciliation to GAAP basis: | | | | |
| Invested in capital assets | | | <u>1,623</u> | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116 | | | <u>\$ 12,237</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, 2008
(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 | | | | |
| Charges for services | \$ 3,312 | \$ 3,312 | \$ 2,617 | \$ (695) |
| Interest | 30 | 30 | 39 | 9 |
| Other: | | | | |
| Service reimbursements | 3,214 | 3,223 | 3,216 | (7) |
| Miscellaneous | 32 | 32 | 3 | (29) |
| Total revenues | <u>6,588</u> | <u>6,597</u> | <u>5,875</u> | <u>(722)</u> |
| EXPENDITURES | | | | |
| County management | <u>6,720</u> | <u>6,729</u> | <u>5,761</u> | <u>968</u> |
| Excess (deficiency) of revenues over (under) expenditures | (132) | (132) | 114 | 246 |
| Contingency | <u>(1,257)</u> | <u>(1,257)</u> | <u>-</u> | <u>1,257</u> |
| Net changes in fund balances | (1,389) | (1,389) | 114 | 1,503 |
| Fund balances - beginning | 1,389 | 1,389 | 1,361 | (28) |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>1,475</u> | <u>\$ 1,475</u> |
| Reconciliation to GAAP basis: | | | | |
| Invested in capital assets | | | <u>14</u> | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116 | | | <u>\$ 1,489</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, 2008
(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 | | | | |
| Charges for services | \$ 2,232 | \$ 2,232 | \$ 3,058 | \$ 826 |
| Interest | - | - | 23 | 23 |
| Other: | | | | |
| Service reimbursements | 38,667 | 38,929 | 34,721 | (4,208) |
| Miscellaneous | - | - | 19 | 19 |
| Total revenues | <u>40,899</u> | <u>41,161</u> | <u>37,821</u> | <u>(3,340)</u> |
| EXPENDITURES | | | | |
| County management | <u>33,793</u> | <u>34,055</u> | <u>32,412</u> | <u>1,643</u> |
| Excess of revenues over expenditures | 7,106 | 7,106 | 5,409 | (1,697) |
| OTHER FINANCING USES | | | | |
| Transfers out | <u>(4,683)</u> | <u>(4,683)</u> | <u>(4,683)</u> | <u>-</u> |
| Total other financing uses | (4,683) | (4,683) | (4,683) | - |
| Contingency | <u>(2,423)</u> | <u>(2,423)</u> | <u>-</u> | <u>2,423</u> |
| Net change in fund balances | - | - | 726 | 726 |
| Fund balances - beginning | - | - | 8 | 8 |
| Fund balances - ending | <u>\$ -</u> | <u>\$ -</u> | <u>734</u> | <u>\$ 734</u> |
| Reconciliation to GAAP basis: | | | | |
| Invested in capital assets | | | <u>15</u> | |
| Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116 | | | <u>\$ 749</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, 2008
(amounts expressed in thousands)

| | <u>Sundry Taxing Bodies</u> | <u>Department and Offices Agency</u> | <u>Public Guardian</u> | <u>Visitors' Facilities Trust</u> | <u>Total</u> |
|---------------------------------|-------------------------------------|----------------------------------------------|----------------------------|-------------------------------------------|------------------|
| ASSETS: | | | | | |
| Cash and Investments | \$ 5,841 | \$ 7,063 | \$ 794 | \$ 3,200 | \$ 16,898 |
| Receivables: | | | | | |
| Taxes | 37,395 | 148 | - | 2,190 | 39,733 |
| Restricted cash | - | 15 | - | - | 15 |
| Total assets | <u>\$ 43,236</u> | <u>\$ 7,226</u> | <u>\$ 794</u> | <u>\$ 5,390</u> | <u>\$ 56,646</u> |
| LIABILITIES: | | | | | |
| Accounts payable | \$ 5,812 | \$ 1,934 | \$ 46 | \$ 2,262 | \$ 10,054 |
| Due to other governmental units | 37,395 | - | - | - | 37,395 |
| Amounts held in trust | 29 | 5,292 | 748 | 3,128 | 9,197 |
| Total liabilities | <u>\$ 43,236</u> | <u>\$ 7,226</u> | <u>\$ 794</u> | <u>\$ 5,390</u> | <u>\$ 56,646</u> |

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

| | <u>Balance</u> <u>June 30, 2007</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2008</u> |
|---------------------------------------|----------------------------------------|---------------------|---------------------|----------------------------------------|
| SUNDRY TAXING BODIES: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 5,327 | \$ 1,807,751 | \$ 1,807,237 | \$ 5,841 |
| Taxes receivable | 32,934 | 874,650 | 870,189 | 37,395 |
| Total assets | <u>\$ 38,261</u> | <u>\$ 2,682,401</u> | <u>\$ 2,677,426</u> | <u>\$ 43,236</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 5,271 | \$ 809,579 | \$ 809,038 | \$ 5,812 |
| Due to other governmental units | 32,845 | 834,712 | 830,162 | 37,395 |
| Amounts held in trust | 145 | 815,058 | 815,174 | 29 |
| Total liabilities | <u>\$ 38,261</u> | <u>\$ 2,459,349</u> | <u>\$ 2,454,374</u> | <u>\$ 43,236</u> |
| DEPARTMENT AND OFFICES AGENCY: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 6,920 | \$ 1,371,012 | \$ 1,370,869 | \$ 7,063 |
| Taxes receivable | 218 | 1,173,916 | 1,173,986 | 148 |
| Accounts receivable | - | - | - | - |
| Restricted cash | 977 | 2,376 | 3,338 | 15 |
| Total assets | <u>\$ 8,115</u> | <u>\$ 2,547,304</u> | <u>\$ 2,548,193</u> | <u>\$ 7,226</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 2,131 | \$ 41,284 | \$ 41,481 | \$ 1,934 |
| Amounts held in trust | 5,984 | 1,160,148 | 1,160,840 | 5,292 |
| Total liabilities | <u>\$ 8,115</u> | <u>\$ 1,201,432</u> | <u>\$ 1,202,321</u> | <u>\$ 7,226</u> |
| PUBLIC GUARDIAN: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 804 | \$ 2,772 | \$ 2,782 | \$ 794 |
| Accounts receivable | - | 1,210 | 1,210 | - |
| Total assets | <u>\$ 804</u> | <u>\$ 3,982</u> | <u>\$ 3,992</u> | <u>\$ 794</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 65 | \$ 2,601 | \$ 2,620 | \$ 46 |
| Amounts held in trust | 739 | 1,292 | 1,283 | 748 |
| Total liabilities | <u>\$ 804</u> | <u>\$ 3,893</u> | <u>\$ 3,903</u> | <u>\$ 794</u> |
| VISITORS FACILITIES TRUST: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 1,530 | \$ 21,139 | \$ 19,469 | \$ 3,200 |
| Taxes receivable | 1,892 | 10,783 | 10,485 | 2,190 |
| Accounts receivable | - | 7 | 7 | - |
| Total assets | <u>\$ 3,422</u> | <u>\$ 31,929</u> | <u>\$ 29,961</u> | <u>\$ 5,390</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 2,124 | \$ 13,875 | \$ 13,737 | \$ 2,262 |
| Amounts held in trust | 1,298 | 11,904 | 10,074 | 3,128 |
| Total liabilities | <u>\$ 3,422</u> | <u>\$ 25,779</u> | <u>\$ 23,811</u> | <u>\$ 5,390</u> |
| TOTAL - ALL AGENCY FUNDS: | | | | |
| Assets: | | | | |
| Cash and investments | \$ 14,581 | \$ 3,202,674 | \$ 3,200,357 | \$ 16,898 |
| Taxes receivable | 35,044 | 2,059,349 | 2,054,660 | 39,733 |
| Accounts receivable | - | 1,217 | 1,217 | - |
| Restricted cash | 977 | 2,376 | 3,338 | 15 |
| Total assets | <u>\$ 50,602</u> | <u>\$ 5,265,616</u> | <u>\$ 5,259,572</u> | <u>\$ 56,646</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 9,591 | \$ 867,339 | \$ 866,876 | \$ 10,054 |
| Due to other governmental units | 32,845 | 834,712 | 830,162 | 37,395 |
| Amounts held in trust | 8,166 | 1,988,402 | 1,987,371 | 9,197 |
| Total liabilities | <u>\$ 50,602</u> | <u>\$ 3,690,453</u> | <u>\$ 3,684,409</u> | <u>\$ 56,646</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, 2008
(amounts expressed in thousands)

| | <u>June 30, 2008</u> | <u>June 30, 2007</u> |
|---------------------------------------------------------|----------------------|----------------------|
| GOVERNMENTAL FUNDS CAPITAL ASSETS | | |
| Land | \$ 16,296 | \$ 13,787 |
| Construction in progress | 317 | 35,735 |
| Buildings-not in service | 51,164 | 51,164 |
| Buildings | 365,124 | 368,897 |
| Improvements other than buildings | 343 | 343 |
| Machinery and equipment | 122,180 | 124,596 |
| Bridges | 146,179 | 99,502 |
| Infrastructure | 551,598 | 553,645 |
| Total governmental funds capital assets | <u>\$ 1,253,201</u> | <u>\$ 1,247,669</u> |
| INVESTMENTS IN GOVERNMENTAL FUNDS | | |
| CAPITAL ASSETS BY SOURCE | | |
| Beginning balance | \$ 1,247,669 | \$ 1,220,614 |
| General fund | (9,680) | (1,108) |
| Road fund | (2,037) | 3,663 |
| Federal and state program fund | 58 | 137 |
| Willamette river bridges fund | 13,661 | 22,240 |
| Library fund | (4,305) | (1,091) |
| Land corner preservation fund | - | 75 |
| Justice services special operations | (23) | 23 |
| Justice bond capital project fund | 85 | 467 |
| Financed projects fund | 200 | (313) |
| Library construction fund/1996 | (42) | (311) |
| Capital improvement fund | 5,833 | 2,723 |
| Capital acquisition fund | - | (23) |
| Asset preservation fund | 718 | 1,099 |
| Risk management fund | - | (21) |
| Fleet management fund | 1,240 | 757 |
| Information technology fund | (193) | (1,290) |
| Mail distribution fund | - | 28 |
| Facilities management fund | 17 | - |
| Total governmental funds capital assets, ending balance | <u>\$ 1,253,201</u> | <u>\$ 1,247,669</u> |

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2008
(amounts expressed in thousands)

| | <u>Land</u> | <u>Work in Progress</u> | <u>Buildings</u> | <u>Improvements Other than Buildings</u> | <u>Machinery and Equipment</u> | <u>Bridges</u> | <u>Infrastructure</u> | <u>Total</u> |
|------------------------------|------------------|---------------------------------|-------------------|--------------------------------------------------|----------------------------------------|-------------------|-----------------------|---------------------|
| FUNCTION AND ACTIVITY | | | | | | | | |
| General government: | | | | | | | | |
| Legislative | \$ 226 | \$ - | \$ 6,928 | \$ - | \$ 77 | \$ - | \$ - | \$ 7,231 |
| Administrative | 6,920 | - | 85,054 | - | 42,882 | - | - | 134,856 |
| | <u>7,146</u> | <u>-</u> | <u>91,982</u> | <u>-</u> | <u>42,959</u> | <u>-</u> | <u>-</u> | <u>142,087</u> |
| Health and social services: | | | | | | | | |
| Health | 2,294 | - | 29,693 | - | 587 | - | - | 32,574 |
| Social | 627 | - | 9,004 | - | 199 | - | - | 9,830 |
| | <u>2,921</u> | <u>-</u> | <u>38,697</u> | <u>-</u> | <u>786</u> | <u>-</u> | <u>-</u> | <u>42,404</u> |
| Public safety: | | | | | | | | |
| Law enforcement | 987 | - | 143,658 | 37 | 6,692 | - | - | 151,374 |
| Justice services | 431 | - | 51,333 | - | 1,010 | - | - | 52,774 |
| | <u>1,418</u> | <u>-</u> | <u>194,991</u> | <u>37</u> | <u>7,702</u> | <u>-</u> | <u>-</u> | <u>204,148</u> |
| Community services: | | | | | | | | |
| Community service | | | | | | | | |
| development | 136 | - | 1,343 | 108 | 14 | - | - | 1,601 |
| Recreation | 203 | - | - | - | - | - | - | 203 |
| Library | 2,987 | 317 | 60,313 | 140 | 68,163 | - | - | 131,920 |
| | <u>3,326</u> | <u>317</u> | <u>61,656</u> | <u>248</u> | <u>68,177</u> | <u>-</u> | <u>-</u> | <u>133,724</u> |
| Roads and bridges: | | | | | | | | |
| Roads and bridges | 1,350 | - | 5,805 | 58 | 2,556 | 146,179 | 551,598 | 707,546 |
| | <u>1,350</u> | <u>-</u> | <u>5,805</u> | <u>58</u> | <u>2,556</u> | <u>146,179</u> | <u>551,598</u> | <u>707,546</u> |
| External organizations: | | | | | | | | |
| External use | 135 | - | 23,157 | - | - | - | - | 23,292 |
| | <u>\$ 16,296</u> | <u>\$ 317</u> | <u>\$ 416,288</u> | <u>\$ 343</u> | <u>\$ 122,180</u> | <u>\$ 146,179</u> | <u>\$ 551,598</u> | <u>\$ 1,253,201</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, 2008
(amounts expressed in thousands)

| FUNCTION AND ACTIVITY | Governmental Funds Capital Assets June 30, 2007 | Additions | Deductions & Reclassifications | Governmental Funds Capital Assets June 30, 2008 |
|-------------------------------|--------------------------------------------------------------------|------------------|-----------------------------------------------|--------------------------------------------------------------------|
| General government: | | | | |
| Legislative | \$ 7,154 | \$ - | \$ 77 | \$ 7,231 |
| Administrative | 116,478 | 6,449 | 11,929 | 134,856 |
| | <u>123,632</u> | <u>6,449</u> | <u>12,006</u> | <u>142,087</u> |
| Health and social services: | | | | |
| Health | 32,958 | 158 | (542) | 32,574 |
| Social | 26,308 | 24 | (16,502) | 9,830 |
| | <u>59,266</u> | <u>182</u> | <u>(17,044)</u> | <u>42,404</u> |
| Public safety: | | | | |
| Law enforcement | 150,778 | 1,815 | (1,219) | 151,374 |
| Justice services | 51,028 | 600 | 1,146 | 52,774 |
| | <u>201,806</u> | <u>2,415</u> | <u>(73)</u> | <u>204,148</u> |
| Community services: | | | | |
| Community service development | 2,777 | 3 | (1,179) | 1,601 |
| Recreation | 203 | - | - | 203 |
| Library | 135,802 | 6,111 | (9,993) | 131,920 |
| | <u>138,782</u> | <u>6,114</u> | <u>(11,172)</u> | <u>133,724</u> |
| Roads and bridges: | | | | |
| Roads and bridges | 697,063 | 15,950 | (5,467) | 707,546 |
| | <u>697,063</u> | <u>15,950</u> | <u>(5,467)</u> | <u>707,546</u> |
| External organizations: | | | | |
| External use | 27,120 | 1,082 | (4,911) | 23,292 |
| | <u>\$ 1,247,669</u> | <u>\$ 32,192</u> | <u>\$ (26,661)</u> | <u>\$ 1,253,201</u> |

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OTHER SCHEDULES

- Schedule of Property Tax Collections and Outstanding Balances
- Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
- Schedule of General Obligation Bonds Outstanding
- Schedule of General Capitalized Lease Purchases Outstanding
- Schedule of Revenue Bonds Outstanding
- 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, 2008
(amounts expressed in thousands)

| Tax Year | Taxes Receivable June 30, 2007 | 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, 2008 |
|-------------------|---------------------------------------|---------------------|-------------------------------------------------|-----------------------------------------|---------------------------------|------------------------------------------------------------------|---------------------------------------|
| 2007-08 | \$ - | \$ 1,100,640 | \$ (4,365) | \$ 407 | \$ (27,072) | \$(1,037,326) | \$ 32,284 |
| 2006-07 | 26,746 | - | (642) | 946 | 14 | (17,465) | 9,599 |
| 2005-06 | 9,255 | - | (400) | 658 | 10 | (5,279) | 4,244 |
| 2004-05 and prior | 7,719 | - | (843) | 867 | 13 | (4,388) | 3,368 |
| | <u>\$ 43,720</u> | <u>\$ 1,100,640</u> | <u>\$ (6,250)</u> | <u>\$ 2,878</u> | <u>\$ (27,035)</u> | <u>\$(1,064,458)</u> | <u>\$ 49,495</u> |

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2008

| | Current Years' Levy | Prior Years' Levies | Total Property Taxes | Other Taxes* | Total |
|---------------------------------------------|----------------------------|----------------------------|-----------------------------|---------------------|------------------|
| General fund | \$ 6,373 | \$ 3,573 | \$ 9,946 | \$ 16,499 | \$ 26,445 |
| Special revenue funds: | | | | | |
| Library fund | 1,154 | 518 | 1,672 | - | 1,672 |
| Land corner preservation fund | - | - | - | 5 | 5 |
| Special excise tax fund | - | - | - | 2,732 | 2,732 |
| Total special revenue funds | <u>1,154</u> | <u>518</u> | <u>1,672</u> | <u>2,737</u> | <u>4,409</u> |
| General obligation bond fund | 274 | 169 | 443 | - | 443 |
| Agency funds | 24,458 | 12,937 | 37,395 | 2,338 | 39,733 |
| Sub-total taxes receivable | <u>32,259</u> | <u>17,197</u> | <u>49,456</u> | <u>21,574</u> | <u>71,030</u> |
| Special assessments collected through taxes | 25 | 14 | 39 | - | 39 |
| Total receivables | <u>\$ 32,284</u> | <u>\$ 17,211</u> | <u>\$ 49,495</u> | <u>\$ 21,574</u> | <u>\$ 71,069</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, 2008
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

| | <u>Outstanding June 30, 2007</u> | | <u>2007-08 Transactions</u> | | | <u>Outstanding June 30, 2008</u> | |
|------------------------|--------------------------------------|------------------|---------------------------------|-----------------|-----------------------------|--------------------------------------|------------------|
| | <u>Matured</u> | <u>Unmatured</u> | <u>Issued</u> | <u>Matured</u> | <u>Refunded or Paid</u> | <u>Matured</u> | <u>Unmatured</u> |
| Dated October 1, 1996 | \$ - | \$ 7,830 | \$ - | \$ 4,150 | \$ 4,150 | \$ - | \$ 3,680 |
| Dated February 1, 1999 | - | 61,550 | - | 2,105 | 2,105 | - | 59,445 |
| | <u>-</u> | <u>\$ 69,380</u> | <u>-</u> | <u>\$ 6,255</u> | <u>\$ 6,255</u> | <u>-</u> | <u>\$ 63,125</u> |

GENERAL OBLIGATION BOND INTEREST COUPONS

| | |
|------------------------|-----------------|
| Dated October 1, 1996 | \$ 288 |
| Dated February 1, 1999 | <u>2,685</u> |
| | <u>\$ 2,973</u> |

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

| Fiscal Year of Maturity | Series 1996B Dated 10/01/96 3.90 to 5.65% | | Series 1999 Dated 2/01/99 3.90 to 5.65% | | Total | |
|----------------------------------------|----------------------------------------------------------|-----------------|--------------------------------------------------------|------------------|------------------|------------------|
| | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 3,680 | \$ 92 | \$ 2,875 | \$ 2,585 | \$ 6,555 | \$ 2,677 |
| 2010 | - | - | 6,860 | 2,387 | 6,860 | 2,387 |
| 2011 | - | - | 7,160 | 2,093 | 7,160 | 2,093 |
| 2012 | - | - | 7,470 | 1,780 | 7,470 | 1,780 |
| 2013 | - | - | 7,490 | 1,451 | 7,490 | 1,451 |
| 2014 | - | - | 7,835 | 1,106 | 7,835 | 1,106 |
| 2015 | - | - | 6,780 | 773 | 6,780 | 773 |
| 2016 | - | - | 6,330 | 466 | 6,330 | 466 |
| 2017 | - | - | 6,645 | 158 | 6,645 | 158 |
| | <u>\$ 3,680</u> | <u>\$ 92</u> | <u>\$ 59,445</u> | <u>\$ 12,799</u> | <u>\$ 63,125</u> | <u>\$ 12,891</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Purchases Outstanding
June 30, 2008
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

| Fiscal Year of Maturity | Dated 02/01/98 3.75 to 4.90% | | Dated 01/01/02 2.50% | | Dated 06/30/07 | | Total | |
|-------------------------------|---------------------------------|-----------------|-------------------------|-----------------|----------------|-------------|------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 2,825 | \$ 636 | \$ 11 | \$ 107 | \$ 11 | \$ - | \$ 2,847 | \$ 743 |
| 2010 | 2,265 | 617 | 12 | 106 | - | - | 2,277 | 723 |
| 2011 | 2,370 | 480 | 14 | 104 | - | - | 2,384 | 584 |
| 2012 | 2,485 | 333 | 15 | 103 | - | - | 2,500 | 436 |
| 2013 | 2,605 | 175 | 17 | 101 | - | - | 2,622 | 276 |
| 2014 | - | - | 19 | 100 | - | - | 19 | 100 |
| 2015 | - | - | 21 | 98 | - | - | 21 | 98 |
| 2016 | - | - | 23 | 95 | - | - | 23 | 95 |
| 2017 | - | - | 25 | 93 | - | - | 25 | 93 |
| 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>\$ 12,550</u> | <u>\$ 2,241</u> | <u>\$ 1,043</u> | <u>\$ 1,733</u> | <u>\$ 11</u> | <u>\$ -</u> | <u>\$ 13,604</u> | <u>\$ 3,974</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

REVENUE BONDS

| Fiscal Year of Maturity | Series 1998 Dated 10/01/98 4.00 to 4.75% | | Series 2000A Dated 11/01/00 4.45 to 5.20% | | Series 2000B Dated 11/01/00 4.45 to 5.20% | | Total | |
|----------------------------------------|---------------------------------------------------------|-----------------|----------------------------------------------------------|-----------------|----------------------------------------------------------|-----------------|------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 1,710 | \$ 38 | \$ 135 | \$ 62 | \$ 235 | \$ 109 | \$ 2,080 | \$ 209 |
| 2010 | - | - | 145 | 55 | 250 | 97 | 395 | 152 |
| 2011 | - | - | 150 | 48 | 265 | 85 | 415 | 133 |
| 2012 | - | - | 160 | 41 | 275 | 72 | 435 | 113 |
| 2013 | - | - | 165 | 33 | 295 | 58 | 460 | 91 |
| 2014 | - | - | 175 | 24 | 310 | 42 | 485 | 66 |
| 2015 | - | - | 185 | 15 | 325 | 26 | 510 | 41 |
| 2016 | - | - | 195 | 5 | 345 | 9 | 540 | 14 |
| | <u>\$ 1,710</u> | <u>\$ 38</u> | <u>\$ 1,310</u> | <u>\$ 283</u> | <u>\$ 2,300</u> | <u>\$ 498</u> | <u>\$ 5,320</u> | <u>\$ 819</u> |

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2008
(amounts expressed in thousands)

| Fiscal Year of Maturity | Dated 02/15/96 7.2% | | Dated 07/05/96 5.65% | | Dated 08/01/99 5.9% | | Dated 10/11/99 5.9% | |
|----------------------------------------|--------------------------------|-----------------|---------------------------------|-----------------|--------------------------------|-----------------|--------------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 121 | \$ 2 | \$ 22 | \$ 1 | \$ 17 | \$ 1 | \$ 82 | \$ 2 |
| | \$ 121 | \$ 2 | \$ 22 | \$ 1 | \$ 17 | \$ 1 | \$ 82 | \$ 2 |

Total

| <u>Principal</u> | <u>Interest</u> |
|------------------|-----------------|
| \$ 242 | \$ 6 |
| \$ 242 | \$ 6 |

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

| Fiscal Year of Maturity | Series 1999A Dated 04/01/99 4.00 to 4.75% | | Series 2000A Dated 04/01/00 5.00 to 5.50% | | Series 1999 Dated 12/01/99 6.49 to 7.74% | | Series 2003 Dated 05/15/03 1.50 to 3.25% | |
|----------------------------------------|----------------------------------------------------------|-----------------|----------------------------------------------------------|-----------------|---------------------------------------------------------|-------------------|---------------------------------------------------------|-----------------|
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal | Interest |
| 2009 | \$ 1,615 | \$ 106 | \$ 2,675 | \$ 288 | \$ 6,470 | \$ 7,072 | \$ 940 | \$ 160 |
| 2010 | 1,685 | 36 | 2,820 | 141 | 7,740 | 6,609 | 960 | 138 |
| 2011 | - | - | - | - | 9,150 | 6,052 | 990 | 113 |
| 2012 | - | - | - | - | 10,710 | 5,388 | 1,025 | 84 |
| 2013 | - | - | - | - | 4,479 | 12,563 | 1,060 | 52 |
| 2014 | - | - | - | - | 4,472 | 13,565 | 1,100 | 19 |
| 2015 | - | - | - | - | 4,469 | 14,618 | - | - |
| 2016 | - | - | - | - | 6,845 | 13,341 | - | - |
| 2017 | - | - | - | - | 16,985 | 4,358 | - | - |
| 2018 | - | - | - | - | 19,470 | 3,096 | - | - |
| 2019 | - | - | - | - | 22,200 | 1,649 | - | - |
| 2020 | - | - | - | - | 5,319 | 19,876 | - | - |
| 2021 | - | - | - | - | 5,208 | 21,407 | - | - |
| 2022 | - | - | - | - | 5,098 | 23,012 | - | - |
| 2023 | - | - | - | - | 4,989 | 24,686 | - | - |
| 2024 | - | - | - | - | 4,881 | 26,444 | - | - |
| 2025 | - | - | - | - | 4,775 | 28,285 | - | - |
| 2026 | - | - | - | - | 4,670 | 30,215 | - | - |
| 2027 | - | - | - | - | 4,566 | 32,234 | - | - |
| 2028 | - | - | - | - | 4,463 | 34,347 | - | - |
| 2029 | - | - | - | - | 4,362 | 36,563 | - | - |
| 2030 | - | - | - | - | 4,262 | 38,887 | - | - |
| | <u>\$ 3,300</u> | <u>\$ 142</u> | <u>\$ 5,495</u> | <u>\$ 429</u> | <u>\$ 165,583</u> | <u>\$ 404,267</u> | <u>\$ 6,075</u> | <u>\$ 566</u> |

| Series 2004 | | Total | |
|-----------------------|------------------|-------------------|-------------------|
| Dated 10/01/04 | | | |
| 3.00 to 5.00% | | | |
| Principal | Interest | Principal | Interest |
| \$ - | \$ 2,620 | \$ 11,700 | \$ 10,246 |
| 565 | 2,611 | 13,770 | 9,535 |
| 5,410 | 2,468 | 15,550 | 8,633 |
| 5,705 | 2,190 | 17,440 | 7,662 |
| 6,010 | 1,897 | 11,549 | 14,512 |
| 5,965 | 1,597 | 11,537 | 15,181 |
| 6,185 | 1,294 | 10,654 | 15,912 |
| 4,600 | 1,027 | 11,445 | 14,368 |
| 4,810 | 794 | 21,795 | 5,152 |
| 5,055 | 560 | 24,525 | 3,656 |
| 4,845 | 338 | 27,045 | 1,987 |
| 5,085 | 114 | 10,404 | 19,990 |
| - | - | 5,208 | 21,407 |
| - | - | 5,098 | 23,012 |
| - | - | 4,989 | 24,686 |
| - | - | 4,881 | 26,444 |
| - | - | 4,775 | 28,285 |
| - | - | 4,670 | 30,215 |
| - | - | 4,566 | 32,234 |
| - | - | 4,463 | 34,347 |
| - | - | 4,362 | 36,563 |
| - | - | 4,262 | 38,887 |
| \$ 54,235 | \$ 17,510 | \$ 234,688 | \$ 422,914 |

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