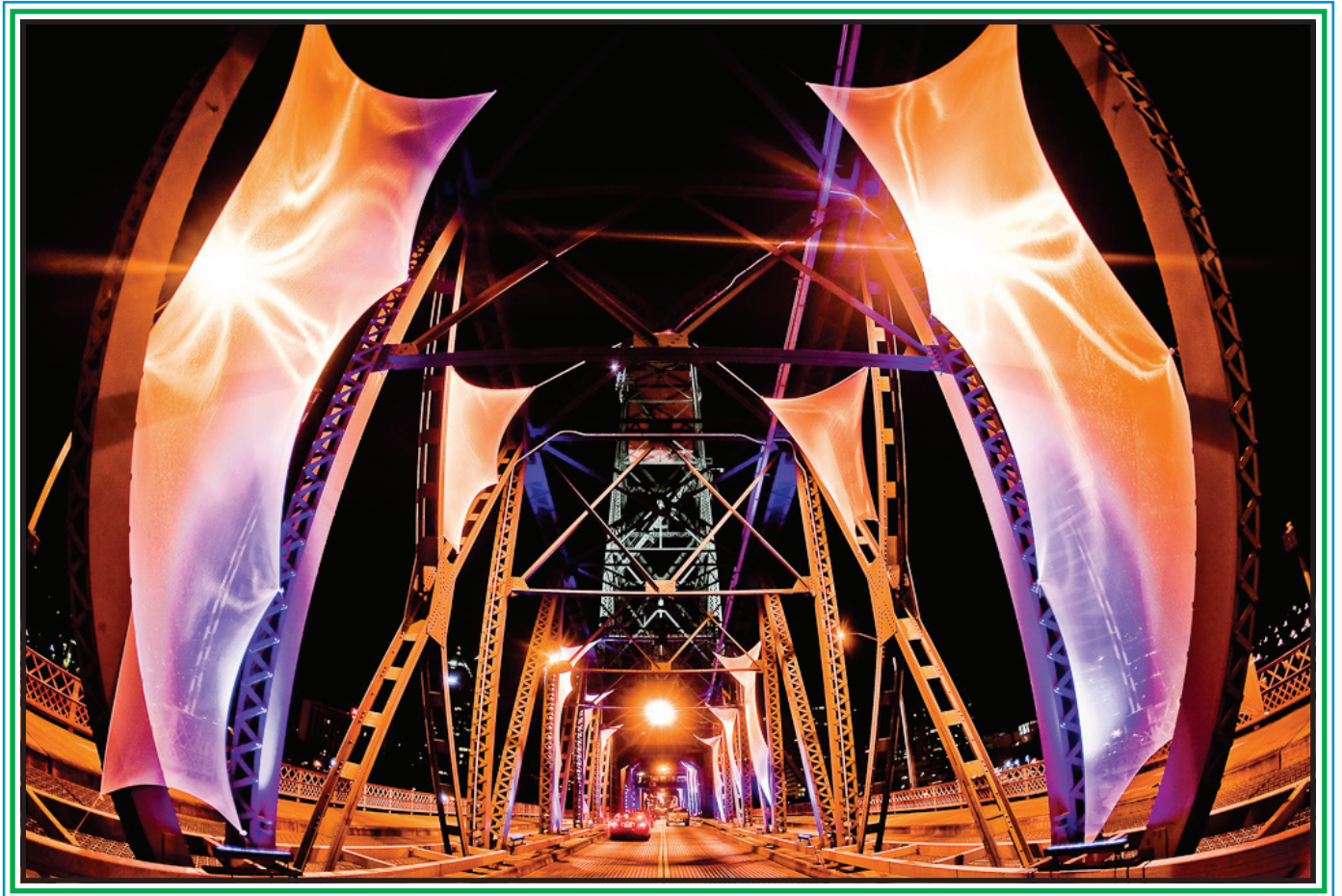




MULTNOMAH COUNTY OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2010



About the Cover

Originally constructed in 1910, the Hawthorne Bridge is the oldest operating vertical lift bridge in the United States. The 1,383-foot long Hawthorne Bridge is one of Portland's busiest bridges, safely carrying approximately 30,000 vehicles and untold pedestrians and cyclists across the Willamette River. Vertical clearance for river traffic is limited and approximately 200 openings per month are required for this vertical lift bridge.

Like other vertical lift bridges, the Hawthorne Bridge uses a system of counterweights and cables to move the lift span straight up and down. The operating system is mostly original, but the electrical power and control systems—which were installed in 1975—were upgraded in 1999. Hawthorne's counterweights each weigh 450 tons and are supported by the bridge's two towers, which rise 165 feet above the bridge deck. The Hawthorne Bridge's main span can be raised 110 feet to allow vessels to pass underneath. On average, an opening of the Hawthorne Bridge is 8 minutes long.

The celebration of the Hawthorne Bridge Centennial in 2010 led to the establishment of the PDX Bridge Festival non-profit organization, and the first annual PDX Bridge Festival celebrated from July 23 – August 8, 2010. As part of the festival, the Hawthorne Bridge became the setting for several art installations, including a light display using programmable and environmentally aware lighting technology that interacted with the nightly vehicle and bike traffic on the bridge. The lights accentuated 48 panels of colored fabric installed in three spans of the bridge trusses, turning the structure into a wash of color and moving light, and marking the rhythm of commuter traffic as it crossed the bridge.

For more information about Multnomah County Bridges go to www.multco.us/bridges.

For more information about the PDX Bridge Festival go to www.pdxbridgefestival.org.

Hawthorne Bridge photo by Aaron Rogosin and provided to Multnomah County as a courtesy. Information at www.aaronrogosin.com.

MULTNOMAH COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



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

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



*JEFF COGEN
Chair*



*DEBORAH KAFOURY
Commissioner District 1*



*BARBARA WILLER
Commissioner District 2 (Interim)*



*JUDY SHIPRACK
Commissioner District 3*



*DIANE McKEEL
Commissioner District 4*



*STEVE MARCH
Auditor*



*DAN STATON
Sheriff*



*MICHAEL SCHRUNK
District Attorney*

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2010
Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	8
Organizational Charts	9
List of Principal Officers.....	12

FINANCIAL SECTION

Independent Auditor's Report	13
Management's Discussion and Analysis	15

Basic Financial Statements:

Government-wide Financial Statements:	
Statement of Net Assets	30
Statement of Activities	31

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	33
Reconciliation of the Balance Sheet to the Statement of Net Assets	35
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	36
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	38
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Federal and State Program Fund	41
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Library Fund	42
Statement of Net Assets – Proprietary Funds	43
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	44
Statement of Cash Flows – Proprietary Funds	45
Statement of Fiduciary Net Assets – Fiduciary Funds	46

Notes to Basic Financial Statements	47
Required Supplementary Information	83

**Combining and Individual Fund Statements
and Schedules:**

Combining Balance Sheet – Nonmajor Governmental Funds.....	84
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	85
Nonmajor Special Revenue Funds:	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	88
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Strategic Investment Program Fund.....	90
Road Fund.....	91
Emergency Communications Fund.....	92
Bicycle Path Construction Fund	93
Recreation Fund.....	94
County School Fund	95
Tax Title Land Sales Fund.....	96
Animal Control Fund	97
Willamette River Bridges	98
Special Excise Tax Fund.....	99
Land Corner Preservation Fund.....	100
Inmate Welfare Fund	101
Justice Services Special Operations Fund.....	102
General Reserve Fund.....	103
Debt Service Funds:	
Combining Balance Sheet – Nonmajor Debt Service Funds.....	104
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Debt Service Funds.....	105
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:	
Revenue Bond Fund.....	106
Capital Debt Retirement Fund	107
General Obligation Bond Fund.....	108
PERS Pension Bond Fund (Major Fund).....	109

MULTNOMAH COUNTY, OREGON
Table of Contents (continued)

Nonmajor Capital Projects Funds:

Combining Balance Sheet.....	110
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	111
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Financed Projects Fund	112
Capital Improvement Fund	113
Capital Acquisition Fund	114
Asset Preservation Fund.....	115

Enterprise Funds:

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Dunthorpe-Riverdale Service District No. 1 Fund.....	116
Mid County Service District No. 14 Fund	117
Behavioral Health Managed Care Fund.....	118

Internal Service Funds:

Combining Statement of Net Assets	119
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	120
Combining Statement of Cash Flows.....	121
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Risk Management Fund.....	122
Fleet Management Fund.....	123
Information Technology Fund	124
Mail/Distribution Fund	125
Facilities Management Fund.....	126

Agency Funds:

Combining Balance Sheet	127
Combining Statement of Changes in Assets and Liabilities	128

**Capital Assets Used in the Operation of Governmental
Funds:**

Schedule by Source	129
Schedule by Function and Activity	130
Schedule of Changes by Function and Activity	132

Other Schedules:

Schedule of Property Tax Collections and Outstanding Balances.....	133
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions.....	134
Schedule of General Obligation Bonds Outstanding	135
Schedule of Capitalized Lease Purchases Outstanding	136
Schedule of Revenue Bonds Outstanding	137
Schedule of Full Faith and Credit Bonds Outstanding	138
Schedule of Loans Outstanding	140

STATISTICAL INFORMATION SECTION

Net Assets by Component - Last Nine Fiscal Years	141
Changes in Net Assets - Last Nine Fiscal Years	143
Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	147
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years.....	149
Program Revenues by Function/Program - Last Nine Fiscal Years	151
Tax Revenues by Source, Governmental Funds - Last Ten Fiscal Years.....	153
Assessed Valuation and Actual Values of Taxable Property - Last Ten Fiscal Years.....	154
Property Tax Levies And Collections - Last Ten Fiscal Years.....	155
Property Tax Rates - Direct and Overlapping Governments - Last Ten Fiscal Years	156
Principal Taxpayers - Current Year and Nine Years Ago	157
Ratios of Outstanding Debt by Type Last Ten Fiscal Years.....	158
Ratios of General Bonded Debt Outstanding - Last Ten Fiscal Years.....	159
Pledged-Revenue Coverage Last Ten Fiscal Years.....	160
Legal Debt Margin Information - Last Ten Fiscal Years.....	161
Computation of Direct and Overlapping Debt	163

MULTNOMAH COUNTY, OREGON
Table of Contents (continued)

Demographic and Economic Statistics -	
Last Ten Calendar Years	164
Principal Employers -	
Current Year and Nine Years Ago	165
Full Time Equivalent County Employees by	
Function/Program and Bargaining Unit -	
Last Ten Fiscal Years	166
Operating Indicators by Function/Program -	
Last Ten Fiscal Years	168
Capital Asset and Infrastructure Statistics by	
Function/Program – Last Ten Fiscal Years	172

AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS

Audit Comments:

Report of Independent Certified Public	
Accountants on the County’s Compliance and	
on Internal Control Over Financial Reporting	
Based on an Audit of Basic Financial	
Statements Performed In Accordance with	
<i>Oregon Auditing Standards</i>	174

Federal Grant Programs:

Report of Independent Certified Public	
Accountants on Internal Control Over Financial	
Reporting and Compliance and Other Matters	
Based on an Audit of Financial Statements	
Performed in Accordance with <i>Government</i>	
<i>Auditing Standards</i>	176
Report of Independent Certified Public	
Accountants on the County’s Compliance	
With Requirements That Could Have a Direct	
and Material Effect on Each Major Program	
and on Internal Control Over Compliance in	
Accordance with <i>OMB Circular A-133</i>	178
Schedule of Expenditures of Federal Awards	180
Notes to Schedule of Expenditures of Federal	
Awards	188
Schedule of Findings and Questioned Costs...	190
Management’s Views and Corrective Action	
Plan to Current Year Audit Findings and	
Questioned Costs	196
Summary Schedule of Prior Audit Findings	
and Questioned Costs	198

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INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON

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

November 23, 2010

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

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2010, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the County's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is included with this report beginning on page 176.

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, 2010, 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 724,680 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

Multnomah County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and therefore are included in the County's financial statements as component units. Also included in the County's financial statements is information on the Library Foundation, a tax-exempt foundation whose primary purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. The County also maintains a Hospital Facilities Authority 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. The General fund, Federal State Program special revenue fund and the Library special revenue fund budget to actual comparisons are provided on pages 40-42 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 84.

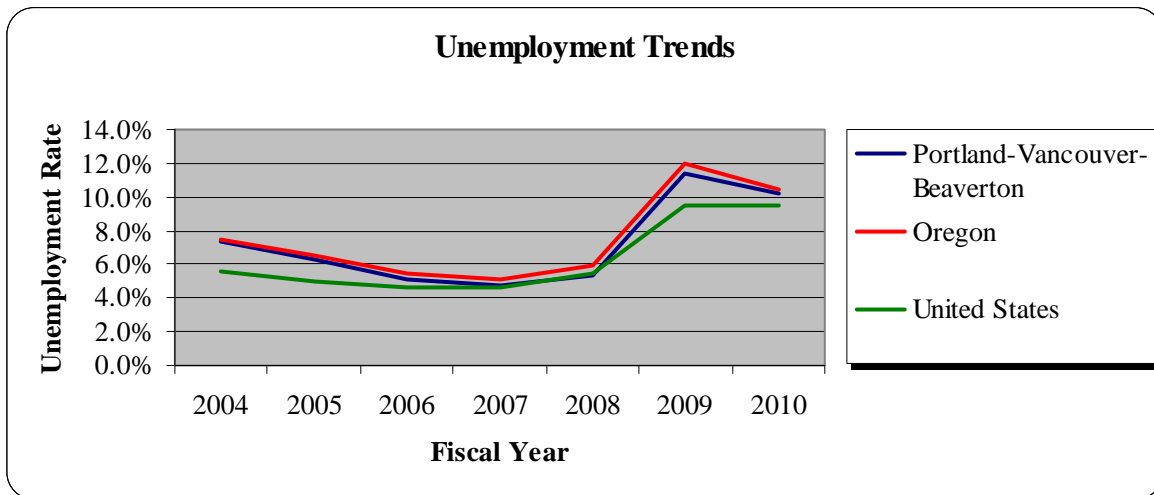
FACTORS AFFECTING FINANCIAL CONDITION

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 show some signs of stabilization during fiscal year 2010. Like the rest of the nation, the region has experienced declining real estate values, rising unemployment, and increased foreclosures. The economic performance of the region has, historically, lagged the rest of the

nation. Housing prices in the Portland-Vancouver-Beaverton PMSA, for example, have not fallen as rapidly as in other parts of the country. Yet, it is likely that the current, local economic conditions will continue to linger for another couple years.

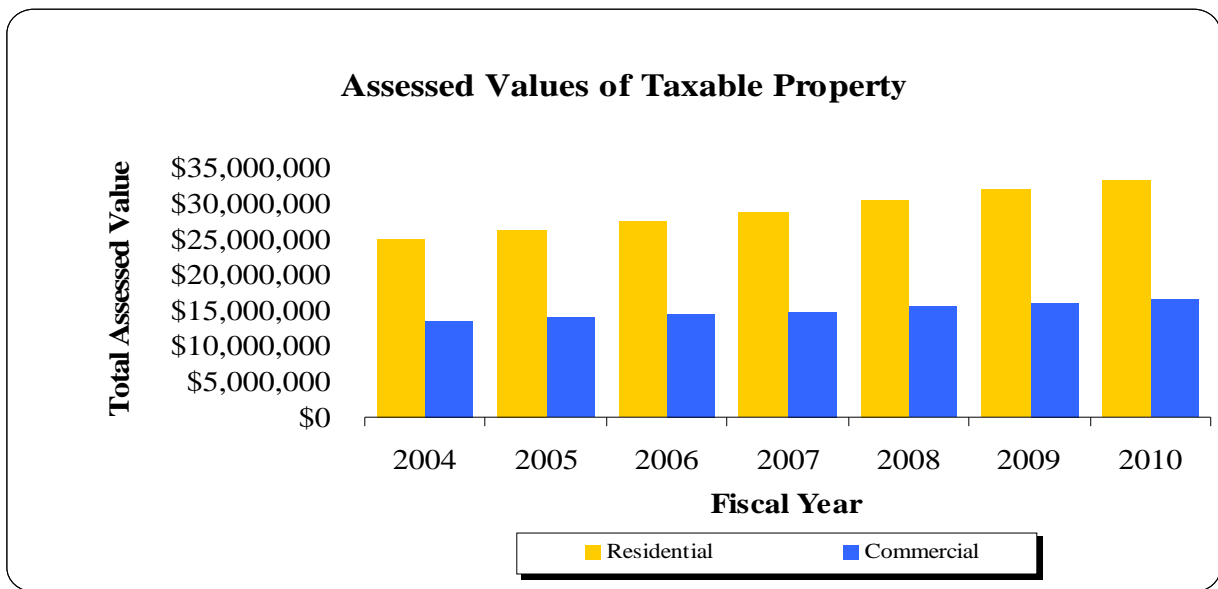
The area's unemployment rate has remained high for the past two years. At of June 30, 2010 the Portland-Vancouver-Beaverton PMSA's unemployment rate was at 10.2%, down slightly from 10.6% a year ago, but still higher than in 2008. The unemployment rate for the area is slightly better than the State of Oregon as a whole but it still exceeds the national average of 9.5% in June 2010. The chart below compares the area's unemployment rate to the rates for the state and nation.



Financial outlook: Multnomah County has been fortunate to have weathered the economic recession better than many local governments. The County has closed significant budget gaps forecast in fiscal year 2010 while maintaining a wide array of health, social, and public safety services. Prudent financial planning, careful management of long term liabilities, and a low inflation environment have enabled the County to trim an estimated \$45.9 million budget shortfall to a much more manageable level of \$5.4 million for fiscal year 2011. The current forecast assumes slow to moderate growth in employment and personal income over the next few years. Barring an unforeseen, “double dip” recession the General Fund should be able to provide funding for current services. The current five year forecast assumes that revenues and expenditures will be in balance through fiscal year 2015.

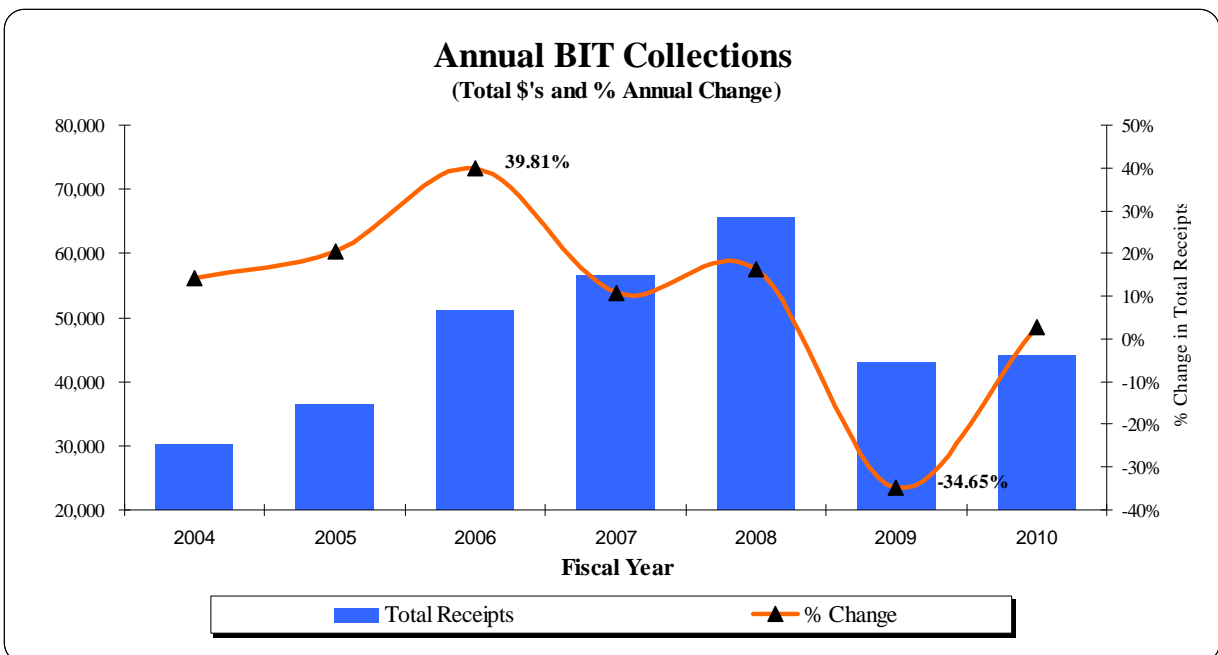
The economic recession has had an impact on the County's revenue stream. The business income tax, in particular, has experienced some significant declines since fiscal year 2008. However, the property tax, which accounts for approximately 65% of General Fund revenues, has remained relatively insulated from declining real estate values. Property taxes are governed by two state constitutional measures, Measure 5 and Measure 50, which set limits on the amount of tax that can be collected. In general, property taxable values cannot grow by more than 3% year over year. For the upcoming year, property tax collections are expected to grow by about 2.75% reflecting the constitutional growth limits combined with the fact that new construction is expected to remain at depressed levels.

The following chart highlights the County's residential and commercial assessed (taxable) 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 values remain below real market values for most properties, property tax collections should be relatively inelastic despite falling real market values. It is important to note, though, that if real market values continue to decline there will eventually be an adverse impact on the rate of property tax growth.



Business income tax (BIT) is the second largest source of revenue in the General Fund and it is set at a rate of 1.45% of net income. BIT collections generally parallel the business cycle. Immediately prior to the onset of the recession, in fiscal year 2008, BIT collections were nearly \$66 million. Two years later they have declined by nearly a third, with fiscal year 2010 collections coming in at just over \$44 million. This decline came on the heels of five years of double-digit growth.

The following chart highlights the volatility of BIT collections over the past seven years. Current forecasts assume slow to moderate growth in revenue but collections are not expected to reach 2008 levels in this forecast period. The County did take a proactive measure to establish a separate contingency amount in the General Fund to guard against further downturns in the BIT. This “BIT Stabilization Reserve” was set at \$6 million in fiscal year 2010 reflecting the difficulty of accurately forecasting this key revenue source. Business income tax revenues are forecast to increase at less than historical levels through fiscal year 2012.



Motor vehicle rental taxes account for about 5% of ongoing General Fund revenues. Tax collections are highly influenced by the economy. For example, motor vehicle rental tax collections declined for three consecutive years following the September 11, 2001 terrorist attacks. With the travel and tourism industry being particularly hard hit by the current recession, tax collections have declined by about 14% since fiscal year 2008.

In June, 2009 the Board increased the motor vehicle rental tax from 12.5% to 17% as part of balancing the fiscal year 2010 budget. The rate increase generated an additional \$4.2 million for the General Fund. The expectation is for motor vehicle rental tax to return to modest growth levels over the five year forecast period but it is interesting to note that collections from the “base” tax rate in fiscal year 2010 were roughly the same as they were in fiscal year 2001. In other words, tax collections have been flat for ten years not accounting for the change in the rate.

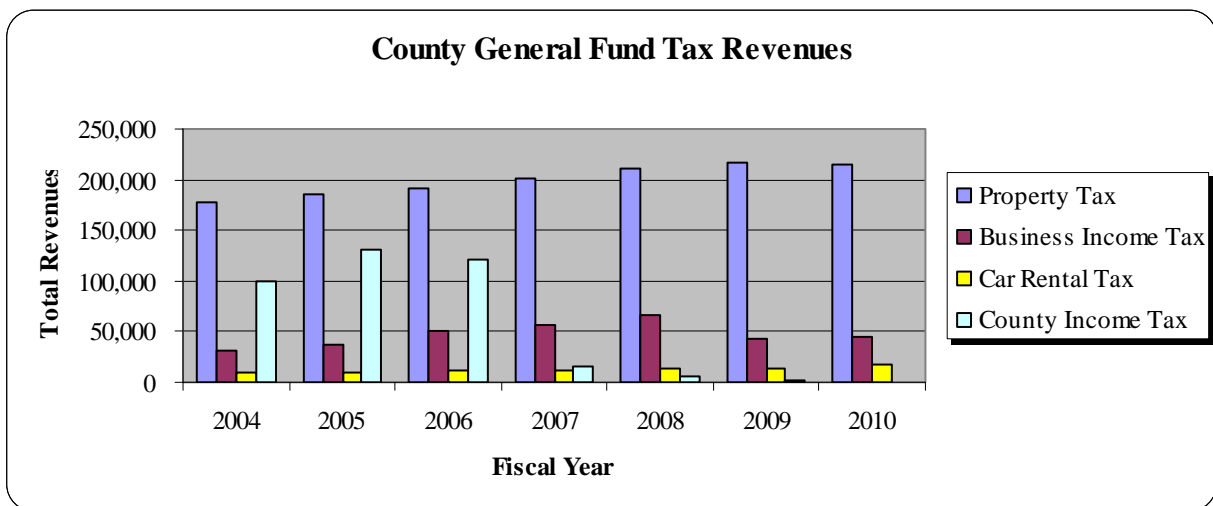
A number of years ago the County’s Budget Office identified a “structural deficit” in the General Fund. This is chiefly the result of property tax limitation measures passed by Oregon voters in 1990 and 1997. As noted earlier, property taxes cannot grow (with a few exceptions) by more than 3% a year.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

The resulting “structural deficit” is forecast at 1.1% to about 2.5% of General fund expenditures over the next five years. This represents the ongoing gap that exists before any Board actions required to balance revenues and expenditures. It is an estimate that takes into account the rate of inflation, growth in employee benefits and long term fixed costs. Because the budget, by state statute, must be balanced it is likely that the County will need to trim program spending, allocate one-time sources of revenue, or some combination thereof to bring expenditures in line with revenues. Under very limited circumstances, however, does the County draw down on budgeted reserves to meet ongoing operational requirements.

The State of Oregon provides a significant portion of the County’s funding (mostly recorded in the Federal and State Special Revenue fund). The State’s General fund is highly dependent upon income taxes, with approximately 85% of State general fund revenue attributable to personal income tax. Heading into the 2009 legislative session the state estimated a \$4 billion deficit for the 2009-2011 biennium. The Legislature was able to close this gap through budget reductions, the use of federal stimulus dollars allocated under the American Recovery and Reinvestment Act (ARRA), and new revenue from the passage of Measures 66 and 67.

The resulting budget was able to preserve many programs of importance to local jurisdictions. The County was, therefore, provided with a relatively stable, if slightly reduced level of state support for the biennium. The prospects for the upcoming (2011-2013) biennium are not looking as promising. The use of ARRA funds to backfill state programs was a one-time measure and the Legislature will need to cover a shortfall of approximately \$1.5 billion from this source alone. As the recession has continued on and unemployment rates have remained high, income tax collections have continued to fall short of expectations. At this time, the state is forecasting an overall, \$3.2 billion shortfall for the 2011-2013 biennium. It is unclear how this shortfall will impact County revenues or which programs might be at risk of reduction.

In 2003 Multnomah County voters approved a temporary personal income tax of 1.25% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County’s health, human services, and public safety programs. Fiscal year 2006 was the final year the tax would be imposed, and in fiscal year 2010 the County’s general fund recognized \$905 in collections on delinquent accounts as compared to \$2,122 in tax revenue in fiscal year 2009. The following graph highlights the County’s major tax sources.



Financial and budget policies. The County has established financial and budget policies which are reviewed and adopted annually by the Board of County Commissioners in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County, and to leverage local dollars with Federal and State funding grants. 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 term, it would be more beneficial to allocate such resources to the highest priority public services than to restrict them to non-recurring costs. The result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding which can lead to future budget shortfalls. The 2011 adopted budget includes approximately \$13.9 million of one-time only funds. These one-time only funds are used to provide a \$4 million business income tax reserve, \$1.7 million to support management of a variety of state and federal grants, \$4.5 million to complete the purchase and implementation of an assessment and taxation system upgrade, \$.75 million for planning and hosting the 2011 National Association of Counties (NACO) conference, and approximately \$.9 million for Board "earmark" projects. The remaining \$2 million includes carryover funds and other one-time only program expenditures.

By adopting the financial and budget policies, the Board acknowledges that, to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain a general fund reserve designated as unappropriated fund balance and set at 10% of budgeted "corporate" revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) of the general fund. The reserve is to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond ratings. Moody's Investor Services currently rates the County as Aaa, the highest possible rating, for general obligation debt and Aa1 for full faith and credit debt.

Long-term financial planning. The County's Chief Financial Officer and Budget Director work closely with the Board of County Commissioners and the Chair's Chief Operating Officer to develop short-term and long-term financial goals and to address the financial stability of the County. The County's Chief Financial Officer and Budget Director also meet with other local jurisdictions to confer on financial issues that either overlap or impact each entity.

Major initiatives. The "structural deficit," was a major focus for the County in closing an estimated \$45.9 million general fund shortfall in fiscal year 2009. However, Board actions taken over the past two years will significantly improve the County's fiscal condition and allow the County to pursue some major long range goals.

Planning for a number of capital project initiatives has recently been undertaken. The 2009 State Legislature authorized the County to implement a Vehicle Registration Fee to provide revenue for replacement of the Sellwood Bridge. The Legislature also committed an appropriation of \$30,000 for improvements to the bridge interchange with state highway 43 which will limit the amount of local funds needed for the project. The Board is working with the County's federal representatives to secure an additional \$40,000 to offset construction costs. In October 2010, the Board authorized the construction and financing of a 41,732 square foot County Court facility to be located in Gresham. The facility will also house the County's relocated information technology data center. Construction costs are estimated at \$20,000 with 2012 – 2013 targeted for occupancy. The fiscal year 2009 budget provided a \$1,000 contribution toward development of a sub-acute mental health facility. Renovation of the site which will house the facility is scheduled to be completed early in 2012. The County along with a community based organization is currently in the process of identifying and securing funding to provide for annual operating costs.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2009. This was the twenty-fifth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

Acknowledgements. The preparation of this report would not have been possible without the efficient and dedicated services of the employees in the Department of County Management who maintained the 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, Interim DCM Director



Cara Fitzpatrick
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Multnomah County
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



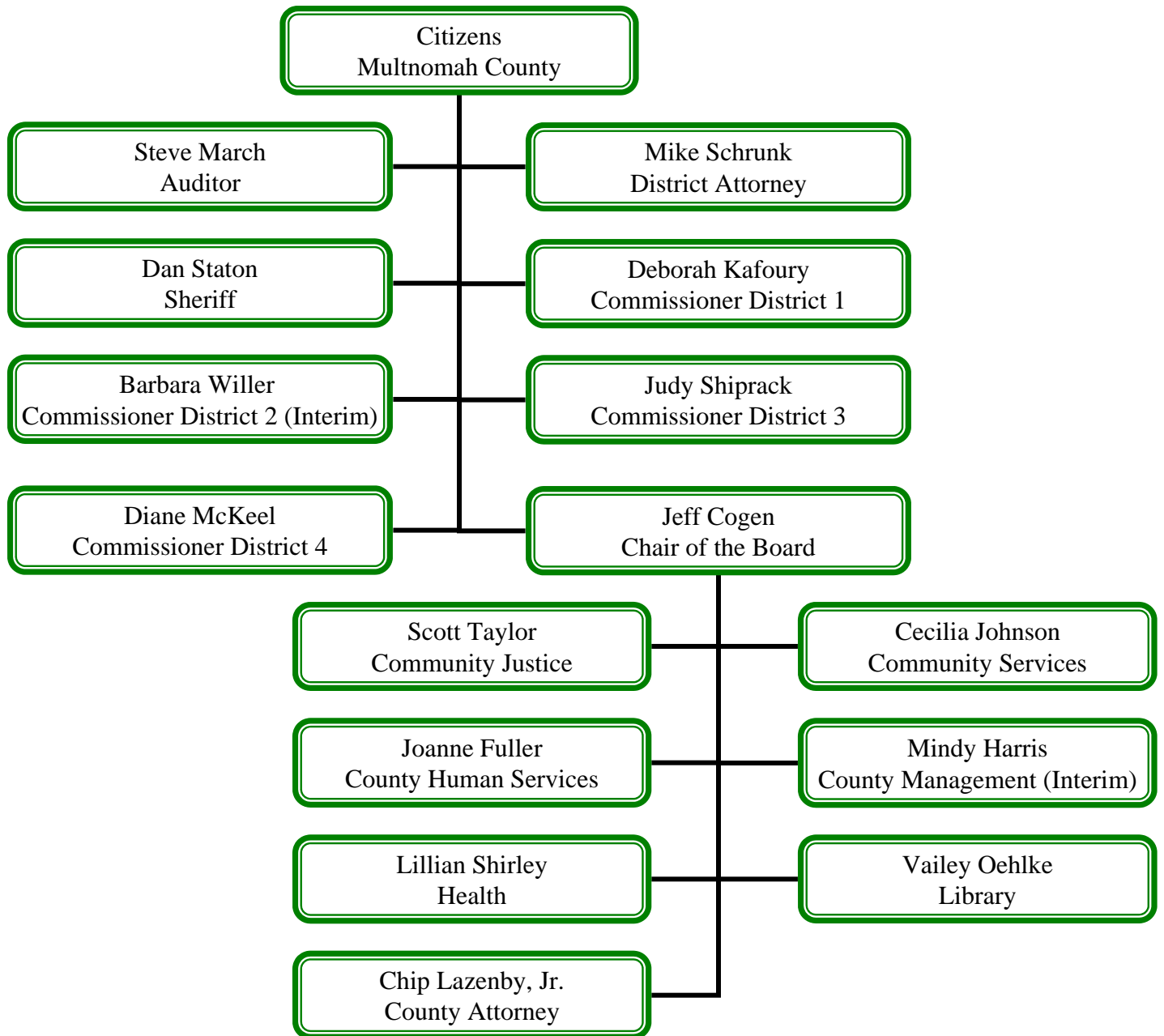
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President

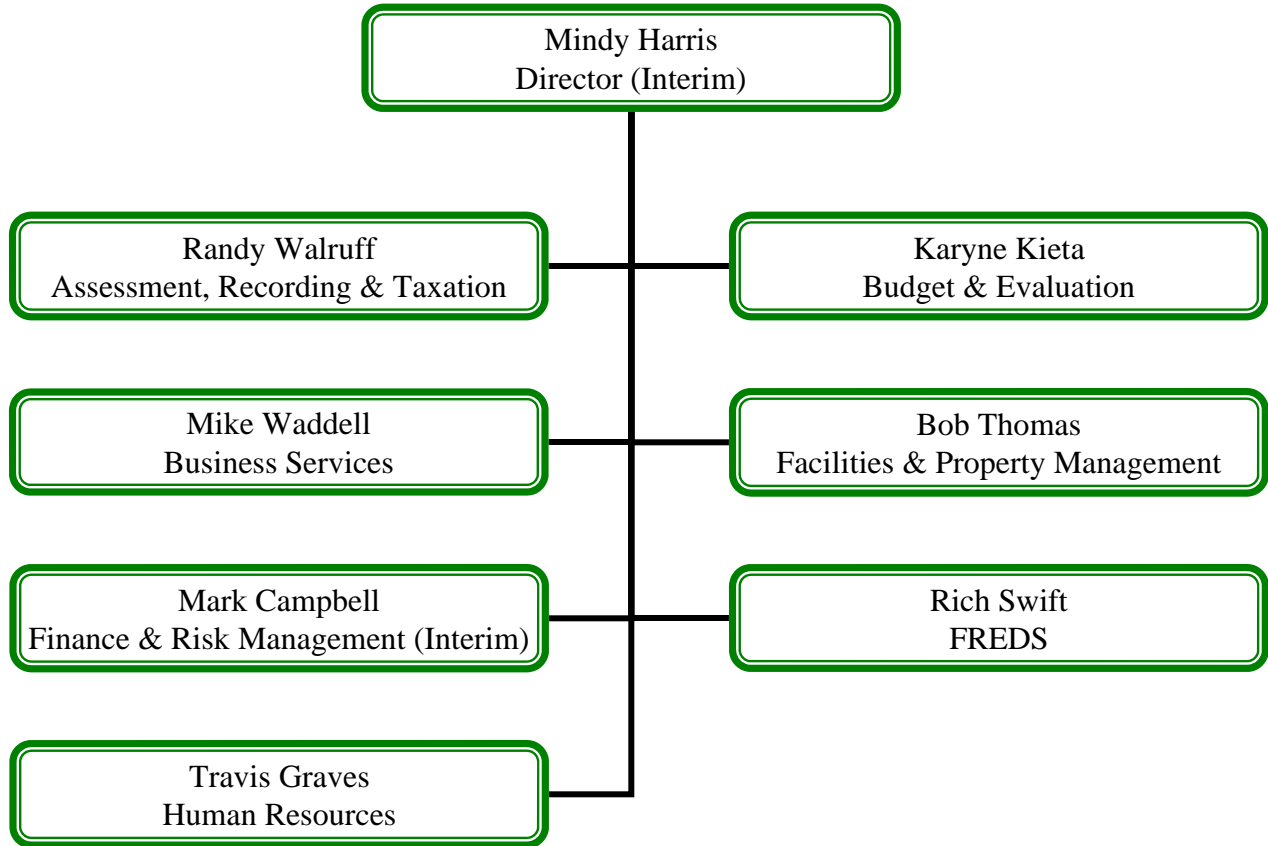
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Executive Director

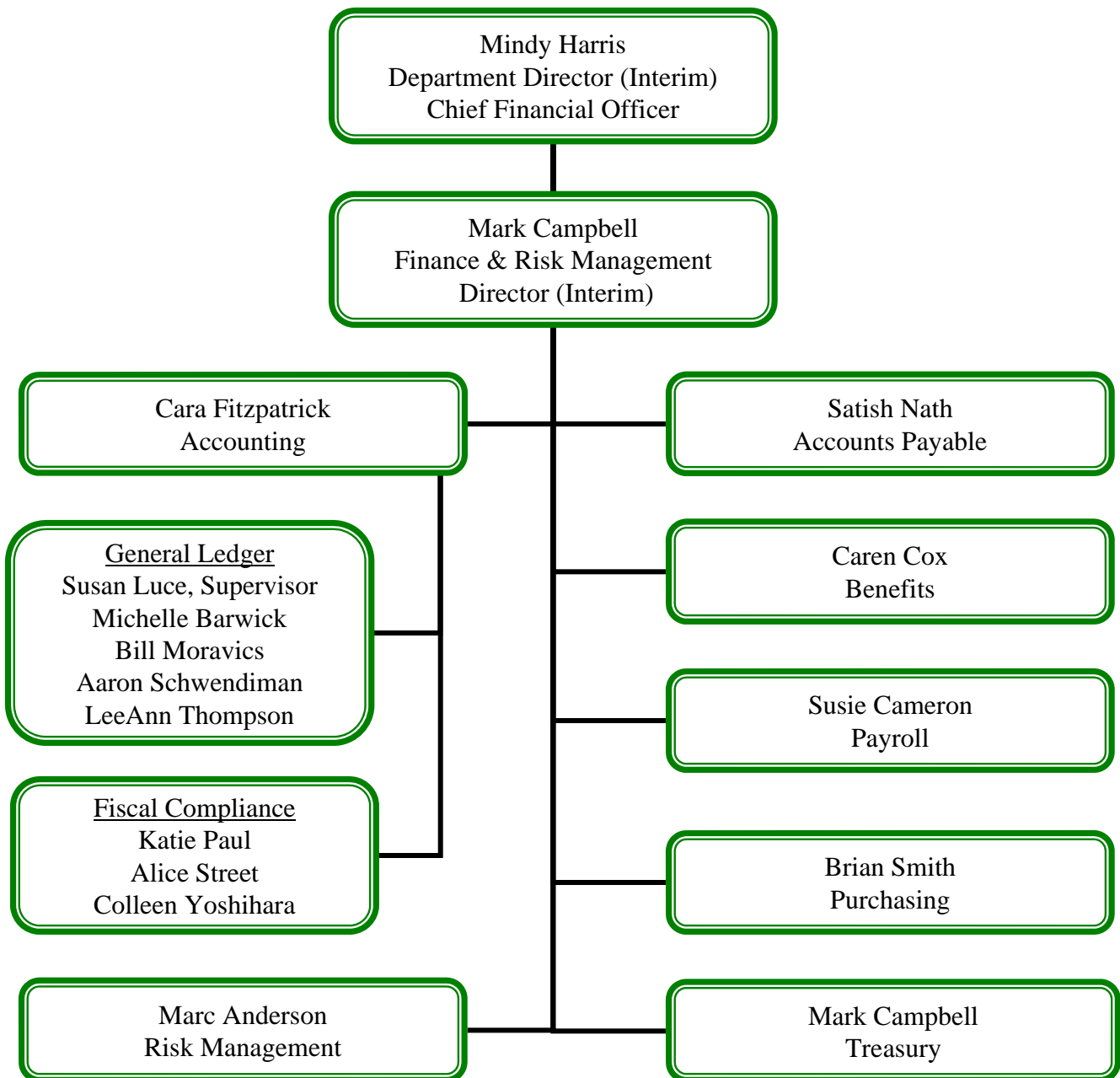
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



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



MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2010
Principal Officers

Title	Name	Term Expires
<u>Board of County Commissioners</u>		
Chair of Board	Jeff Cogen 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
District No. 1	Deborah Kafoury 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
District No. 2	Barbara Willer (Interim) 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
District No. 3	Judy Shiprack 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
District No. 4	Diane McKeel 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
<u>Other Elected Officers</u>		
County Auditor	Steve March 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2010
County Sheriff	Dan Staton 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2010
<u>Other Appointed Officers</u>		
Chief Financial Officer	Mindy Harris	Not elected
County Attorney	Chip Lazenby, Jr.	Not elected

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County (the "County") as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, a discretely presented component unit, which represents 1.29% and 0.51% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, as of June 30, 2010, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparisons for the General Fund and the Federal, State Program Fund and Library Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3B to the financial statements, the County restated its net assets to correct its method of depreciating right-of-ways for the road system.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and OPEB information on pages 15 through 29 and 83 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to this information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Multnomah County's basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, statistical information, and schedule of expenditures of federal awards which is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, other schedules, and schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



For Moss Adams LLP
Eugene, Oregon
November 23, 2010



Department of County Management
MULTNOMAH COUNTY OREGON
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
(503) 988-3292 fax

MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010. 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 1-7 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2010, by \$732,712 (*net assets*). Of this amount, \$31,746 is restricted for capital improvement projects, \$7,207 is restricted for various community support programs, and \$64,647 is restricted for future years' debt service.
- Total net assets increased by \$24,207 or 3% in fiscal year 2010. The primary reasons for the increase over the prior year are discussed in more detail below.
- Health Services charges for services increased by \$10,115 or 17% over the prior year. Federally Qualified Health Centers (FQHC) wraparound billable Managed Care visits increased by 13.5% from the prior year and the prospective payment system (PPS) billable rate per visit increased in January of 2010 resulting in increased fee revenue for the Health Department. Also, a 12% Multicare Dental enrollment increase resulted in a 15% increase in capitation revenue for the year. A new ARRA award for the Department, Increased Demand Service (IDS), in fiscal year 2010 supported a \$1.1 million increase in additional fee revenue generated through the addition of new medical staff at designated Primary Care Clinics.
- General Government expenses decreased by \$10,429 from the prior year or 15%. The decrease is in part due to a decrease in personal income taxes by \$4,197 as the collections from a three year temporary income tax that ended in calendar year 2005 continue to decline. Only collections of delinquent accounts were recognized in fiscal year 2010. The decrease in General Government expenses is also attributable to reductions in personnel costs.
- In fiscal year 2010, the County implemented Governmental Accounting Standards Board Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. In implementing this standard, the County identified \$197,846 in right of way assets that had accumulated depreciation of \$137,371. This amount adjusted the beginning of the year net assets as a cumulative effect of correction of an error.
- Net assets for business-type activities increased by \$4,223 or 32% in fiscal year 2010. The increase is primarily attributable to the Behavioral Health Managed Care fund where the total revenues exceeded total expenditures by \$3,724. During fiscal year 2010, the total clients enrolled in the County's Department of County Human Services Verity mental health program increased over 2009 as the economic recession has directly affected the number of Verity enrollees and client numbers have increased due to the recession and the expansion of the Oregon Health Plan by the State.

- Total assets for business-type activities increased by \$4,332 or 25% over the prior year and total liabilities increased by \$109 or 2% from fiscal year 2009. The increase is due to the Behavioral Health Managed Care fund as cash balances have increased 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.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$187,229, an increase of \$14,878 or 9 %.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$34,399, or approximately 11% of total General Fund expenditures. This is consistent with the County's finance and budget policies requiring a 10% reserve.

Overview of the Financial Statements

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

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

The *Statement of Net 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 30-32 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

The County maintains 25 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Federal State Program Fund, the Library fund and the PERS Pension Bond Fund and which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements and respective reconciliations can be found on pages 33-39 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 43-45 of this report.

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

The basic fiduciary fund financial statements can be found on page 46 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 127-128 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 84 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 83.

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 \$732,712 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
Current and other assets	\$ 468,665	\$ 446,254	\$18,163	14,085	\$ 486,828	\$ 460,339
Capital assets	735,358	741,639	3,696	3,442	739,054	745,081
Total assets	<u>1,204,023</u>	<u>1,187,893</u>	<u>21,859</u>	<u>17,527</u>	<u>1,225,882</u>	<u>1,205,420</u>
Long-term liabilities outstanding	360,839	369,715	16	31	360,855	369,746
Other liabilities	127,768	122,746	4,547	4,423	132,315	127,169
Total liabilities	<u>488,607</u>	<u>492,461</u>	<u>4,563</u>	<u>4,454</u>	<u>493,170</u>	<u>496,915</u>
Net assets:						
Invested in capital assets, net of related debt	620,544	607,797	3,696	3,442	624,240	611,239
Restricted	103,600	98,542	-	-	103,600	98,542
Unrestricted	(8,728)	(10,907)	13,600	9,631	4,872	(1,276)
Total net assets	<u>\$ 715,416</u>	<u>\$ 695,432</u>	<u>\$17,296</u>	<u>13,073</u>	<u>\$ 732,712</u>	<u>\$ 708,505</u>

The largest portion of the County's net assets, approximately 87%, 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 \$624,240 as compared to \$607,797 a year ago. During fiscal year 2010, an annexation of County roads were contributed to the City of Portland. 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 \$103,600 or approximately 14% are restricted for capital projects, debt service, and various community support programs. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is the County's unrestricted net assets of \$4,872 or approximately 1%. Unrestricted net assets reflect a negative balance in the governmental activities primarily due to the outstanding long-term liabilities in the County's governmental activities with no offsetting asset. At the end of the current year, the County is able to report positive balances in the three categories of net assets for the government as a whole.

At the end of the fiscal year there is a deficit in unrestricted net assets in Governmental activities, however the County as a whole is able to report a positive balance in all three categories of net assets. The County's unrestricted net assets at year-end increased \$6,148 from 2009. This increase is primarily due to favorable outcomes in the General Fund and the Behavioral Healthcare Enterprise Fund. Unrestricted net assets are County resources that may be used to meet the County's ongoing obligations to citizens and creditors while restricted net assets are resources subject to external restriction. The County's restricted net assets increased from 2009 by \$5,085. This increase reflects the County's action to set aside and reserves to be used for future debt service, capital projects and certain community services.

Total net assets increased by \$24,207 during the current fiscal year. This increase is attributable to the factors discussed in the financial highlights section of management's discussion and analysis. Below is a summary of the County's changes in net assets for fiscal years 2009 and 2010.

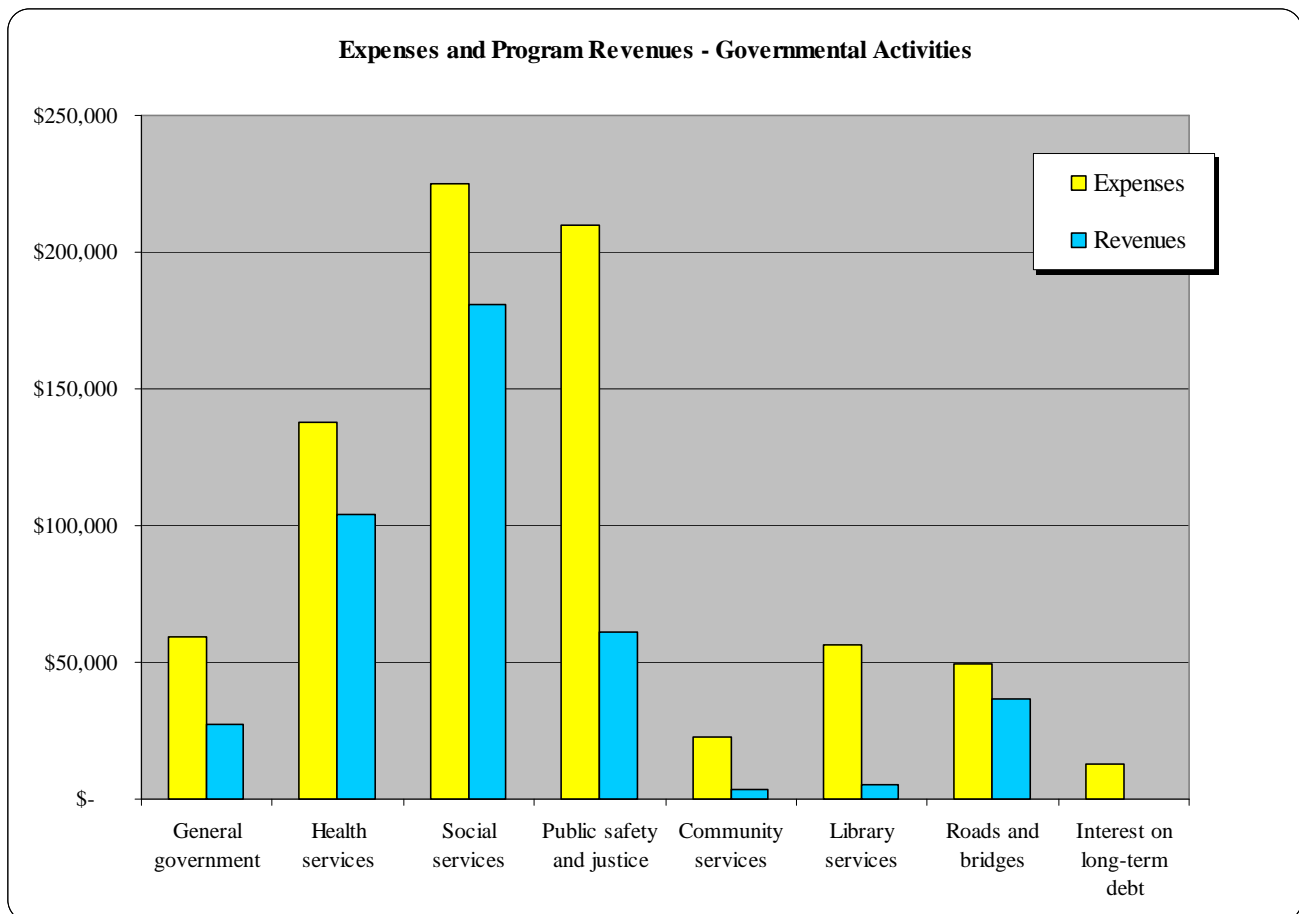
Multnomah County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 115,554	\$ 103,989	\$44,081	\$40,004	\$159,635	\$143,993
Operating grants and contributions	299,735	291,018	-	-	299,735	291,018
Capital grants and contributions	2,885	3,831	133	80	3,018	3,911
General revenues:						
Taxes:						
Property taxes	275,295	266,427	-	-	275,295	266,427
Business income taxes	44,150	42,900	-	-	44,150	42,900
Other taxes	43,997	40,677	-	-	43,997	40,677
State government shared revenues	7,768	8,562	-	-	7,768	8,562
Grants and contributions not restricted to specific programs	27	14	-	-	27	14
Interest and investment earnings	2,589	5,767	128	235	2,717	6,002
Miscellaneous	1,665	1,797	7	-	1,672	1,797
Gain on sale of capital assets	228	628	-	-	228	628
Total revenues	793,893	765,610	44,349	40,319	838,242	805,929
Expenses:						
General government	59,572	70,001	-	-	59,572	70,001
Health services	137,615	133,751	-	-	137,615	133,751
Social services	224,928	210,590	-	-	224,928	210,590
Public safety and justice	210,079	217,215	-	-	210,079	217,215
Community services	22,796	24,320	-	-	22,796	24,320
Library services	56,548	55,181	-	-	56,548	55,181
Roads and bridges	49,571	48,517	-	-	49,571	48,517
Interest on long-term debt	12,800	14,041	-	-	12,800	14,041
Dunthorpe-Riverdale Service District Number 1	-	-	516	458	516	458
Mid County Service District Number 14	-	-	403	420	403	420
Behavioral Health Managed Care	-	-	39,207	32,720	39,207	32,720
Total expenses	773,909	773,616	40,126	33,598	804,035	807,214
Increase (decrease) in net assets	19,984	(8,006)	4,223	6,721	24,207	(1,285)
Cumulative effect of correction of error	-	132,426	-	-	-	132,426
Beginning net assets	695,432	571,012	13,073	6,352	708,505	577,364
Ending net assets	\$715,416	\$695,432	\$17,296	\$13,073	\$737,712	\$708,505

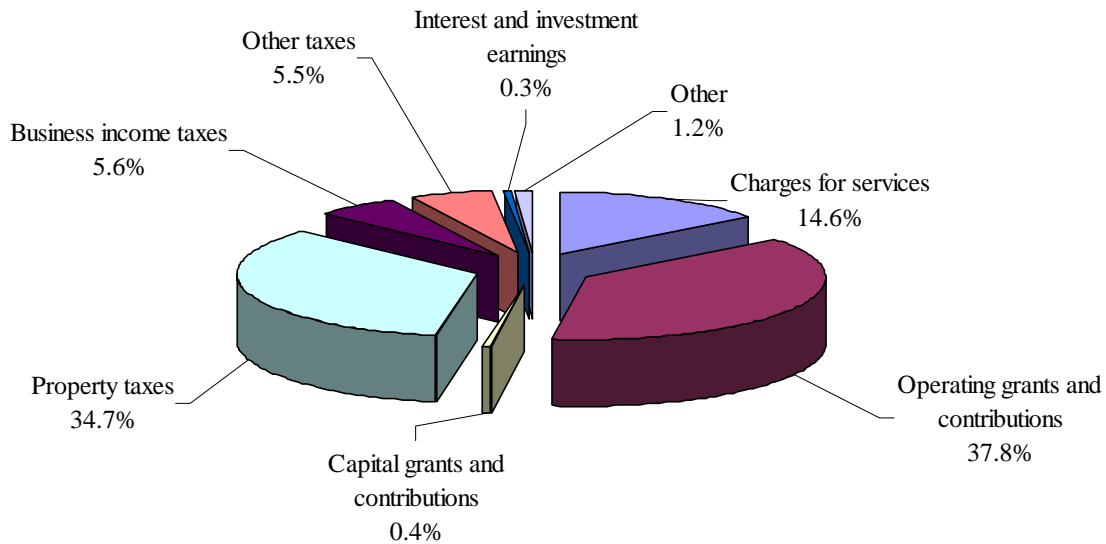
Governmental activities. Governmental activities increased the County's net assets by \$19,984; key elements of this increase are highlighted below:

- Fees, fines and charges for services increased by \$10,565 or 11%. The increase is primarily Health Services which increased \$10,115 or 17% over the prior year due to an increase in Medicaid funded fee for services.
- Included in General Government expenses is a decrease of \$4,197 or 79% for the distribution of personal income tax collections. Calendar year 2005 was the last year for the three year temporary income tax, and only collections of delinquent accounts were recognized in fiscal year 2009. In addition, the adjustment to recognize the allowance on any uncollectible accounts decreased over the prior year.
- Business income taxes significantly decreased by \$22,750 or 35% from the prior year. Prior to fiscal year 2009, business income tax revenues have grown an average of 20% annually over the past five years. However, as the economic recession set in during fiscal year 2009, the County's business income tax revenues plummeted. This decrease has also mirrored shrinking revenues in the regional economy.
- Due to poor market conditions and lower cash balances, interest and investment earnings were down by \$3,178 or 55% from fiscal year 2009. Investment earnings were at 1.31% as of June 2009 compared to .57% as of June 2010. Interest is allocated based on the average daily cash balance and the average monthly yield of the County's investment portfolio.
- In General Revenues, Selective excise and use taxes increased by \$3,531 or 9% over 2009. The increase was due to an increase in the motor vehicle rental tax from 12.5% in 2009 to 17.0% in 2010 and the increase in the tax was to assist with the General Fund shortfall.

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



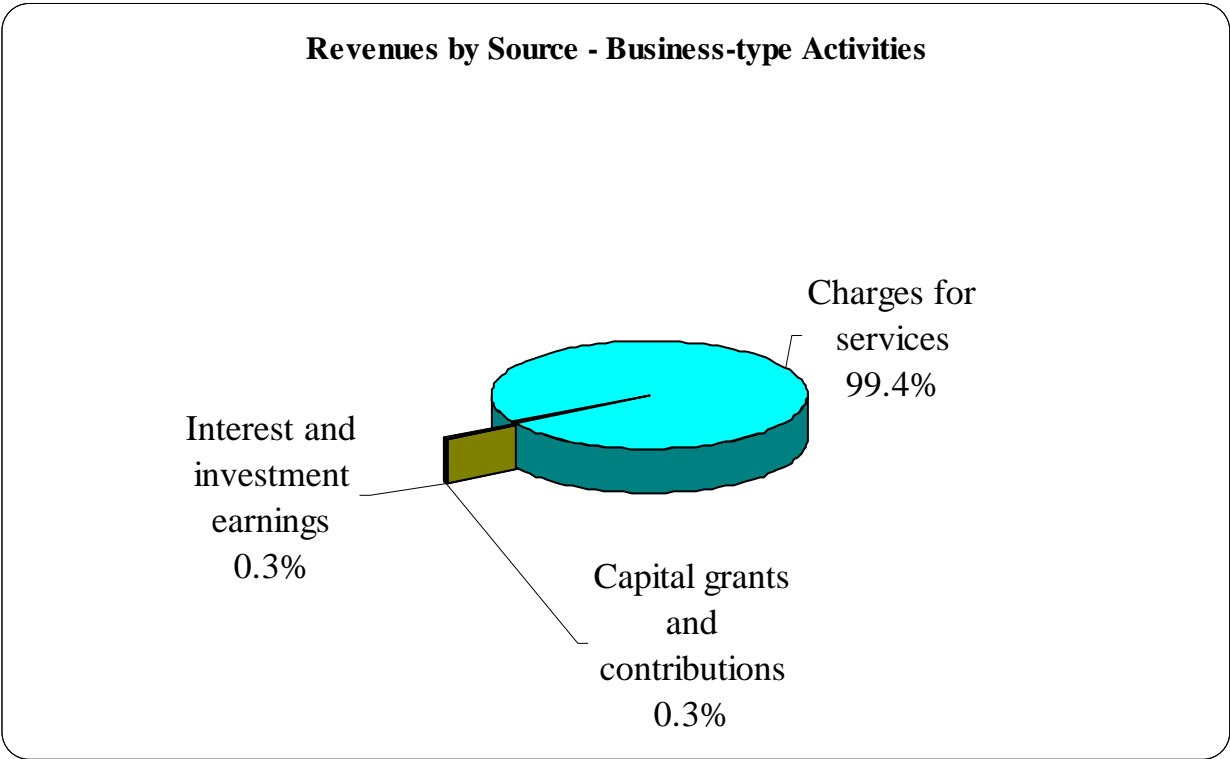
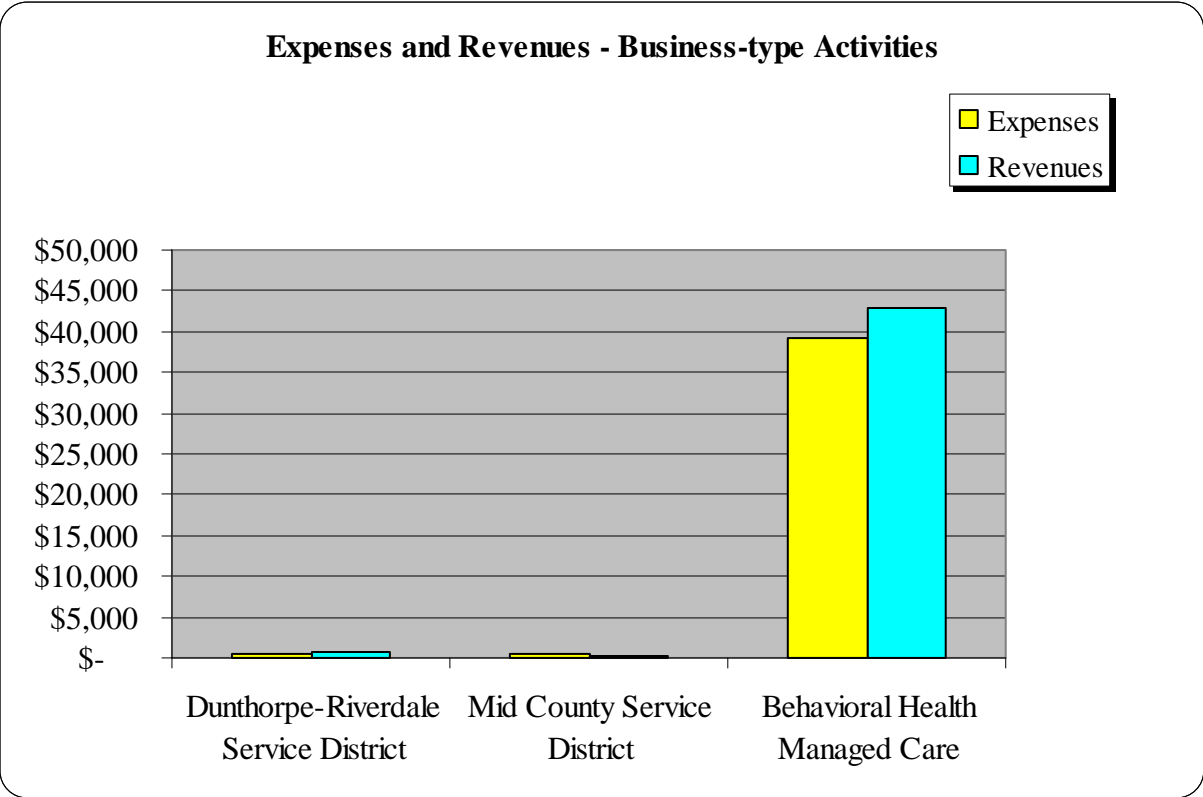
Revenues by Source, Governmental Activities



Business-type activities. Business-type activities increased the County's net assets by \$4,223, compared to an increase of \$6,721 in the prior year. The primary reasons for the current year's increase are:

- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health Plan enrolled members within Multnomah County. Net assets in this fund increased by \$3,845 as compared to an increase of \$6,523 in the prior year. In 2010 the cost for inpatient claims increased by approximately 30% due to an increase in the number of patients served as a result of the economic recession and the expansion of the Oregon Health Plan.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2010 the District collected \$809 in fines, fees and charges for services which is an increase over the prior year by \$96 or 13%. The increase is due to steady gradual annual increases in customer sewer user assessment fees to assist with rising utility costs, capital improvements and debt service payments.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2010 the District collected \$341 in fines, fees and charges for services which is an increase of \$77 or 29% over the prior year collections of \$264. This increase is attributable to an increase of approximately 29% in user fees from 2009.
- Interest revenue decreased by \$107 as interest rates fell from 1.31% in June 2009 to .57% in June 2010. Interest is allocated based on the average daily cash balance and the average monthly yield of the County's investment portfolio.

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



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 \$187,229, an increase of \$14,878 over the prior year. Approximately 34% or \$64,993 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 (\$23,600), 2) to prepaid items and inventories (\$2,667), 3) to pay debt service (\$64,237), or 4) to pay for ongoing capital projects (\$31,732).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$34,399 in the General Fund or approximately 58% of the total fund balance of \$59,415. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 11% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$28,038 during the current fiscal year. Total revenues for the General Fund were up by \$13,721 or 4% over 2009. The primary reasons for the increase are due to an increase in the motor vehicle rental tax coupled with a slight increase in property tax revenues.

The Federal and State Program Special Revenue Fund has a total fund balance of \$5,942, of which \$739 is reserved for prepaid items and inventories. The remaining \$5,203 is unreserved. In general, Federal revenues are closely matched with Federal expenditures. Ending fund balance in the Federal and State Program fund decreased from the prior year by \$793 or 12% due to current year expenditures applied to grants and awards in the Department of County Human Services that had been carried forward from fiscal year 2009.

The Library Special Revenue Fund reported a total fund balance of \$19,095 which is unreserved at year-end. This is a decrease of \$1,196 or 6% from the prior year. The decrease is primary attributable to costs related to the addition of two new Library branches during the fiscal year. Included in fiscal year 2010 is the cost for the materials movement project that includes RFID system theft detection gates, self-check machines and necessary library software for all library locations. Debt proceeds of \$800 were used to fund the materials movement project in County libraries.

The PERS Pension Bond Fund is a debt service fund with a total fund balance of \$41,503 which is an increase of \$10,064 or 32% over the prior year's ending fund balance of \$31,439. The total fund balance is reserved for future debt service. The increase in fund balance is due to an increase in the internal service rates charged to County departments as a part of personnel costs.

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, \$376
- Mid County Service District Fund, \$249
- Behavioral Health Managed Care Fund, \$12,975

The total change in net assets for all proprietary funds was an increase of \$4,223. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for some of the differences between the original General Fund budget and the final adopted budget. Total final adopted budgeted revenues were increased by \$417 and total final adopted budgeted expenditures were increased by \$1,475 from the original budgeted numbers. During the year the General Fund contingency was reduced by \$1,450 or 20% for the following reasons:

- Sheriff – \$500 had been set aside in the Sheriff's Office budget for an investigation and search effort for a missing person.
- Sheriff – Approximately \$500 was allocated for Labor Contract Settlement with the Deputy Sheriff's Association.
- Sheriff – \$144 for training, premium pay overtime and other associated costs to re-establish the Corrections Emergency Response Team and the Crisis Negotiations Team with the Multnomah County Corrections Deputy Association in the Sheriff's Office.
- County Management – Approximately \$400 in the Department of County Management to pay in full an assessment from the City of Portland for the Portland Mall Revitalization Project Local Improvement District.
- Human Services – \$210 was set aside for a Housing Stabilization project in the Department of County Human Services (DCHS). DCHS will work with community providers serving homeless families to identify clients who would benefit from rapid housing placement assistance, rental assistance for up to six months, and up to six months of supportive services.
- Multiple Departments – Approximately \$370 increased the General Fund revenues as a result of additional grants and awards to various County Departments in restricted funds that allowed for indirect costs or an overhead allocation.

The contingency transactions account for increases in budgeted expenditures not related to increased revenues, and may be used only when approved by the Board for a specific purpose and department. There was no effect on the ending General Fund budgetary fund balance as a result of these budget amendments. The following list highlights department expenditures that had significant changes from the original budget to the final adopted budget or variances between the final adopted budget to actual expenditures in the General Fund:

- Sheriff – The Sheriff's office final budget exceeded the original budget by \$1,141. This increase is explained by the changes in the Sheriff's Office General Fund contingency as noted above.
- An overall reduction of 4% in General Fund spending as compared to the adopted budget.

Capital Projects and Debt Administration

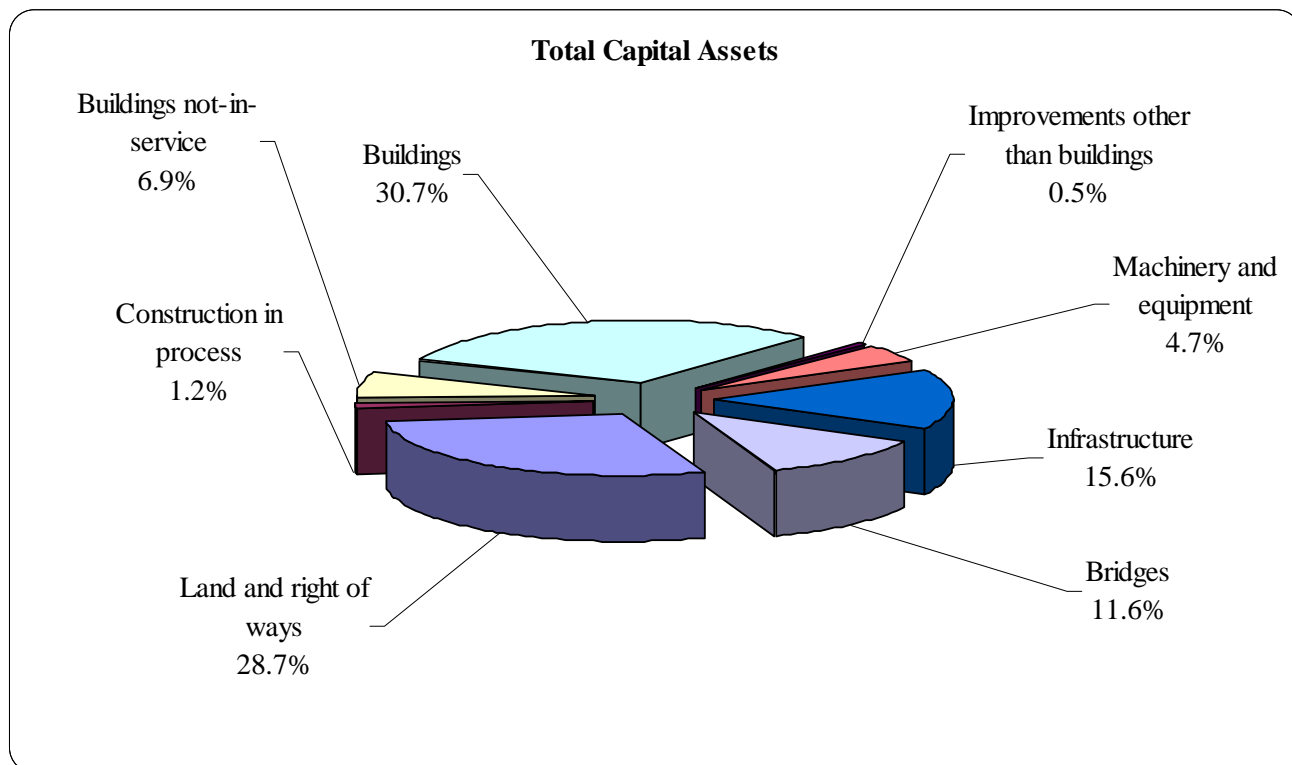
Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$739,054 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and improvements, machinery and equipment, internally developed software, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County's investment in capital assets for the current fiscal year was a decrease of \$6,027 or approximately 1%. One building disposition along with the related land and a road annexation accounted the majority of the total decrease in capital assets.

The presentation below includes the cumulative adjustment of a correction of an error in the amount of \$137,371. This amount represents the effects of right of ways previously being depreciated in error. The County identified this error in connection with the implementation of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, for year-ended June 30, 2010. Additionally, 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	
	2010	2009 (Restated)	2010	2009	2010	2009 (Restated)
Land and right of ways	\$ 212,024	\$ 213,515	\$ -	\$ -	\$ 212,024	\$ 213,515
Construction in process	8,401	1,437	305	-	8,706	1,437
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	227,121	234,938	-	-	227,121	234,938
Improvements other than buildings	283	296	3,391	3,442	3,674	3,738
Machinery and equipment	34,979	34,540	-	-	34,979	34,540
Bridges	85,825	87,033	-	-	85,825	87,033
Infrastructure	115,561	118,716	-	-	115,561	118,716
Total capital assets	<u>\$ 735,358</u>	<u>\$ 741,639</u>	<u>\$ 3,696</u>	<u>\$ 3,442</u>	<u>\$ 739,054</u>	<u>\$ 745,081</u>

The following chart indicates the County's capital assets as of June, 30, 2010. Additional information on the County's capital assets can be found in note 3.C on pages 66 – 67 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$276,394. Of this amount, \$50,045 comprises debt backed by the general obligation bonds; \$220,352 represents debt backed by the full faith and credit bonds; \$2,132 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	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 50,045	\$ 56,570	\$ -	\$ -	\$ 50,045	\$ 56,570
Revenue bonds	2,845	3,240	-	-	2,845	3,240
Full faith and credit bonds	220,352	223,829	-	-	220,352	223,829
Capital leases	1,020	10,757	-	-	1,020	10,757
Loans	2,132	623	-	-	2,132	623
Total outstanding debt	<u>\$ 276,394</u>	<u>\$ 295,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 276,394</u>	<u>\$ 295,019</u>

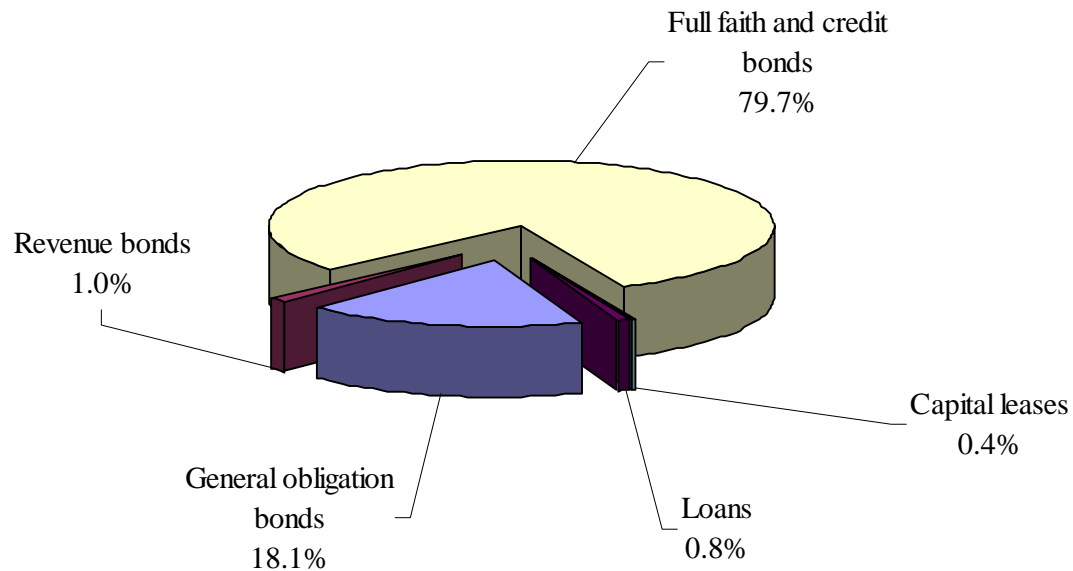
The County's total debt decreased by \$18,625 or approximately 6% during the current fiscal year. In fiscal year 2010 the County issued \$45,710 in General Obligation refunding bonds. These bond refunded \$49,710 in outstanding general obligation bonds. In addition, the County issued \$9,800 in Full Faith and Credit bonds that were issued to finance the replacement cost for the County's IT data center, provide for telephone enhancements, deferred facilities maintenance and assist with a project to automate the movement of library materials. Other changes to the County's long-term debt during fiscal year 2010 consisted primarily of principal payments.

The County maintains an "Aaa" 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 \$2,100,560, 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 \$1,050,280, which is in excess of the County's outstanding full faith and credit debt. The County is also subject to State statute on revenue bonds used to finance pension liabilities by 5% of the real market value of all taxable property within the County's boundaries. The current debt limitation for pension revenue bonds is \$5,251,401, which is also in excess of the County's outstanding pension revenue bonds.

The following chart indicates the County's long-term liabilities as of June 30, 2010. Additional information on the County's long-term liabilities can be found in note 3.F on pages 69 – 76 of this report.

Total Outstanding Long-Term Debt



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 10.2% which is down from 11.4% at the same time last year. The unemployment rate has remained above 10% since the onset of the economic recession in 2008.
- The forecast for fiscal year 2011 anticipates business income tax revenues will be slightly higher than fiscal year 2010 levels. Actual collections could be higher or they could be lower. Business income tax is highly sensitive to economic conditions. Over the past five years tax collections have grown by as much as 40% and declined by as much as 35% on a year over year basis.
- Property tax revenues are not expected to be significantly different than the original budget estimates. Voter approved Property Tax measures, while they have limited revenue growth, have tended to make tax collections more stable and predictable from year to year.
- Recording fees and the CAFFA grant are expected to increase by 7.5% which is expected to primarily be attributable to refinancing activity associated with low mortgage rates.

All of these factors were considered in preparing the County's budget for fiscal year 2010-2011.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$34,399. At this level, the County is able to fully fund the reserve account in the General Fund unappropriated fund balance as described in the Financial and Budget policies, and approximately half of the second reserve. The County maintains General Fund reserves outlined in the County's Financial and Budget Policies. In fiscal year 2011, reserves are equal to 10% of specifically identified General Fund revenues. The fiscal year 2010-2011 budget fully funds the reserve in the General Fund.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON

Statement of Net Assets

June 30, 2010

(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
ASSETS				
Current assets:				
Cash and investments	\$ 244,129	\$ 18,015	\$ 262,144	\$ 14,948
Receivables (net of allowance for uncollectibles):				
Taxes	21,072	-	21,072	-
Accounts	70,249	196	70,445	34
Loans	1,160	-	1,160	-
Interest	1,140	-	1,140	-
Special assessments	11	55	66	-
Contracts	3,963	-	3,963	-
Contributions	-	-	-	308
Internal balances	103	(103)	-	-
Inventories	3,011	-	3,011	-
Prepaid items	2,535	-	2,535	30
Split interest and other agreements	-	-	-	452
Restricted cash and investments	1,333	-	1,333	-
Capital assets:				
Land, right-of-way and construction in progress	220,425	305	220,730	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	463,769	3,391	467,160	13
Other assets, net of amortization	119,959	-	119,959	-
Total assets	<u>1,204,023</u>	<u>21,859</u>	<u>1,225,882</u>	<u>15,785</u>
LIABILITIES				
Accounts payable	66,118	4,527	70,645	365
Claims and judgments payable	12,189	-	12,189	-
Accrued salaries and benefits	8,131	11	8,142	-
Accrued interest payable	2,189	-	2,189	-
Gift annuity payable	-	-	-	7
Unearned revenue	7,206	-	7,206	-
Due within one year:				
Compensated absences	6,959	9	6,968	-
Bonds payable	24,687	-	24,687	-
Capital leases payable	14	-	14	-
Pollution remediation obligation	275	-	275	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	17,301	16	17,317	-
Bonds payable	248,555	-	248,555	-
Capital leases payable	1,006	-	1,006	-
Loans payable	2,132	-	2,132	-
Pollution remediation obligation	100	-	100	-
Deferred lease obligation	1,697	-	1,697	-
Net other postemployment benefits obligation	90,048	-	90,048	-
Total liabilities	<u>488,607</u>	<u>4,563</u>	<u>493,170</u>	<u>372</u>
NET ASSETS				
Invested in capital assets, net of related debt	620,544	3,696	624,240	13
Restricted for:				
Nonexpendable - Library operations	-	-	-	4,011
Expendable:				
Capital projects	31,746	-	31,746	-
Community support programs	7,207	-	7,207	-
Debt service	64,647	-	64,647	-
Library operations	-	-	-	2,961
Unrestricted	(8,728)	13,600	4,872	8,428
Total net assets	<u>\$ 715,416</u>	<u>\$ 17,296</u>	<u>\$ 732,712</u>	<u>\$ 15,413</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, 2010

(amounts expressed in thousands)

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	\$ 59,572	\$ 22,843	\$ 4,284	\$ 15
Health services	137,615	70,455	33,615	-
Social services	224,928	1,902	178,754	-
Public safety and justice	210,079	17,490	43,193	135
Community services	22,796	-	3,010	626
Library	56,548	1,757	3,421	-
Roads and bridges	49,571	1,107	33,458	2,109
Interest on long-term debt	12,800	-	-	-
Total governmental activities	<u>773,909</u>	<u>115,554</u>	<u>299,735</u>	<u>2,885</u>
Business-type activities:				
Dunthorpe-Riverdale service				
District Number 1	516	809	-	68
Mid County service				
District Number 14	403	341	-	65
Behavioral health managed care	39,207	42,931	-	-
Total business-type activities	<u>40,126</u>	<u>44,081</u>	<u>-</u>	<u>133</u>
Total primary government	<u>\$ 814,035</u>	<u>\$ 159,635</u>	<u>\$ 299,735</u>	<u>\$ 3,018</u>
Component unit:				
The Library Foundation	<u>\$ 2,198</u>	<u>\$ 1,503</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

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 - as previously reported

Cumulative effect of correction of error (See Note 3)

Net assets - beginning, as restated

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 Governmnet			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
\$ (32,430)	\$ -	\$ (32,430)	\$ -
(33,545)	-	(33,545)	-
(44,272)	-	(44,272)	-
(149,261)	-	(149,261)	-
(19,160)	-	(19,160)	-
(51,370)	-	(51,370)	-
(12,897)	-	(12,897)	-
(12,800)	-	(12,800)	-
(355,735)	-	(355,735)	-
-	361	361	-
-	3	3	-
-	3,724	3,724	-
-	4,088	4,088	-
\$ (355,735)	\$ 4,088	\$ (351,647)	-
-	-	-	(695)
\$ 266,294	\$ -	\$ 266,294	-
9,001	-	9,001	-
44,150	-	44,150	-
42,692	-	42,692	-
1,305	-	1,305	-
7,768	-	7,768	-
27	-	27	1,588
2,589	128	2,717	1,205
1,665	7	1,672	1
228	-	228	-
375,719	135	375,854	2,794
19,984	4,223	24,207	2,099
558,061	13,073	571,134	13,314
137,371	-	137,371	-
695,432	13,073	708,505	13,314
\$ 715,416	\$ 17,296	\$ 732,712	\$ 15,413

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2010
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Federal and State Special Revenue Fund</u>	<u>Library Special Revenue Fund</u>	<u>PERS Pension Bond Debt Service Fund</u>
ASSETS				
Cash and investments	\$ 47,476	\$ 14	\$ 20,519	\$ 41,503
Receivables:				
Taxes	17,045	-	2,276	-
Accounts	8,035	53,800	551	-
Loans	-	722	-	-
Interest	1,140	-	-	-
Special assessments	11	-	-	-
Contracts	1,493	-	-	-
Due from other funds	23,600	-	-	-
Inventories	554	474	-	-
Prepaid items	862	265	192	-
Restricted cash and investments	-	279	-	-
Total assets	<u>\$ 100,216</u>	<u>\$ 55,554</u>	<u>\$ 23,538</u>	<u>\$ 41,503</u>
LIABILITIES				
Accounts payable	\$ 24,512	\$ 20,409	\$ 1,924	\$ -
Payroll payable	4,002	2,434	701	-
Due to other funds	-	23,500	-	-
Deferred revenue	12,287	3,269	1,818	-
Total liabilities	<u>40,801</u>	<u>49,612</u>	<u>4,443</u>	<u>-</u>
FUND BALANCES				
Reserved for capital projects	-	-	-	-
Reserved for debt service	-	-	-	41,503
Reserved for interfund receivable	23,600	-	-	-
Reserved for inventories	554	474	-	-
Reserved for prepaid items	862	265	-	-
Unreserved, reported in:				
General fund	34,399	-	-	-
Special revenue funds	-	5,203	19,095	-
Total fund balances	<u>59,415</u>	<u>5,942</u>	<u>19,095</u>	<u>41,503</u>
Total liabilities and fund balances	<u>\$ 100,216</u>	<u>\$ 55,554</u>	<u>\$ 23,538</u>	<u>\$ 41,503</u>

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

Other Governmental Funds		Total Governmental Funds	
\$	62,722	\$	172,234
	1,751		21,072
	6,786		69,172
	-		722
	-		1,140
	-		11
	1,970		3,463
	-		23,600
	494		1,522
	18		1,337
	1,054		1,333
\$	74,795	\$	295,606
\$	10,601	\$	57,446
	305		7,442
	100		23,600
	2,515		19,889
	13,521		108,377
	31,732		31,732
	22,734		64,237
	-		23,600
	494		1,522
	18		1,145
	-		34,399
	6,296		30,594
	61,274		187,229
\$	74,795	\$	295,606

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MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2010
(amounts expressed in thousands)

Fund Balances - Governmental Funds		\$ 187,229
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	1,246,616	
Less accumulated depreciation	<u>(517,558)</u>	729,058
Other long-term assets		
Negative net pension asset	119,444	
Bond issuance costs	<u>515</u>	119,959
Accrued interest payable		(2,189)
Net amount due from community based health organization for outstanding loan does not represent current financial resources and therefore is not reported in governmental funds		438
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	(273,242)	
Capital leases payable	(1,020)	
Loans payable	<u>(2,132)</u>	(276,394)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(21,612)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(245)
Pollution remediation obligation		(375)
Net other post-employment benefits obligation		(90,048)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	12,457	
Personal income taxes	<u>271</u>	12,728
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>56,867</u>
Net Assets of Governmental Activities		<u>\$ 715,416</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Federal and State Special Revenue Fund</u>	<u>Library Special Revenue Fund</u>
REVENUES			
Taxes	\$ 289,727	\$ -	\$ 40,276
Intergovernmental	14,425	251,840	663
Licenses and permits	8,153	1,015	161
Charges for services	10,470	67,513	1,596
Interest	853	2	170
Other	16,820	3,045	2,768
Total revenues	<u>340,448</u>	<u>323,415</u>	<u>45,634</u>
EXPENDITURES			
Current:			
General government	54,246	-	-
Health services	48,336	95,776	-
Social services	44,092	183,165	-
Public safety and justice	166,467	41,674	-
Community services	-	2,634	-
Library services	-	-	52,118
Roads and bridges	-	-	-
Capital outlay	514	959	9,439
Debt service:			
Principal	-	-	-
Interest	35	-	-
Total expenditures	<u>313,690</u>	<u>324,208</u>	<u>61,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>26,758</u>	<u>(793)</u>	<u>(15,923)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of debt	-	-	800
Issuance of refunding bonds	-	-	-
Premium on long-term debt	-	-	-
Payments to escrow agent - defeased debt	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	18,200	-	13,927
Transfers out	(16,920)	-	-
Total other financing sources (uses)	<u>1,280</u>	<u>-</u>	<u>14,727</u>
Net change in fund balances	28,038	(793)	(1,196)
Fund balances - beginning	31,377	6,735	20,291
Fund balances - ending	<u>\$ 59,415</u>	<u>\$ 5,942</u>	<u>\$ 19,095</u>

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

PERS Pension Bond Debt Service Fund	Other Governmental Funds	Governmental Funds
\$ -	\$ 35,382	\$ 365,385
-	34,035	300,963
-	5,393	14,722
-	6,025	85,604
273	497	1,795
24,140	7,345	54,118
24,413	88,677	822,587
-	4,725	58,971
-	1,443	145,555
-	-	227,257
-	7,301	215,442
-	19,824	22,458
-	-	52,118
-	37,540	37,540
-	10,569	21,481
7,740	23,022	30,762
6,609	6,353	12,997
14,349	110,777	824,581
10,064	(22,100)	(1,994)
-	10,509	11,309
-	45,175	45,175
-	5,443	5,443
-	(49,710)	(49,710)
-	10	10
-	15,233	47,360
-	(25,795)	(42,715)
-	865	16,872
10,064	(21,235)	14,878
31,439	82,509	172,351
\$ 41,503	\$ 61,274	\$ 187,229

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, 2010
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds	\$	14,878
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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	21,481	
Current year depreciation expense	<u>(28,000)</u>	(6,519)
Contributed and donated capital assets	2,740	
Proceeds on sale of capital assets	(10)	
Gain on disposal of capital assets	10	
Loss on disposal of capital assets	<u>(3,025)</u>	(285)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Decrease in deferred revenues - property taxes	(167)	
Decrease in deferred revenues - personal income taxes	<u>(2,049)</u>	(2,216)

Proceeds from the issuance of debt provide current financial resources to governmental funds, but are an increase of long-term liabilities in the statement of net assets	(56,484)
---	----------

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.

Premium issued on long-term debt		(5,443)
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.

Bond issuance costs		215
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		(259)
-------------------------------	--	-------

Repayment of long-term debt (including defeased amounts) is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets.	80,472
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Activities related to loan provided to community based health organization:

Payments received from community based health organization	(60)	
Current year adjustment for change to allowance	<u>110</u>	50

(continued)

(continued)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in long-term compensated absences	(565)	
Decrease in accrued interest expense	457	
Decrease in personal income tax distribution liability	<u>1,835</u>	1,727

Amortization expense on the net pension asset		(6,152)
---	--	---------

Additions to pollution remediation obligation	(422)	
Pollution remediation activities incurred and paid within the fiscal year	<u>47</u>	(375)

Current year expense for net other post-employment benefits obligation		(9,876)
--	--	---------

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>9,944</u>

Change in net assets of Governmental Activities	<u>\$</u>	<u>19,984</u>
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The notes to the financial statements are an integral part of this statement.

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MAJOR GOVERNMENTAL FUNDS

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

- **General Fund** – accounts for the financial operations of the County which are not accounted for in any other fund. The principal sources of revenues are property taxes, personal income taxes, and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, and health and social services.
- **Federal and State Program Fund** – a special revenue fund that accounts for the majority of revenues and expenditures related to Federal and State financial assistance programs.
- **Library Fund** – a special revenue funds that accounts for the public library operations, including the serial property tax levy dedicated to library operations.
- **PERS Pension Bond Fund** – accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the PERS Pension Bond debt service fund is on page 109.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes				
Property:				
Current	\$ 215,528	\$ 215,528	\$ 218,909	\$ 3,381
Prior	4,326	4,326	5,392	1,066
Penalties and interest	1,395	1,395	1,888	493
Payments in lieu of taxes	1,002	1,002	1,335	333
Business income	42,528	42,528	44,150	1,622
Personal income	1,000	1,000	905	(95)
Motor vehicle rental	17,412	17,412	17,148	(264)
Intergovernmental:				
State	13,380	12,619	11,588	(1,031)
Local	3,064	2,960	2,837	(123)
Licenses and permits	7,720	7,714	8,153	439
Charges for services	12,299	12,305	10,470	(1,835)
Interest	2,260	2,260	853	(1,407)
Other:				
Service reimbursements	16,269	17,551	15,681	(1,870)
Miscellaneous	1,320	1,320	1,139	(181)
Total revenues	<u>339,503</u>	<u>339,920</u>	<u>340,448</u>	<u>528</u>
EXPENDITURES				
Community justice	52,383	51,517	50,834	683
Community services	10,804	10,805	9,660	1,145
County management	31,531	31,561	29,229	2,332
District attorney	18,452	18,437	18,389	48
Health services	51,110	52,023	48,514	3,509
Human services	45,585	45,828	44,127	1,701
Nondepartmental	17,650	17,678	15,527	2,151
Sheriff	97,032	98,173	97,410	763
Total expenditures	<u>324,547</u>	<u>326,022</u>	<u>313,690</u>	<u>12,332</u>
Excess of revenues over expenditures	<u>14,956</u>	<u>13,898</u>	<u>26,758</u>	<u>12,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	18,552	18,552	18,200	(352)
Transfers out	<u>(16,528)</u>	<u>(16,920)</u>	<u>(16,920)</u>	<u>-</u>
Total other financing sources (uses)	2,024	1,632	1,280	(352)
Contingency	<u>(7,250)</u>	<u>(5,800)</u>	<u>-</u>	<u>5,800</u>
Net change in fund balances	9,730	9,730	28,038	18,308
Fund balances - beginning	23,133	23,133	31,377	8,244
Fund balances - ending	<u>\$ 32,863</u>	<u>\$ 32,863</u>	<u>\$ 59,415</u>	<u>\$ 26,552</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 180,015	\$ 201,660	\$ 185,700	\$ (15,960)
Licenses and permits	1,089	999	1,015	16
Charges for services	56,772	65,002	67,513	2,511
Interest	7	7	2	(5)
Other:				
Non-governmental grants	1,899	2,209	2,876	667
Service reimbursements	94	99	-	(99)
Miscellaneous	159	52	169	117
Total revenues	<u>240,035</u>	<u>270,028</u>	<u>257,275</u>	<u>(12,753)</u>
EXPENDITURES				
Community justice	27,093	27,827	25,224	2,603
Community services	98	152	119	33
County management	82	117	73	44
District attorney	5,757	6,619	6,046	573
Health services	84,609	101,208	96,402	4,806
Human services	108,191	126,819	117,075	9,744
Nondepartmental	4,270	4,592	2,442	2,150
Sheriff	11,291	11,536	10,687	849
Total expenditures	<u>241,391</u>	<u>278,870</u>	<u>258,068</u>	<u>20,802</u>
Net change in fund balances	<u>(1,356)</u>	<u>(8,842)</u>	<u>(793)</u>	<u>8,049</u>
Fund balances - beginning	<u>1,356</u>	<u>8,842</u>	<u>6,735</u>	<u>(2,107)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>5,942</u>	<u>\$ 5,942</u>

Reconciliation to GAAP Basis:

Intergovernmental revenues for State payments to County service providers	66,140
State payments to County service providers	<u>(66,140)</u>
Fund balance as reported on the Governmental Funds Statement of	
Revenues, Expenditures, and Changes in Fund Balance, Page 36	<u>\$ 5,942</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - property	\$ 39,494	\$ 39,494	\$ 40,263	\$ 769
Payments in lieu of taxes	-	-	13	13
Intergovernmental	574	574	663	89
Licenses and permits	160	160	161	1
Charges for services	1,471	1,471	1,596	125
Interest	612	612	170	(442)
Other:				
Non-governmental grants	1,616	1,566	1,737	171
Service reimbursements	35	35	-	(35)
Miscellaneous	1	51	24	(27)
Total revenues	<u>43,963</u>	<u>43,963</u>	<u>44,627</u>	<u>664</u>
EXPENDITURES				
Library	<u>63,678</u>	<u>63,678</u>	<u>60,550</u>	<u>3,128</u>
Deficiency of revenues under expenditures	<u>(19,715)</u>	<u>(19,715)</u>	<u>(15,923)</u>	<u>3,792</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	1,600	1,600	800	(800)
Transfers in	<u>13,928</u>	<u>13,928</u>	<u>13,927</u>	<u>(1)</u>
Total other financing sources	15,528	15,528	14,727	(801)
Contingency	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>	<u>1,000</u>
Net change in fund balances	(5,187)	(5,187)	(1,196)	3,991
Fund balances - beginning	<u>20,125</u>	<u>20,125</u>	<u>20,291</u>	<u>166</u>
Fund balances - ending	<u>\$ 14,938</u>	<u>\$ 14,938</u>	<u>19,095</u>	<u>\$ 4,157</u>
Reconciliation to GAAP Basis:				
In kind contributions			1,007	
Consumption of in kind contributions			<u>(1,007)</u>	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 36			<u>\$ 19,095</u>	

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

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PROPRIETARY FUNDS

The County utilizes eight Proprietary Funds made up of three Enterprise Funds and five Internal Service Funds. Internal Service Funds' statements begin on page 119.

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, 2010

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 524	\$ 256	\$ 17,235	\$ 18,015	\$ 71,895
Receivables (net of allowances for uncollectibles):					
Accounts	101	-	95	196	1,077
Special assessments	38	17	-	55	-
Due from other funds	-	-	-	-	14
Inventories	-	-	-	-	1,489
Prepaid items	-	-	-	-	1,198
Total current assets	663	273	17,330	18,266	75,673
Noncurrent assets:					
Advances to other funds	-	-	-	-	89
Contracts Receivable	-	-	-	-	500
Construction in progress	305	-	-	305	-
Other capital assets (net of accumulated depreciation)	1,850	1,541	-	3,391	6,300
Total assets	2,818	1,814	17,330	21,962	82,562
LIABILITIES					
Current liabilities:					
Accounts payable	184	24	4,319	4,527	8,427
Claims and judgments payable	-	-	-	-	12,189
Payroll payable	-	-	11	11	689
Unearned revenue	-	-	-	-	45
Due to other funds	14	-	-	14	-
Compensated absences	-	-	9	9	745
Total current liabilities	198	24	4,339	4,561	22,095
Noncurrent liabilities:					
Compensated absences	-	-	16	16	1,903
Advances from other funds	89	-	-	89	-
Incremental leases payable	-	-	-	-	1,697
Total noncurrent liabilities	89	-	16	105	3,600
Total liabilities	287	24	4,355	4,666	25,695
NET ASSETS					
Invested in capital assets	2,155	1,541	-	3,696	6,300
Unrestricted	376	249	12,975	13,600	50,567
Total net assets	\$ 2,531	\$ 1,790	\$ 12,975	\$ 17,296	\$ 56,867

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, 2010
(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	\$ 809	\$ 341	\$ 42,931	\$ 44,081	\$ 155,942
Insurance premiums	-	-	-	-	7,548
Experience ratings and other	-	7	-	7	1,417
Total operating revenues	<u>809</u>	<u>348</u>	<u>42,931</u>	<u>44,088</u>	<u>164,907</u>
OPERATING EXPENSES					
Cost of sales and services	395	307	36,751	37,453	144,899
Administration	42	33	2,456	2,531	3,343
Depreciation	64	63	-	127	2,305
Total operating expenses	<u>501</u>	<u>403</u>	<u>39,207</u>	<u>40,111</u>	<u>150,547</u>
Operating income (loss)	<u>308</u>	<u>(55)</u>	<u>3,724</u>	<u>3,977</u>	<u>14,360</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	5	2	121	128	455
Interest expense	(15)	-	-	(15)	-
Intergovernmental revenue	68	-	-	68	-
Gain on disposal of capital assets	-	-	-	-	218
Loss on disposal of capital assets	-	-	-	-	(439)
Total nonoperating revenues	<u>58</u>	<u>2</u>	<u>121</u>	<u>181</u>	<u>234</u>
Income (loss) before contributions and transfers	366	(53)	3,845	4,158	14,594
Capital contributions in	-	65	-	65	12
Capital contributions out	-	-	-	-	(17)
Transfers in	-	-	-	-	1,663
Transfers out	-	-	-	-	(6,308)
Change in net assets	<u>366</u>	<u>12</u>	<u>3,845</u>	<u>4,223</u>	<u>9,944</u>
Total net assets - beginning	<u>2,165</u>	<u>1,778</u>	<u>9,130</u>	<u>13,073</u>	<u>46,923</u>
Total net assets - ending	<u>\$ 2,531</u>	<u>\$ 1,790</u>	<u>\$ 12,975</u>	<u>\$ 17,296</u>	<u>\$ 56,867</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, 2010
(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	\$ 712	\$ 346	\$ 42,837	\$ 43,895	\$ 165,441
Payments to suppliers	(367)	(317)	(33,759)	(34,443)	(97,357)
Payments to employees	(63)	(17)	(4,354)	(4,434)	(36,770)
Internal activity - payments to other funds	(7)	(7)	(985)	(999)	(11,742)
Net cash provided by operating activities	275	5	3,739	4,019	19,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	1,663
Transfers out	-	-	-	-	(6,308)
Net cash used by noncapital and related financing activities	-	-	-	-	(4,645)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(305)	(11)	-	(316)	(3,271)
Internal loan repayment	(150)	-	-	(150)	150
Interest on debt	(15)	-	-	(15)	-
Capital grant proceeds	68	-	-	68	-
Proceeds on sales of capital assets	-	-	-	-	218
Net cash used by capital and related financing activities	(402)	(11)	-	(413)	(2,903)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	5	2	121	128	455
Net cash provided by investing activities	5	2	121	128	455
Net increase (decrease) in cash and cash equivalents	(122)	(4)	3,860	3,734	12,479
Balances at beginning of the year	646	260	13,375	14,281	59,415
Balances at end of the year	\$ 524	\$ 256	\$ 17,235	\$ 18,015	\$ 71,894
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 308	\$ (55)	\$ 3,724	\$ 3,977	\$ 14,360
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	64	63	-	127	2,305
Changes in assets and liabilities:					
Receivables, net	(97)	(2)	(95)	(194)	340
Inventories	-	-	-	-	106
Prepaid items	-	-	-	-	(137)
Contracts receivable	-	-	-	-	150
Accounts payable	-	(1)	123	122	2,942
Claims and judgments payable	-	-	-	-	(672)
Payroll payable	-	-	1	1	(16)
Unearned revenue	-	-	-	-	4
Compensated absences	-	-	(14)	(14)	216
Incremental leases payable	-	-	-	-	(26)
Total adjustments	(33)	60	15	42	5,212
Net cash provided by operating activities	\$ 275	\$ 5	\$ 3,739	\$ 4,019	\$ 19,572
Noncash financing activities:					
Contributions of capital assets from government	\$ -	\$ 65	\$ -	\$ 65	\$ 12
Contributions of capital assets to government	-	-	-	-	(17)

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, 2010
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 15,803
Receivables:	
Taxes	51,703
Restricted cash	<u>7</u>
Total assets	<u>67,513</u>
 LIABILITIES	
Accounts payable	11,037
Due to other governmental units	49,624
Amounts held in trust	<u>6,852</u>
Total liabilities	<u>67,513</u>
 NET ASSETS	
Total net assets	<u><u>\$ -</u></u>

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(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), chapter 201.260, as a municipal corporation. The County is governed by an elected Board of Commissioners, comprised of a Board Chair and four commissioners. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's governing board and where (1) the County is able to significantly influence the programs or services performed or provided by the organization or (2) the County is legally entitled to or can otherwise access the organization's resources. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Component units may also include organizations which are fiscally dependent on the County in that the County approves the budget, the issuance of debt or levying of taxes. Multnomah County has two blended component units which are included in this report.

Blended component units. The Dunthorpe-Riverdale Sanitary Service District 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, 2010
(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, 2010
(dollar amounts expressed in thousands)

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

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

The County reports the following major governmental funds:

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

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

The *Library Fund* accounts for the public library operations.

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

Additionally, the County reports the following fund types:

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

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

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer and lighting functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). 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, 2010
(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 2010, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of \$12,630 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, 2010
(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 appropriate for general use within the fund. 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.

Net assets invested in capital assets, net of related debt represents total capital assets less accumulated depreciation less debt directly related to capital assets. This amount is reported on the Statement of Net Assets and in the financial statements for Proprietary Fund types.

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include dedicated property taxes, 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 land, right of ways, property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5 for equipment and \$100 for infrastructure and software with an estimated useful life of at least three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

Capital assets are depreciated unless they are inexhaustible in nature, such as land and right of ways. Property, plant, and equipment of the County, as well as the component units, are depreciated using the straight line method over the following estimated useful lives:

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

when incurred in the government-wide statements and proprietary funds statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements at June 30. Liabilities for compensated absences are liquidated as employees separate from service and receive payment for accumulated leave benefits. Expenditures for liquidating the liabilities are recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

9. *Long-term obligations*

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

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

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

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

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006. The County used a five year 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, 2010
(dollar amounts expressed in thousands)

11. Pollution Remediation Obligations

In fiscal year 2009 the County implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. GASB 49 was retroactive, however the County did not report any obligations that required a restatement of beginning net assets. Under this accounting standard, when the County determines a pollution remediation obligation exists and management is able to make a reasonable and supportable estimation of expected outlays, a long-term liability is recorded.

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

In the County's Governmental Fund Financial Statements on a modified accrual basis, expenditures and liabilities are recognized upon receipt of goods and services. Estimated recoveries from insurers and other responsible parties reduce any associated pollution remediation expenditures when the recoveries are measurable and available.

12. Contributions and in-kind donations

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

13. Estimates

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

14. Reclassifications

Certain amounts from the prior have been reclassified to conform with the presentation of the current year financial statements. In addition, 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

E. New accounting pronouncements and accounting standards

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

1. ***GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments.*** This statement is effective for fiscal year ending June 30, 2010 and is intended to improve how state and local governments report information about derivative instruments-financial arrangements used by governments to manage specific risks or make investments in their financial statements. This statement specifically requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting. Management has reviewed the requirements of this standard and has determined there is no impact as the County does not own or invest in any derivatives.
2. ***GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.*** This statement establishes new categories for reporting fund balances and revises the definitions for governmental fund types. This statement will be effective for Multnomah County for fiscal year ending June 30, 2011. The County has begun planning and taken steps to ensure ending fund balances will be properly reported under GASB #54 guidelines. Implementing this standard will impact reporting for governmental funds.
3. ***GASB Statement No. 59, Financial Instruments Omnibus.*** This statement will improve existing financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement will be effective for Multnomah County for fiscal year ending June 30, 2011. The County is currently evaluating the impact, if any, on the financial statements.

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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.

Note 3. Accounting changes

A. Change in accounting principle

During fiscal year 2010, the County implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes standards to identify, account for and report intangible assets. The most significant intangible assets for the County include right-of-ways related to the County's road system, and internally developed computer software.

The effect of the change in accounting principle on fiscal year 2010 was to capitalize \$1,545 in internally developed software that would not have been capitalized under previous policy. The right-of-ways for the road system had already been reported as part of capital assets, amounting to \$197,846 previously included as Infrastructure. In researching this amount, management determined that it had been incorrectly depreciated with the rest of the road system. The cumulative effect of reclassifying the right-of-ways and correcting the previously reported depreciation expense was to increase the County's beginning capital assets and net assets for governmental activities by \$137,371, which is reflected in the restatement of assets and net assets in Note 3.B. below.

B. Restatement of assets and net assets

During fiscal year 2010, the County implemented GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement expanded on the reporting requirements for intangible assets from GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

As a result of implementing this statement and making the corrections explained above in Note 3.A., the following amounts were restated for the County's governmental activities capital assets and net assets as of June 30, 2009. The change in net assets for governmental activities for the year ended June 30, 2009 would have been (\$8,006), an increase of \$4,945 resulting from not charging depreciation on the right-of-way assets.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

	As Previously Reported	Restated, June 30, 2009
Capital assets:		
Land, right-of-way and construction in progress	\$ 17,552	\$ 214,952
Buildings-not in service, not depreciating	51,164	51,164
Other capital assets (net of accumulated depreciation)	535,552	475,523
Net Assets:		
Invested in capital assets, net of related debt	\$ 470,426	\$ 607,797
Restricted for:		
Capital projects	22,620	22,620
Community support programs	8,896	8,896
Debt service	67,026	67,026
Unrestricted	(10,907)	(10,907)
Total net assets	<u>\$ 558,061</u>	<u>\$ 695,432</u>

Note 4. 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."

Changes to Oregon Revised Statutes, Chapter 295 have resulted in the Office of the State Treasurer being given responsibility for overseeing collateralization of public funds held by depositories in Oregon. The County independently monitors its depository institutions for indications that could potentially cause loss of County funds. Funds deposited with fiscal agents for the purpose of meeting the payment of principal or interest on bonds or like obligations are not required to be collateralized per Oregon Revised Statutes, Chapter 295.005.

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

The County's investments are governed by a written investment policy that is reviewed annually by 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

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

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

At year-end, the carrying amount of the County's deposits was \$121,517 and the bank balance was \$121,490. The bank balance was covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers. The remaining balance of \$27 represents petty cash accounts that were uninsured and uncollateralized.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

As of June 30, 2010, the County had the following unrestricted cash and investments:

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration	Weighted Average Maturity (in months)
US Agencies	\$ 81,098	0.957%	29.2%	15.5
Corporate Debt	19,497	1.267%	7.0%	12.0
Bankers' Acceptances	3,513	0.280%	1.3%	< 1
Local Government				
Investment Pool	52,328	0.550%	18.8%	< 1
Cash and Equivalents	121,511	0.187%	43.7%	< 1
Total unrestricted cash and investments	<u>\$ 277,947</u>		<u>100%</u>	
Portfolio weighted average maturity				5.3

As of June 30, 2010, the County had the following restricted cash and investments. Cash with Fiscal Agent and Miscellaneous Restricted Funds had weighted average maturities less than one month. The Pledged Investment had a weighted average maturity less than two months.

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration
Cash with Fiscal Agent	\$ 1,054	0.039%	78.6%
US Agency	279	0.849%	20.9%
Misc Restricted Funds	7	0.000%	0.5%
	<u>\$ 1,340</u>	<u>0.124%</u>	<u>100.0%</u>

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

The County's unrestricted and restricted cash and investments are reported in Governmental Activities, Business-type activities, and in Fiduciary Funds.

	Unrestricted	Restricted	Total
Governmental Activities	\$ 244,129	\$ 1,333	\$ 245,462
Business-type Activities	18,015	-	18,015
Fiduciary Funds	15,803	7	15,810
Total Cash and Investments	<u>\$ 277,947</u>	<u>\$ 1,340</u>	<u>\$ 279,287</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

At June 30, 2010, the County had the following corporate debt in its 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 – Bank of America	\$ 10,062	AAA/Aaa	12/23/10
Corporate note – Berkshire Hathaway	2,031	AA+/Aa2	12/15/10
Corporate note – Berkshire Hathaway	4,308	AA+/Aa2	09/15/12
Corporate note – Wachovia Mortgage (WF Corp)	3,096	AA/Aa2	09/28/11
Totals	<u>\$ 19,497</u>		

At June 30, 2010, 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	\$ 32,774	AAA
Agency notes – Federal Farm Credit Bank	26,649	AAA
Agency notes – Federal Home Loan Mortgage Corp	13,142	AAA
Agency notes – Federal National Mortgage Association	5,031	AAA
Agency notes – Tennessee Valley Authority	3,781	AAA
Total	<u>\$ 81,377</u>	

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

<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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its permanent workforce in Oregon, or has more than 50% of its tangible assets in Oregon.
3. Purchase of commercial paper and other corporate debt not insured by an agency of the U.S. Government up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.
5. Investments guaranteed by an agency of the U.S. Government (.e.g., the U.S. Treasury or the Federal Depository Insurance Corporation) may be owned without limit.

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. As of June 30, 2010, the County's bank balance of \$121,490 was not exposed to custodial credit risk.

B. Receivables

Receivables as of year-end for the County's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are noted on the following page. Included in General fund loans receivable balance is a loan from Multnomah County to a community based health organization. The loan agreement was executed in fiscal year 2008 in order to sustain operating costs for the health organization. As of June 30, 2010 the total loan receivable balance was \$1,298, netted with a related allowance for uncollectible accounts of \$860.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

MULTNOMAH COUNTY
Accounts Receivable

	Governmental Activities							
	General Fund	Federal State Program Fund	Library Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business-type Activities	Total
Receivables:								
Taxes:								
Income	\$ 12,953	\$ -	\$ -	\$ -	\$ -	\$ 12,953	\$ -	\$ 12,953
Property	12,881	-	2,276	-	520	15,677	-	15,677
Other	3,841	-	-	-	1,231	5,072	-	5,072
Accounts	8,267	54,198	551	1,077	6,786	70,879	196	71,075
Loans	1,298	722	-	-	-	2,020	-	2,020
Interest	1,140	-	-	-	-	1,140	-	1,140
Special assessments	11	-	-	-	-	11	58	69
Contracts	1,493	-	-	500	1,970	3,963	-	3,963
Gross receivables	41,884	54,920	2,827	1,577	10,507	111,715	254	111,969
Less: allowance for discounts/uncollectibles	(13,722)	(398)	-	-	-	(14,120)	(3)	(14,123)
Net total receivables	<u>\$ 28,162</u>	<u>\$ 54,522</u>	<u>\$ 2,827</u>	<u>\$ 1,577</u>	<u>\$ 10,507</u>	<u>\$ 97,595</u>	<u>\$ 251</u>	<u>\$ 97,846</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

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

	Unavailable	Unearned	Total
Personal income tax receivable	\$ 12,901	\$ -	\$ 12,901
Allowance for doubtful accounts – personal income tax	(12,630)	-	(12,630)
Property taxes receivable (General Fund)	10,229	-	10,229
Property taxes receivable (other governmental funds)	2,228	-	2,228
Grant draws prior to meeting all eligibility requirements	-	2,569	2,569
Contracts receivable	-	3,045	3,045
Contract revenue received in advance	-	113	113
Loans receivable	-	722	722
Tax title land sales inventory	-	701	701
Special assessments receivable	-	11	11
Total deferred revenue for governmental funds	<u>\$ 12,728</u>	<u>\$ 7,161</u>	<u>\$ 19,889</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 \$45 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$7,206.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

C. Capital assets

Capital asset activity for the year ended June 30, 2010 was as follows:

Primary Government

	Beginning Balance (Restated)	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 15,669	\$ -	\$ -	\$ (562)	\$ 15,107
Right of Way	197,846	3	-	(932)	196,917
Construction in process	1,437	7,395	(423)	(8)	8,401
Buildings-not in service	51,164	-	-	-	51,164
Total capital assets, not being depreciated	<u>266,116</u>	<u>7,398</u>	<u>(423)</u>	<u>\$ (1,502)</u>	<u>271,589</u>
Capital assets, being depreciated:					
Buildings	367,891	1,502	403	(1,649)	368,147
Improvements other than buildings	461	-	-	-	461
Machinery and equipment	116,465	10,414	20	(14,267)	112,632
Bridges	153,223	1,632	-	-	154,855
Infrastructure	358,620	6,541	-	(1,636)	363,525
Total capital assets being depreciated	<u>996,660</u>	<u>20,089</u>	<u>423</u>	<u>(17,552)</u>	<u>999,620</u>
Less accumulated depreciation for:					
Buildings	(132,953)	(8,874)	-	801	(141,026)
Improvements other than buildings	(165)	(13)	-	-	(178)
Machinery and equipment	(81,925)	(9,556)	-	13,828	(77,653)
Bridges	(66,190)	(2,840)	-	-	(69,030)
Infrastructure	(239,904)	(9,022)	-	962	(247,964)
Total accumulated depreciation	<u>(521,137)</u>	<u>(30,305)</u>	<u>-</u>	<u>15,591</u>	<u>(535,851)</u>
Total capital assets being depreciated, net	<u>475,523</u>	<u>(10,216)</u>	<u>423</u>	<u>(1,961)</u>	<u>463,769</u>
Governmental activities capital assets, net	<u>\$ 741,639</u>	<u>\$ (2,818)</u>	<u>-</u>	<u>\$ (3,463)</u>	<u>\$ 735,358</u>
Business-type activities:					
Capital assets, not being depreciated:					
Construction in process	\$ -	\$ 305	\$ -	\$ -	\$ 305
Total capital assets, not being depreciated	<u>-</u>	<u>305</u>	<u>-</u>	<u>-</u>	<u>-</u>
Capital assets, being depreciated:					
Improvements other than buildings	<u>5,907</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>5,984</u>
Total capital assets being depreciated	<u>5,907</u>	<u>77</u>	<u>-</u>	<u>-</u>	<u>5,984</u>
Less accumulated depreciation for:					
Improvements other than buildings	<u>(2,465)</u>	<u>(128)</u>	<u>-</u>	<u>-</u>	<u>(2,593)</u>
Total accumulated depreciation	<u>(2,465)</u>	<u>(128)</u>	<u>-</u>	<u>-</u>	<u>(2,593)</u>
Total capital assets being depreciated, net	<u>3,442</u>	<u>(51)</u>	<u>-</u>	<u>-</u>	<u>3,391</u>
Business-type activities capital assets, net	<u>\$ 3,442</u>	<u>\$ 254</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,696</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

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

Governmental activities:	
General government	\$ 12,193
Health services	85
Social services	112
Public safety & justice	1,027
Community services	355
Library	5,866
Roads and bridges	10,667
Total depreciation expense – governmental activities	<u>\$ 30,305</u>
Business-type activities:	
Sewer	\$ 65
Lighting	63
Total depreciation expense – business-type activities	<u>\$ 128</u>

D. Other assets

Other assets, net of accumulated amortization at June 30, 2010 consist of the following:

Bond issuance costs	\$ 515
Negative net pension asset	<u>119,444</u>
	<u>\$ 119,959</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, 2010.

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 amount payable to the General Fund is due to timing of receivables from the State in the Emergency Communications Fund. The amount payable

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

to the Risk Fund is related to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. This balance is expected to be collected in the subsequent year. The composition of interfund balances as of June 30, 2010 is as follows:

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Emergency Communications Fund	\$ 100
Risk Fund*	Dunthorpe Riverdale Service District Fund	14
	Total	<u>\$ 114</u>

*Internal service fund

Advances to / from other funds:

The amount payable to the General Fund is related to providing interim working capital financing for federal reimbursement grants. The \$23,500 is also noted as a reservation of the General Fund's fund balance. The amount payable to the Risk Fund relates to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. None of the balances are scheduled to be collected in the subsequent year.

<u>Receivable Funds</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Federal State Fund	\$ 23,500
Risk Fund*	Dunthorpe Riverdale Service District Fund	89
	Total	<u>\$ 23,589</u>

*Internal service fund

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2010. The General Fund includes a transfer in of \$15,337 from the General Reserve Fund to properly report the reserves in the General Fund per the requirements of GASB Statement 54, which will be fully implemented in fiscal year 2011.

	<u>Transfers in:</u>				
	<u>General Fund</u>	<u>Library Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total transfers out</u>
<u>Transfers out:</u>					
General Fund	\$ -	\$13,927	\$ 1,500	\$1,493	\$ 16,920
Nonmajor Governmental Funds	18,200	-	7,425	170	25,795
Internal Service Funds	-	-	6,308	-	6,308
Total transfers in:	<u>\$18,200</u>	<u>\$13,927</u>	<u>\$ 15,233</u>	<u>\$ 1,663</u>	<u>\$ 49,023</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

F. Long-term liabilities

General Obligation Bonds

In March 2010, the County issued \$45,175 in General Obligation Refunding bonds, Series 2010 at a premium of \$4,870, with interest rates from 3.00% - 5.00%. These bonds were issued to refund \$49,710 of principal outstanding general obligation bonds, Series 1999 with interest rates of 3.90% - 5.65%. On March 31, 2010 \$49,710 was deposited to the escrow agent to retire the Series 1999 general obligation bonds. On April 30, 2010 the outstanding balance on the Series 1999 general obligation bonds were paid off. The refunding transaction resulted in a difference in the present value of the two debt service streams or an economic gain of \$5,231. At June 30, 2010 the outstanding balance on the Series 2010 bonds was \$45,175 and the balance on the unamortized premium was \$4,870.

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	3.00-5.00%	<u>\$ 45,175</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>
2011	\$ 6,555	\$ 1,919
2012	6,825	1,645
2013	6,860	1,303
2014	7,210	951
2015	6,155	617
2016 – 2017	11,570	467
Total	<u>\$ 45,175</u>	<u>\$ 6,902</u>
Premium on long-term debt	4,870	
Total	<u>\$ 50,045</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 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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, 2010 was \$1,652. During fiscal year 2010 Port City paid \$34 towards the outstanding balance on this lease agreement. The total principal and interest paid on the bonds during the fiscal year were \$145 and \$55 respectively. The outstanding balance on the bonds was \$1,030 at June 30, 2010. 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 \$250 and \$97 respectively. The outstanding balance on the debt was \$1,815 at June 30, 2010. The debt matures in fiscal year 2016.

Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.45-5.20%	<u>\$ 2,845</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 415	\$ 133
2012	435	113
2013	460	91
2014	485	66
2015	510	41
2016	540	14
Total	<u>\$ 2,845</u>	<u>\$ 458</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. This debt issue is subject to Federal arbitrage regulations. On August 1, 2009, \$22,015 in escrow was called and paid off. At June 30, 2010 the entire balance on these bonds was paid off.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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, 2010, \$151,373 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. On April 1, 2010 \$27,985 in escrow was called and paid off. At June 30, 2010 the entire balance on these bonds was paid off.

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, 2010, \$4,175 of these bonds were outstanding.

On October 1, 2004, the County issued \$54,235 in Full Faith and Credit Refunding Obligations, Series 2004 at a premium of \$5,089, with interest rates from 3.00% to 5.00%. At June 30, 2010 the unamortized premium on the debt was \$3,223. 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, 2010 the deferred charge was \$2,462. At June 30, 2010, \$53,670 of these bonds were outstanding.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.50-7.74%	<u>\$ 219,018</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2011	\$ 16,860	\$ 8,961
2012	18,805	7,917
2013	12,924	14,726
2014	12,932	15,353
2015	12,074	16,043
2016 – 2020	98,149	45,286
2021 – 2025	24,951	123,834
2026 – 2030	22,323	172,246
Total, before deferred charge	<u>219,018</u>	<u>\$ 404,366</u>
Deferred charge, net	(2,462)	
Premium on long-term debt, net	3,796	
Total	<u><u>\$ 220,352</u></u>	

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

<u>Full faith and credit bonds</u>	<u>Long-term</u>	<u>Current</u>	<u>Total</u>
Maturities	\$ 202,158	\$ 16,860	\$ 219,018
Deferred charge	(2,203)	(259)	(2,462)
Premium on long-term debt	3,375	421	3,796
Total	<u><u>\$ 203,330</u></u>	<u><u>\$ 17,022</u></u>	<u><u>\$ 220,352</u></u>

Capital Leases

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

<u>Asset</u>	<u>Governmental Activities</u>
Buildings	\$ 75,103
Less: Accumulated depreciation	(30,147)
Total	<u><u>\$ 44,956</u></u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.50-4.90%	<u>\$ 1,020</u>

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental</u>	
	<u>Principal</u>	<u>Interest</u>
2011	\$ 14	\$ 104
2012	15	103
2013	17	101
2014	19	100
2015	21	98
2016 – 2020	141	449
2021 – 2025	236	354
2026 – 2030	394	197
2031 – 2032	163	14
Total	<u>\$ 1,020</u>	<u>\$ 1,520</u>

Loans Payable

In fiscal year 2009, the County entered into a loan with another governmental agency for the purpose of making capital improvements to the County road system. The loan obligation outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.98%	<u>\$ 2,132</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>
2011	\$ -	\$ 73
2012	413	42
2013	413	68
2014	413	52
2015	413	36
2016	413	19
2017	67	3
Total	<u>\$ 2,132</u>	<u>\$ 293</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

Pollution Remediation Obligations

Multnomah County implemented *Accounting and Financial Reporting for Pollution Remediation Obligations*, GASB Statement No. 49, for fiscal year 2009. Included in the current year's additions and reductions are pollution remediation activities related to various properties the County is responsible for clean up costs. Pollution remediation activities were paid by a special revenue fund, a capital project fund and an internal service fund. The year-end liability for pollution remediation includes an estimate for site clean up costs and costs for ground water monitoring for the next three to five years on two County owned properties. The calculation for the June 30, 2010 pollution remediation obligation is an estimate determined by management using the expected cash flow techniques and applying probabilities to the pollution remediation activities. The County's pollution remediation obligation is an estimate that is subject to changes resulting from price increases and decrease, changes in technology as well as changes in applicable laws and regulations. The current pollution remediation obligation does not provide for any recoveries that could reduce the liability. Changes in the County's pollution remediation obligation are noted in the schedule below and the liability is recorded on the Statement of Net Assets.

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010 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	\$ 56,570	\$ 50,045	\$ 56,570	\$ 50,045	\$ 7,250
Revenue Bonds	3,240	-	395	2,845	415
Full Faith and Credit Bonds	223,829	10,373	13,850	220,352	17,022
Capital Leases	10,757	-	9,737	1,020	14
Loans Payable	623	1,509	-	2,132	-
Long-term debt before other long-term liabilities	295,019	61,927	80,552	276,394	24,701
Pollution Remediation Obligations	-	422	47	375	275
Compensated Absences	23,477	25,717	24,934	24,260	6,959
Governmental activity long-term liabilities	<u>\$ 318,496</u>	<u>\$ 88,066</u>	<u>\$ 105,533</u>	<u>\$ 301,029</u>	<u>\$ 31,935</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 39</u>	<u>\$ 35</u>	<u>\$ 49</u>	<u>\$ 25</u>	<u>\$ 9</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

Conduit Financing

Multnomah County Conduit Financing

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2010, \$7,835 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

On October 21, 2008, the County issued \$7,400 in Higher Education Revenue Bonds. The proceeds of the bonds were used to provide financing for Pacific Northwest College of Art (PNCA) for costs of acquisition, construction, additions, renovations and improvements to buildings used by the College to accommodate new programs and enrollment growth. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by PNCA. As the County does not own any of the assets constructed or assume any liabilities associated with the project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2010, \$6,543 of the Higher Education Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2010 was \$14,378. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. The proceeds of these bonds issues were used by health care facilities to finance various capital projects and refund outstanding bonds. The debt has not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. The obligors have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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 respective health care facility. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. A summary of the Authority's conduit debt is as follows:

Obligor (Health Care Facility), debt issue, terms	Original Amount	Balance June 30, 2010
Terwilliger Plaza, Hospital Revenue and Refunding Bonds, Series 1999, due serially through December 1, 2029	\$ 26,000	\$ 22,100
Holladay Park Plaza, Revenue and Refunding Bonds, Series 2003, due serially through November 15, 2033	17,200	15,495
Providence Health System, Revenue Bonds, Series 2004, due serially through October 1, 2024	100,000	97,305
Terwilliger Plaza, Revenue Bonds, Series 2006, due serially through December 1, 2036	39,765	39,765
Pacific Mirabella (at South Waterfront Project), Variable Rate Demand Revenue Bonds, Series 2008A and 2008B, due serially through September 30, 2048	221,645	221,645
Oregon Baptist (Retirement Homes Project), Variable Rate Demand Revenue and Refunding Bonds, Series 2009, entire principal due November 1, 2034	7,050	7,050
Adventist Health System/West, Revenue Bonds, Series 2009A, due September 1, 2021 and September 1, 2040	66,535	66,535
	<u>\$ 478,195</u>	<u>\$ 469,895</u>

Note 5. 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, 2010, interfund premiums exceeded reimbursable expenditures.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(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. The County's excess insurance coverage policies cover claims in excess of \$750 for workers' compensation and \$1,000 for all liability claims. Settlements have not exceeded 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 6/30/10	Fiscal Year Ended 6/30/09
Unpaid claims, beginning of fiscal year	\$ 12,861	\$ 11,414
Incurred claims (including IBNRs)	27,325	24,321
Actuarial adjustment	(3,765)	(1,571)
Claim payments	(24,232)	(21,303)
Unpaid claims, end of fiscal year	<u>\$ 12,189</u>	<u>\$ 12,861</u>

B. Subsequent events

In July of 2010, the County settled a measure 37 claim for \$2,300. This transaction was recorded in expenses and accrued liabilities in fiscal year 2010, and is already included in the financial statements.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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, 2010.

<u>Year ended June 30</u>	
2011	4,742
2012	4,460
2013	4,365
2014	3,851
2015	3,042
2016 – 2020	3,970
2021 – 2025	19
Total minimum payments	<u>\$ 24,448</u>

The County recorded \$4,418 in rent expense for the year ended June 30, 2010.

The County has entered into various construction and non-construction contracts at fiscal year-end. The commitments noted below are evidenced by signed purchase orders or contracts which were entered into prior to June 30, 2010.

<u>Construction Commitment Description</u>	<u>Fiscal Year Ended 6/30/10</u>
Buildings	\$ 15,802
Bridges	3,890
Roads	744
Sewer	305
Various	2,991
Total outstanding contracts	<u>\$ 23,732</u>

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 for postretirement healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which covers 50% of the premium cost for retirees who meet certain eligibility requirements. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. The County's post employment medical plan does not issue a publicly available financial report. The County implemented GASB Statement No. 45, *Accounting and*

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

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 1.5% of annual covered payroll towards the County's 50% contribution. At June 30, 2010, there were 601 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 2010, the County contributed \$2,438 to the plan or approximately 40% of total premiums. Plan members receiving benefits contributed \$3,728 or approximately 61% of the total premiums during fiscal year 2010.

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, 2010, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 11,664
Interest on net OPEB obligation	3,607
Adjustment to annual required contribution	<u>(2,958)</u>
Annual OPEB cost (expense)	12,313
Contributions made	<u>(2,438)</u>
Increase in net OPEB obligation	9,875
Net OPEB obligation - beginning of year	<u>80,173</u>
Net OPEB obligation - end of year	<u><u>\$ 90,048</u></u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(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 2010 and the three preceding years were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/07	\$ 15,083	12%	\$ 57,990
6/30/08	14,902	18%	70,136
6/30/09	12,232	18%	80,173
6/30/10	12,313	20%	90,048

Funded status and funding progress. As of the most recent actuarial report, January 1, 2009, the actuarial accrued liability for benefits was \$122,605, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$122,605. The covered payroll (annual payroll of active employees covered by the plan) was \$263,090 for fiscal year 2010 and the ratio of the UAAL to the covered payroll was 47%.

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, 2009), the projected unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 4.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending down from 9.0% in 2009 to 7.3% in 2015 for the major medical component, which is

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is being amortized over a 30 year period as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2010 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 13.4% of annual covered payroll. In addition to the funding requirements, the County also charges an internal rate of 6.75% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2010
(dollar amounts expressed in thousands)

Annual pension cost. For 2010, the County's annual pension cost of \$34,550 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the projected unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year and (d) trending healthcare costs from 7.0% in 2010 to 4.5% in 2029. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2009, was 20 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>
6/30/08	\$ 39,337	100%	\$ -
6/30/09	42,368	100%	-
6/30/10	34,550	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, 2010, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$168,026. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

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REQUIRED SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2010
(dollar amounts expressed in thousands)

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Unit Credit (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/05	\$ -	\$ 109,895	\$ 109,895	0%	\$228,597	48%
01/01/07	-	122,905	122,905	0%	246,343	50%
01/01/09	\$ -	\$ 122,605	\$ 122,605	0%	\$263,090	47%

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
- Special Excise Tax Fund
- Land Corner Preservation Fund
- Inmate Welfare Fund
- Justice Services Special Operations Fund
- General Reserve Fund

Debt Service Funds

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

Capital Projects Funds

- Financed Projects Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	\$ 8,113	\$ 21,570	\$ 33,039	\$ 62,722
Receivables:				
Taxes	1,231	520	-	1,751
Accounts	6,661	-	125	6,786
Contracts	10	1,652	308	1,970
Inventories	494	-	-	494
Prepaid items	-	-	18	18
Restricted assets:				
Cash with fiscal agent	-	1,054	-	1,054
Total assets and other debits	<u>\$ 16,509</u>	<u>\$ 24,796</u>	<u>\$ 33,490</u>	<u>\$ 74,795</u>
LIABILITIES				
Accounts payable	\$ 9,285	\$ -	\$ 1,316	\$ 10,601
Payrolls payable	302	-	3	305
Due to other funds	100	-	-	100
Deferred revenue	32	2,062	421	2,515
Total liabilities	<u>9,719</u>	<u>2,062</u>	<u>1,740</u>	<u>13,521</u>
FUND BALANCES				
Reserved for capital projects	-	-	31,732	31,732
Reserved for debt service	-	22,734	-	22,734
Reserved for inventories	494	-	-	494
Reserved for prepaid items	-	-	18	18
Unreserved, undesignated	6,296	-	-	6,296
Total fund balances	<u>6,790</u>	<u>22,734</u>	<u>31,750</u>	<u>61,274</u>
Total liabilities and fund balances	<u>\$ 16,509</u>	<u>\$ 24,796</u>	<u>\$ 33,490</u>	<u>\$ 74,795</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2010
(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	\$ 26,369	\$ 9,013	\$ -	\$ 35,382
Intergovernmental	33,990	-	45	34,035
Licenses and permits	5,393	-	-	5,393
Charges for services	5,382	35	608	6,025
Interest	103	202	192	497
Other	520	6,686	139	7,345
Total revenues	<u>71,757</u>	<u>15,936</u>	<u>984</u>	<u>88,677</u>
EXPENDITURES				
Current:				
General government	708	87	3,930	4,725
Health services	1,443	-	-	1,443
Public safety and justice	7,301	-	-	7,301
Community services	18,850	-	974	19,824
Library services	-	-	-	-
Roads and bridges	37,540	-	-	37,540
Capital outlay	5,502	-	5,067	10,569
Debt service:				
Principal	-	23,022	-	23,022
Interest	183	6,170	-	6,353
Total expenditures	<u>71,527</u>	<u>29,279</u>	<u>9,971</u>	<u>110,777</u>
Excess (deficiency) of revenues over (under) expenditures	<u>230</u>	<u>(13,343)</u>	<u>(8,987)</u>	<u>(22,100)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	1,509	-	9,000	10,509
Issuance of refunding bonds	-	45,175	-	45,175
Premium on long-term debt	-	5,443	-	5,443
Payments to escrow agent - defeased debt	-	(49,710)	-	(49,710)
Proceeds from sale of capital assets	-	-	10	10
Transfers in	5,607	-	9,626	15,233
Transfers out	(25,273)	-	(522)	(25,795)
Total other financing sources (uses)	<u>(18,157)</u>	<u>908</u>	<u>18,114</u>	<u>865</u>
Net change in fund balances	<u>(17,927)</u>	<u>(12,435)</u>	<u>9,127</u>	<u>(21,235)</u>
Fund balances - beginning	<u>24,717</u>	<u>35,169</u>	<u>22,623</u>	<u>82,509</u>
Fund balances - ending	<u>\$ 6,790</u>	<u>\$ 22,734</u>	<u>\$ 31,750</u>	<u>\$ 61,274</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

- **Strategic Investment Program Fund** - accounts primarily for monies received from corporations receiving property tax abatements and paying fees for specific purposes as a part of the reduced tax agreement to be used for community service.
- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.
- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.
- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.
- **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.
- **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.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	Recreation	County School
ASSETS						
Cash and investments	\$ 161	\$ 2,673	\$ 44	\$ 235	\$ 81	\$ 2
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	3,959	56	-	-	-
Contracts	-	10	-	-	-	-
Inventories	-	494	-	-	-	-
Total assets	<u>\$ 161</u>	<u>\$ 7,136</u>	<u>\$ 100</u>	<u>\$ 235</u>	<u>\$ 81</u>	<u>\$ 2</u>
LIABILITIES						
Accounts payable	\$ -	\$ 6,185	\$ -	\$ 9	\$ 81	\$ -
Payroll Payable	-	127	-	-	-	-
Due to other funds	-	-	100	-	-	-
Deferred revenue	-	10	-	-	-	-
Total liabilities	<u>-</u>	<u>6,322</u>	<u>100</u>	<u>9</u>	<u>81</u>	<u>-</u>
FUND BALANCES						
Reserved for inventories	-	494	-	-	-	-
Unreserved, undesignated	161	320	-	226	-	2
Total fund balances	<u>161</u>	<u>814</u>	<u>-</u>	<u>226</u>	<u>-</u>	<u>2</u>
Total liabilities and fund balances	<u>\$ 161</u>	<u>\$ 7,136</u>	<u>\$ 100</u>	<u>\$ 235</u>	<u>\$ 81</u>	<u>\$ 2</u>

Tax Title	Animal	Willamette	Special	Land Corner	Inmate	Justice	General	
Land Sales	Control	River	Excise	Preservation	Welfare	Services	Reserve	Total
Land Sales	Control	Bridges	Tax	Preservation	Welfare	Special	Reserve	Total
Land Sales	Control	Bridges	Tax	Preservation	Welfare	Operations	Reserve	Total
\$ -	\$ 1,037	\$ 1,315	\$ 1,225	\$ 1,046	\$ 176	\$ 118	\$ -	\$ 8,113
-	-	-	1,227	4	-	-	-	1,231
-	12	1,446	-	-	46	1,142	-	6,661
-	-	-	-	-	-	-	-	10
-	-	-	-	-	-	-	-	494
<u>\$ -</u>	<u>\$ 1,049</u>	<u>\$ 2,761</u>	<u>\$ 2,452</u>	<u>\$ 1,050</u>	<u>\$ 222</u>	<u>\$ 1,260</u>	<u>\$ -</u>	<u>\$ 16,509</u>
\$ -	\$ 5	\$ 699	\$ 1,983	\$ 15	\$ 35	\$ 273	\$ -	\$ 9,285
-	-	86	-	12	10	67	-	302
-	-	-	-	-	-	-	-	100
-	-	-	-	-	-	22	-	32
<u>-</u>	<u>5</u>	<u>785</u>	<u>1,983</u>	<u>27</u>	<u>45</u>	<u>362</u>	<u>-</u>	<u>9,719</u>
-	-	-	-	-	-	-	-	494
-	1,044	1,976	469	1,023	177	898	-	6,296
-	1,044	1,976	469	1,023	177	898	-	6,790
<u>\$ -</u>	<u>\$ 1,049</u>	<u>\$ 2,761</u>	<u>\$ 2,452</u>	<u>\$ 1,050</u>	<u>\$ 222</u>	<u>\$ 1,260</u>	<u>\$ -</u>	<u>\$ 16,509</u>

MULTNOMAH COUNTY, OREGON
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction	Recreation	County School
REVENUES						
Taxes	\$ -	\$ 7,616	\$ -	\$ -	\$ 84	\$ 184
Intergovernmental	-	30,422	242	31	-	17
Licenses and permits	-	74	-	-	-	-
Charges for services	-	413	-	-	-	2
Interest	-	42	-	2	-	-
Other:						
Non-governmental grants	-	-	-	-	-	-
Service reimbursements	-	-	-	-	-	-
Miscellaneous	-	39	-	-	-	-
Total revenues	-	38,606	242	33	84	203
EXPENDITURES						
Current:						
General government	-	-	-	-	-	-
Health services	-	-	-	-	-	-
Social services	-	-	-	-	-	-
Public safety and justice	-	-	-	-	-	-
Community services	-	-	316	4	84	201
Library services	-	-	-	-	-	-
Roads and bridges	-	31,167	-	-	-	-
Capital outlay	-	3,785	-	299	-	-
Debt service, interest	-	-	-	-	-	-
Total expenditures	-	34,952	316	303	84	201
Excess of revenues over (under) expenditures	-	3,654	(74)	(270)	-	2
OTHER FINANCING SOURCES (USES)						
Proceeds from issuance of debt	-	1,509	-	-	-	-
Transfers in	-	500	-	55	-	-
Transfers out	(445)	(5,107)	-	-	-	-
Total other financing sources (uses)	(445)	(3,098)	-	55	-	-
Net change in fund balances	(445)	556	(74)	(215)	-	2
Fund balance - beginning	606	258	74	441	-	-
Fund balance - ending	\$ 161	\$ 814	\$ -	\$ 226	\$ -	\$ 2

Tax Title								
Land Sales	Animal Control	Willamette River Bridges	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	General Reserve	Total
\$ 87	\$ -	\$ -	\$ 18,398	\$ -	\$ -	\$ -	\$ -	\$ 26,369
29	79	3,035	-	-	-	135	-	33,990
-	1,221	-	-	-	-	4,098	-	5,393
322	124	8	-	612	1,291	2,610	-	5,382
32	6	-	7	10	1	3	-	103
-	112	-	-	-	-	-	-	112
-	-	-	-	-	-	137	-	137
-	-	92	-	-	108	32	-	271
470	1,542	3,135	18,405	622	1,400	7,015	-	71,757
633	75	-	-	-	-	-	-	708
-	-	-	-	-	-	1,443	-	1,443
-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,446	5,855	-	7,301
-	-	-	18,245	-	-	-	-	18,850
-	-	-	-	-	-	-	-	-
-	-	5,513	-	860	-	-	-	37,540
-	-	1,418	-	-	-	-	-	5,502
-	-	183	-	-	-	-	-	183
633	75	7,114	18,245	860	1,446	7,298	-	71,527
(163)	1,467	(3,979)	160	(238)	(46)	(283)	-	230
-	-	-	-	-	-	-	-	1,509
-	-	5,052	-	-	-	-	-	5,607
(127)	(1,174)	(3,083)	-	-	-	-	(15,337)	(25,273)
(127)	(1,174)	1,969	-	-	-	-	(15,337)	(18,157)
(290)	293	(2,010)	160	(238)	(46)	(283)	(15,337)	(17,927)
290	751	3,986	309	1,261	223	1,181	15,337	24,717
\$ -	\$ 1,044	\$ 1,976	\$ 469	\$ 1,023	\$ 177	\$ 898	\$ -	\$ 6,790

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 446	\$ 446	\$ -	\$ (446)
EXPENDITURES				
Human services	288	288	-	288
Total expenditures	288	288	-	288
Excess of revenues over expenditures	158	158	-	(158)
OTHER FINANCING USES				
Transfers out	(446)	(446)	(445)	1
Net change in fund balances	(288)	(288)	(445)	(157)
Fund balances - beginning	288	288	606	318
Fund balances - ending	\$ -	\$ -	\$ 161	\$ 161

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Gasoline	\$ 7,150	\$ 7,150	\$ 7,063	\$ (87)
Forest reserve yield	553	553	553	-
Intergovernmental	30,350	30,350	30,422	72
Licenses and permits	65	65	74	9
Charges for services	1,075	1,075	413	(662)
Interest	200	200	42	(158)
Other:				
Service reimbursements	959	459	-	(459)
Miscellaneous	106	106	39	(67)
Total revenues	40,458	39,958	38,606	(1,352)
EXPENDITURES				
Community services	40,793	40,793	34,952	5,841
Excess (deficiency) of revenues over (under) expenditures	(335)	(835)	3,654	4,489
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	4,600	4,600	1,509	(3,091)
Transfers in	-	500	500	-
Transfers out	(5,596)	(5,596)	(5,107)	489
Total other financing sources (uses)	(996)	(496)	(3,098)	(2,602)
Net change in fund balances	(1,331)	(1,331)	556	1,887
Fund balances - beginning	1,331	1,331	258	(1,073)
Fund balances - ending	\$ -	\$ -	\$ 814	\$ 814

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 250	\$ 250	\$ 242	\$ (8)
EXPENDITURES				
Sheriff	250	324	316	8
Deficiency of revenues under expenditures	-	(74)	(74)	-
Fund balances - beginning	-	74	74	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 990	\$ 990	\$ 31	\$ (959)
Interest	20	20	2	(18)
Total revenues	1,010	1,010	33	(977)
EXPENDITURES				
Community services	1,517	1,517	303	1,214
Deficiency of revenues under expenditures	(507)	(507)	(270)	237
OTHER FINANCING SOURCES				
Transfers in	60	60	55	(5)
Total other financing sources	60	60	55	(5)
Contingency	(175)	(175)	-	175
Net change in fund balances	(622)	(622)	(215)	407
Fund balances - beginning	622	622	441	(181)
Fund balances - ending	\$ -	\$ -	\$ 226	\$ 226

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - Gasoline	\$ 123	\$ 123	\$ 84	\$ (39)
EXPENDITURES				
County management	123	123	84	39
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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Forest reserve yield	\$ 180	\$ 180	\$ 184	\$ 4
Intergovernmental	24	24	17	(7)
Charges for services	-	-	2	2
Total revenues	204	204	203	(1)
EXPENDITURES				
Nondepartmental	205	205	201	4
Net change in fund balances	(1)	(1)	2	3
Fund balances - beginning	1	1	-	(1)
Fund balances - ending	\$ -	\$ -	\$ 2	\$ 2

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Payments in lieu of taxes	\$ 45	\$ 45	\$ 87	\$ 42
Intergovernmental	20	20	29	9
Charges for services	283	410	322	(88)
Interest	20	20	32	12
Total revenues	368	495	470	(25)
EXPENDITURES				
Community services	668	668	633	35
Deficiency of revenues under expenditures	(300)	(173)	(163)	10
OTHER FINANCING USES				
Transfers out	-	(127)	(127)	-
Net change in fund balances	(300)	(300)	(290)	10
Fund balances - beginning	300	300	290	(10)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 65	\$ 65	\$ 79	\$ 14
Licenses and permits	994	994	1,221	227
Charges for services	115	115	124	9
Interest	-	-	6	6
Other - miscellaneous	78	78	112	34
Total revenues	1,252	1,252	1,542	290
EXPENDITURES				
Community services	612	612	75	537
Excess of revenues over expenditures	640	640	1,467	827
OTHER FINANCING USES				
Transfers out	(1,174)	(1,174)	(1,174)	-
Net change in fund balances	(534)	(534)	293	827
Fund balances - beginning	534	534	751	217
Fund balances - ending	\$ -	\$ -	\$ 1,044	\$ 1,044

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 5,340	\$ 5,340	\$ 3,035	\$ (2,305)
Charges for services	-	-	8	8
Interest	67	67	-	(67)
Other:				
Service reimbursements	87	87	-	(87)
Miscellaneous	10	10	92	82
Total revenues	<u>5,504</u>	<u>5,504</u>	<u>3,135</u>	<u>(2,369)</u>
EXPENDITURES				
Community services	<u>12,559</u>	<u>12,559</u>	<u>7,114</u>	<u>5,445</u>
Deficiency of revenues under expenditures	<u>(7,055)</u>	<u>(7,055)</u>	<u>(3,979)</u>	<u>3,076</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	5,536	5,536	5,052	(484)
Transfers out	<u>(3,291)</u>	<u>(3,291)</u>	<u>(3,083)</u>	<u>208</u>
Total other financing sources (uses)	<u>2,245</u>	<u>2,245</u>	<u>1,969</u>	<u>(276)</u>
Net change in fund balances	<u>(4,810)</u>	<u>(4,810)</u>	<u>(2,010)</u>	<u>2,800</u>
Fund balances - beginning	<u>4,810</u>	<u>4,810</u>	<u>3,986</u>	<u>(824)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,976</u>	<u>\$ 1,976</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 20,500	\$ 20,500	\$ 18,398	\$ (2,102)
Interest	10	10	7	(3)
Total revenues	20,510	20,510	18,405	(2,105)
EXPENDITURES				
Nondepartmental	20,680	20,680	18,245	2,435
Net change in fund balances	(170)	(170)	160	330
Fund balances - beginning	170	170	309	139
Fund balances - ending	\$ -	\$ -	\$ 469	\$ 469

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 900	\$ 900	\$ 612	\$ (288)
Interest	30	30	10	(20)
Total revenues	930	930	622	(308)
EXPENDITURES				
Community services	1,381	1,381	860	521
Deficiency of revenues under expenditures	(451)	(451)	(238)	213
Contingency	(679)	(679)	-	679
Net change in fund balances	(1,130)	(1,130)	(238)	892
Fund balances - beginning	1,130	1,130	1,261	131
Fund balances - ending	\$ -	\$ -	\$ 1,023	\$ 1,023

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,335	\$ 1,335	\$ 1,291	\$ (44)
Interest	25	25	1	(24)
Other - miscellaneous	10	10	108	98
Total revenues	1,370	1,370	1,400	30
EXPENDITURES				
Community justice	12	12	3	9
Sheriff	1,560	1,581	1,443	138
Total expenditures	1,572	1,593	1,446	147
Net change in fund balances	(202)	(223)	(46)	177
Fund balances - beginning	202	223	223	-
Fund balances - ending	\$ -	\$ -	\$ 177	\$ 177

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 209	\$ 217	\$ 135	\$ (82)
Licenses and permits	4,437	4,437	4,098	(339)
Charges for services	2,481	2,763	2,610	(153)
Interest	16	16	3	(13)
Other:				
Service reimbursements	90	90	137	47
Miscellaneous	-	-	32	32
Total revenues	<u>7,233</u>	<u>7,523</u>	<u>7,015</u>	<u>(508)</u>
EXPENDITURES				
Community justice	2,848	2,848	2,578	270
Health services	1,840	1,840	1,443	397
District attorney	158	158	-	158
Sheriff	3,380	3,753	3,277	476
Total expenditures	<u>8,226</u>	<u>8,599</u>	<u>7,298</u>	<u>1,301</u>
Net change in fund balances	(993)	(1,076)	(283)	793
Fund balances - beginning	993	1,076	1,181	105
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 898</u>	<u>\$ 898</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	307	307	-	(307)
OTHER FINANCING USES				
Transfers out	(15,646)	(15,646)	(15,337)	309
Net change in fund balances	(15,339)	(15,339)	(15,337)	2
Fund balances - beginning	15,339	15,339	15,337	(2)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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DEBT SERVICE FUNDS

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

Major Fund

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

Nonmajor Funds

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

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2010
(amounts expressed in thousands)

	<u>Revenue Bond</u>	<u>Capital Debt Retirement</u>	<u>General Obligation Bond</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 1,622	\$ 12,447	\$ 7,501	\$ 21,570
Receivables:				
Taxes	-	-	520	520
Contracts	1,652	-	-	1,652
Restricted assets:				
Cash with fiscal agent	-	1,054	-	1,054
Total assets	<u>\$ 3,274</u>	<u>\$ 13,501</u>	<u>\$ 8,021</u>	<u>\$ 24,796</u>
LIABILITIES				
Deferred revenue	\$ 1,652	-	\$ 410	\$ 2,062
Total liabilities	<u>1,652</u>	<u>-</u>	<u>410</u>	<u>2,062</u>
FUND BALANCES				
Reserved for debt service	1,622	13,501	7,611	22,734
Total liabilities and fund balances	<u>\$ 3,274</u>	<u>\$ 13,501</u>	<u>\$ 8,021</u>	<u>\$ 24,796</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 9,013	\$ 9,013
Charges for services	35	-	-	35
Interest	13	141	48	202
Other - service reimbursements	-	6,686	-	6,686
Total revenues	<u>48</u>	<u>6,827</u>	<u>9,061</u>	<u>15,936</u>
EXPENDITURES				
Current:				
General government	-	87	-	87
Debt service:				
Principal	395	15,767	6,860	23,022
Interest	152	3,450	2,568	6,170
Total expenditures	<u>547</u>	<u>19,304</u>	<u>9,428</u>	<u>29,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(499)</u>	<u>(12,477)</u>	<u>(367)</u>	<u>(13,343)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	45,175	45,175
Premium on long-term debt	-	573	4,870	5,443
Payments to escrow agent - defeased debt	-	-	(49,710)	(49,710)
Total other financing sources (uses)	<u>-</u>	<u>573</u>	<u>335</u>	<u>908</u>
Net change in fund balances	(499)	(11,904)	(32)	(12,435)
Fund balances - beginning	2,121	25,405	7,643	35,169
Fund balances - ending	<u>\$ 1,622</u>	<u>\$ 13,501</u>	<u>\$ 7,611</u>	<u>\$ 22,734</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revenue Bond Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 35	\$ 35	\$ 35	\$ -
Interest	50	50	13	(37)
Total revenues	85	85	48	(37)
EXPENDITURES				
Nondepartmental	547	547	547	-
Net change in fund balances	(462)	(462)	(499)	(37)
Fund balances - beginning	2,100	2,100	2,121	21
Fund balances - ending	\$ 1,638	\$ 1,638	\$ 1,622	\$ (16)

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Debt Retirement Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 543	\$ 543	\$ 141	\$ (402)
Other - service reimbursements	7,700	7,700	6,686	(1,014)
Total revenues	8,243	8,243	6,827	(1,416)
EXPENDITURES				
Nondepartmental	20,449	20,449	19,304	1,145
Deficiency of revenues under expenditures	(12,206)	(12,206)	(12,477)	(271)
OTHER FINANCING SOURCES				
Premium on long-term debt	-	-	573	573
Net change in fund balances	(12,206)	(12,206)	(11,904)	302
Fund balances - beginning	27,150	27,150	25,405	(1,745)
Fund balances - ending	\$ 14,944	\$ 14,944	\$ 13,501	\$ (1,443)

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Obligation Bond Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Property:				
Current year	\$ 8,700	\$ 8,700	\$ 8,752	\$ 52
Prior years'	156	156	218	62
Penalties and interest	12	12	40	28
Payments in lieu of taxes	-	-	3	3
Interest	155	155	48	(107)
Total revenues	9,023	9,023	9,061	38
EXPENDITURES				
Nondepartmental	9,247	9,428	9,428	-
Deficiency of revenues				
under expenditures	(224)	(405)	(367)	38
OTHER FINANCING SOURCES (USES)				
Issuance of refunding bonds	-	-	45,175	45,175
Premium on long-term debt	-	-	4,870	4,870
Payments to escrow agent - defeased debt	-	(49,710)	(49,710)	-
Total other financing sources (uses)	-	(49,710)	335	50,045
Net change in fund balances	(224)	(50,115)	(32)	50,083
Fund balances - beginning	7,713	7,713	7,643	(70)
Fund balances - ending	\$ 7,489	\$ (42,402)	\$ 7,611	\$ 50,013

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Pension Bond Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 630	\$ 630	\$ 273	\$ (357)
Other - service reimbursements	16,250	16,250	24,140	7,890
Total revenues	16,880	16,880	24,413	7,533
EXPENDITURES				
Nondepartmental	14,364	14,364	14,349	15
Net change in fund balances	2,516	2,516	10,064	7,548
Fund balances - beginning	31,484	31,484	31,439	(45)
Fund balances - ending	\$ 34,000	\$ 34,000	\$ 41,503	\$ 7,503

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:

- **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, 2010
(amounts expressed in thousands)

	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
ASSETS					
Cash and investments	\$ 712	\$ 22,962	\$ 6,008	\$ 3,357	\$ 33,039
Receivables:					
Accounts	-	125	-	-	125
Contracts	-	308	-	-	308
Prepaid items	18	-	-	-	18
Total assets	<u>\$ 730</u>	<u>\$ 23,395</u>	<u>\$ 6,008</u>	<u>\$ 3,357</u>	<u>\$ 33,490</u>
LIABILITIES					
Accounts payable	\$ 368	\$ 766	\$ -	\$ 182	\$ 1,316
Payroll payable	3	-	-	-	3
Deferred revenue	-	421	-	-	421
Total liabilities	<u>371</u>	<u>1,187</u>	<u>-</u>	<u>182</u>	<u>1,740</u>
FUND BALANCES					
Reserved for capital projects	341	22,208	6,008	3,175	31,732
Reserved for prepaid items	18	-	-	-	18
Total fund balances	<u>359</u>	<u>22,208</u>	<u>6,008</u>	<u>3,175</u>	<u>31,750</u>
Total liabilities and fund balances	<u>\$ 730</u>	<u>\$ 23,395</u>	<u>\$ 6,008</u>	<u>\$ 3,357</u>	<u>\$ 33,490</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
REVENUES					
Intergovernmental	\$ -	\$ 15	\$ -	\$ 30	\$ 45
Charges for services	-	608	-	-	608
Interest	11	154	8	19	192
Other:					
Service reimbursements	-	-	17	-	17
Miscellaneous	-	93	-	29	122
Total revenues	<u>11</u>	<u>870</u>	<u>25</u>	<u>78</u>	<u>984</u>
EXPENDITURES					
Current:					
General government	-	3,930	-	-	3,930
Community services	51	-	-	923	974
Capital outlay	<u>1,446</u>	<u>3,527</u>	<u>-</u>	<u>94</u>	<u>5,067</u>
Total expenditures	<u>1,497</u>	<u>7,457</u>	<u>-</u>	<u>1,017</u>	<u>9,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,486)</u>	<u>(6,587)</u>	<u>25</u>	<u>(939)</u>	<u>(8,987)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	3,000	6,000	-	9,000
Proceeds from sale of capital assets	10	-	-	-	10
Transfers in	1,500	5,999	-	2,127	9,626
Transfers out	-	-	(522)	-	(522)
Total other financing sources (uses)	<u>1,510</u>	<u>8,999</u>	<u>5,478</u>	<u>2,127</u>	<u>18,114</u>
Net change in fund balances	24	2,412	5,503	1,188	9,127
Fund balances - beginning	335	19,796	505	1,987	22,623
Fund balances - ending	<u>\$ 359</u>	<u>\$ 22,208</u>	<u>\$ 6,008</u>	<u>\$ 3,175</u>	<u>\$ 31,750</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Financed Projects Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ -	\$ -	\$ 11	\$ 11
EXPENDITURES				
County management	6,545	6,545	1,497	5,048
Deficiency of revenues under expenditures	(6,545)	(6,545)	(1,486)	5,059
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	4,700	4,700	-	(4,700)
Proceeds from sale of capital assets	-	-	10	10
Transfers in	1,500	1,500	1,500	-
Total other financing sources	6,200	6,200	1,510	(4,690)
Net change in fund balances	(345)	(345)	24	369
Fund balances - beginning	345	345	335	(10)
Fund balances - ending	\$ -	\$ -	\$ 359	\$ 359

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ -	\$ 1,925	\$ 15	\$ (1,910)
Charges for services	11,188	11,788	608	(11,180)
Interest	260	260	154	(106)
Other - miscellaneous	-	-	93	93
Total revenues	11,448	13,973	870	(13,103)
EXPENDITURES				
County management	45,028	47,996	7,457	40,539
Deficiency of revenues under expenditures	(33,580)	(34,023)	(6,587)	27,436
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	12,000	12,000	3,000	(9,000)
Transfers in	5,629	6,072	5,999	(73)
Total other financing sources (uses)	17,629	18,072	8,999	(9,073)
Net change in fund balances	(15,951)	(15,951)	2,412	18,363
Fund balances - beginning	15,951	15,951	19,796	3,845
Fund balances - ending	\$ -	\$ -	\$ 22,208	\$ 22,208

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Acquisition Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	15	15	8	(7)
Other - service reimbursements	-	-	17	17
Total revenues	15	15	25	10
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	-	6,000	6,000
Transfer out	(557)	(557)	(522)	35
Total other financing sources (uses)	(557)	(557)	5,478	6,035
Net change in fund balances	(542)	(542)	5,503	6,045
Fund balances - beginning	542	542	505	(37)
Fund balances - ending	\$ -	\$ -	\$ 6,008	\$ 6,008

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 30	\$ 30
Interest	50	50	19	(31)
Other:				
Service reimbursements	17	17	-	(17)
Miscellaneous	-	-	29	29
Total revenues	67	67	78	11
EXPENDITURES				
County management	4,656	4,656	1,017	3,639
Deficiency of revenues				
under expenditures	(4,589)	(4,589)	(939)	3,650
OTHER FINANCING SOURCES (USES)				
Transfers in	2,127	2,127	2,127	-
Net change in fund balances	(2,462)	(2,462)	1,188	3,650
Fund balances - beginning	2,462	2,462	1,987	(475)
Fund balances - ending	\$ -	\$ -	\$ 3,175	\$ 3,175

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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	\$ 755	\$ 755	\$ 755	\$ -
Prior	7	7	16	9
Charges for services	2	2	37	35
Intergovernmental	-	-	68	68
Interest	12	12	5	(7)
Total revenues	<u>776</u>	<u>776</u>	<u>881</u>	<u>105</u>
EXPENDITURES				
Community services	<u>931</u>	<u>931</u>	<u>908</u>	<u>23</u>
Excess (deficiency) of revenues				
over (under) expenditures	(155)	(155)	(27)	128
Contingency	<u>(50)</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
Net change in fund balances	(205)	(205)	(27)	178
Fund balances - beginning	<u>430</u>	<u>430</u>	<u>476</u>	<u>46</u>
Fund balances - ending	<u>\$ 225</u>	<u>\$ 225</u>	<u>449</u>	<u>\$ 224</u>
Reconciliation to GAAP basis:				
Invested in capital assets			2,155	
Advances from other funds			(103)	
Deferred revenue on assessments			32	
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 44			<u>\$ 2,531</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	\$ 335	\$ 335	\$ 332	\$ (3)
Prior	5	5	8	3
Interest	10	10	2	(8)
Other	-	-	8	8
Total revenues	<u>350</u>	<u>350</u>	<u>350</u>	<u>-</u>
EXPENDITURES				
Community services	<u>411</u>	<u>411</u>	<u>352</u>	<u>59</u>
Excess (deficiency) of revenues				
over (under) expenditures	(61)	(61)	(2)	59
Contingency	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>25</u>
Net changes in fund balances	(86)	(86)	(2)	84
Fund balances - beginning	<u>246</u>	<u>246</u>	<u>238</u>	<u>(8)</u>
Fund balances - ending	<u>\$ 160</u>	<u>\$ 160</u>	<u>236</u>	<u>\$ 76</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,541	
Deferred revenue on assessments			14	
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 44			<u>1,790</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 39,341	\$ 40,841	\$ 42,931	\$ 2,090
Interest	94	94	121	27
Total revenues	39,435	40,935	43,052	2,117
EXPENDITURES				
Human services	39,341	40,841	39,207	1,634
Excess of revenues over expenditures	94	94	3,845	3,751
Contingency	(4,382)	(4,382)	-	4,382
Net change in fund balances	(4,288)	(4,288)	3,845	8,133
Fund balances - beginning	4,288	4,288	9,130	4,842
Fund balances - ending	\$ -	\$ -	\$ 12,975	\$ 12,975

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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, 2010
(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>Total Internal Service Funds</u>
ASSETS						
Current assets:						
Cash and investments	\$ 40,312	\$ 3,958	\$ 18,249	\$ 1,475	\$ 7,901	\$ 71,895
Accounts receivable	52	264	95	250	416	1,077
Due from other funds	14	-	-	-	-	14
Inventories	-	491	208	629	161	1,489
Prepaid items	513	-	651	-	34	1,198
Total current assets	<u>40,891</u>	<u>4,713</u>	<u>19,203</u>	<u>2,354</u>	<u>8,512</u>	<u>75,673</u>
Noncurrent assets:						
Advances to other funds	89	-	-	-	-	89
Contracts receivable	-	-	-	-	500	500
Capital assets (net of accumulated depreciation)	33	3,321	2,902	18	26	6,300
Total assets	<u>\$ 41,013</u>	<u>\$ 8,034</u>	<u>\$ 22,105</u>	<u>\$ 2,372</u>	<u>\$ 9,038</u>	<u>\$ 82,562</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 3,585	\$ 285	\$ 1,781	\$ 248	\$ 2,528	8,427
Claims and judgments payable	12,189	-	-	-	-	12,189
Payroll payable	85	51	352	32	169	689
Unearned revenue	42	-	3	-	-	45
Due to other funds	-	-	-	-	-	-
Compensated absences	143	50	341	32	179	745
Total current liabilities	<u>16,044</u>	<u>386</u>	<u>2,477</u>	<u>312</u>	<u>2,876</u>	<u>22,095</u>
Noncurrent liabilities:						
Compensated absences	252	121	995	74	461	1,903
Incremental leases payable	-	-	-	-	1,697	1,697
Total noncurrent liabilities	<u>252</u>	<u>121</u>	<u>995</u>	<u>74</u>	<u>2,158</u>	<u>3,600</u>
Total liabilities	<u>16,296</u>	<u>507</u>	<u>3,472</u>	<u>386</u>	<u>5,034</u>	<u>25,695</u>
NET ASSETS						
Invested in capital assets	33	3,321	2,902	18	26	6,300
Unrestricted	24,684	4,206	15,731	1,968	3,978	50,567
Total net assets	<u>\$ 24,717</u>	<u>\$ 7,527</u>	<u>\$ 18,633</u>	<u>\$ 1,986</u>	<u>\$ 4,004</u>	<u>\$ 56,867</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2010
(amounts expressed in thousands)

Government Activities - Internal Service Funds						
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
OPERATING REVENUES						
Charges for services	\$ 71,803	\$ 6,086	\$ 35,867	\$ 6,261	\$ 35,925	\$ 155,942
Insurance premiums	7,548	-	-	-	-	7,548
Experience ratings and other	1,242	45	1	8	121	1,417
Total operating revenues	<u>80,593</u>	<u>6,131</u>	<u>35,868</u>	<u>6,269</u>	<u>36,046</u>	<u>164,907</u>
OPERATING EXPENSES						
Cost of sales and services	75,094	5,064	28,743	5,522	30,476	144,899
Administration	875	413	925	484	646	3,343
Depreciation	7	1,259	1,016	17	6	2,305
Total operating expenses	<u>75,976</u>	<u>6,736</u>	<u>30,684</u>	<u>6,023</u>	<u>31,128</u>	<u>150,547</u>
Operating income (loss)	<u>4,617</u>	<u>(605)</u>	<u>5,184</u>	<u>246</u>	<u>4,918</u>	<u>14,360</u>
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	265	31	111	10	38	455
Gain on disposal of capital assets	-	217	1	-	-	218
Loss on disposal of capital assets	<u>-</u>	<u>(439)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(439)</u>
Total nonoperating revenues (expenses)	<u>265</u>	<u>(191)</u>	<u>112</u>	<u>10</u>	<u>38</u>	<u>234</u>
Income (loss) before contributions and transfers	4,882	(796)	5,296	256	4,956	14,594
Capital contributions in	-	12	-	-	-	12
Capital contributions out	-	(13)	(4)	-	-	(17)
Transfers in	-	-	170	-	1,493	1,663
Transfers out	<u>-</u>	<u>(500)</u>	<u>-</u>	<u>-</u>	<u>(5,808)</u>	<u>(6,308)</u>
Change in net assets	4,882	(1,297)	5,462	256	641	9,944
Total net assets - beginning	<u>19,835</u>	<u>8,824</u>	<u>13,171</u>	<u>1,730</u>	<u>3,363</u>	<u>46,923</u>
Total net assets - ending	<u>\$ 24,717</u>	<u>\$ 7,527</u>	<u>\$ 18,633</u>	<u>\$ 1,986</u>	<u>\$ 4,004</u>	<u>\$ 56,867</u>

MULTNOMAH COUNTY, OREGON

Combining Statement of Cash Flows

Internal Service Funds

For the Year Ended June 30, 2010

(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					Total
	Risk	Fleet	Information	Mail /	Facilities	Internal
	Management	Management	Technology	Distribution	Management	Service
						Funds
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 80,544	\$ 6,256	\$ 35,835	\$ 6,180	\$ 36,626	\$ 165,441
Payments to suppliers	(67,560)	(2,479)	(9,332)	(3,395)	(14,591)	(97,357)
Payments to employees	(6,233)	(2,377)	(18,525)	(1,738)	(7,897)	(36,770)
Internal activity - payments to other funds	(739)	(867)	(1,466)	(813)	(7,857)	(11,742)
Net cash provided by operating activities	6,012	533	6,512	234	6,281	19,572
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	170	-	1,493	1,663
Transfers out	-	(500)	-	-	(5,808)	(6,308)
Net cash provided by (used in) noncapital and related financing activities	-	(500)	170	-	(4,315)	(4,645)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(865)	(2,399)	-	(7)	(3,271)
Internal loan repayment	150	-	-	-	-	150
Proceeds on sales of capital assets	-	217	1	-	-	218
Net cash provided by (used in) capital and related financing activities	150	(648)	(2,398)	-	(7)	(2,903)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	265	31	111	10	38	455
Net cash provided by investing activities	265	31	111	10	38	455
Net increase (decrease) in cash and cash equivalents	6,427	(584)	4,395	244	1,997	12,479
Balances at beginning of the year	33,885	4,542	13,853	1,231	5,904	59,415
Balances at the end of the year	\$ 40,312	\$ 3,958	\$ 18,248	\$ 1,475	\$ 7,901	\$ 71,894
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 4,617	\$ (605)	\$ 5,184	\$ 246	\$ 4,918	\$ 14,360
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	7	1,259	1,016	17	6	2,305
Changes in assets and liabilities:						
Receivables	(52)	85	(33)	(89)	429	340
Inventories	-	6	175	86	(161)	106
Prepaid items	(5)	-	(139)	-	7	(137)
Contracts receivable	-	-	-	-	150	150
Accounts payable	2,076	(212)	151	(27)	954	2,942
Claims and judgments payable	(672)	-	-	-	-	(672)
Payroll payable	2	6	(1)	(1)	(22)	(16)
Unearned revenue	4	-	-	-	-	4
Compensated absences	35	(6)	159	2	26	216
Incremental leases payable	-	-	-	-	(26)	(26)
Total adjustments	1,395	1,138	1,328	(12)	1,363	5,212
Net cash provided by operating activities	\$ 6,012	\$ 533	\$ 6,512	\$ 234	\$ 6,281	\$ 19,572
Noncash financing activities:						
Contributions of capital assets from government funds	\$ -	\$ 12	\$ -	\$ -	\$ -	\$ 12
Contributions of capital assets to government funds	-	(13)	(4)	-	-	(17)

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 7,635	\$ 7,635	\$ 7,941	\$ 306
Interest	400	400	265	(135)
Other:				
Service reimbursements	71,363	72,496	71,591	(905)
Experience ratings and other	414	414	1,210	796
Total revenues	<u>79,812</u>	<u>80,945</u>	<u>81,007</u>	<u>62</u>
EXPENDITURES				
County management	73,749	74,882	72,640	2,242
Nondepartmental	3,604	3,604	3,328	276
Total expenditures	<u>77,353</u>	<u>78,486</u>	<u>75,968</u>	<u>2,518</u>
Excess of revenues over expenditures	2,459	2,459	5,039	2,580
Contingency	(5,175)	(5,175)	-	5,175
Net change in fund balances	(2,716)	(2,716)	5,039	7,755
Fund balances - beginning	19,600	19,600	19,542	(58)
Fund balances - ending	<u>\$ 16,884</u>	<u>\$ 16,884</u>	<u>24,581</u>	<u>\$ 7,697</u>
Reconciliation to GAAP basis:				
Advance to service district			103	
Invested in capital assets			<u>33</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 120			<u>\$ 24,717</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, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,110	\$ 1,188	\$ 1,055	\$ (133)
Interest	82	82	31	(51)
Other:				
Miscellaneous	55	56	45	(11)
Service reimbursements	5,019	5,020	5,072	52
Total revenues	6,266	6,346	6,203	(143)
EXPENDITURES				
County management	8,456	8,036	6,384	1,652
Deficiency of revenues				
under expenditures	(2,190)	(1,690)	(181)	(1,795)
OTHER FINANCING SOURCES				
Proceeds from sale of assets	100	100	217	117
Transfers out	-	(500)	(500)	-
Total other financing proceeds	100	(400)	(283)	117
Contingency	(269)	(269)	-	269
Net change in fund balances	(2,359)	(2,359)	(464)	1,895
Fund balances - beginning	2,359	2,359	4,670	2,311
Fund balances - ending	\$ -	\$ -	4,206	\$ 4,206
Reconciliation to GAAP basis:				
Invested in capital assets			3,321	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 120			\$ 7,527	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 492	\$ 492	\$ 642	\$ 150
Interest	-	-	111	111
Other:				
Miscellaneous	-	-	1	1
Service reimbursements	34,840	35,026	35,226	200
Total revenues	35,332	35,518	35,980	462
EXPENDITURES				
Nondepartmental	50,034	50,220	32,067	18,153
Excess (deficiency) of revenues over (under) expenditures	(14,702)	(14,702)	3,913	18,615
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	6,000	6,000	-	(6,000)
Proceeds from sale of capital assets	-	-	1	1
Transfers in	170	170	170	-
Total other financing sources	6,170	6,170	171	(5,999)
Contingency	(2,246)	(2,246)	-	2,246
Net changes in fund balances	(10,778)	(10,778)	4,084	14,862
Fund balances - beginning	10,778	10,778	11,647	869
Fund balances - ending	\$ -	\$ -	15,731	\$ 15,731
Reconciliation to GAAP basis:				
Invested in capital assets			2,902	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 120			\$ 18,633	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail/Distribution Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 3,374	\$ 3,374	\$ 2,888	\$ (486)
Interest	25	25	10	(15)
Other:				
Miscellaneous	30	30	9	(21)
Service reimbursements	3,396	3,412	3,372	(40)
Total revenues	6,825	6,841	6,279	(562)
EXPENDITURES				
County management	6,812	6,828	6,006	822
Excess of revenues over expenditures	13	13	273	260
Contingency	(901)	(901)	-	901
Net changes in fund balances	(888)	(888)	273	1,161
Fund balances - beginning	888	888	1,695	807
Fund balances - ending	\$ -	\$ -	1,968	\$ 1,968
Reconciliation to GAAP basis:				
Invested in capital assets			18	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 120			\$ 1,986	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				favorable
				(unfavorable)
REVENUES				
Charges for services	\$ 2,331	\$ 2,331	\$ 3,044	\$ 713
Interest	-	-	38	38
Other:				
Miscellaneous	997	997	121	(876)
Service reimbursements	37,068	37,149	33,031	(4,118)
Total revenues	40,396	40,477	36,234	(4,243)
EXPENDITURES				
County management	35,337	35,811	31,130	4,681
Excess of revenues over expenditures	5,059	4,666	5,104	438
OTHER FINANCING USES				
Transfers in	1,100	1,493	1,493	-
Transfers out	(5,365)	(5,808)	(5,808)	-
Total other financing uses	(4,265)	(4,315)	(4,315)	-
Contingency	(2,396)	(1,953)	-	1,953
Net change in fund balances	(1,602)	(1,602)	789	2,391
Fund balances - beginning	1,602	1,602	2,689	1,087
Fund balances - ending	\$ -	\$ -	3,478	\$ 3,478
Reconciliation to GAAP basis:				
Long-term contracts receivable			500	
Invested in capital assets			26	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 120			\$ 4,004	

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, 2010
(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	\$ 5,927	\$ 6,290	\$ 629	\$ 2,957	\$ 15,803
Receivables:					
Taxes	49,768	311	-	1,624	51,703
Restricted cash	-	7	-	-	7
Total assets	<u>\$ 55,695</u>	<u>\$ 6,608</u>	<u>\$ 629</u>	<u>\$ 4,581</u>	<u>\$ 67,513</u>
LIABILITIES:					
Accounts payable	\$ 5,921	\$ 2,475	\$ 30	\$ 2,611	\$ 11,037
Due to other governmental units	49,624	-	-	-	49,624
Amounts held in trust	150	4,133	599	1,970	6,852
Total liabilities	<u>\$ 55,695</u>	<u>\$ 6,608</u>	<u>\$ 629</u>	<u>\$ 4,581</u>	<u>\$ 67,513</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2010
(amounts expressed in thousands)

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 6,053	\$ 883,313	\$ 883,439	\$ 5,927
Taxes receivable	48,014	974,681	972,927	49,768
Total assets	<u>\$ 54,067</u>	<u>\$ 1,857,994</u>	<u>\$ 1,856,366</u>	<u>\$ 55,695</u>
Liabilities:				
Accounts payable	\$ 6,041	\$ 891,127	\$ 891,247	\$ 5,921
Due to other governmental units	48,014	916,766	915,155	49,625
Amounts held in trust	12	890,449	890,312	149
Total liabilities	<u>\$ 54,067</u>	<u>\$ 2,698,342</u>	<u>\$ 2,696,714</u>	<u>\$ 55,695</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 6,304	\$ 1,219,142	\$ 1,219,156	\$ 6,290
Taxes receivable	108	1,204,035	1,203,832	311
Restricted cash	12	540	545	7
Total assets	<u>\$ 6,424</u>	<u>\$ 2,423,717</u>	<u>\$ 2,423,533</u>	<u>\$ 6,608</u>
Liabilities:				
Accounts payable	\$ 1,640	\$ 40,464	\$ 39,629	\$ 2,475
Amounts held in trust	4,784	1,195,913	1,196,564	4,133
Total liabilities	<u>\$ 6,424</u>	<u>\$ 1,236,377</u>	<u>\$ 1,236,193</u>	<u>\$ 6,608</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 727	\$ 2,789	\$ 2,887	\$ 629
Accounts receivable	-	1,411	1,411	-
Total assets	<u>\$ 727</u>	<u>\$ 4,200</u>	<u>\$ 4,298</u>	<u>\$ 629</u>
Liabilities:				
Accounts payable	\$ 54	\$ 2,724	\$ 2,748	\$ 30
Amounts held in trust	673	1,294	1,368	599
Total liabilities	<u>\$ 727</u>	<u>\$ 4,018</u>	<u>\$ 4,116</u>	<u>\$ 629</u>
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	\$ 4,301	\$ 15,595	\$ 16,939	\$ 2,957
Taxes receivable	1,467	14,594	14,437	1,624
Total assets	<u>\$ 5,768</u>	<u>\$ 30,189</u>	<u>\$ 31,376</u>	<u>\$ 4,581</u>
Liabilities:				
Accounts payable	\$ 3,029	\$ 17,956	\$ 18,374	\$ 2,611
Amounts held in trust	2,739	10,010	10,779	1,970
Total liabilities	<u>\$ 5,768</u>	<u>\$ 27,966</u>	<u>\$ 29,153</u>	<u>\$ 4,581</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 17,385	\$ 2,120,839	\$ 2,122,421	\$ 15,803
Taxes receivable	49,589	2,193,310	2,191,196	51,703
Accounts receivable	-	1,411	1,411	-
Restricted cash	12	540	545	7
Total assets	<u>\$ 66,986</u>	<u>\$ 4,316,100</u>	<u>\$ 4,315,573</u>	<u>\$ 67,513</u>
Liabilities:				
Accounts payable	\$ 10,764	\$ 952,271	\$ 951,998	\$ 11,037
Due to other governmental units	48,014	916,766	915,155	49,625
Amounts held in trust	8,208	2,097,666	2,099,023	6,851
Total liabilities	<u>\$ 66,986</u>	<u>\$ 3,966,703</u>	<u>\$ 3,966,176</u>	<u>\$ 67,513</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, 2010
(amounts expressed in thousands)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 15,107	\$ 16,115
Right-of-way	196,917	
Construction in progress	8,401	1,437
Buildings-not in service	51,164	51,164
Buildings	368,147	367,891
Improvements other than buildings	461	461
Machinery and equipment	112,632	116,465
Bridges	154,855	153,224
Infrastructure	363,525	556,453
Total governmental funds capital assets	<u>\$ 1,271,209</u>	<u>\$ 1,263,210</u>
 INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,263,210	\$ 1,253,201
General fund	(2,244)	767
Road fund	2,941	4,150
Bicycle path construction fund	1,082	598
Federal and state program fund	947	335
Willamette river bridges fund	1,646	7,039
Library fund	2,596	902
Land corner preservation fund	-	(81)
Justice services special operations	(231)	34
Justice bond capital project fund	(1,909)	-
Financed projects fund	1,441	(13)
Library construction fund/1996	(74)	-
Capital improvement fund	3,447	417
Asset preservation fund	85	2,785
Risk management fund	-	6
Fleet management fund	(1,704)	(1,390)
Information technology fund	(1)	(5,554)
Mail distribution fund	19	1
Facilities management fund	(42)	13
Total governmental funds capital assets, ending balance	<u>\$ 1,271,209</u>	<u>\$ 1,263,210</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2010
(amounts expressed in thousands)

	<u>Land</u>	<u>Right of Way</u>	<u>Work in Progress</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>
FUNCTION AND ACTIVITY					
General government:					
Legislative	\$ 227	\$ -	\$ 7	\$ 6,928	\$ -
Administrative	6,509	-	2,365	89,362	105
	<u>6,736</u>	<u>-</u>	<u>2,372</u>	<u>96,290</u>	<u>105</u>
Health and social services:					
Health	1,412	-	1,704	32,183	1
Social	100	-	112	8,448	-
	<u>1,512</u>	<u>-</u>	<u>1,816</u>	<u>40,631</u>	<u>1</u>
Public safety:					
Law enforcement	984	-	417	93,582	100
Justice services	431	-	2,898	51,893	3
	<u>1,415</u>	<u>-</u>	<u>3,315</u>	<u>145,475</u>	<u>103</u>
Community services:					
Community service development	-	-	-	-	108
Recreation	202	-	-	-	-
Library	4,136	-	898	62,642	140
	<u>4,338</u>	<u>-</u>	<u>898</u>	<u>62,642</u>	<u>248</u>
Roads and bridges:					
Roads and bridges	992	196,917	-	-	-
	<u>992</u>	<u>196,917</u>	<u>-</u>	<u>-</u>	<u>-</u>
External organizations:					
External use	114	-	-	74,273	4
	<u>\$ 15,107</u>	<u>\$ 196,917</u>	<u>\$ 8,401</u>	<u>\$ 419,311</u>	<u>\$ 461</u>

Machinery and Equipment	Bridges	Infrastructure	Total
\$ 92	\$ -	\$ -	\$ 7,254
29,877	-	-	128,218
<u>29,969</u>	<u>-</u>	<u>-</u>	<u>135,472</u>
689	-	-	35,989
1,014	-	-	9,674
<u>1,703</u>	<u>-</u>	<u>-</u>	<u>45,663</u>
7,585	-	-	102,668
1,105	-	-	56,330
<u>8,690</u>	<u>-</u>	<u>-</u>	<u>158,998</u>
14	-	-	122
266	-	-	468
69,443	-	-	137,259
<u>69,723</u>	<u>-</u>	<u>-</u>	<u>137,849</u>
2,547	154,855	363,525	718,836
<u>2,547</u>	<u>154,855</u>	<u>363,525</u>	<u>718,836</u>
-	-	-	74,391
<u>\$ 112,632</u>	<u>\$ 154,855</u>	<u>\$ 363,525</u>	<u>\$ 1,271,209</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, 2010
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2009	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2010
General government:				
Legislative	\$ 7,249	\$ 288	\$ (283)	\$ 7,254
Administrative	133,181	4,346	(9,309)	128,218
	<u>140,430</u>	<u>4,634</u>	<u>(9,592)</u>	<u>135,472</u>
Health and social services:				
Health	31,682	1,403	2,904	35,989
Social	9,043	722	(91)	9,674
	<u>40,725</u>	<u>2,125</u>	<u>2,813</u>	<u>45,663</u>
Public safety:				
Law enforcement	101,726	1,816	(874)	102,668
Justice services	53,721	810	1,799	56,330
	<u>155,447</u>	<u>2,626</u>	<u>925</u>	<u>158,998</u>
Community services:				
Community service development	122	-	-	122
Recreation	1,190	131	(853)	468
Library	134,614	9,640	(6,995)	137,259
	<u>135,926</u>	<u>9,771</u>	<u>(7,848)</u>	<u>137,849</u>
Roads and bridges:				
Roads and bridges	716,315	8,242	(5,721)	718,836
	<u>716,315</u>	<u>8,242</u>	<u>(5,721)</u>	<u>718,836</u>
External organizations:				
External use	74,367	89	(65)	74,391
	<u>\$ 1,263,210</u>	<u>\$ 27,487</u>	<u>\$ (19,488)</u>	<u>\$ 1,271,209</u>

OTHER SCHEDULES

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

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2010
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2009	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, 2010
2009-10	\$ -	\$ 1,194,675	\$ (5,089)	\$ 448	\$ (29,161)	\$(1,123,204)	\$ 37,669
2008-09	40,252	-	(2,136)	1,265	31	(23,310)	16,102
2007-08	13,974	-	(645)	969	8	(7,132)	7,174
2006-07 and prior	9,360	-	(710)	1,186	15	(5,437)	4,414
	<u>\$ 63,586</u>	<u>\$ 1,194,675</u>	<u>\$ (8,580)</u>	<u>\$ 3,868</u>	<u>\$ (29,107)</u>	<u>\$(1,159,083)</u>	<u>\$ 65,359</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2010

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 7,338	\$ 5,543	\$ 12,881	\$ 4,164	\$ 17,045
Special revenue funds:					
Library fund	1,304	972	2,276	-	2,276
Land corner preservation fund	-	-	-	4	4
Special excise tax fund	-	-	-	1,227	1,227
Total special revenue funds	<u>1,304</u>	<u>972</u>	<u>2,276</u>	<u>1,231</u>	<u>3,507</u>
General obligation bond fund	293	227	520	-	520
Agency funds	28,699	20,925	49,624	2,079	51,703
Sub-total taxes receivable	<u>37,634</u>	<u>27,667</u>	<u>65,301</u>	<u>2,079</u>	<u>72,775</u>
Special assessments collected through taxes	35	23	58	-	58
Total receivables	<u>\$ 37,669</u>	<u>\$ 27,690</u>	<u>\$ 65,359</u>	<u>\$ 2,079</u>	<u>\$ 67,438</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, 2010
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2009		2009-10 Transactions			Outstanding June 30, 2010	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated March 31, 2010	\$ -	\$ -	\$ 45,175	\$ -	\$ -	\$ -	\$ 45,175
Dated February 1, 1999	-	56,570	-	6,860	49,710	-	-
	<u>-</u>	<u>\$ 56,570</u>	<u>-</u>	<u>\$ 6,860</u>	<u>\$ 49,710</u>	<u>-</u>	<u>\$ 45,175</u>

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated February 1, 1999	<u>\$ 2,568</u>
------------------------	-----------------

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2010
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 2010 Dated 3/31/10 3.00 to 5.00%		Total	
	Principal	Interest	Principal	Interest
2011	\$ 6,555	\$ 1,919	\$ 6,555	\$ 1,919
2012	6,825	1,645	6,825	1,645
2013	6,860	1,303	6,860	1,303
2014	7,210	951	7,210	951
2015	6,155	617	6,155	617
2016	5,665	349	5,665	349
2017	5,905	118	5,905	118
	<u>\$ 45,175</u>	<u>\$ 6,902</u>	<u>\$ 45,175</u>	<u>\$ 6,902</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Purchases Outstanding
June 30, 2010
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 01/01/02 2.50%		Total	
	Principal	Interest	Principal	Interest
2011	\$ 14	\$ 104	\$ 14	\$ 104
2012	15	103	15	103
2013	17	101	17	101
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>\$ 1,020</u>	<u>\$ 1,520</u>	<u>\$ 1,020</u>	<u>\$ 1,520</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2010
(amounts expressed in thousands)

REVENUE BONDS

Fiscal Year of Maturity	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
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>\$ 1,030</u>	<u>\$ 166</u>	<u>\$ 1,815</u>	<u>\$ 292</u>	<u>\$ 2,845</u>	<u>\$ 458</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2010
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 2010 Dated 03/31/10 2.00 to 3.00%		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
2011	\$ 1,310	\$ 328	\$ 9,150	\$ 6,052	\$ 990	\$ 113
2012	1,365	255	10,710	5,388	1,025	84
2013	1,375	214	4,479	12,563	1,060	52
2014	1,395	172	4,472	13,565	1,100	19
2015	1,420	131	4,469	14,618	-	-
2016	1,450	88	6,845	13,341	-	-
2017	1,485	45	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>\$ 9,800</u>	<u>\$ 1,233</u>	<u>\$ 151,373</u>	<u>\$ 390,586</u>	<u>\$ 4,175</u>	<u>\$ 268</u>

Series 2004 Dated 10/01/04 3.00 to 5.00%			
Principal		Total	
Principal	Interest	Principal	Interest
\$ 5,410	\$ 2,468	\$ 16,860	\$ 8,961
5,705	2,190	18,805	7,917
6,010	1,897	12,924	14,726
5,965	1,597	12,932	15,353
6,185	1,294	12,074	16,043
4,600	1,027	12,895	14,456
4,810	794	23,280	5,197
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
<u>\$ 53,670</u>	<u>\$ 12,279</u>	<u>\$ 219,018</u>	<u>\$ 404,366</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2010
(amounts expressed in thousands)

GENERAL LONG TERM LOANS

Fiscal Year of Maturity	Dated 09/04/08 3.98%		Total	
	Principal	Interest	Principal	Interest
2011	\$ -	\$ 73	\$ -	\$ 73
2012	413	42	413	42
2013	413	68	413	68
2014	413	52	413	52
2015	413	36	413	36
2016	413	19	413	19
2017	67	3	67	3
	<u>\$ 2,132</u>	<u>\$ 293</u>	<u>\$ 2,132</u>	<u>\$ 293</u>

STATISTICAL INFORMATION SECTION (UNAUDITED)

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

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

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

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

	<u>2010</u>	<u>Restated 2009</u>	<u>2008</u>	<u>2007</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 620,544	\$ 607,797	\$ 465,079	\$ 456,502
Restricted	103,600	98,542	77,979	76,266
Unrestricted	<u>(8,728)</u>	<u>(10,907)</u>	<u>27,954</u>	<u>17,731</u>
Total governmental activities net assets	<u>\$ 715,416</u>	<u>\$ 695,432</u>	<u>\$ 571,012</u>	<u>\$ 550,499</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 3,696	\$ 3,442	\$ 3,424	\$ 3,020
Unrestricted	<u>13,600</u>	<u>9,631</u>	<u>2,928</u>	<u>4,612</u>
Total business-type activities net assets	<u>\$ 17,296</u>	<u>\$ 13,073</u>	<u>\$ 6,352</u>	<u>\$ 7,632</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 624,240	\$ 611,239	\$ 468,503	\$ 459,522
Restricted	103,600	98,542	77,979	76,266
Unrestricted	<u>4,872</u>	<u>(1,276)</u>	<u>30,882</u>	<u>22,343</u>
Total primary government net assets	<u>\$ 732,712</u>	<u>\$ 708,505</u>	<u>\$ 577,364</u>	<u>\$ 558,131</u>

Source: Current and prior years' financial statements

2006	Restated 2005	2004	2003	2002
\$ 434,866	\$ 523,606	\$ 511,277	\$ 475,949	\$ 472,133
71,388	100,156	62,954	62,535	74,973
32,205	18,912	(12,431)	(26,225)	(139,086)
<u>\$ 538,459</u>	<u>\$ 642,674</u>	<u>\$ 561,800</u>	<u>\$ 512,259</u>	<u>\$ 408,020</u>
\$ 2,985	\$ 2,577	\$ 2,480	\$ 2,474	\$ 2,405
2,830	2,012	1,915	2,095	3,136
<u>\$ 5,815</u>	<u>\$ 4,589</u>	<u>\$ 4,395</u>	<u>\$ 4,569</u>	<u>\$ 5,541</u>
\$ 437,851	\$ 526,183	\$ 513,757	\$ 478,423	\$ 474,538
71,388	100,156	62,954	62,535	74,973
35,035	20,924	(10,516)	(24,130)	(135,950)
<u>\$ 544,274</u>	<u>\$ 647,263</u>	<u>\$ 566,195</u>	<u>\$ 516,828</u>	<u>\$ 413,561</u>

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

	<u>2010</u>	<u>Restated 2009</u>	<u>2008</u>	<u>2007</u>
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 22,843	\$ 21,936	\$ 21,721	\$ 23,703
Health services	70,455	60,340	52,241	45,765
Social services	1,902	1,125	1,615	1,309
Public safety and justice	17,490	17,597	17,765	17,904
Community services	-	10	10	31
Library	1,757	1,754	1,855	1,745
Roads and bridges	1,107	1,227	2,141	1,962
Operating grants and contributions	299,735	291,018	265,271	257,810
Capital grants and contributions	2,885	3,831	10,505	5,594
Total governmental activities program revenues	<u>418,174</u>	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>
Business-type activities:				
Charges for services:				
Dunthorpe	809	713	627	574
Mid County	341	264	268	306
Behavioral Health	42,931	39,027	36,072	34,879
Operating grants and contributions	-	-	-	-
Capital grants and contributions	133	80	10	76
Total business-type activities program revenues	<u>44,214</u>	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>
Total primary government program revenues	<u>462,388</u>	<u>438,922</u>	<u>410,101</u>	<u>391,658</u>
Expenses				
Governmental activities:				
General government	59,572	64,660	75,547	87,472
Health services	137,615	133,751	125,355	118,380
Social services	224,928	210,590	196,537	185,672
Public safety and justice	210,079	217,215	208,253	199,850
Community services	22,796	24,320	26,069	24,136
Library	56,548	55,181	52,087	47,872
Roads and bridges	49,571	53,462	56,716	53,701
Interest on long-term debt	12,800	14,041	16,443	16,954
Total governmental activities expenses	<u>773,909</u>	<u>773,220</u>	<u>757,007</u>	<u>734,037</u>
Business-type activities:				
Dunthorpe	516	458	476	405
Mid County	403	420	377	354
Behavioral Health	39,207	32,720	37,803	34,221
Total business-type activities expenses	<u>40,126</u>	<u>33,598</u>	<u>38,656</u>	<u>34,980</u>
Total primary government expenses	<u>814,035</u>	<u>806,818</u>	<u>795,663</u>	<u>769,017</u>

2006	Restated 2005	2004	2003	2002
\$ 25,531	\$ 20,486	\$ 16,394	\$ 15,976	\$ 12,712
44,406	44,145	44,006	40,901	13,762
1,210	1,175	1,805	759	543
16,600	16,394	15,901	23,216	14,224
8	1	4	-	6
1,641	1,887	2,042	2,537	1,745
1,784	1,867	1,880	1,250	910
247,933	256,489	249,079	256,659	277,418
5,272	34,149	9,809	4,461	86
344,385	376,593	340,920	345,759	321,406
455	423	344	248	249
294	289	235	233	235
34,519	29,472	25,603	32,486	32,781
-	-	435	897	337
82	238	-	-	-
35,350	30,422	26,617	33,864	33,602
379,735	407,015	367,537	379,623	355,008
114,378	128,871	154,646	36,374	17,673
112,201	106,551	110,968	110,322	92,109
177,891	181,194	167,746	169,218	188,043
196,167	192,005	182,941	180,503	184,213
23,336	21,795	18,391	17,925	23,877
43,530	41,357	40,843	43,934	39,529
54,256	56,781	57,374	58,354	57,478
21,822	18,058	19,543	20,127	21,139
743,581	746,612	752,452	636,757	624,061
407	487	355	344	306
328	495	723	468	419
33,640	29,480	25,787	33,739	34,951
34,375	30,462	26,865	34,551	35,676
777,956	777,074	779,317	671,308	659,737
(continued)				

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

(continued)				
	2010	Restated 2009	2008	2007
Net Expense				
Governmental activities	\$ (355,735)	\$ (374,382)	\$ (383,883)	\$ (378,214)
Business-type activities	4,088	6,486	(1,679)	855
Total primary government net expense	<u>(351,647)</u>	<u>(367,896)</u>	<u>(385,562)</u>	<u>(377,359)</u>
 General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	266,294	258,200	249,446	231,073
Debt service	9,001	8,227	9,077	9,249
Personal income taxes	-	(5,341)	2,748	21,237
Business income taxes	44,150	42,900	65,650	57,399
Selective excise and use taxes	42,692	39,161	42,812	39,582
Payments in lieu of taxes	1,305	1,516	1,537	1,738
State government shared revenues	7,768	8,562	9,613	9,517
Grants and contributions not restricted to specific programs	27	14	10	6
Interest and investment earnings	2,589	5,767	11,887	13,454
Miscellaneous	1,665	1,797	1,410	6,771
Gain on sale of capital assets	228	628	10,206	228
Transfers	-	-	-	-
Special items:				
Loss on transfer of County roads	-	-	-	-
Total governmental activities	<u>375,719</u>	<u>361,431</u>	<u>404,396</u>	<u>390,254</u>
 Business-type activities:				
Interest and investment earnings	128	235	398	495
Miscellaneous	7	-	1	467
Transfers	-	-	-	-
Total business-type activities	<u>135</u>	<u>235</u>	<u>399</u>	<u>962</u>
Total primary government	<u>375,854</u>	<u>361,666</u>	<u>404,795</u>	<u>391,216</u>
 Change in Net Assets				
Governmental activities	19,984	(12,951)	20,513	12,040
Cumulative effect of change in accounting principle	-	-	-	-
Cumulative effect of correction of error	-	137,371	-	-
Total governmental activities	19,984	124,420	20,513	12,040
Business-type activities	4,223	6,721	(1,280)	1,817
Total primary government change in net assets	<u>\$ 24,207</u>	<u>\$ 131,141</u>	<u>\$ 19,233</u>	<u>\$ 13,857</u>

Source: Current and prior years' financial statements

2006	Restated 2005	2004	2003	2002
\$ (399,196)	\$ (370,019)	\$ (411,532)	\$ (290,998)	\$ (302,655)
975	(40)	(248)	(687)	(2,074)
(398,221)	(370,059)	(411,780)	(291,685)	(304,729)

219,854	209,056	201,278	193,912	195,130
9,373	7,815	7,326	9,699	11,114
59,764	124,577	175,325	-	-
50,980	36,463	30,286	26,491	26,935
36,914	33,646	32,404	33,199	32,799
2,249	3,012	2,184	2,899	1,810
8,692	6,741	7,584	6,206	-
2	1,150	166	70	60
10,094	4,943	2,443	4,226	7,982
4,007	2,233	1,877	2,917	4,496
1,607	166	200	1,711	-
-	-	-	440	(3)

(108,555)	-	-	-	-
294,981	429,802	461,073	281,770	280,323

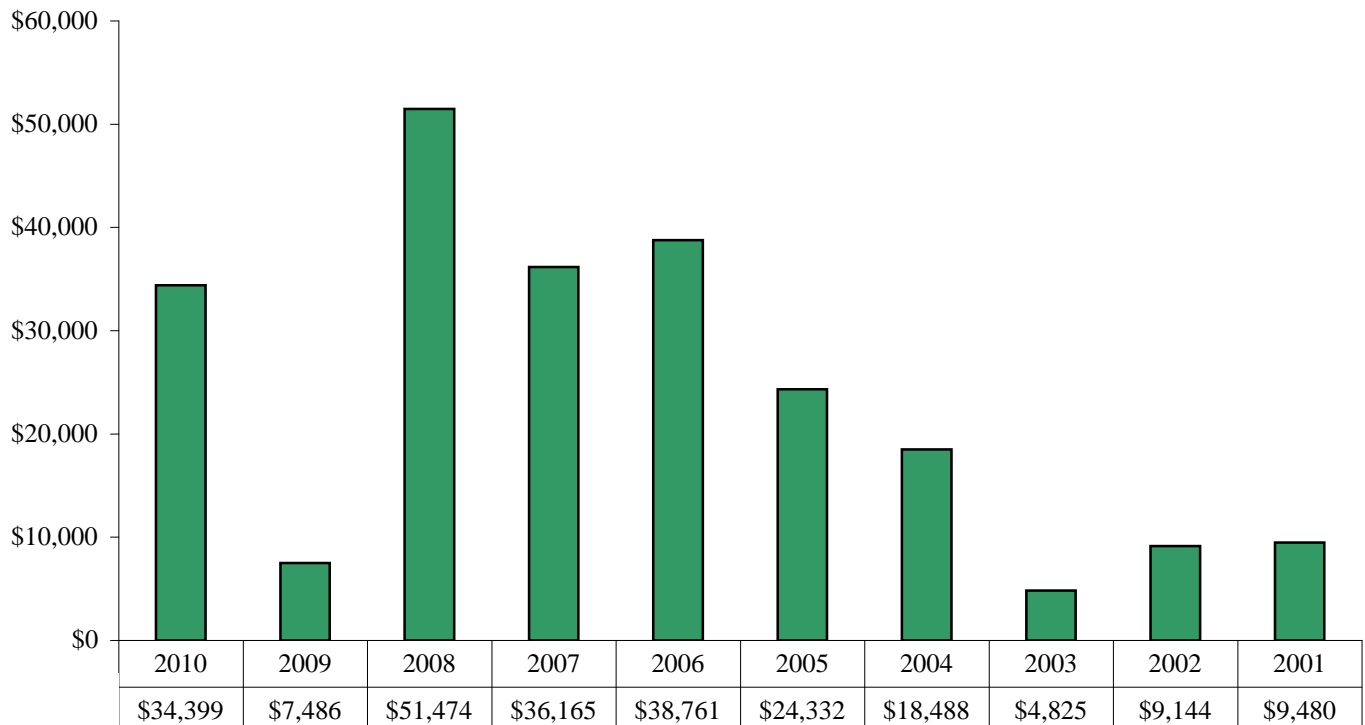
251	121	74	131	339
-	113	-	24	6
-	-	-	(440)	3
251	234	74	(285)	348
295,232	430,036	461,147	281,485	280,671

(104,215)	59,783	49,541	(9,228)	(22,332)
-	21,091	-	-	-
-	-	-	-	-
(104,215)	80,874	49,541	(9,228)	(22,332)
1,226	194	(174)	(972)	(1,726)
\$ (102,989)	\$ 81,068	\$ 49,367	\$ (10,200)	\$ (24,058)

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

	2010	2009	2008	2007
General Fund (1)				
Reserved	\$ 25,016	\$ 23,891	\$ 20,139	\$ 24,053
Unreserved	34,399	7,486	51,474	36,165
Total general fund	<u>59,415</u>	<u>31,377</u>	<u>71,613</u>	<u>60,218</u>
All Other Governmental Funds				
Reserved	97,220	91,256	70,605	51,317
Unreserved, reported in:				
Special revenue funds	<u>30,594</u>	<u>49,718</u>	<u>46,863</u>	<u>49,135</u>
Total all other governmental funds	<u>127,814</u>	<u>140,974</u>	<u>117,468</u>	<u>100,452</u>
Total governmental funds	<u>\$ 187,229</u>	<u>\$ 172,351</u>	<u>\$ 189,081</u>	<u>\$ 160,670</u>

Unreserved General Fund Balance



(1) Reclassifications were made to amounts reported as Reserved and Unreserved in the General Fund for fiscal years 2000 - 2007 reported above in order to be consistent with the current reporting of amounts reserved for interfund receivables.

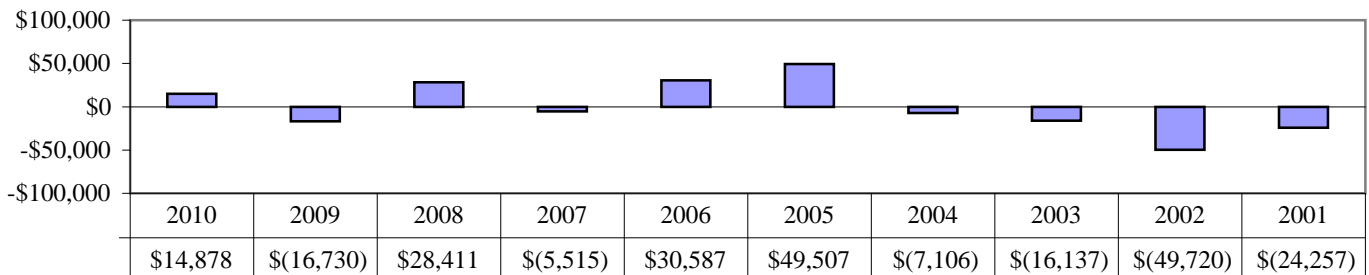
Source: Current and prior years' financial statements

2006	2005	2004	2003	2002	2001
\$ 16,203	\$ 18,084	\$ 1,004	\$ 961	\$ -	\$ 6,279
38,761	24,332	18,488	4,825	9,144	9,480
54,964	42,416	19,492	5,786	9,144	15,759
53,964	37,292	39,224	63,810	75,627	123,342
57,257	55,890	27,375	23,601	24,563	19,953
111,221	93,182	66,599	87,411	100,190	143,295
\$ 166,185	\$ 135,598	\$ 86,091	\$ 93,197	\$ 109,334	\$ 159,054

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

	2010	2009	2008	2007
Revenues				
Taxes	\$ 365,385	\$ 350,296	\$ 375,044	\$ 356,682
Intergovernmental	300,963	292,689	277,099	260,549
Licenses and permits	14,722	14,806	15,441	15,934
Charges for services	85,604	74,827	67,750	62,791
Interest	1,795	4,391	9,557	10,837
Miscellaneous	54,118	43,916	50,342	46,880
Total revenues	822,587	780,925	795,233	753,673
Expenditures				
Current:				
General government	58,971	59,960	69,224	73,559
Health services	145,555	138,941	128,914	122,029
Social services	227,257	211,832	197,210	187,256
Public safety and justice	215,442	219,797	209,119	202,477
Community services	22,458	24,080	25,904	24,040
Library	52,118	50,872	48,051	44,411
Roads and bridges	37,540	38,148	40,723	39,875
Capital Outlay	21,481	20,783	27,367	31,589
Debt service:				
Principal	30,762	23,424	21,522	19,861
Interest	12,997	13,989	16,394	16,958
Total expenditures	824,581	801,826	784,428	762,055
Excess (deficiency) of revenues over (under) expenditures	(1,994)	(20,901)	10,805	(8,382)
Other Financing Sources (Uses)				
Issuance of debt	11,309	623	-	-
Issuance of refunding bonds	45,175	-	-	-
Premium on long-term debt	5,443	-	-	-
Payment to escrow agent - refunded debt	(49,710)	-	-	-
Proceeds from sale of capital assets	10	-	14,219	35
Issuance of capital lease	-	-	-	33
Premium on short-term debt	-	-	-	157
Transfers in	47,360	61,978	29,266	26,996
Transfers out	(42,715)	(58,430)	(25,879)	(24,354)
Total other financing sources (uses)	16,872	4,171	17,606	2,867
Net change in fund balances	\$ 14,878	\$ (16,730)	\$ 28,411	\$ (5,515)
Debt service as a percentage of noncapital expenditures	5.4%	4.8%	5.0%	5.0%

Net Change in Fund Balance, Governmental Funds



Source: Current and prior years' financial statements

2006	2005	2004	2003	2002	2001
\$ 441,579	\$ 422,212	\$ 375,204	\$ 268,225	\$ 267,641	\$ 266,466
250,855	284,527	252,978	261,020	290,077	308,993
16,025	14,743	14,760	14,496	8,134	5,037
62,245	61,399	55,180	66,325	18,586	20,234
8,347	4,134	1,960	3,499	6,972	14,760
46,090	51,926	50,385	37,495	58,415	51,994
825,141	838,941	750,467	651,060	649,825	667,484
136,726	146,626	124,459	52,375	53,134	36,612
115,778	112,562	111,745	106,408	95,847	285,999
178,736	184,335	168,648	168,329	186,280	-
198,774	198,608	197,251	200,114	190,122	183,897
23,468	22,266	19,318	19,398	21,552	85,143
46,228	44,546	42,753	40,741	42,706	-
42,283	39,844	40,454	39,497	36,829	35,110
22,150	9,288	11,968	17,770	31,822	30,517
18,256	16,929	25,179	15,186	18,711	17,863
18,235	17,928	19,543	20,082	21,050	22,069
800,634	792,932	761,318	679,900	698,053	697,210
24,507	46,009	(10,851)	(28,840)	(48,228)	(29,726)
-	54,235	-	9,615	-	5,499
-	-	-	-	-	-
-	5,089	-	-	-	-
-	(58,847)	-	-	-	-
1,988	5	425	-	-	-
1,093	-	-	-	-	-
-	-	-	-	-	-
47,004	29,907	32,641	39,819	128,682	124,819
(44,005)	(26,891)	(29,321)	(36,731)	(130,174)	(124,849)
6,080	3,498	3,745	12,703	(1,492)	5,469
\$ 30,587	\$ 49,507	\$ (7,106)	\$ (16,137)	\$ (49,720)	\$ (24,257)
4.7%	4.4%	6.0%	5.3%	6.0%	6.0%

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Function/Program				
Governmental activities:				
General government	\$ 27,142	\$ 26,142	\$ 35,044	\$ 28,530
Health services	104,070	91,457	81,507	74,024
Social services	180,656	171,782	152,905	142,100
Public safety and justice	60,818	61,855	57,364	58,188
Community services	3,636	3,943	3,196	3,278
Library	5,178	5,306	5,359	5,302
Roads and bridges	36,674	38,353	37,749	44,401
Total governmental activities	<u>418,174</u>	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>
Business-type activities:				
Dunthorpe-Riverdale	877	713	627	574
Mid County	406	344	278	382
Behavioral Health	42,931	39,027	36,072	34,879
Total business-type activities	<u>44,214</u>	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>
Total primary government	<u>\$ 462,388</u>	<u>\$ 438,922</u>	<u>\$ 410,101</u>	<u>\$ 391,658</u>

Source: Current and prior years' financial statements

2006	2005	2004	2003	2002
\$ 32,587	\$ 33,367	\$ 31,429	\$ 23,463	\$ 24,644
74,003	71,924	77,315	72,730	63,191
134,894	139,569	126,534	136,045	140,391
54,278	62,497	63,534	71,518	57,336
4,712	4,387	1,830	2,730	2,530
4,106	4,079	4,018	4,572	3,502
39,805	60,770	36,260	34,701	29,812
<u>344,385</u>	<u>376,593</u>	<u>340,920</u>	<u>345,759</u>	<u>321,406</u>
455	423	344	256	251
376	527	235	484	570
<u>34,519</u>	<u>29,472</u>	<u>26,038</u>	<u>33,124</u>	<u>32,781</u>
<u>35,350</u>	<u>30,422</u>	<u>26,617</u>	<u>33,864</u>	<u>33,602</u>
<u>\$ 379,735</u>	<u>\$ 407,015</u>	<u>\$ 367,537</u>	<u>\$ 379,623</u>	<u>\$ 355,008</u>

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

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
2001	\$197,724	\$ 30,377	\$ 15,228	\$ 14,593	\$ 7,262	\$ -	\$ 1,282	\$266,466
2002	206,097	26,935	11,131	13,717	7,832	-	1,929	267,641
2003	204,447	26,491	12,227	13,429	7,432	-	4,199	268,225
2004	209,018	30,286	12,352	12,930	7,011	100,114	3,493	375,204
2005	217,750	36,463	13,467	13,321	6,744	130,187	4,280	422,212
2006	229,312	50,980	14,794	14,886	7,115	120,919	3,573	441,579
2007	240,710	57,399	16,726	15,644	7,110	16,038	3,055	356,682
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044
2009	263,630	42,900	16,115	16,101	6,878	2,122	2,550	350,296
2010	275,462	44,150	15,441	20,105	7,063	905	2,259	365,385

Source: Current and prior years' financial statements

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

Year	Residential Property	Commercial Property	Public Utility Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (1)	Estimated Real Market Value
2001	\$ 22,163,841	\$12,407,629	\$ 2,709,063	\$2,315,045	\$39,595,578	\$ 5	\$56,377,119
2002	23,115,866	13,273,892	2,799,601	2,549,782	41,739,141	5.09	61,345,077
2003	24,165,517	13,294,395	2,558,357	2,330,850	42,349,119	4.97	63,391,339
2004	25,057,728	13,606,043	2,392,404	2,352,588	43,408,763	4.96	66,491,001
2005	26,264,819	14,003,443	2,484,887	2,158,073	44,911,222	5.01	70,457,625
2006	27,361,638	14,456,811	2,262,162	2,269,165	46,349,776	5.10	78,109,995
2007	28,695,852	14,825,459	2,376,350	2,328,560	48,226,221	5.12	87,070,081
2008	30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763
2009	32,075,253	15,987,533	2,390,005	2,362,074	52,814,865	5.21	107,381,958
2010	33,268,838	16,437,414	2,545,964	2,297,087	54,549,303	5.20	105,010,710

(1) See Property Tax Rates - Total Direct on page 156

Source: Multnomah County Division of Assessment and Taxation

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)		Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
					Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$	205,468	\$ (5,917)	\$199,551	\$192,777	93.82 %	\$ 6,751	\$199,528	97.11 %
2002		212,329	(7,783)	204,546	198,884	93.67	5,630	204,514	96.32
2003		210,411	(7,160)	203,251	197,233	93.74	5,978	203,211	96.58
2004		215,031	(6,847)	208,184	202,692	94.26	5,443	208,135	96.79
2005		224,978	(8,112)	216,866	211,480	94.00	5,317	216,797	96.36
2006		236,631	(7,468)	229,163	223,312	94.37	5,729	229,041	96.79
2007		246,944	(7,290)	239,654	233,608	94.60	5,395	239,003	96.78
2008		265,938	(8,346)	257,592	250,542	94.21	5,317	255,859	96.21
2009		275,133	(8,322)	266,811	257,497	93.59	5,382	262,879	95.55
2010		283,349	(8,123)	275,226	266,292	93.98	-	266,292	93.98

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

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

Year	Multnomah County Direct Rates				Overlapping Rates						Total
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	
2001	\$ 4.32	\$ 0.50	\$ 0.37	\$5.19	\$6.06	\$ 0.62	\$ 7.21	\$ 0.01	\$ 0.07	\$ 1.06	\$20.22
2002	4.32	0.50	0.27	5.09	5.91	0.60	7.58	0.01	0.07	1.15	20.41
2003	4.25	0.48	0.24	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68
2004	4.22	0.55	0.19	4.96	6.74	0.55	7.73	0.01	0.08	1.32	21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72
2009	4.27	0.78	0.16	5.21	6.35	0.70	7.18	0.01	0.08	1.81	21.34
2010	4.27	0.76	0.17	5.20	6.62	0.75	7.25	0.01	0.07	2.00	21.90

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

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2009 and December 31, 2000
(dollar amounts expressed in thousands)
(unaudited)

December 31, 2009				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 9,379	\$ 442,177	1	0.81 %
Portland General Electric	5,854	363,871	2	0.67
Comcast Corporation	5,113	318,952	3	0.58
Pacificorp (PP&L)	4,914	304,218	4	0.56
QWEST Corporation	3,870	238,573	5	0.44
Weston Investment Co LLC	4,881	231,687	6	0.42
Verizon Communications	3,119	190,329	7	0.35
Boeing Co	3,029	186,428	8	0.34
Oregon Steel Mills	2,883	179,207	9	0.33
Northwest Natural Gas Co	2,803	171,291	10	0.31
LC Portland LLC	<u>\$ 45,845</u>	<u>\$ 2,626,733</u>		<u>4.82 %</u>
Total Assessed Valuation		<u>\$ 54,549,303</u>		

December 31, 2000				
Taxpayer	Tax (2)	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
QWEST Communications	N/A	\$ 429,109	1	1.08 %
Fujitsu Microelectronics Inc.	N/A	352,187	2	0.89
Portland General Electric	N/A	288,369	3	0.73
Pacificcorp (PP&L)	N/A	229,178	4	0.58
United Airlines	N/A	194,913	5	0.49
Boeing Co	N/A	179,799	6	0.45
Alaska Airlines	N/A	153,957	7	0.39
Delta Airlines	N/A	146,382	8	0.37
Fred Meyer Inc	N/A	133,026	9	0.34
One Eleven Tower LLC	N/A	116,261	10	0.29
		<u>\$ 2,223,181</u>		<u>5.61 %</u>
Total Assessed Valuation		<u>\$ 39,595,778</u>		

- (1) Assessed valuation based on the valuation of property for tax collection years 2009-10 and 2000-01 respectively.
(2) Tax amounts not available for year ended December 31, 2000

Source: Multnomah County Division of Assessment & Taxation

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

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capitalized Lease Obligations	Full Faith and Credit Bonds	Revenue Bonds	Loans Payable			
2001	\$106,260	\$ 51,942	\$277,713	\$ 8,500	\$ 870	\$ 445,285	\$ 1.94 %	\$ 668
2002	96,535	46,613	272,833	8,335	797	425,113	1.81	634
2003	91,610	41,501	276,763	7,890	718	418,482	1.75	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.60	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.53	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.32	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.19	477
2008	63,125	13,604	234,688	5,320	242	316,979	1.08	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.00	406
2010	45,175	1,020	219,018	2,845	2,132	270,190	0.92	373

Note: 2009 and 2010 percentages calculated using 2008 personal income data, which is the most recent available.

(1) See population and personal income data on page 164

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2001	\$ 106,260	\$ (12,223)	\$ 94,037	0.41 %	0.24 %	\$ 141
2002	96,535	(9,484)	87,051	0.37	0.21	130
2003	91,610	(10,335)	81,275	0.34	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.29	0.16	106
2006	75,340	(7,993)	67,347	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.21	0.13	86
2008	63,125	(8,569)	54,556	0.19	0.11	76
2009	56,570	(7,643)	48,927	0.17	0.09	68
2010	45,175	(7,611)	37,564	0.13	0.07	52

Note: 2009 and 2010 percentages calculated using 2008 personal income data, which is the most recent available.

(1) See taxable assessed value schedule on page 154

(2) See population and personal income data on page 164

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

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

	Revenue Bonds						
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage	
				Principal	Interest		
2001	\$ 292	\$ -	\$ 292	\$ 155	\$ 263	0.70	%
2002	420	5	415	165	389	0.75	
2003	2,389	7	2,382	445	376	2.90	
2004	464	5	459	465	357	0.56	
2005	450	247	203	490	336	0.25	
2006	1,152	5	1,147	515	315	1.38	
2007	335	12	323	540	292	0.39	
2008	80	-	80	560	268	0.10	
2009	33	8	25	2,080	208	0.01	
2010	35	-	35	395	152	0.06	

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Operating expenses do not include interest, depreciation or amortization expenses.

Source: Current and prior year financial statements

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

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

	2010	2009	2008	2007
Real market value	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	2,100,214	2,147,639	2,006,055	1,741,402
Less bonded debt at June 30	45,175	56,570	63,125	69,380
Legal debt margin	<u>\$ 2,055,039</u>	<u>\$ 2,091,069</u>	<u>\$ 1,942,930</u>	<u>\$ 1,672,022</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.15%	2.63%	3.15%	3.98%

ORS 287A.105 provides a debt limit on full faith and credit bonds of 1% of the real market value of all taxable property within the County's boundaries. This became effective January 1, 2008 superseding ORS 287.053.

Real market value	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,050,107	1,073,820	1,003,028	870,701
Less bonded debt at June 30	219,018	222,988	234,688	246,413
Legal debt margin	<u>\$ 831,089</u>	<u>\$ 850,832</u>	<u>\$ 768,340</u>	<u>\$ 624,288</u>
Total net debt applicable to the limit as a percentage of debt limit.	20.86%	20.77%	23.40%	28.30%

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

Real market value	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	5,250,536	5,369,098	5,015,138	4,353,504
Less bonded debt at June 30	151,373	159,113	165,583	170,908
Legal debt margin	<u>\$ 5,099,163</u>	<u>\$ 5,209,985</u>	<u>\$ 4,849,555</u>	<u>\$ 4,182,596</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.88%	2.96%	3.30%	3.93%

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

2006	2005	2004	2003	2002	2001
\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077	\$ 56,377,119
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,562,200	1,409,153	1,329,820	1,267,827	1,226,902	1,127,542
75,340	81,025	86,445	91,610	96,535	106,260
\$ 1,486,860	\$ 1,328,128	\$ 1,243,375	\$ 1,176,217	\$ 1,130,367	\$ 1,021,282
4.82%	5.75%	6.50%	7.23%	7.87%	9.42%
\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077	\$ 56,377,119
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
781,100	704,576	664,910	633,913	613,451	563,771
256,833	266,063	270,203	276,763	272,833	277,713
\$ 524,267	\$ 438,513	\$ 394,707	\$ 357,150	\$ 340,618	\$ 286,058
32.88%	37.76%	40.64%	43.66%	44.48%	49.26%
\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077	\$ 56,377,119
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
3,905,500	3,522,881	3,324,550	3,169,567	3,067,254	2,818,856
175,203	178,568	181,103	182,893	184,018	184,548
\$ 3,730,297	\$ 3,344,313	\$ 3,143,447	\$ 2,986,674	\$ 2,883,236	\$ 2,634,308
4.49%	5.07%	5.45%	5.77%	6.00%	6.55%

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2010
(dollar amounts expressed in thousands)
(unaudited)

Overlapping District (1)	Gross (2) Property-tax Backed Debt	Net (3) Property-tax Backed Debt	Percent (4) Overlapping	Total Direct and Overlapping
City of Fairview	\$ 485	\$ -	100.00 %	\$ -
City of Gresham	67,716	23,470	100.00	23,470
City of Lake Oswego	81,020	21,020	5.12	1,075
City of Milwaukie	4,685	450	0.59	3
City of Portland	742,822	145,240	99.63	144,701
City of Troutdale	8,570	8,570	100.00	8,570
Metro	225,868	158,533	49.99	79,256
Port of Portland	71,421	-	45.99	-
Tri-Metropolitan Transport District	27,960	27,960	50.25	14,049
Clackamas County ESD	26,560	-	0.06	-
Multnomah ESD	36,235	-	98.08	-
Northwest Regional ESD	6,505	-	0.56	-
Multnomah County SD 1 (Portland)	480,946	26,316	99.36	26,148
Multnomah County SD 3 (Parkrose)	5,775	5,775	100.00	5,775
Multnomah County SD 7 (Reynolds)	142,326	69,770	100.00	69,770
Multnomah County SD 10J (Gresham-Barlow)	104,500	48,895	83.00	40,585
Multnomah County SD 10J (Orient 6 Bond)	68	68	57.31	39
Multnomah County SD 28J (Centennial)	33,635	33,160	93.02	30,846
Multnomah County SD 39 (Corbett)	2,895	2,895	100.00	2,895
Multnomah County SD 40 (David Douglas)	68,660	68,660	100.00	68,660
Multnomah County SD 51J (Riverdale)	29,840	29,840	94.63	28,236
Mt Hood Community College	67,377	16,730	82.62	13,822
Portland Community College	412,915	224,025	47.49	106,388
Clackamas County SD 7J (Lake Oswego)	114,291	74,569	0.31	229
Columbia County SD 1J (Scappoose)	33,300	33,300	18.32	6,102
Washington County SD 48J (Beaverton)	571,660	392,845	0.47	1,851
Washington County SD 1J (Hillsboro)	358,948	257,348	0.00	10
Clackamas County RFPD #1	27,900	7,785	0.10	7
Sauvie Island RFPD 30	130	130	95.81	124
Tualatin Valley Fire & Rescue Dist	44,885	27,885	1.69	471
East Multnomah Soil & Water Conservation	905	905	100.00	905
Lusted Water District	900	900	100.00	900
Multnomah County Drainage Dist No 1	4,605	-	100.00	-
Subtotal, overlapping debt	3,806,308	1,707,044		\$ 674,887
Multnomah County direct debt	313,903	104,685	100.00	104,685
Total direct and overlapping debt				<u>\$ 779,572</u>

- (1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2010
(2) Gross Property-tax Backed Debt includes all General Obligation (GO) bonds and Full Faith & Credit bonds.
(3) Net Property-tax Backed Debt is Gross Property-tax Backed Debt less Self-supporting Unlimited Tax GO and less Self-supporting Full Faith & Credit debt.
(4) Percent overlapping equals the RMV of the overlapping area of the overlapping district divided by the RMV of the County.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

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

Year	Population (1)	Personal Income (2) (thousands)	Per Capita Income (2)	PMSA* Unemployment Rate (3)
2001	666,350	\$ 22,900,003	\$ 34,200	6.0 %
2002	670,250	23,501,398	34,744	7.8
2003	677,850	23,903,285	35,227	8.3
2004	685,950	24,506,715	36,484	7.0
2005	692,825	25,040,172	37,161	5.8
2006	701,545	27,077,499	39,661	5.0
2007	710,025	28,384,118	40,720	4.8
2008	717,880	29,372,019	41,222	5.9
2009	724,680	N/A	N/A	10.6
2010	724,680 (4)	N/A	N/A	10.2 (5)

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

(1) Population Research Center, PSU

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

(3) OLMIS, Oregon Labor Market Information System

(4) Population data for July 1, 2010 is not available at this time.

(5) As of June 30, 2010

* Portland Metropolitan Statistical Area

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

MULTNOMAH COUNTY, OREGON

Principal Employers

Current Year and Nine Years Ago

(unaudited)

2009-10			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
State of Oregon	21,900	1	1.88 %
U.S. Government	20,000	2	1.71
Intel Corporation	15,228	3	1.30
Providence Health System	13,831	4	1.18
Oregon Health and Science University	13,283	5	1.14
Fred Meyer Stores	9,630	6	0.82
Kaiser Foundation Health Plan	9,204	7	0.79
Legacy Health System	8,250	8	0.71
Multnomah County	6,310	9	0.54
Nike, Inc.	6,000	10	0.51
	<u>123,636</u>		<u>10.58 %</u>
Total PMSA* employment	<u>1,167,745</u> (1)		

2000-01			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
U.S. Government	18,700	1	1.72 %
Fred Meyer Stores	13,600	2	1.25
Intel Corporation	11,000	3	1.01
Oregon Health Sciences University	9,300	4	0.86
Providence Health System	8,938	5	0.82
Legacy Health System	6,731	6	0.62
State of Oregon	6,684	7	0.61
Kaiser Foundation	6,725	8	0.62
Portland Public Schools	6,318	9	0.58
Safeway Stores	6,000	10	0.55
	<u>93,996</u>		<u>8.64 %</u>
Total PMSA* employment	<u>1,087,254</u>		

* Portland Metropolitan Statistical Area

(1) As of June 30, 2010

Source: State of Oregon Employment Department, Portland Business Journal and Chamber of Commerce

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

	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
Function/Program				
Governmental activities:				
General government	613.5	622.5	614.5	603.5
Health services	916.0	914.0	874.5	864.5
Social services	661.5	677.0	621.0	582.5
Public safety and justice	1,503.5	1,531.0	1,561.5	1,538.5
Community services	61.0	60.5	69.5	75.0
Library	477.0	467.5	440.5	423.0
Roads and bridges	138.0	143.0	149.0	150.0
Total governmental activities	<u>4,370.5</u>	<u>4,415.5</u>	<u>4,330.5</u>	<u>4,237.0</u>
Business-type activities:				
Behavioral Health	6.0	7.0	8.0	7.0
Total business-type activities	<u>6.0</u>	<u>7.0</u>	<u>8.0</u>	<u>7.0</u>
Total primary government budgeted FTE	<u>4,376.5</u>	<u>4,422.5</u>	<u>4,338.5</u>	<u>4,244.0</u>
 MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	<u>716</u>	<u>716</u>	<u>704</u>	<u>659</u>
Bargaining units:				
General employees (Local 88)	2,740	2,724	2,664	2,602
Electricians (Local 48)	18	19	18	19
Operating engineers (Local 701)	13	13	10	11
Paint makers (Local 1094)	1	2	2	2
Corrections (Teamsters 223)	420	429	437	432
Deputy sheriffs association	92	88	88	91
Oregon nurses association	216	220	221	228
Juvenile group workers (Local 86)	52	56	59	60
Prosecuting attorneys association	78	81	88	83
Parole and Probation Officers	123	131	134	133
Total bargaining units	<u>3,753</u>	<u>3,763</u>	<u>3,721</u>	<u>3,661</u>
Temporary County employees	<u>100</u>	<u>72</u>	<u>103</u>	<u>114</u>
Total actual County employees	<u>4,569</u>	<u>4,551</u>	<u>4,528</u>	<u>4,434</u>

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

Source: Multnomah County payroll records

2006	2005	2004	2003	2002	2001
665.5	676.0	695.0	657.5	658.5	565.0
841.5	802.5	832.5	892.5	884.5	864.5
573.0	596.0	538.5	565.5	754.0	788.5
1,559.0	1,585.0	1,584.5	1,596.0	1,740.5	1,803.0
81.0	73.0	73.0	72.0	96.0	93.0
411.0	413.5	487.5	465.5	462.0	491.5
139.0	159.5	164.0	176.0	184.0	182.0
4,270.0	4,305.5	4,375.0	4,425.0	4,779.5	4,787.5
11.0	17.0	45.5	34.5	38.0	32.0
11.0	17.0	45.5	34.5	38.0	32.0
4,281.0	4,322.5	4,420.5	4,459.5	4,817.5	4,819.5
668	669	654	668	735	794
2,623	2,648	2,785	2,792	3,012	N/A
17	21	21	22	22	N/A
12	14	13	12	13	N/A
2	2	2	3	3	N/A
449	450	454	467	497	N/A
98	96	97	93	89	N/A
238	239	256	269	263	N/A
58	56	58	65	69	N/A
85	86	86	79	85	N/A
133	133	0	0	0	N/A
3,715	3,745	3,772	3,802	4,053	4,033
91	109	92	100	481	N/A
4,474	4,523	4,518	4,570	5,269	N/A

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

FUNCTION/PROGRAM	2010	2009	2008
Governmental Activities:			
General Government			
Number of property tax accounts - residential	241,771	240,212	234,567
Number of property tax accounts - personal	63,075	63,086	63,279
Number of property tax accounts - commercial	34,161	34,226	34,210
Number of marriage licenses issued	6,276	6,257	6,383
Health Services			
Total clinic visits	384,762	358,692	330,105
County residents who rate their health good or better	90%	89%	89%
Environmental health inspections	12,572	11,873	11,672
Women, infants, and children (WIC) served in the WIC program	31,542	31,179	30,850
Flu vaccinations at health clinics	15,597	13,140	9,600
Social Services			
Households that have received assistance with energy bills	19,292	22,129	14,606
Clients with developmental disabilities served	4,465	4,270	3,950
Senior and physically disabled clients served	37,470	N/A	N/A
Alcohol and drug treatment clients / episodes (e)	6,824	4,617	10,503
Early childhood mental health clients	4,511	4,869	4,726
Families served in early childhood programs	615	693	718
Students enrolled in extended day school activities	17,669	14,773	15,041
Public Safety and Justice			
Sheriff			
Responses to calls for services	40,835	36,848	N/A
Number of arrests (parts 1, 2 and 3 crimes)	2,850	3,037	2,938
Corrections			
Number of inmates booked	38,634	32,992	35,533
Average daily jail population	1,274	1,378	1,559
Average length of jail stay in days	13	17	18
Inmates held for court at Courthouse	16,748	10,898	11,737
Juvenile			
Youth admitted to detention center	1,758	2,112	2,021
Average length of stay in days in youth detention center	7.8	7.9	8.3
Community service hours completed	4,353	6,521	6,623
Average number of youth on probation per month	478	567	533
(continued)			

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

(e) Prior to 2003, number of Alcohol and Drug Treatment episodes reported

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

2007	2006	2005	2004	2003	2002	2001
225,597	225,445	224,367	219,682	218,911	217,041	214,770
64,126	58,082	63,497	62,171	60,999	60,140	39,346
34,152	34,199	33,173	33,182	33,410	33,683	31,744
6,542	6,203	9,037	6,297	5,878	6,270	6,078
312,661	301,263	277,736	288,201	348,619	340,639	342,869
87%	86%	85%	82%	84%	86%	88%
10,130	9,126	9,039	9,978	9,204	10,245	9,847
30,339	30,672	31,144	31,471	24,810	25,158	24,091
6,148	5,084	3,283	3,629	3,666	2,640	2,251
13,676	12,482	12,450	10,868	11,787	15,813	15,733
3,780	3,613	3,477	3,417	3,300	3,336	2,577
N/A	44,664	45,241	41,454	44,055	47,678	43,562
10,829	9,391	8,478	8,284	7,508	22,386	23,780
7,700	7,737	7,708	7,899	7,053	7,226	7,000
768	887	848	687	956	1,004	798
17,052	16,315	14,384	9,721	3,863	3,798	N/A
41,601	43,327	41,260	35,500	36,972	36,063	37,414
2,708	3,204	3,548	3,383	3,714	3,165	3,634
37,113	38,726	37,577	36,260	35,532	37,658	40,120
1,641	1,612	1,577	1,654	1,682	1,871	2,054
18	17	17	18	19	20	20
11,632	13,905	12,506	14,144	13,545	13,558	14,334
1,992	2,161	2,161	2,207	2,357	2,611	2,816
11.7	9.0	9.0	10.0	10.3	11.1	10.9
10,894	5,531	5,531	6,733	7,672	10,117	9,606
523	582	582	573	606	704	735

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

FUNCTION/PROGRAM	2010	2009	2008
Public Safety and Justice (continued)			
<u>Adult</u>			
Community service hours completed	141,732	123,442	82,429
Adults participating in educational classes	705	639	588
Clients receiving GED's	79	60	38
Average no. adults on probation & post-prison supervision/month	7,896	8,793	9,261
<u>District Attorney</u>			
Cases of adult criminal activity prosecuted	25,932	27,149	27,377
Juvenile delinquency cases prosecuted	651	869	1,064
Hours of Community Court community service completed	17,552	17,004	16,742
Community Services			
Number of registered voters	407,541	426,567	380,298
Number of votes cast in last general election (a)	367,540	367,540	262,628
Percent of registered voters who voted in last general election	86%	86%	69%
Animal Control - Total Intake - Dogs and Cats	8,320	8,096	8,886
Library			
New library cards issued annually	71,809	74,677	71,843
Books circulated	22,715,292	21,513,255	20,394,496
Borrowers who used their cards in last three years	425,749	421,199	440,311
Library satisfaction (b)	90.1%	90.4%	91.3%
Web site visits/hits (c)	7,858,192	6,810,872	6,695,693
Catalog visits	6,710,594	5,709,967	5,366,879
Business-type activities:			
Dunthorpe-Riverdale Service District			
Sewage disposal - number of accounts	591	590	583
Mid County Service District			
Lighting - number of accounts	7,949	7,885	7,800

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

(b) Library satisfaction is % found library materials of interest starting in fiscal year 2004. Library satisfaction is from countywide citizen survey prior to fiscal year 2004.

(c) Website visits starting in fiscal year 2006, website hits in fiscal year 2005 and prior.

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

2007	2006	2005	2004	2003	2002	2001
80,131	84,818	91,886	109,349	122,391	127,439	117,890
481	584	630	554	596	567	531
62	67	99	50	73	95	66
9,619	9,763	9,118	9,347	9,171	9,042	10,603
21,415	22,563	21,936	22,008	22,530	20,436	21,933
817	946	944	1,013	947	1,127	1,487
15,477	16,984	18,123	4,668	8,464	11,403	11,516
380,298	430,693	430,693	363,589	363,843	383,915	365,596
262,628	365,530	365,530	245,238	245,238	300,065	300,065
69%	85%	85%	*67%	67%	*82%	82%
9,879	9,808	9,597	8,939	8,448	7,739	7,534
67,379	69,973	74,805	76,161	73,012	70,219	68,599
19,900,816	19,589,530	19,462,344	18,762,556	17,854,110	16,133,945	14,008,166
431,429	455,296	474,292	465,223	436,104	509,949	515,184
92.4%	92.5%	92.5%	86.5%	96.8%	96.1%	97.3%
6,647,087	6,410,053	111,433,518	93,764,392	66,650,158	44,568,574	43,346,524
5,313,210	N/A	N/A	N/A	N/A	N/A	N/A
582	579	578	578	575	570	569
7,391	7,392	N/A	N/A	N/A	N/A	N/A

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

FUNCTION/PROGRAM	2010	2009	2008	2007
Governmental Activities:				
General Government				
Buildings owned	74	79	79	83
Buildings leased	51	52	53	59
Automobiles	316	325	328	301
Vehicles (excluding automobiles)	263	298	300	292
Heavy equipment	93	122	141	132
Health Services				
Health & dental centers	7	7	7	7
School based health centers	14	13	13	13
Social Services				
Aging & Disability offices	5	7	7	7
Public Safety and Justice				
Sheriff				
Vehicular patrol units	66	50	45	47
Number of employees (sworn and civilian)	785	786	786	798
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	2	3	3	3
Population	1,367	1,539	1,633	1,690
Community Justice				
Adult probation & parole offices	6	6	6	6
Adult housing program offices	4	4	4	4
Juvenile counseling offices	4	4	4	4
Library				
Regional	2	2	2	2
Neighborhood	11	14	14	14
Leased	6	4	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	270	271	271	273
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	19	18	18
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,499	4,525	4,484	4,439
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

N/A = not available

Sources: Multnomah County Departments

2006	2005	2004	2003	2002	2001
84	87	88	86	86	85
59	59	62	67	71	72
311	302	311	322	339	419
295	292	300	272	289	320
136	135	139	140	138	146
7	7	7	7	7	7
13	14	14	14	13	13
7	9	9	11	13	13
43	48	44	35	36	34
794	814	847	835	896	934
3	3	3	3	3	3
3	4	4	3	5	5
1,690	1,537	1,651	1,531	1,775	1,860
6	6	6	7	8	9
4	5	5	5	6	5
4	4	5	6	6	6
2	2	2	2	2	2
14	14	13	13	13	15
4	4	4	4	4	1
273	326	326	326	365	365
24	24	24	24	11	11
6	6	6	6	6	6
18	23	23	23	23	23
4,400	4,219	3,974	3,710	3,837	3,837
1	1	1	1	1	1
15	15	15	15	15	15

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AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS SECTION

AUDIT COMMENTS

- Report of Independent Certified Public Accountants on the County's Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with *Oregon Auditing Standards*

FEDERAL GRANT PROGRAMS

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

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

Board of Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County ("the County") as of and for the year ended June 30, 2010 and have issued our report thereon dated November 23, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

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

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2010 and 2011.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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

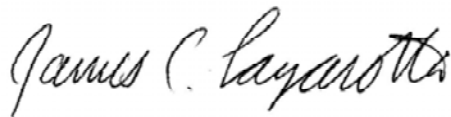
Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. That item is noted at 2010-01 in the Schedule of Findings and Questioned Costs. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



For Moss Adams LLP
Eugene, Oregon
November 23, 2010

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

The Board of County Commissioners
Multnomah County, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 23, 2010. Our report includes a reference to other auditors, and a reference to the County's restatement of its net assets to correct its method of depreciating right-of-ways for the road system. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting. That item is noted at 2010-01. A *significant deficiency* is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

COMPLIANCE AND OTHER MATTERS

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

We noted certain matters that we reported to management of the County in a separate letter dated November 23, 2010.

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

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



Eugene, Oregon
November 23, 2010

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

The Board of County Commissioners
Multnomah County, Oregon

COMPLIANCE

We have audited the compliance of Multnomah County (the County) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2010. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-02, 2010-03 and 2010-04.

INTERNAL CONTROL OVER COMPLIANCE

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-02 and 2010-4. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Moss Adams, LLP

Eugene, Oregon
November 23, 2010

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	2613007	\$ 51,915
National School Lunch Program	10.555	2613007	109,917
<i>Total Child and Nutrition Cluster</i>			<u>161,832</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	2613007	17,889
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1936002309	2,744,765
Passed Through State Department of Agriculture:			
Schools and Roads_Grants to States	10.665	PI 106-393	807,166
Total U.S. Department of Agriculture			<u>3,731,652</u>
<u>U.S. Department of Commerce</u>			
Passed Through National Association of Area Agencies:			
Special Projects	11.553	93-6002309	16,084
Total Department of Commerce			<u>16,084</u>
<u>U.S. Department of Defense</u>			
Passed Through Oregon Department of Administrative Services:			
Payments to States in Lieu of Real Estate Taxes	12.112	1936002309	1,125
Total Department of Defense			<u>1,125</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		304,215
Passed Through City of Portland:			
Community Development Block Grants/Entitlement Grants	14.218	30000598	280,716
<i>Total Community Development Block Grants/Entitlement Grants</i>			<u>584,931</u>
Direct Programs:			
ARRA - Community Development Block Grants ARRA Entitlement Grants	14.253		81,318
<i>Total CDBG Entitlement Grants Cluster</i>			<u>666,249</u>
Supportive Housing Program	14.235		2,096,523
Healthy Homes Demonstration Grants	14.901		34,001
Passed Through Housing Authority of Portland:			
ARRA-Homelessness Prevention and Rapid Re-housing	14.257	7multn02	26,812
Passed Through City of Portland:			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	910022	153,188
Total Department of Housing and Urban Development			<u>2,976,773</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Interior</u>			
Direct Programs:			
Payment in Lieu of Taxes	15.226		26,488
Distribution of Receipts to State and Local Governments	15.227		942,983
Total Department of Interior			<u>969,471</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Services for Trafficking Victims	16.320		95,882
Missing Children's Assistance Program	16.543		62,628
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		1,409
Drug Court Discretionary Grant Program	16.585		47,155
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		374,040
State Criminal Alien Assistance Program	16.606		431,416
Bulletproof Vest Partnership Program	16.607		30,066
Community Prosecution and Project Safe Neighborhoods	16.609		155,588
Public Safety Partnership and Community Policing Grants	16.710		236,611
Reduction and Prevention of Children's Exposure to Violence	16.730		214,763
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736		73,061
Anti-Gang Initiative	16.744		71,654
Congressionally Recommended Awards	16.753		209,014
ARRA - Recovery Act Transitional Housing	16.805		113,957
ARRA - Recovery Act - Edward Byrne Memorial Competitive Grant Program	16.808		92,877
Passed Through Oregon Commission on Children and Families:			
Juvenile Accountability Incentive Block Grants	16.523	2008-6362	111,371
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	FG2008/FG2008-11	65,758
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	08-3205/09-3437	174,513
ARRA - Violence Against Women Formula Grant	16.588	09-ARRA-VAWA-3530	22,857
Violence Against Women Formula Grants	16.588	09-VAWA-3229	75,000
<i>Total Violence Against Women Formula Grant</i>			<u>97,857</u>
Passed Through State Department of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	1936002309	716,600
Passed Through City of Portland:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	2009-0552	175,866
<i>Total Edward Byrne Memorial Justice Assistance Grant Program</i>			<u>892,466</u>
ARRA - Edward Byrne Memorial Justice Assistance Grant Programs/Grants to States and Territories	16.803	1936002309	365,161

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u> (continued)			
Passed Through City of Portland:			
ARRA - Edward Byrne Memorial Justice Assistance Grant			
Programs/Grants to States and Territories	* 16.804	2009-0977	796,617
Total Department of Justice			4,713,864
<u>U.S. Department of Transportation</u>			
Passed Through State Department of Transportation:			
ARRA_Highway Planning and Construction	* 20.205	1936002309	31,077
Highway Planning and Construction	* 20.205	1936002309	2,819,096
<i>Total Highway Planning and Construction</i>			2,850,173
Passed Through State Department of Human Services:			
Child Safety and Child Booster Seats Incentive Grants	20.613	1936002309	1,594
Total Department of Transportation			2,851,767
<u>U.S. General Services Administration</u>			
Passed Through Oregon Department of Administrative Services:			
Donation of Federal Surplus Personal Property	39.003	1936002309	49,138
Total U.S. General Services Administration			49,138
<u>Institute of Museum and Library Services</u>			
Direct Programs:			
National Leadership Grants	45.312		2,644
Passed Through National Endowment for the Humanities:			
Promotion of the Humanities _ Public Programs	45.164	LS-50107-07	1,000
Passed Through Oregon State Library:			
Grants to States	45.310	08-05-5P	314
Grants to States	45.310	08-04-5P/09-04-3P	56,929
Grants to States	45.310	09-05-1P/10-03-1P	27,655
Grants to States	45.310	LNET 01-09	386,110
<i>Total Grants to States</i>			471,008
Passed Through Oregon Museum Science and Industry:			
National Leadership Grants	45.312	D09-05	69,097
Total Institute of Museum and Library Services			543,749
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Environmental Justice Small Grant Program	66.604		14,604
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		24,003
Passed Through Oregon Department of Environmental Quality:			
ARRA - State Clean Diesel Program	66.040	066-10	9,576

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Environmental Protection Agency</u> (continued)			
Passed Through State Department of Human Services:			
State Public Water System Supervision	66.432	1936002309	9,084
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1936002309	12,110
Protection of Children and Older Adults (Elderly) from Environmental Health Risks	66.609	1936002309	2,925
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	2,000
Passed Through Oregon Center for Environmental Health:			
Solid Waste Management Assistance Grants	66.808	Multnomah	15,000
Total U.S. Environmental Protection Agency			89,302
<u>U.S. Department of Energy</u>			
Passed Through Oregon Department of Energy:			
ARRA _ State Energy Program	81.041	1936002309	14,797
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	* 81.042	1936002309	742,937
ARRA Weatherization Assistance for Low-Income Persons	* 81.042	1936002309	1,013,630
<i>Total Weatherization Assistance for Low-Income Persons</i>			1,756,567
ARRA - Energy Efficient Appliances Rebate Program (EEARP)	81.127	1936002309	32,483
Total Department of Energy			1,803,847
<u>Federal Emergency Management</u>			
Direct Program:			
Disaster Assistance - FEMA Flood	83.516		215
Total Federal Emergency Management			215
<u>U.S. Department of Education</u>			
Passed Through Portland Community College:			
Adult Education - Basic Grants to States	84.002	045-09	33,060
Passed Through Oregon Department of Human Resources:			
Safe and Drug Free Schools and Communities_State Grants	84.186	1936002309	72,248
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	4128	144,663
Total Department of Education			249,971
<u>U.S. Department of Health & Human Services</u>			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		522,490
Special Programs for the Aging_Title IV_and Title III_ Discretionary Projects	93.048		18,971
Passed Through State Department of Human Services:			
Special Programs for the Aging_Title IV_and Title III_ Discretionary Projects	93.048	1936002309	119,659
<i>Total Special Programs for the Aging_Title IV_and Title III_Discretionary Projects</i>			138,630

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Direct Programs:			
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087		833,302
Food and Drug Administration_Research	93.103		28,096
Injury Prevention and Control Research and State and Community Based Programs	93.136		330,971
Passed Through Portland State University:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	CDC sub050139 MCHD	384,632
<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>			<u>715,603</u>
Direct Programs:			
Coordinated Services and Access to Research for Women, Infants, Children and Youth	93.153		192,499
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		6,733,117
State Capacity Building	93.240		124,085
Drug Abuse and Addiction Research Programs	93.279		35,935
Cancer Cause and Prevention Research	93.393		17,140
Refugee and Entrant Assistance_Discretionary Grants	93.576		150,000
ARRA – Grants to Health Center Programs *	93.703		1,106,375
ARRA - Prevention and Wellness- Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724		184,989
HIV Emergency Relief Project Grants	93.914		3,653,325
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		1,010,122
Healthy Start Initiative	93.926		745,602
Special Projects of National Significance	93.928		44,201
Passed Through Oregon Health Sciences University:			
Special Projects of National Significance	93.928	GINTR0027EN MULT	30,177
<i>Total Special Projects of National Significance</i>			<u>74,378</u>
Passed Through National Association of City and County Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC090141	3,637
Passed Through State Department of Human Services:			
Special Programs for the Aging_Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	1936002309	7,776
Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1936002309	46,571
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers *	93.044	1936002309	799,701
Special Programs for the Aging_Title III, Part C_Nutrition Services *	93.045	1936002309	984,877
Nutrition Services Incentive Program *	93.053	1936002309	438,342
ARRA - Aging Home-Delivered Nutrition Services for States *	93.705	1936002309	73,943
ARRA - Aging Congregate Nutrition Services to States *	93.707	1936002309	150,207
<i>Total Aging Cluster</i>			<u>2,447,070</u>

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Alzheimer's Disease Demonstration Grants to States	93.051	1936002309	44,843
National Family Caregiver Support, Title III, Part E	93.052	1936002309	326,562
Public Health Emergency Preparedness	* 93.069	1936002309	365,742
Public Health Emergency Preparedness	* 93.069	1936002309	1,989,267
<i>Total Public Health Emergency Preparedness</i>			<u>2,355,009</u>
Environmental Public Health and Emergency Response	93.070	1936002309	17,574
Passed Through NW Family Services:			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90AE0160	275,995
Passed Through State Department of Human Services:			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.110	1936002309	2,223
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	106,119
Passed Through University of Washington:			
AIDS Education and Training Centers	93.145	654951	99,278
Passed Through State Department of Human Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1936002309	66,049
Family Planning_Services	93.217	1936002309	418,530
Passed Through State Division of Public Health:			
Projects of Regional and National Significance	93.243	1936002309	9,603
Passed Through State Department of Human Services:			
Immunization Grants	* 93.268	1936002309	2,488,945
ARRA _ Immunization	* 93.712	1936002309	47,960
<i>Total Immunization Cluster</i>			<u>2,536,905</u>
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	1936002309	311,693
Passed Through Washington County Public Health:			
Centers for Disease Control and Prevention investigations and Technical Assistance	93.283	CA 09-0978	21,368
Passed Through National Association of Community Health Organization:			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		234,297
<i>Total Centers for Disease Control and Prevention_Investigations and Technical Assistance</i>			<u>567,358</u>
Passed Through Oregon Commission on Children And Families:			
Promoting Safe and Stable Families	93.556	MUL0911	27,263
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	1936002309	105,917
Passed Through Oregon Department of Justice:			
Child Support Enforcement	* 93.563	1936002309	1,351,502
ARRA Child Support Enforcement	* 93.563	1936002309	660,208
<i>Total Child Support Enforcement</i>			<u>2,011,710</u>

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Passed Through Oregon Housing and Community Services:			
Low-Income Home Energy Assistance	93.568	0310559	8,393,046
Passed Through Oregon Housing and Community Services:			
Community Services Block Grant	93.569	0310559	886,055
ARRA _ Community Services Block Grant	93.710	0310559	1,064,400
<i>Total CSBG Cluster</i>			<u>1,950,455</u>
Passed Through Oregon Childcare Resource & Referral Network:			
Child Care and Development Block Grant	93.575	1936002309	95,000
Passed Through Yakima Valley Farm Workers Clinic:			
Community-Based Child Abuse Prevention Grants	93.590	90CA1759	10,000
Passed Through Oregon Department of Justice:			
Grants to States for Access and Visitation Programs	93.597	Multnomah	42,822
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	0210115-6	59,598
Passed Through Oregon Commission on Children And Families:			
Social Services Block Grant	* 93.667	MUL0911	737,549
Passed Through Oregon Health Sciences University:			
ARRA _ Trans-NIH Recovery Act Research Support	93.701	APHPM0167ST-MC	140,538
Passed Through Oregon Association of Hospitals and Health Systems:			
National Bioterrorism Hospital Preparedness Program	93.889	Multnomah	7,759
Passed Through State Department of Human Services:			
National Bioterrorism Hospital Preparedness Program	93.889	1936002309	291,161
<i>Total National Bioterrorism Hospital Preparedness Program</i>			<u>298,920</u>
Passed Through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements/ Community Based Partnerships	93.924	GPBHD0014A MULT	4,968
Passed Through State Department of Human Services:			
HIV Prevention Activities_Health Department Based	93.940	1936002309	1,032,959
HIV / AIDS Surveillance	93.944	1936002309	349,308
Passed Through National Association of Chronic Disease Directors:			
Assistance Programs for Chronic Disease Prevention and Control	93.945	4CA128-01 1 MCHD#0809147	20,558
Passed Through State Department of Human Services:			
Block Grants for Community Mental Health Services	93.958	1936002309	506,165
Block Grant for Prevention and Treatment of Substance Abuse	93.959	1936002309	3,810,407
Preventative Health and Health Services Block Grant	93.991	1936002309	3,500

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2010

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Passed Through Oregon Health Sciences University:			
Maternal and Child Health Services Block Grant to the States	93.994	4 B04MC06604-01-04	119,070
Passed Through State Department of Human Services:			
Maternal and Child Health Services Block Grant to the States	93.994	1936002309	471,570
<i>Total Maternal and Child Health Services Block Grant to the States</i>			<u>590,640</u>
Total Department of Health and Human Services			<u>45,788,113</u>
 <u>US Department of Homeland Security</u>			
Passed Through City of Portland-Department of Emergency Communications:			
Non-Profit Security Program	97.008	52304	175,617
Passed Through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	1936002309	707,722
Passed Through Oregon Emergency Management:			
Flood Mitigation Assistance	97.029	EMS-2008-FM-E002	13,000
Emergency Management Performance Grants	97.042	EMPG09	344,905
Citizen Corps	97.053	07-111	19,775
State Homeland Security Program (SHSP)	97.073	07-225	148,856
State Homeland Security Program (SHSP)	97.073	09-264	88,165
<i>Total State Homeland Security Program (SHSP)</i>			<u>237,021</u>
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	07-169	17,036
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	LETPP 05	25,767
<i>Total Law Enforcement Terrorism Prevention Program</i>			<u>42,803</u>
Buffer Zone Protection Program (BZPP)	97.078	08-093	117,099
Total Department of Homeland Security			<u>1,657,942</u>
 Total Federal Expenditure			 <u>\$ 65,443,013</u>

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2010. The County's reporting entity is defined in Note 1 to the County's June 30, 2010 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. The Highway Planning and Construction grant, CFDA #20.205, was reported on the cash basis due to the nature of this award. The Schedule provides the summary of expenditures of federal awards by program or program cluster (CFDA number), by State Agency, if applicable, and by detailed passed through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Administration.

Note C – Relationship to Basic Financial Statements

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

Note D – Non-cash Awards

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

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$8,287.

An award from the U.S. General Services Administration provided a deflectometer (CFDA #39.003 – Donation of Federal Surplus Property). The value of the deflectometer was determined by the granting agency; \$49,138.

An award from the Department of Health and Human Services is also in the form of vaccines, specifically for the H1N1 Flu virus, (CFDA #93.069 – Public Health and Emergency Preparedness). The value of the Public Health and Emergency Preparedness award was determined by the granting agency. The amount expended and advanced at June 30, 2010 is calculated on a proportionate basis; \$365,742.

An additional award from the Department of Health and Human Services is in the form of immunization vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2010 is calculated on a proportionate basis; \$2,433,745.

An award from the Department of Homeland Security provided flood lights (CFDA #97.008 – Non-Profit Security Program). The value of the lights was determined by the granting agency; \$11,935.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Note E - Subrecipients

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

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Special Projects	11.553	\$ 11,814
Community Development Block Grants/Entitlement Grants	14.218	548,780
Supportive Housing Program	14.235	1,678,986
<i>ARRA - Community Development Block Grant</i>	14.253	73,187
Services for Trafficking Victims	16.320	4,847
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	156,470
Project Safe Neighborhoods	16.609	48,452
<i>ARRA - Public Safety Partnership and Community Policing Grants</i>	16.710	84,593
Reduction and Prevention of Children's Exposure to Violence	16.730	169,946
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	33,266
Anti-Gang Initiative	16.744	47,949
<i>ARRA - Recovery Act Transitional Housing</i>	16.805	42,629
Safe and Drug Free Schools and Communities State Grants	84.186	40,899
Twenty-First Century Community Learning Centers	84.287	144,663
Community-Based Abstinence Education (CBAE)	93.010	52,203
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	38,474
Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers	93.044	207,007
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	984,727
Special Programs for the Aging Title IV and Title III Discretionary Projects	93.048	6,096
National Family Caregiver Support, Title III, Part E	93.052	143,299
Nutrition Services Incentive Program	93.053	434,246
Public Health Emergency Preparedness	93.069	154,851
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	588,292
Injury Prevention and Control Research and State and Community Based Programs	93.136	57,221
Projects for Assistance in Transition from Homelessness (PATH)	93.150	48,985
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	45,618
Consolidated Health Centers	93.224	114,283
Low-Income Home Energy Assistance	93.568	574,504
Community Services Block Grant	93.569	698,696
Social Services Block Grant	93.667	628,548
<i>ARRA - Aging Home-Delivered Nutrition Services for States</i>	93.705	73,943
<i>ARRA - Aging Congregate Nutrition Services for States</i>	93.707	150,207
<i>ARRA - Community Services Block Grant</i>	93.710	1,008,146
<i>ARRA - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)</i>	93.724	26,499
HIV Emergency Relief Project Grants	93.914	2,469,535
HIV Prevention Activities_Health Department Based	93.940	17,790
Block Grants for Community Mental Health Svcs	93.958	247,077
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,323,139
Non-Profit Security Program	97.008	8,975
Department of Homeland Security - Citizen Corps	97.053	9,096
State Homeland Security Program	97.073	39,419
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	12,931
Total Subrecipient pass-through		<u>\$15,250,288</u>

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended JUNE 30, 2010

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies(s) identified that are not considered to be material weaknesses? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiencies (s) identified that are not considered to be material weaknesses? X yes _____ none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.804	Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants To Units Of Local Government
20.205	Highway Planning and Construction
81.042	Weatherization Assistance for Low-Income Persons
93.069	Public Health Emergency Preparedness
93.563	Child Support Enforcement
93.667	Social Services Block Grant
93.703	ARRA – Grants to Health Center Programs

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended JUNE 30, 2010

	<u>Aging Cluster</u>
93.044	Special Programs for the Aging--Title III, Part B--Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging--Title III, Part C--Nutrition Services
93.053	Nutrition Services Incentive Program
93.705	ARRA – Aging Home-Delivered Nutrition Services for States
93.707	ARRA – Aging Congregate Nutrition Services for States

	<u>Immunization Cluster</u>
93.268	Immunization Grants
93.712	ARRA - Immunization

Dollar threshold used to distinguish
between type A and type B programs: \$ 1,963,290

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

FINDING 2010-01 – Depreciation of Right-of-Ways – Significant Deficiency in Internal Control

Criteria: Under generally accounting principles (GAAP), a permanent right-of-way easement is an example of an intangible asset with an indefinite useful life. Intangible assets with indefinite useful lives should not depreciate. In previously issued financial statements, the County was depreciating right-of-ways.

Condition: The County did not have procedures in place to ensure the non-depreciable treatment of right-of-ways.

Context: County assets included \$197.8 million in right-of-ways, as of June 30, 2009, of which \$137.3 million had depreciated. Prior to commencing the 2010 audit, County management identified the error, and took appropriate corrective action.

Effect: The cumulative effect of correcting the previously reported depreciation expense due to right-of-ways was to increase the County's beginning capital assets and net assets for governmental activities by \$137.3 million. This change increases the governmental activities net assets for the year ended June 30, 2009 by \$4.9 million.

Cause: The County depreciated its road systems, which was a commingling of right-of-ways and infrastructure. While GAAP requires the depreciation of infrastructure, GAAP does not permit the depreciation of right-of-ways.

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended JUNE 30, 2010

Recommendation: Prior to audit fieldwork we noted that management corrected this misapplication of GAAP, and implemented procedures treating right-of-ways as non-depreciable assets.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2010-02 - Allowable Costs (Payroll) - Significant Deficiency in Internal Controls and Instance of Non-Compliance

Federal Programs: Social Services Block Grant, CFDA 93.667
Weatherization Assistance for Low-Income Persons, CFDA 81.042

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

Award Year: 2009-2010

Criteria: OMB Circular A-87 Cost Principles for State, Local, and Indian Tribe Governments, 2 CRF Part 225, Attachment B Selected Items of Cost, Section 8 Compensation for Personal Services, paragraph (h)(5)(e) states that budget estimates for compensation for personal services or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes provided that at least quarterly, comparisons of actual costs to budgeted distributions based on the monthly activity reports are made and costs charged to Federal awards reflect adjustments made as a result of the activity actually performed. Those adjustments may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent, otherwise budget estimates or other distribution percentages are revised at least quarterly, if necessary, to reflect changed circumstances.

Condition: During our testing of payroll for the awards listed above, it was noted that these programs did not perform the annual reconciliation of budgeted payroll expenditures charged to federal awards compared to actual personnel costs expended, nor were those differences adjusted accordingly.

Questioned Costs: None to be reported.

Context: Within both the Social Services Block Grant program and the Weatherization Assistance for Low-Income Persons program, the quarterly time studies required by OMB Circular A-87 were performed. For each of the quarterly time studies, the variance between actual work performed and budgeted amount charged to the grant was less than 10%, so no adjustment was necessary. However, no annual adjustment was made for those individuals where the budgeted amount charged to the grant was more than the actual time worked on the grant. Although the amount does not meet the reporting threshold for questioned costs, this true-up is required under A-87 for entities that charge payroll to federal awards under a budgeted approach.

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended JUNE 30, 2010

Effect: By not performing the annual reconciliation between budgeted payroll expenditures charged to a federal award and the actual costs of the payroll expenditures, the federal award(s) could be overcharged.

Cause: Management is fully aware of the requirement to perform this reconciliation, however, due to recent personnel turnover, the delegation of the adjustment between budgeted and actual payroll expenditures was not communicated to the appropriate individual.

Recommendation: Moss Adams recommends that the County delegate responsibility for the annual reconciliation to grant accountant, with an oversight and review process by County management. If differences are noted, adjustments should be made in the accounting system to reflect true costs to the program.

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

FINDING 2010-03 - Allowable Costs - Internal Service Charges Instance of Non-Compliance

Federal Programs: Consolidated Health Centers, CFDA 93.224

Federal Agencies: US Department of Health and Human Services

Award Year: 2009-2010

Criteria: OMB Circular A-87 Cost Principles for State, Local, and Indian Tribe Governments, Attachment C State / Local-Wide Central Service Cost Allocation Plans (CAP) provides criteria for charging internal service fund expenses to federal awards which includes: 1) internal service funds are to be disclosed on the Cost Allocation Plan; 2) the internal service fund may maintain a working capital reserve of up to 60 days; and 3) there must be an annual reconciliation of revenues generated to actual costs incurred for determining potential overcharges to federal awards.

Condition: Multnomah County's Cost Allocation Plan did not include all the required disclosures for internal service funds: description of service, balance sheet, revenue / expense statement, transfers, etc. The working capital reserve for the IT Department was not monitored to ensure this balance did not exceed 60 days of working capital. There was no annual reconciliation of IT Department revenue generated to the actual costs incurred for fiscal year 2010.

Questioned Costs: Multnomah County was unable to provide a reconciliation of IT Department revenues to actual costs. Therefore, Moss Adams performed alternate procedures by calculating the IT Department 2010 profit margin and applying this to IT internal service costs charged to the federal award. Based upon this methodology, questioned costs for this program were approximately \$120,000.

Context: Discovery of this non-compliance issue came as the result from performing other audit procedures. An analysis of IT internal service charges charged against federal awards by Multnomah County lead to the isolation of the Consolidated Health Centers program exceeding the reportable threshold. Assessment of the IT Department working capital reserve was calculated to be 37 days as of 6/30/2009 and 83 days as of 6/30/2010.

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended JUNE 30, 2010

Effect: The Consolidated Health Centers program has overcharged federal awards for internal service charges, resulting in an instance of non-compliance.

Cause: There appears to be a lack of awareness of the full scope of compliance with federal internal service charge requirements under OMB Circular A-87, Attachment C. In addition, there appears to be a lack of oversight and monitoring for these compliance requirements by the County.

Recommendation: Moss Adams recommends that the County perform the 2010 reconciliation between IT Department internal service costs charged to the Consolidated Health Centers program and the actual cost of the service provided to determine the amount overcharged to the federal award. The amount overcharged should be returned to the awarding agency. In addition, Moss Adams recommends that policies and procedures be designed and implemented to ensure compliance with OMB A-87 requirements for IT Department internal service costs charged to federal awards. We further recommend that the vacant accountant position within the IT Department be filled and this individual be assigned responsibility for compliance requirements, with periodic review by County management.

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

FINDING 2010-04 - Eligibility - Significant Deficiency in Internal Control and Instance of Noncompliance

Federal Programs: ARRA Grants to Health Center Programs, CFDA 93.703

Federal Agencies: US Department of Health and Human Services

Award Year: 2009-2010

Criteria: Title 45: Public Welfare, SUBTITLE A--DEPARTMENT OF HEALTH AND HUMAN SERVICES, PART 74--UNIFORM ADMINISTRATIVE REQUIREMENTS, section 74.53, Retention and Access Requirements for Records, states financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report.

Condition: During our testing of eligibility requirements, the County was unable to provide documentation that supported the annual income level of clients for use in determining the Federal Poverty Level (FPL) % and applicable sliding fee for health services rendered. Typically this documentation would take the form of a filed tax return or payroll remittance. We were able to review income levels within the EPIC system to ensure compliance with eligibility requirements; however the supporting documentation was not available to review.

Questioned Costs: None identified.

Context: During our testing of eligibility requirements, supporting documentation for income levels could not be provided for 8 of 25 participants reviewed. Individual / family income is used as a basis to

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
for the Year Ended JUNE 30, 2010

determine the level of discount that a patient receives. Approved documents to establish income level include tax returns, payroll registers, or other similar documents. This information is input into EPIC which automatically calculates the amount a patient is responsible for. Without copies of the documentation used to establish income level, Moss Adams was unable to verify that the income amount was accurate.

Effect: Without documentation supporting individual / family income levels, discounts given or denied may have been improperly applied.

Cause: County policy is to destroy eligibility documentation after one year. As a result, the County is out of compliance with federal record retention requirements.

Recommendation: We recommend that the County revise their document destruction policy to meet federal requirements of retaining documents for at least three years.

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



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

For the Fiscal Year Ending June 30, 2010

FINDING 2010-01 Depreciation of Right of Ways – Significant Deficiency in Internal Control

Upon noting this error, management made the appropriate corrections in the financial statements and provided the auditors with accurate year-end reports and supporting schedules. In addition, management revised the County's capital asset policy to state that right-of-ways are non-depreciable assets. The County is no longer depreciating right-of-ways and has implemented controls in place to ensure proper capital asset accounting and reporting.

FINDING 2010-02 Allowable Costs (Payroll): Significant Deficiency in Internal Controls and Instance of Non-Compliance

Federal Programs: Social Services Block Grant, 93.667, Weatherization Assistance for Low-Income Persons, CFDA 81.042

In response to the 2009 Single Audit, the Commission developed and implemented semi-annual time certifications and quarterly time studies where applicable. Procedures were created that require an annual reconciliation and true-up of actual percentage of time worked to percentage charged via time study results to Federal grants. Although the time studies were successfully performed by the Commission, the annual reconciliation and true-up was not prepared during fiscal year 2010. Management has implemented additional controls to ensure a year-end reconciliation will be prepared by staff to be in full compliance with the time and effort reporting requirements outlined in OMB Circular A-87.

FINDING 2010-03 Allowable Costs: Internal Service Charges Instance of Non-Compliance

Federal Program: Consolidated Health Centers, CFDA 93.224

During the preparation of the County's 2011 Indirect Cost Allocation Plan (CAP), General Ledger noted the 2010 plan did not include the proper disclosures for internal service funds. Therefore, the 2011 CAP was prepared with the required internal service fund disclosures. As we are currently in the process of preparing the County's 2012 CAP, we will be sure to include the necessary internal service fund disclosures and further clarify how the County achieves its adjustments of billed central services. In addition, over the next year we will educate and train internal service providers on the requirements of OMB A-87 and implement procedures in order to comply with these requirements.

The County's IT Department understands the importance of charging allowable costs to the County's Federal awards. During the 2010 Single Audit, IT was able to gain a better understanding of the requirements of OMB A-87. Over the next year, IT will develop a process to review the working capital of the IT fund on a quarterly basis. Any excess working capital reserve (beyond the 60 days) will be further evaluated and IT rates may be adjusted. In addition, IT is currently exploring various options to charge out IT rates to departments. Some of the options include charging actual costs out to County departments and if this method is utilized it will eliminate the need for a reconciliation of actual revenues to actual costs. We will continue to evaluate various options to charge out the IT rates and be cognizant of the requirements of OMB A-87. IT also recognizes the importance of the IT Advisory Board (ITAB) and ITAB's oversight and approval for specific projects funded with dollars specifically approved for the IT Investment and Innovation Fund (and related funding sources). It should be noted that there are a number of other appropriate approval processes for IT projects including the IT budget as it's approved by the Board of County Commissioners on an annual basis. Over the next year IT will develop a policy that will outline the requirement and restrictions on allocating IT fund balance for specific projects along with the appropriate approval process(es). We will further define the role and responsibility of ITAB so that approved ITAB projects can be appropriately earmarked from unrestricted net assets and provide for a clearer operating reserve calculation. We appreciate the recommendation and IT will work towards continuous process improvement over the next year.

FINDING 2010-3 Eligibility: Significant Deficiency in Internal Control and Instance of Noncompliance

Federal Programs: ARRA Grants to Health Center Programs, CFDA 93.703

Management recognizes the importance of adhering to Federal OMB requirements regarding retention and access requirements for records. The Health Department performs eligibility screenings to determine the income level of clients/patients in order to establish a Federal Poverty Level (FPL) for client/patients seeking personal health services. The department screening requires clients/patients to provide a copy of pay check stubs (3 months), employee letter verification, and previous year tax return. Department procedures also require the retention of the financial documentation related to the FPL level determination. In fiscal year 2010 the Eligibility unit of the Health Department took on all eligibility screening responsibilities after the Patient Account Service Office (PASO) was eliminated in the prior year. At the time of transition the policy by the Eligibility unit was to retain screening documentation up to one full fiscal year in order to limit paper storage space at the clinics.

A management review found no indication that the Eligibility unit did not perform the required financial screenings. Management confirmed proper procedural controls are in place to ensure patient income levels are adequately supported. The unit follows well established policies for insurance eligibility verification and has procedures in place to collect and retain financial documentation provided to them, including the clients financial data used to calculate FPL level. Effective immediately the Eligibility unit has changed its retention record requirement from one fiscal year to three fiscal years to comply with Federal OMB requirements. During the October 2010 Eligibility staff meeting program leadership confirmed the process change. The retention procedural change along with periodic reviews from the Health Department Business Services will ensure the proper documentation is collected and retained in the future in-order to comply with Federal grant requirements.



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Summary Schedule of Prior Year Audit Findings and Questioned Costs For the Fiscal Year Ending June 30, 2009

FINDING 2009-1 - Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)

Federal Programs: Social Services Block Grant, 93.667

Condition: The Commission on Children Families & Community of Multnomah County does not currently require periodic certifications that the employee worked solely on a single Federal award or cost objective. In addition, the Commission does not currently require actual time records, time studies or the equivalent in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, are charged to the Federal grants based on budgeted or estimated amounts. The Commission has not adopted a substitute system as permitted by Circular A-87.

Recommendation: We recommend that the Commission continue to develop and implement a system to track actual personnel compensation for those individuals working on multiple Federal grants. We recommend that those allocations, based on actual amounts, be reflected in the accounting system and properly allocated to the federal grants. We also recommend that for those employees working 100% on Federal awards, the Commission should consistently obtain periodic certifications, at least semi-annually, and that they be signed by the employee or supervisor having first hand knowledge of the work performed by the employee. Finally, we recommend that the County communicate to all the departments the importance of time and effort reporting and ensure all departments are complying with the requirements in OMB Circular A-87.

Status of Finding: *In Progress:* In response to the 2009 Single Audit, the Commission developed and implemented semi-annual time certifications and quarterly time studies where applicable. Procedures were created that require an annual reconciliation and true-up of actual percentage of time worked to percentage charged via time study results to Federal grants. Although the time studies were successfully performed by the Commission, the annual reconciliation and true-up was not prepared during fiscal year 2010. Management has implemented additional controls to ensure a year-end reconciliation will be prepared by staff to ensure full compliance with the time and effort reporting requirements outlined in OMB Circular A-87.

FINDING 2009-2 – Consolidated Health Centers Eligibility - Control Deficiency in Internal Control and Instance of Noncompliance

Federal Program: Consolidated Health Centers, CFDA 93.224

Condition: During our testing of eligibility requirements, the County was unable to provide documentation that supported the annual income level of clients for use in determining the Federal Poverty Level (FPL) % and applicable sliding fee for health services rendered. Typically this documentation would take the form of a filed tax return or payroll remittance. We were able to review income levels within the Epic medical billing system to ensure compliance with eligibility requirements, however the supporting documentation was not available to review.

Recommendation: We recommend that the County provide additional training for those groups performing eligibility determinations, specifically in regards to retaining income documentation.

In addition, Moss Adams recommends that County communicate the importance of following established policies and procedures when obtaining supporting documentation for individual / family income levels.

Status of Finding: *In Progress:* As a result of the 2009 Single Audit, the County's Health Department reorganized certain work units to check for eligibility compliance. Based on a similar finding in the 2010 Single Audit, the Health Department is taking a deeper review of work units and the documentation maintained to support eligibility requirements. Management will implement a record retention policy that complies with the requirements of our grant agreements and code of Federal Regulations.