

\$9,800,000

Multnomah County, Oregon

Full Faith and Credit Obligations, Series 2010

DATED: March 31, 2010 ("Date of Delivery")**DUE: June 1, as shown below****STANDARD & POOR'S RATING** — "AA," underlying. See "Rating" herein.

NOT BANK QUALIFIED — Multnomah County, Oregon (the "County") has NOT designated the Full Faith and Credit Obligations, Series 2010 (the "Obligations") as "qualified tax-exempt obligations" for purposes of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code").

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

PRINCIPAL AND INTEREST PAYMENTS — The Obligations evidence and represent undivided proportionate interests of the Beneficial Owners thereof (as hereinafter defined) in the Financing Payments to be made by the District pursuant to Financing Agreement (as hereinafter defined). The interest component of the Financing Payments evidenced and represented by the Obligations is payable on December 1, 2010 and semiannually thereafter on June 1 and December 1 of each year to the maturity of the Obligations. The principal and interest components of the Financing Payments evidenced and represented by the Obligations will be payable by the County's Paying Agent, initially U.S. Bank National Association, to DTC which, in turn, will remit such principal and interest to the DTC participants for subsequent disbursement to the beneficial owners of the Obligations at the address appearing upon the registration books on the 15th day (the "Record Date") of the month preceding a payment date.

PURPOSE — The Obligations are being issued to finance the costs of a data center replacement, telephone system enhancements and upgrade, deferred facilities maintenance, a library materials movement system, and to pay the costs of issuance of the Obligations. See "Purpose and Use of Proceeds" herein.

MATURITY SCHEDULE —

Due		Interest		CUSIP	Due		Interest		CUSIP
June 1	Amounts	Rates	Yields	625506	June 1	Amounts	Rates	Yields	625506
2011	\$ 1,310,000	2.00%	0.40%	LP3	2015	\$ 1,420,000	3.00%	1.45%	LT5
2012	1,365,000	3.00	0.62	LQ1	2016	1,450,000	3.00	1.90	LU2
2013	1,375,000	3.00	0.82	LR9	2017	1,485,000	3.00	2.22	LV0
2014	1,395,000	3.00	1.10	LS7					

PREPAYMENT — The Obligations are not subject to prepayment prior to maturity.

SECURITY — Pursuant to the terms of a financing agreement (the "Financing Agreement") the County's payment obligations (the "Financing Obligations") are to be secured by and payable from lawfully available funds of the County, including the proceeds of the Financing Agreement and any taxes levied by and for the County within the restrictions of Sections 11 and 11b, Article XI of the Oregon Constitution. The obligation of the County to make payments is a full faith and credit obligation of the County, and is not subject to appropriation. The Beneficial Owners of the Obligations do not have a lien or security interest on the property financed with the proceeds of the Financing Agreement. The Obligations do not constitute a debt or indebtedness of the State of Oregon, or any political subdivision thereof other than the County.

TAX MATTERS — In the opinion of K&L Gates LLP, Special Counsel to the County ("Special Counsel"), assuming compliance with certain covenants of the County, the portion of the payments made under the Financing Agreement designated as and constituting interest received by the holders of the Obligations ("Interest") is excludable from gross income for federal income tax purposes under existing law. Interest received by the holders of the Obligations is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not included in adjusted current earnings for purposes of computing the federal alternative minimum tax imposed on certain corporations. See "Tax Matters" herein for a discussion of the opinion of Special Counsel. In the opinion of Special Counsel, Interest received by the holders of the Obligations is exempt from Oregon personal income tax under existing law.

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

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

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

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

CUSIP® is a registered trademark of the American Bankers Association. The CUSIP numbers included in the Maturity Schedule on the cover page were provided by Standard and Poor’s, CUSIP Service Bureau, a division of the McGraw-Hill Companies, Inc. The CUSIP numbers are not intended to create a database and do not service in any way as a substitute for the CUSIP Service. CUSIP numbers are provided for convenience and reference only. CUSIP numbers are subject to change. Neither the County nor the Financial Advisor take any responsibility for the accuracy of such CUSIP numbers.

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

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

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

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OFFICIAL STATEMENT
Multnomah County, Oregon
\$9,800,000
Full Faith and Credit Obligations, Series 2010

Multnomah County, Oregon (the "County"), a municipal corporation duly organized and existing under and by virtue of the laws of the State of Oregon (the "State") furnishes this Official Statement in connection with the offering of \$9,800,000 aggregate principal amount of Full Faith and Credit Obligations, Series 2010 (the "Obligations"), dated the Date of Delivery. This Official Statement, which includes the cover page and appendices, provides information concerning the County and the Obligations.

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

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

Description of the Obligations

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

Financing Amount, Date, Interest Rates and Maturities

The sum of the principal components of the Financing Payments evidenced and represented by the Obligations equals \$9,800,000 (the "Financing Amount"). The principal and interest components of the Financing Payments evidenced and represented by the Obligations are payable on the Scheduled Payment Dates (each June 1 and December 1, commencing December 1, 2010) and in the amounts, with interest payable at the rates, all as set forth on the inside cover of this Official Statement. Interest on the principal components of the Financing Payments evidenced and represented by the Obligations will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Disbursements Features

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

Book-Entry System. The Obligations will be executed and delivered in fully registered form and, when executed and delivered, will be registered in the name of Cede & Co. as Owner and as nominee for DTC. DTC will act as securities depository for the Obligations. Individual purchases and sales of the Obligations may be made in book-entry form only in minimum denominations of \$5,000 within a single maturity and integral multiples

thereof. Purchasers will not receive certificates representing their interest in the Obligations. See Appendix D attached hereto for additional information.

Procedure in the Event of Revisions of Book-Entry Transfer System. If DTC resigns as the securities depository and the County is unable to retain a qualified successor to DTC, or the County has determined that it is in the best interest of the County not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Obligations might be adversely affected if the book-entry system of transfer is continued, there will be executed, authenticated and delivered at no cost to the Beneficial Owners or their nominees, Obligations in fully registered form, in the denomination of \$5,000 or any integral multiple thereof. Thereafter, the principal components of the Financing Payments evidenced and represented by the Obligations will be payable upon due presentment and surrender of such Obligations at the principal office of the Escrow Agent; the interest components of the Financing Payments evidenced and represented by the Obligations will be mailed or caused to be delivered to the Beneficial Owners, at the addresses appearing upon the registration books on the 15th day of the month preceding a payment date, and the Obligations will be transferable as provided in the Escrow Agreement.

Prepayment Provisions

The Obligations are not subject to prepayment prior to maturity.

Authorization for Issuance

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

Under and in accordance with the laws and provisions of the State, the County’s Board of Commissioners (the “Board of Commissioners”) adopted Resolution No. 09-148 on December 3, 2009 (the “Resolution”) that authorized the County to enter into the Financing Agreement, Escrow Agreement and a purchase agreement for the execution and delivery of the Obligations. Such execution and delivery of the Obligations does not require a vote of the people.

Pursuant to the Resolution, the County has pledged to use all of its general non-restricted revenues of the County and other funds which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon (“Article XI, Sections 11 and 11b”) to generate funds sufficient to make all Financing Payments.

Purpose and Use of Proceeds

Purpose

The proceeds of the Obligations will be used to finance the costs of: (i) replacement of the County’s Data Center; (ii) telephone enhancements and upgrade; (iii) deferred facilities maintenance; (iv) phase two of a four phase project to automate the movement of library materials, and (v) to pay costs of issuance of the Obligations.

Sources and Uses of Funds

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

Sources and Uses of Funds

Sources of Funds	
Par Amount of Obligations	\$ 9,800,000
Original Issue Premium	573,131
Total Sources of Funds	<u>\$ 10,373,131</u>
Uses of Funds	
Project Requirements	\$ 10,272,326
Underwriting, Estimated Issuance Costs and Contingency	100,805
Total Uses of Funds	<u>\$ 10,373,131</u>

Security for the Obligations

General

The Obligations evidence and represent undivided proportionate ownership interests in the installment payments of principal and interest due (the "Financing Payments") from the County under the Financing Agreement. Under the Financing Agreement, the Financing Payments are secured by and payable from the County's general non-restricted revenues and other funds that may be available for that purpose. The obligation to pay the Financing Payments is a full faith and credit obligation of the County.

In the Resolution, the County has covenanted that the Financing Payments are payable from the general non-restricted revenues of the County and other funds which may be lawfully available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon.

The County has covenanted to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under the Financing Agreement.

The Financing Agreement is not a general obligation of the County, the State of Oregon or any other political subdivision or municipal corporation. The Obligations are secured solely by the Financing Payments and any sums realized in connection with the remedies available upon the occurrence of an event of default all as provided in the Financing Agreement.

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

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

- (1) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (2) any insolvency, bankruptcy, reorganization or similar proceedings by the County;
- (3) abatement through damage, destruction or nonavailability of the Project; or
- (4) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

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

Each Obligation owner is entitled proportionately to the principal component of Financing Payments due on the Payment Date, which is the same as the maturity date of the Obligations. In addition, each Obligation owner is entitled proportionately to receipt of an amount of the interest component of Financing Payments on each Payment Date attributable to the interest accruing on the principal component attributable to such Obligations at the interest rate set forth for said principal component.

Rating

As noted on the cover page of this Official Statement, the County has received a rating of "AA" for the Obligations from Standard & Poor's Ratings Services, a Division of The McGraw-Hill Companies. The rating will reflect only the views of the rating agency and an explanation of the significance of the rating may be obtained from the rating agency. There is no assurance that the rating will be retained for any given period of time or that the rating will not be revised downward or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating will be likely to have an adverse effect on the market price of the Obligations.

Bonded Indebtedness

Debt Limitation

General Obligation Bonds. ORS 287A.100 establishes a limit on bonded indebtedness for counties. Counties may issue an aggregate principal amount up to two percent of the Real Market Value of all taxable properties within the county. **The Obligations are not general obligation bonds and are not subject to this debt limitation, as shown below:**

Multnomah County Debt Capacity

Real Market Value (Fiscal Year 2010) ⁽¹⁾ :		<u>\$ 105,028,015,063</u>			
	<u>Debt Limitation (% of RMV)</u>	<u>Total Debt Capacity</u>	<u>Outstanding Debt Subject to Limit</u>	<u>Remaining Legal Capacity</u>	<u>Percent of Capacity Issued</u>
General Obligation Bonds ⁽²⁾	2.00%	\$ 2,100,560,301	\$ 48,455,000	\$ 2,052,105,301	2.31%
Limited Tax Pension Bonds ⁽³⁾	5.00%	\$ 5,251,400,753	\$ 159,113,160	\$ 5,092,287,593	3.03%
Limited Tax Bonds ⁽⁴⁾	1.00%	\$ 1,050,280,151	\$ 70,465,000	\$ 979,815,151	6.71%

(1) The County's fiscal year commences July 1 and ends on June 30 of the following year (the "Fiscal Year"). Source: *Multnomah County Department of Assessment and Taxation.*

(2) Represents voter-approved, unlimited-tax general obligations of the County.

(3) Includes the County's pension bonds.

(4) Includes the County's outstanding full faith and credit obligations and the Obligations.

Source: *Multnomah County Audited Financial Reports for the Fiscal Year Ended June 30, 2009, the County's anticipated General Obligation Refunding Bonds, Series 2010, and the Obligations.*

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

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

Revenue Bonds. The County may issue revenue bonds for "... any public purpose, which are secured by revenues including revenues of a public utility or system either pledged or designated to be payable for such public purpose of the public body including improvements, projects or facilities financed by the revenue bonds of the public utility or system ..." pursuant to the Uniform Revenue Bond Act (ORS 287A.150). **The Obligations are not revenue bonds.**

Outstanding Long-Term Debt

Governmental Activities	Date of Issue	Date of Maturity	Amount Issued	Amount Outstanding
<i>General Obligation Bonds:</i>				
Series 1999 Refunding Bonds	02/01/99	04/15/10 ⁽²⁾	\$ 66,115,000	\$ 49,710,000
Less: Refunded Bonds				(49,710,000)
Series 2010 Refunding Bonds ⁽¹⁾	03/31/10	10/01/16	48,455,000	48,455,000
Total General Obligation Bonds				<u>\$ 48,455,000</u>
<i>Full Faith and Credit Obligations:</i>				
Series 2000 Obligations	04/01/00	04/01/10	\$ 61,215,000	\$ 2,820,000
Series 2003 Obligations	05/01/03	07/01/13	9,615,000	4,175,000
Series 2004 Obligations	10/01/04	08/01/19	54,235,000	53,670,000
Series 2010 Obligations ⁽³⁾	03/31/10	06/01/17	9,800,000	9,800,000
Total Full Faith and Credit Obligations				<u>\$ 70,465,000</u>
<i>Limited-Tax Pension Obligation Bonds</i>				
Series 1999	12/01/99	06/01/30	\$ 184,548,160	\$ 159,113,160
Total Long-Term Debt				<u>\$ 278,033,160</u>

(1) The County anticipates issuing General Obligation Refunding Bonds, Series 2010 in March 2010. See "Future Financings" herein.

(2) Final maturity following redemption of the Refunded Bonds.

(3) This issue.

Source: Multnomah County Audited Financial Reports for the Fiscal Year Ended June 30, 2009.

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**Full Faith and Credit Obligations
Projected Debt Service Requirements**

Fiscal Year	Outstanding Obligations		2010 Obligations		Total Debt Service
	Principal	Interest	Principal	Interest	
2011	\$ 6,400,000	\$ 2,580,788	\$ 1,310,000	\$ 328,497	\$ 10,619,285
2012	6,730,000	2,273,925	1,365,000	254,700	10,623,625
2013	7,070,000	1,949,113	1,375,000	213,750	10,607,863
2014	7,065,000	1,615,300	1,395,000	172,500	10,247,800
2015	6,185,000	1,293,675	1,420,000	130,650	9,029,325
2016	4,600,000	1,026,938	1,450,000	88,050	7,164,988
2017	4,810,000	794,575	1,485,000	44,550	7,134,125
2018	5,055,000	560,588	0	0	5,615,588
2019	4,845,000	337,837	0	0	5,182,837
2020	5,085,000	114,413	0	0	5,199,413
	<u>\$ 57,845,000</u>	<u>\$ 12,547,152</u>	<u>\$ 9,800,000</u>	<u>\$ 1,232,697</u>	<u>\$ 81,424,849</u>

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Summary of Overlapping Debt
(As of June 30, 2009)

Overlapping Issuer Name	Percent Overlapping	Gross Direct Debt⁽¹⁾	Net Direct Debt⁽²⁾
City of Fairview	100.00%	\$ 2,110	\$ 1,625
City of Gresham	100.00%	27,365	0
City of Lake Oswego	6.60%	83,380	23,380
City of Milwaukie	0.97%	5,140	875
City of Portland	99.60%	707,117	97,430
City of Troutdale	100.00%	9,450	9,450
Metro	48.56%	258,672	187,667
Port of Portland	44.63%	72,316	0
Tri-Metropolitan Transport District	48.90%	36,380	36,380
Clackamas County ESD	0.35%	26,985	0
Multnomah ESD	97.84%	36,785	0
Northwest Regional ESD	0.60%	7,590	0
Multnomah County SD 1 (Portland)	99.32%	480,712	15,090
Multnomah County SD 3 (Parkrose)	100.00%	8,470	8,470
Multnomah County SD 7 (Reynolds)	100.00%	142,488	50,325
Multnomah County SD 10J (Gresham-Barlow)	81.74%	108,841	52,090
Multnomah County SD 10J (Orient 6 Bond)	65.10%	175	175
Multnomah County SD 28J (Centennial)	92.47%	35,380	34,841
Multnomah County SD 39 (Corbett)	100.00%	3,495	3,495
Multnomah County SD 40 (David Douglas)	100.00%	72,400	72,400
Multnomah County SD 51J (Riverdale)	94.23%	30,590	30,590
Mt Hood Community College	82.09%	58,199	5,645
Portland Community College	46.00%	425,430	234,345
Clackamas County SD 7J (Lake Oswego)	1.80%	117,611	75,407
Columbia County SD 1J (Scappoose)	19.20%	36,620	36,620
Washington County SD 48J (Beaverton)	0.48%	599,810	418,585
Washington County SD 1J (Hillsboro)	0.00%	367,288	264,958
Clackamas County RFPD #1	0.14%	25,235	4,985
Sauvie Island RFPD 30	96.07%	145	145
Tualatin Valley Fire & Rescue Dist	1.81%	47,000	29,000
Sunrise Water Authority	0.45%	520	520
East Multnomah Soil & Water Conservation	100.00%	1,320	1,320
Multnomah County Drainage Dist No 1	100.00%	5,105	0
		<u>\$ 3,840,124</u>	<u>\$ 1,695,813</u>

(1) Gross Direct Debt includes all limited and unlimited tax supported debt, excluding pension obligations and self-supporting utility debt. Dollar amounts expressed in thousands.

(2) Net Debt includes all tax-supported bonds. Self-supporting debt and limited-tax debt, such as capital leases and certificates of participation, are excluded. Dollar amounts expressed in thousands.

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

Debt Ratios

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

Debt Ratios

Real Market Value	\$ 105,028,015,063	
Estimated Population	724,680	
Per Capita Real Market Value	\$ 144,930	
Debt Information		
	Gross Direct Debt ⁽¹⁾	Net Direct Debt ⁽²⁾
County Direct Debt	\$ 278,033,160	\$ 118,920,000
Overlapping Direct Debt	3,840,124,000	1,695,813,000
Total Direct Debt	<u>\$ 4,118,157,160</u>	<u>\$ 1,814,733,000</u>
Bonded Debt Ratios		
County Direct Debt to Real Market Value	0.26%	0.11%
Total Direct Debt to Real Market Value	3.92%	1.73%
Per Capita County Direct Debt	\$ 384	\$ 164
Per Capita Total Direct Debt	\$ 5,683	\$ 2,504

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

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt. Limited tax pension obligations are considered self-supporting obligations.

Sources: Debt Management Division, The Office of the State Treasurer and Multnomah County Audited Financial Reports for the Fiscal Year Ended June 30, 2009.

Short-Term Borrowing

ORS 287A.180(3)(b) requires that obligations issued in anticipation of taxes or other revenues shall not be issued in an amount greater than 80 percent of the amount budgeted to be received in the Fiscal Year in which the obligations are issued. In Fiscal Years 2005, 2006 and 2007 the County issued tax anticipation notes. Listed below are the amounts borrowed and dates retired.

Tax and Revenue Anticipation Notes

Fiscal Year	Principal	Interest Rate	Maturity Date
2007	\$ 20,000,000	4.50%	June 29, 2007
2006	20,000,000	4.00	June 30, 2006
2005	20,000,000	3.00	June 30, 2005

Source: Multnomah County Audited Financial Reports.

Debt Payment Record

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

Future Financings

Capital Projects. Other than the Obligations, the County has no authorized but unissued bonds outstanding. The County anticipates issuing \$48,370,000 of General Obligation Refunding Bonds, Series 2010 in March 2010. The County does not anticipate issuing other additional long-term debt within calendar year 2010.

Short-term Notes. The County may issue a tax and revenue anticipation note in June 2010 in an amount not to exceed \$20 million.

Revenue Sources

County Funding

The County derives revenue from three primary sources: grants and contributions, ad valorem property taxes, and charges for services. The following section summarizes certain of the major revenue sources of the County.

Grants and Contributions

Operating grants and contributions represented approximately 35 percent of the County's total governmental activities revenues in Fiscal Year 2009. Grants and contributions are generally dedicated to specific purposes.

Property Taxes

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

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

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

The County currently has a Local Option Levy to fund library operations. The levy of \$0.89 per 1,000 of assessed value was approved in November 2006 and will expire in Fiscal Year 2012. In Fiscal Year 2009 the levy generated \$39.4 million.

Local governments impose property taxes by certifying their levies to the county assessor of the county in which the local government is located. Property taxes ordinarily can only be levied once each Fiscal Year, which is July 1 through June 30. The local government ordinarily must notify the county assessor of its levies by July 15.

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

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

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

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

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

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

Tax Rate Limitation – Measure 5. A tax rate limitation was established in 1990 as the result of a constitutional amendment. That amendment (now Article XI, Section 11b, often called “Measure 5”) separates property taxes into two categories: one to fund the public school system (kindergarten through grade twelve school districts, education service districts and community college districts, collectively, “Education Taxes”) and one to fund government operations other than the public school system (“General Government Taxes”). Education Taxes are limited to \$5 per \$1,000 and General Government taxes are limited to \$10 per \$1,000 of the Taxable Real Market Value of property (the “Measure 5 Limits”). If the taxes on a property exceed the Measure 5 Limit for Education or General Government, then tax rates are compressed to the Measure 5 Limit. Local Option Levy rates compress to zero before there is any compression of Permanent Rates. In Fiscal Year 2010, there was \$6,003,072.41 of compression of the County’s Permanent Rate due to the tax rate limitation. In addition, there was \$ 7,663,796.50 of compression of the County’s Local Option Levy.

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

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

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

Under the partial payment schedule, taxes are payable in three equal installments on the 15th of November, February and May of the same Fiscal Year. The method of giving notice of taxes due, the county treasurer’s account for the money collected, the division of the taxes among the various taxing districts, notices of delinquency, and collection procedures are all specified by detailed statutes. The lien for property taxes is prior to all other liens or encumbrances of any kind on real or personal property subject to taxation. By law, a

county may not commence foreclosure of a tax lien on real property until three years have passed since the first delinquency.

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

The following tables represent historical tax information for the County.

Taxable Property Values

Fiscal Year	M5 Real Market Value ⁽¹⁾	Total Assessed Value	Urban Renewal Excess	AV to Compute the Rate ⁽²⁾
2010	\$ 105,028,015,063	\$ 59,301,125,312	\$ 4,751,822,133	\$ 54,549,303,179
2009	107,381,958,130	56,959,073,565	4,144,208,538	52,814,865,027
2008	100,302,763,266	54,303,309,732	3,631,631,788	50,671,677,944
2007	87,057,725,859	51,433,028,145	3,206,806,710	48,226,221,435
2006	78,162,114,142	49,212,969,369	2,836,380,132	46,349,776,337
2005	70,650,649,996	47,314,670,129	2,403,448,376	44,911,221,753

- (1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.
- (2) Assessed value of property in the County on which the permanent rate is applied to derive *ad valorem* property taxes, excluding urban renewal and any other offsets.

Source: Multnomah County Department of Assessment and Taxation.

The following table presents the Fiscal Year 2010 tax rates for the County and other taxing jurisdictions within the County. The County's Operating Tax Rate Limit is \$4.3434 per \$1,000 of assessed property value. The Operating Tax Rate Limit was calculated in conjunction with the implementation of Measure 50 in 1997. The Permanent Rates shown in the following table are the rates that are actually applied to the assessed value of the taxing district. The Permanent Rates may be different from the Operating Tax Rate Limit of the taxing district due to the decision by the taxing district to levy less than its Operating Tax Rate Limit.

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**Fiscal Year 2010 Representative Levy Rate
(Rates Per \$1,000 of Assessed Value)**

General Government	Billing Rate	Bond Levy Rate	Local Option Rate⁽¹⁾	Consolidated Rate	Urban Renewal Portion of the Consolidated Rate⁽²⁾
Multnomah County	\$ 4.3434	\$ 0.1692	\$ 0.8900	\$ 5.4026	\$ 0.5065
City of Portland	4.5770	2.8439	0.4026	7.8235	0.7373
Port of Portland	0.0701	0.0000	0.0000	0.0701	0.0060
West Soil/Water Conservation District	0.0391	0.0000	0.0000	0.0391	0.0059
Metro	0.0966	0.3402	0.0000	0.4368	0.0385
Tri-Met	0.0000	0.0863	0.0000	0.0863	0.0076
Portland Urban Renewal Special Levy	0.3100	0.0000	0.0000	0.3100	0.0000
Total General Government	9.4362	3.4396	1.2926	14.1684	1.3018
Education					
Multnomah Education Service District	0.4576	0.0000	0.0000	0.4576	0.0432
Portland Community College	0.2828	0.3497	0.0000	0.6325	0.0631
Portland School District	5.2781	0.0000	1.2500	6.5281	0.6706
Total Education	6.0185	0.3497	1.2500	7.6182	0.7769
Total Tax Rate	\$ 15.4547	\$ 3.7893	\$ 2.5426	\$ 21.7866	\$ 2.0787

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

- (1) Local Option Levies are voter-approved serial levies. They are limited by ORS 280.060 to five years for operations or ten years for capital construction. Local Option Levy rates compress to zero before there is any compression of district billing rates (see "Property Taxes – Tax Rate Limitation – Measure 5" herein).
- (2) A portion of a taxing district's consolidated rate is contributed to the Portland Development Commission through tax increment financing.

Source: Multnomah County Department of Assessment and Taxation. Note that there are 123 tax codes in the County and Tax Code 001 has the highest property value of these tax codes. Total tax levies in the District range from \$12.1834 to \$22.9086 per \$1,000 of assessed property value.

**Multnomah County
Tax Collection Record⁽¹⁾**

Fiscal Year	Percent Collected as of Levy Year⁽²⁾	6/30/2009⁽³⁾
2009	96.43%	96.43%
2008	97.07%	98.73%
2007	97.29%	99.44%
2006	97.20%	99.78%
2005	97.11%	99.95%

- (1) Percentage of total tax levy collection in Multnomah County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.
- (2) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
- (3) The percentage of taxes shown in the column represents taxes collected cumulatively from July 1 of a given levy year through June 30, 2009.

Source: Multnomah County Department of Assessment and Taxation.

Major Taxpayers
(As of Fiscal Year 2010)
Multnomah County

Taxpayer	Business/Service	Tax ⁽¹⁾	Assessed Value ⁽²⁾	Percent of Value
Port of Portland	Airport, marine, property management	\$ 9,379,422	\$ 442,176,670	0.75%
Portland General Electric	Utilities/Power	5,853,949	363,870,550	0.61%
Comcast Corporation	Telecommunications	5,112,776	318,952,100	0.54%
Pacificorp (Pacific Power)	Utilities/Power	4,914,222	304,218,000	0.51%
Weston Investment Co. LLC	Real Estate	4,880,850	231,686,630	0.39%
Qwest Corporation	Telecommunications	3,870,028	238,573,270	0.40%
LC Portland LLC	Real Estate	3,517,068	160,982,610	0.27%
Verizon Communications	Telecommunications	3,119,458	190,329,200	0.32%
Boeing Co.	Airplane parts	3,028,870	186,428,130	0.31%
EVRAZ Inc. North America	Oregon Steel Mills Inc.	2,882,525	179,207,130	0.30%
Subtotal - ten of County's largest taxpayers			2,616,424,290	4.41%
All other County's taxpayers			56,684,701,022	95.59%
Total County			<u>\$ 59,301,125,312</u>	<u>100.00%</u>

(1) Tax amount is the total tax paid by the taxpayer within the boundaries of the County and County, respectively. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

(2) Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Multnomah County Department of Assessment and Taxation.

Strategic Investments Program

The Strategic Investments Program ("SIP") was authorized by the Legislative Assembly (the Oregon Senate and Oregon House of Representatives are referred to herein as the "Legislative Assembly") in 1993 to provide tax incentives for capital intensive investments by firms in Oregon's key industries, particularly in the high technology and metals industries. SIP recipients receive a tax break on the assessed value of new construction over \$100 million for 15 years. The \$100 million cap on assessed value increases by six percent per year. SIP recipients pay an annual Community Service Fee which is equal to twenty-five percent of the value of the tax break, which is allocated to local governments. Allocation is determined by negotiation of the local governments. The Community Service Fee is not considered a property tax and thus is outside of the Constitutional property tax rate limitations. Microchip, a wafer-fabrication manufacturing facility located in Gresham, is an SIP recipient.

Other Taxes

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

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

The County currently imposes a business income tax, motor vehicle rental tax, transient lodging tax, and gas tax. In Fiscal Year 2009 the County received \$42.9 million from the business income tax, \$19.3 million from the motor vehicle rental tax, \$22.4 million from the transient lodging tax, and \$6.9 million from the gas tax.

State of Oregon Funding

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

cities and counties also receive a share of the revenues the State of Oregon receives from tobacco taxes and liquor taxes.

The State of Oregon also appropriates money to Oregon counties to operate the justice system, and it provides a wide variety of funding for other purposes. The State of Oregon is generally not obligated to continue to provide these revenues to local governments.

Federal Funding

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

State Reserve Funds

The 2007 Legislative Assembly created two budgetary reserve funds, the Oregon Rainy Day Fund and the Education Stability Fund. With the approval of three-fifths of each house, the Legislative Assembly may appropriate up to two-thirds of the money in the Oregon Rainy Day Fund or Education Stability Fund for use in any biennium if certain economic or revenue triggers occur. The December 2009 Forecast projects that at the end of the 2009-2011 biennium the Education Stability Fund and the Oregon Rainy Day Fund will have ending fund balances of \$185.0 million and \$127.4 million, respectively.

Oregon Rainy Day Fund. The Oregon Rainy Day Fund may be drawn on for any General Fund purpose in the event of a downturn in State revenues. In September 2007 the State made an initial one-time deposit into the Oregon Rainy Day Fund of \$319.2 million from the corporate income tax credit (known as the “corporate kicker”). The Oregon Rainy Day Fund retains interest earnings in the fund. After the current biennium, the Oregon Rainy Day Fund is to receive biennial deposits from the ending General Fund balance in an amount equal to the lesser of (a) the actual General Fund ending balance for the preceding biennium or (b) one percent of the amount of General Fund appropriations for the preceding biennium. The amount deposited to the Oregon Rainy Day Fund is capped at 7.5 percent of General Fund revenues for a biennium.

Education Stability Fund. Under the Oregon Constitution, 18 percent of the net proceeds from the State Lottery must be deposited in the Education Stability Fund. The Education Stability Fund retains earnings in the fund or spends them on public education. The amount in the Education Stability Fund may not exceed 5% of the amount that was accrued as revenues in the State’s General Fund during the prior biennium.

The County

General Description

The 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 an estimated population of 701,545. The cities of Portland and Gresham are the largest incorporated cities in the County.

The 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.

Component Units

Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and are included in the County’s financial statements as component units. 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 is not included in the County’s financial statements.

Form of Government

The County is governed according to its Home Rule Charter, which became effective January 1967 and as subsequently amended. The County is governed by a Board of 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 Commissioners conducts all legislative business of the County. The current members of the Board of Commissioners follow:

Board of Commissioners

Name	Position	Service Began	Term Expires ⁽¹⁾
Jana McClellan ⁽²⁾	Interim Chair	January 2007	December 31, 2010
Deborah Kafoury	Commissioner	January 1, 2009	December 31, 2012
Jeff Cogen ⁽³⁾	Commissioner	January 1, 2007	December 31, 2010
Judy Shiprack	Commissioner	January 1, 2009	December 31, 2012
Diane McKeel	Commissioner	January 1, 2009	December 31, 2012

- (1) Terms expiring December 31, 2010 will be filled at the May 18, 2010 election. If no single candidate receives over 50 percent of the vote at the May election, the two candidates who receive the most votes will appear on the November 2, 2010 election. The filing deadline for candidates running for office in the May 18, 2010 election was March 9, 2010. The term for members of the Board of Commissioners elected on May 18, 2010 will be from January 1, 2011 through December 31, 2014.
- (2) March 11, 2010 Chief Operating Officer Jana McLellan became acting Chair of the Board of County Commissioners after former Chair Ted Wheeler resigned to take an appointment to the office of State Treasurer. The Board of Commissioners will select an interim Chair to serve the remainder of Wheeler's term. Four candidates have filed for the Chair position, including current Commissioner Jeff Cogen.
- (3) Commissioner Jeff Cogen has withdrawn from his re-election campaign to run for the Chair position. Ten candidates have filed for Commissioner Cogen's seat.

Key Administrative Officials

An executive committee of top managers meets regularly to provide coordinated management of all County priorities. The executive committee includes the Chief Operating Officer and Department Directors. Brief biographies of the Chief Financial Officer and Treasury Manager follow:

Mindy Harris, Chief Financial Officer. Mindy Harris, CFO, has been with the County since 1979. She has been in the Finance area for over 20 years, and is currently responsible for all aspects of the County's financial management. Ms. Harris received a degree in Business Administration from Portland State University, with concentration in Management and Accounting. She is a member of the Government Finance Officers Association (GFOA) and its Oregon affiliate, and is past president of the National Association of Government Defined Contribution Administrators.

Mark Campbell, Senior Revenue and Financial Analyst. Mark Campbell joined the County in 1989 as a Strategic Planning Analyst and has been a member of the County's finance team for 20 years. Previously he served as Assistant to the City Manager of Fort Collins, CO from 1985 to 1989. Mr. Campbell holds a Masters in Public Administration with a concentration in Financial Management from the State University of New York at Albany. He is a member of GFOA and its Oregon affiliate.

Karyne Kieta, Budget Director. Karyne Kieta, Budget Director, has been with the County since 1996. She was hired as a Budget Analyst and has been part of the Budget Office for the past 13 years. Prior to joining the County, Ms. Kieta worked in the Administrative Office for the County of San Luis Obispo in increasingly responsible positions, and has over 24 years of administrative and budgetary experience. She holds a B.S degree in Business Administration and a Masters degree in Public Administration from Lewis and Clark College. She is a member of GFOA.

Staff

As of February 2010, the County had 4,150 full-time employees and 409 part-time employees.

Bargaining Units

Bargaining Unit	Current Contract Term	Major Duties	Number of Employees
IUOE Local 701	7/1/07 - 6/30/12	Facilities maintenance and repair	13.0
IUPAT Local 1094	7/1/07 - 6/30/12	Sign painters	1.0
MCPAA	7/1/09 - 6/30/13	Prosecuting attorneys	69.5
AFSCME Local 88 JCSS	7/1/07 - 6/30/10 ⁽¹⁾	Juvenile custody workers	55.0
AFSCME Local 88	7/1/07 - 6/30/11	General employees	2,728.4
MCCDA	7/1/04 - 6/30/14	Correctional officers	421.6
ONA	7/1/07 - 6/30/12	Nurses	182.8
FOPPO	7/1/07 - 6/30/11	Probation and Parole Officers	123.0
MCDSA	7/1/04 - 6/30/14	Deputy sheriffs	91.5
IBEW Local 48	7/1/07 - 6/30/12	Electrical Workers	19.0

- (1) The County is scheduled to begin contract negotiations with the AFSCME Local 88 JCSS in April 2010. The County expects to have a contract in place by July 1, 2010.

Financial Factors

Financial Reporting and Accounting Policies

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

Additional information on the County's accounting methods is available in the County's audited financial statements. A copy of the County's audited financial report for Fiscal Year 2009 is attached hereto as Appendix B.

Auditing

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

The County audits for the Fiscal Years 2006 through 2009 ("County Audited Financial Statements") were performed by Moss-Adams, CPAs, Eugene, Oregon (the "Auditor"). The County audits for the Fiscal Year 2005 was performed by Grant Thornton, CPAs, Portland, Oregon. The audit report for Fiscal Year 2009 indicates the financial statements, in all material respects, fairly present the County's financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information and the respective changes in financial position and the cash flows, where applicable, in conformance with accounting principles generally accepted in the United States of America. The Auditor was not requested to review this Official Statement and has not completed any additional auditing review procedures subsequent to the issuance of their report on the 2009 Fiscal Year.

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

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

Governmental Activities – Statement of Net Assets
(Fiscal Years; \$ in Thousands)

Assets	2009	2008	2007	2006	2005
Current assets:					
Cash and investments	\$ 215,909	\$ 228,242	\$ 193,113	\$ 200,423	\$ 168,270
Receivables (net of uncollectibles):					
Taxes	24,064	31,297	33,529	27,363	94,002
Accounts	66,654	66,461	67,829	66,660	61,431
Loans	1,132	756	784	800	843
Interest	1,048	847	1,020	836	821
Special assessments	11	11	11	10	10
Contracts	4,570	3,982	6,049	7,308	10,364
Due from other funds	253	329	400	0	0
Inventories	3,064	3,237	3,872	3,201	2,670
Prepaid items	2,308	2,047	1,836	5,188	1,540
Restricted cash and investments	1,314	598	1,606	1,709	3,287
Non-current assets:					
Capital assets:					
Land and construction in progress	17,552	16,613	49,522	32,126	13,717
Buildings-not in service, ot depreciating	51,164	51,164	51,164	51,164	0
Other capital assets (net of depreciation)	535,552	545,365	523,199	534,008	713,313
Other assets, net of amortization	125,927	132,110	138,291	144,476	150,660
Total Assets	<u>1,050,522</u>	<u>1,083,059</u>	<u>1,072,225</u>	<u>1,075,272</u>	<u>1,220,928</u>
Liabilities					
Current Liabilities:					
Accounts payable	61,065	68,473	73,063	73,024	118,164
Claims and judgments payable	12,861	11,414	8,668	10,627	0
Accrued salaries and benefits	8,307	7,658	7,090	6,994	7,002
Accrued interest payable	2,646	2,854	3,065	3,328	0
Unearned revenue	7,190	9,540	9,374	16,975	16,372
Due within one year:					
Compensated absences	6,614	6,498	6,123	6,086	5,565
Note payable	0	0	500	400	300
Bonds payable	21,786	20,415	18,620	17,000	15,510
Capital leases payable	2,277	2,847	3,016	2,845	3,191
Loans payable	0	242	83	87	95
Noncurrent liabilities:					
Due in more than one year:					
Compensated absences	16,863	15,856	14,536	13,518	13,054
Bonds payable	261,853	283,639	304,054	322,675	339,675
Capital leases payable	8,480	10,757	13,604	16,599	24,780
Loans payable	623	0	279	362	447
Deferred lease obligation	1,723	1,718	1,661	1,551	0
Net other postemployment benefits obligation	80,173	70,136	57,990	44,742	55,190
Total Liabilities	<u>492,461</u>	<u>512,047</u>	<u>521,726</u>	<u>536,813</u>	<u>599,345</u>
Net Assets					
Invested in capital assets, net of related debt	470,426	465,079	456,502	434,866	523,606
Restricted for:					
Bridge rehabilitation	0	0	0	4,244	0
Capital projects	22,620	21,587	9,279	8,797	8,701
Community support programs	8,896	7,369	6,400	7,293	0
Debt service	67,026	47,277	60,587	51,054	67,911
Library operations	0	1,746	0	0	0
Unrestricted	(10,907)	27,954	17,731	32,205	21,365
Total Net Assets	<u>\$ 558,061</u>	<u>\$ 571,012</u>	<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 621,583</u>

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

Source: County Audited Financial Statements.

Governmental Activities
Statement of Revenues, Expenses and Changes in Net Assets
(Fiscal Years; \$ in Thousands)

Revenues:	2009	2008	2007	2006	2005 (Restated)
Program revenues:					
Charges for services	\$ 103,989	\$ 97,348	\$ 92,419	\$ 91,180	\$ 85,955
Operating grants and contributions	291,018	265,271	257,810	247,933	256,489
Capital grants and contributions	3,831	10,505	5,594	5,272	34,149
General revenues:					
Taxes:					
Property taxes, levied for general purposes ⁽¹⁾	258,200	249,446	231,073	219,854	209,056
Property taxes, levied for debt service ⁽¹⁾	8,227	9,077	9,249	9,373	7,815
Personal income taxes ⁽²⁾	(5,341)	2,748	21,237	59,764	124,577
Business income taxes ⁽³⁾	42,900	65,650	57,399	50,980	36,463
Other taxes ⁽⁴⁾	40,677	44,349	41,320	39,163	36,658
State government shared unrestricted revenues	8,562	9,613	9,517	8,692	6,741
Grants and contributions not restricted to specific programs	14	10	6	2	1,150
Interest and investment earnings	5,767	11,887	13,454	10,094	4,943
Miscellaneous	1,791	1,410	6,771	4,007	2,233
Gains on sale of capital assets	628	10,206	228	1,607	166
Total general revenues and special items	<u>760,263</u>	<u>777,520</u>	<u>746,077</u>	<u>747,921</u>	<u>806,395</u>
Expenses					
General government	64,660	75,547	87,472	114,378	128,871
Health services	133,751	125,355	118,380	112,201	106,551
Social services	210,590	196,537	185,672	177,891	181,194
Public safety and justice	217,215	208,253	199,850	196,167	192,005
Community services	24,320	26,069	24,136	23,336	21,795
Library	55,181	52,087	47,872	43,530	41,357
Roads and bridges	53,462	56,716	53,701	54,256	56,781
Interest on long-term debt	14,041	16,443	16,954	21,822	18,058
Total governmental activities	<u>773,220</u>	<u>757,007</u>	<u>734,037</u>	<u>743,581</u>	<u>746,612</u>
Special items:					
Loss on transfer of County roads	<u>0</u>	<u>0</u>	<u>0</u>	<u>(108,555)</u>	<u>0</u>
Increase (decrease) in net assets	(12,957)	20,513	12,040	(104,215)	59,783
Cumulative effect of change in accounting principle	0	0	0	0	21,091
Net assets -- beginning, restated	<u>571,012</u>	<u>550,499</u>	<u>538,459</u>	<u>642,674</u>	<u>561,800</u>
Net assets -- ending	<u>\$ 558,055</u>	<u>\$ 571,012</u>	<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 642,674</u>

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

- (1) The County has two property tax levies. The permanent rate levy of \$4.3434 per \$1,000 of assessed value is used to fund County operations and limited-tax obligations. The second levy is for principal and interest on voter-approved general obligation bonds.
- (2) At the May 20, 2003 special election, voters in the County approved a ballot for a three-year, 1.25 percent income tax (the "ITAX") to support County schools, health and senior care and public safety. The ITAX ended in Fiscal Year 2006.
- (3) The Business Income Tax rate is 1.45 percent applied to the net income from sale of goods and services in the County.
- (4) Includes the Transient Lodging Tax (11.5 percent on hotel/motel room rentals to support the Oregon Convention Center and regional recreation, tourism, arts and cultural programs), and the Motor Vehicle Rental Tax (12.5 percent, 2.5 percent of which supports the Oregon Convention Center and tourism and the remaining 10 percent is available for the General Fund).

Source: County Audited Financial Statements.

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

General Fund Balance Sheet
(Fiscal Years, \$ in Thousands)

Assets	2009	2008	2007	2006	2005
Cash and investments	\$ 20,968	\$ 60,312	\$ 46,238	\$ 47,875	\$ 35,472
Receivables					
Taxes	19,435	26,445	29,261	23,529	90,343
Accounts	6,861	7,410	9,322	8,606	6,707
Interest	1,048	847	1,020	836	821
Special assessments	11	11	11	10	10
Contracts	1,229	1,383	1,536	1,690	1,843
Due from other funds	23,200	19,475	23,396	15,680	17,742
Inventory	255	394	362	309	292
Prepays	436	270	295	214	50
Total Assets and Other Debits	<u>\$ 73,443</u>	<u>\$ 116,547</u>	<u>\$ 111,441</u>	<u>\$ 98,749</u>	<u>\$ 153,280</u>
Liabilities, Equity and Other Credits					
Liabilities:					
Accounts payable	\$ 24,005	\$ 21,835	\$ 24,933	\$ 22,570	\$ 28,577
Payroll payable	4,129	3,816	3,449	3,154	2,874
Deferred revenue	13,932	19,283	22,341	17,661	79,113
Short-term note payable	0	0	500	400	300
Total Liabilities:	<u>42,066</u>	<u>44,934</u>	<u>51,223</u>	<u>43,785</u>	<u>110,864</u>
Equity and Other Credits:					
Fund balance:					
Reserved for interfund receivable	23,200	19,475	0	0	0
Reserved for inventory	255	394	362	309	292
Reserved for prepaid	436	270	295	214	50
Unreserved	7,486	51,474	59,561	54,441	42,074
Total Fund Equity	<u>31,377</u>	<u>71,613</u>	<u>60,218</u>	<u>54,964</u>	<u>42,416</u>
Total Liabilities and Fund Equity	<u>\$ 73,443</u>	<u>\$ 116,547</u>	<u>\$ 111,441</u>	<u>\$ 98,749</u>	<u>\$ 153,280</u>

Source: County Audited Financial Statements.

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**General Fund Statement of Revenues, Expenditures and
Changes in Fund Balance**
(Fiscal Years, \$ in Thousands)

Revenues	2009	2008	2007	2006	2005
Taxes ⁽¹⁾	\$ 275,105	\$ 297,372	\$ 288,537	\$ 377,220	\$ 363,466
Intergovernmental	16,175	18,452	17,507	16,899	13,123
Licenses and permits	8,859	8,763	9,966	10,154	10,623
Charges for services	10,662	9,365	9,906	8,747	10,643
Interest	2,092	5,073	5,060	3,930	1,717
Other	13,834	13,279	13,520	10,473	12,521
Total Revenues	326,727	352,304	344,496	427,423	412,093
Expenditures					
Current:					
General government ⁽²⁾	55,825	62,495	69,531	131,113	138,225
Health and social service	94,904	95,344	95,869	91,191	89,745
Public safety and justice	170,486	165,768	157,402	155,175	142,325
Capital outlay	1,041	574	700	558	513
Debt Service					
Principal	11	11	11	0	0
Interest	6	1,262	885	894	628
Total Expenditures	322,273	325,454	324,398	378,931	371,436
Excess (deficiency) of revenues over expenditures	4,454	26,850	20,098	48,492	40,657
Other Financing Sources (Uses)					
Premium on short-term debt	0	0	157	0	0
Issuance of capital lease	0	0	33	0	0
Proceeds from sale of capital assets	0	8	0	0	5
Operating transfers in	3,416	1,854	1,522	1,352	1,553
Operating transfers out	(48,106)	(17,317)	(16,556)	(37,296)	(19,291)
Total Other Financing Sources (Uses)	(44,690)	(15,455)	(14,844)	(35,944)	(17,733)
Net change in fund balance	(40,236)	11,395	5,254	12,548	22,924
Fund balance at beginning of year	71,613	60,218	54,964	42,416	19,492
Ending fund balance	\$ 31,377	\$ 71,613	\$ 60,218	\$ 54,964	\$ 42,416

(1) The ITAX, which sunset in Fiscal Year 2006, is included in Fiscal Years 2005 and 2006. ITAX revenues in Fiscal Years 2005 and 2006 were \$130 million and \$121 million, respectively.

(2) ITAX revenues that were passed through to schools were included as general government expenditures in Fiscal Years 2005 and 2006. Such pass through amounts in Fiscal Years 2005 and 2006 were \$128 million and \$119 million, respectively.

Source: County Audited Financial Statements.

Budgetary Process

The County's budget is prepared in accordance with provisions of the Oregon Local Budget Law which provides standard procedures for preparing, presenting and administering the operating budget for all local governments. The law mandates public involvement in budget preparation and public exposure of its proposed programs. The law also requires that the budget be balanced.

Prior to adoption, the proposed budget must be approved by a budget committee consisting of the County's Board of Commissioners. In an advertised public meeting, the budget committee reviews the budget and the "budget message," which explains the budget preparation philosophy and significant changes from the prior year.

Following budget approval by the budget committee, a public hearing is held by the Tax Supervising and Conservation Commission of Multnomah County, Oregon. A budget summary and notice of hearing are published prior to the hearing. Publication is governed by strict requirements as to time and mode.

After the budget hearings, the governing body considers citizens' testimony and, if necessary, alters the budget subject to statutory limitations upon increasing taxes or fund allocations without further publication and hearing.

The County levies a tax each year for general operations under its permanent rate limit and under any authorized Local Option Levies. Taxes levied for repayment of general obligation debt are not limited.

After the budget hearing, the governing body prepares a formal resolution which adopts the budget, authorizes taxes to be levied and set out a schedule of appropriations. This resolution must be adopted not later than June 30. Two copies of the budget are submitted to the county Department of Assessment and Taxation before July 15 so that the taxes may be levied.

Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10 percent of the fund's original budget may be adopted by the Board of Commissioners at a regular Board meeting. A supplemental budget greater than 10 percent of the fund's original budget requires hearings before the public, publication in newspapers and approval by the Board of Commissioners. Original and supplemental budgets may be modified by the use of appropriation transfers within a fund or from the General Fund to any other fund. Such transfers require authorization by an official resolution or ordinance of the Board of Commissioners.

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General Fund Adopted Budget
(Fiscal Years)

Resources	2010	2009
Beginning Working Capital	\$ 23,133,269	\$ 62,063,762
Taxes	283,190,271	287,879,018
Intergovernmental	16,444,502	19,340,034
Licenses and Permits	7,720,024	8,898,806
Service Charges	11,813,185	8,435,554
Interest	2,260,000	4,960,000
Other Sources	1,805,470	1,801,156
Service Reimbursement	16,269,132	13,650,686
Cash Transfers	18,551,740	3,640,000
Total Resources	\$ 381,187,593	\$ 410,669,016
Expenditures		
Non-departmental	\$ 17,650,046	\$ 18,449,277
District Attorney	18,451,708	19,799,784
Human Services	45,584,955	46,987,466
Health	51,110,094	54,538,990
Community Justice	52,383,409	54,129,069
Sheriff	97,031,939	98,790,055
County Management	31,530,851	33,896,564
Community Services	10,803,892	11,196,865
Cash Transfers	16,527,775	42,422,163
Contingency	7,250,000	16,458,786
Unappropriated Balance	32,862,924	14,000,000
Total Expenditures	\$ 381,187,593	\$ 410,669,019

Source: County Adopted Fiscal Year 2010 Budget.

Investments

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

Municipalities are also authorized to invest approximately \$42.5 million (adjusted for inflation) in the Local Government Investment Pool of the Oregon Short-Term Fund, which is managed by the State Treasurer's office. Such investments are managed in accordance with the "prudent person rule" (ORS 293.726) and administrative regulations of the State Treasurer which may change from time to time. Eligible investments presently include all of those listed above, as well as repurchase agreements and reverse repurchase agreements. A listing of investments held by the Oregon Short-Term Fund is available on the Oregon State Treasury website under "Other OSTF Reports - OSTF Detailed Monthly Reports" at www.ost.state.or.us/about/boards/OSTF/About.htm.

Pension System

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

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

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

Actuarial Valuation. Oregon statutes require an actuarial valuation of the System at least once every two years. Based on the biennial actuarial valuation as of December 31 of odd-numbered years, such as 2007 and 2009, the Public Employees Retirement Board ("PERB") establishes the contribution rates that employers will pay to fund the T1/T2 Pension Programs, OPSRP and the PERS-sponsored Retirement Health Insurance Account program ("RHIA") described herein. Actuarial valuations are performed annually as of December 31 of each year, with the valuations as of December 31 of even-numbered years (such as 2008) used for advisory purposes only. Actuarial valuations are performed for the entire System (the "System Valuation"), and for each participating employer, including the County (the "District Valuation"). Valuations are released approximately one year after the valuation date. PERS' current actuary is Mercer (US), Inc. ("Mercer").

Valuation	Release Date	Rates Effective
December 31, 2007	September 2008	July 1, 2009 – June 30, 2011
December 31, 2008	October 2009	Advisory only
December 31, 2009	Expected fall 2010	July 1, 2011 – June 30, 2013

The 2007 System Valuation indicated that the System as a whole was 112 percent funded and had an actuarial surplus of approximately \$6.5 billion. However, the 2008 System Valuation released on September 25, 2009 confirmed that poor investment performance of OPERF during 2008 caused a significant decrease in the funded status of the System since the 2007 Valuation. The 2008 System Valuation indicated that the System is underfunded by 20 percent as of December 31, 2008 and that average contribution rate of employers will increase by at least six percent of covered payroll, beginning July 1, 2011. Some employers may have higher increases.

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

County UAL.

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

OPSRP's assets and liabilities are pooled on a program-wide basis. These assets and liabilities are not tracked or calculated on an employer basis. The County's allocated share of OPSRP's assets and liabilities is based on

the County's proportionate share of OPSRP's pooled payroll (the "County Allocated OPSRP UAL"). Changes in the County's relative growth in payroll will cause the County Allocated OPSRP UAL to shift.

The County created a PERS Bond Reserve to accumulate funds to smooth rates charged against payroll in future years. As of June 30, 2009, the PERS Bond Reserve had a balance of \$31,439,000.

The County's net unfunded pension UAL is the total of the County Allocated T1/T2 UAL, County Allocated OPSRP UAL. The County's net unfunded pension UAL as of the 2007 Valuation and 2008 Valuation is shown in the following table:

Multnomah County Net Unfunded Pension UAL

	2008 Valuation	2007 Valuation
Allocated T1/T2 UAL	\$ 435,511,958	\$ 12,008,183
Allocated pre-SLGRP pooled liability/(surplus)	(58,073,734)	(59,722,713)
Transition liability/(surplus)	(97,008,578)	(97,558,628)
Allocated OPSRP UAL	2,086,276	(2,287,628)
County Side account	0	0
Net unfunded pension actuarial accrued liability	<u>\$ 282,515,922</u>	<u>\$(147,560,163)</u>

Source: 2008 County Valuation and 2007 County Valuation.

The funded status of PERS and of the County as reported by Mercer, the PERS actuary, will change over time depending on a variety of factors, including the market performance of the securities in which the Oregon Public Employees' Retirement Fund ("OPERF") is invested, future changes in compensation and benefits of covered employees, demographic characteristics of members and methodologies and assumptions used by the actuary in estimating the assets and liabilities of PERS. Investment returns during calendar year 2008 were particularly volatile, and between June 30, 2008 and December 31, 2008, the market value of assets in the OPERF decreased from approximately \$60.7 billion to approximately \$45.8 billion.

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

Employer Contribution Rates. Employer contribution rates are calculated as a percent of covered payroll. The rates are based on the current and projected cost of benefits and the anticipated level of funding available from the OPERF, including anticipated investment performance of the fund. Contribution rates are subject to future adjustment based on factors such as the result of subsequent actuarial valuations and changes in benefits resulting from legislative modifications. Employees are required to contribute 6 percent of their annual salary to the respective programs. Employers are allowed to pay the employees' contribution in addition to the required employees' contribution. The County has elected to make the employee contribution.

County Contribution Rates. The County's current contribution rates are based on the 2007 Valuation and are effective through June 30, 2011. Contribution rates for the County effective July 1, 2011 through June 30, 2013 will be based on the 2009 Valuation which is expected to be released in fall 2010. The 2009 Valuation will take into account an additional year of investment performance of the OPERF. In addition, changes in the County's UAL and contribution rates may be affected by decisions of the PERS Board. Accordingly, the County cannot currently predict what its UAL will be in the 2009 Valuation, and how its future contribution rates will be affected.

The following table shows the County's current employer contribution rates (2007 Valuation) and the advisory only rates released in the most recent valuation (2008 Valuation):

Multnomah County Pension Contribution Rates

	<u>2007 Valuation</u>			<u>2008 Valuation</u>		
	T1/T2	OPSRP General	OPSRP P&F	T1/T2	OPSRP General	OPSRP P&F
Normal cost rate	7.07%	5.81%	8.52%	8.85%	5.90%	8.61%
T1/T2 UAL rate	4.79	4.79	4.79	8.99	8.99	8.99
OPSRP UAL rate	(0.08)	(0.08)	(0.08)	0.07	0.07	0.07
Pre-SLGRP pooled liability rate	(1.77)	(1.77)	(1.77)	(1.73)	(1.73)	(1.73)
Transition liability/(surplus) rate	(2.89)	(2.89)	(2.89)	(2.90)	(2.90)	(2.90)
Side account rate relief	0.00	0.00	0.00	0.00	0.00	0.00
Retiree Healthcare rate (RHIA) ⁽¹⁾	0.29	0.19	0.19	0.59	0.50	0.50
Total net contribution rate	<u>7.41%</u>	<u>6.05%</u>	<u>8.76%</u>	<u>13.87%</u>	<u>10.83%</u>	<u>13.54%</u>

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

Source: 2008 County Valuation and 2007 County Valuation.

Other Postemployment Benefits

Retirement Health Insurance Account. PERS retirees who receive benefits through the Tier 1 and Tier 2 plans and are enrolled in certain PERS administered health insurance programs, may receive a subsidy towards the payment of health insurance premiums. Under ORS 238.420, retirees may receive a subsidy for Medicare supplemental health insurance of up to \$60 per month towards the cost of their health insurance premium under the RHIA plan. The RHIA program's assets and liabilities are pooled on a system-wide basis and are not tracked or calculated on an employer basis. According to the 2008 System Valuation, this program had a UAL of approximately \$310 million. The County's allocated share of the RHIA program's assets and liabilities is based on the County's proportionate share of the program's pooled payroll. According to the 2008 County Valuation, the County's allocated share of the RHIA program's UAL is \$9,766,176.

GASB 45. GASB 45 will require the County to determine the extent of its liabilities for post employment benefits and record the liability in its financial statements on an actuarial basis. This includes the requirement under ORS 243.303 of offering the same healthcare benefits for current County employees to all retirees and their dependents until such time as the retirees are eligible for Medicare. GASB 45 refers to this as an "implicit subsidy" and requires that the corresponding liability be determined and reported. The County implemented this pronouncement for the fiscal year ended June 30, 2006. As of January 1, 2009, the County's unfunded accrued actuarial liability was \$122.605 million.

Risk Management

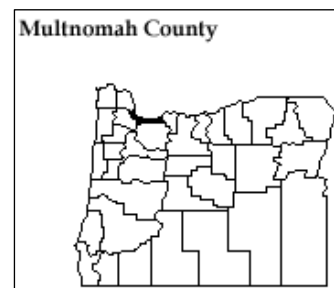
The County is exposed to various risks of loss. A description of the risks is provided in the County's audited financial statements. The audited financial statement for Fiscal Year 2009 is attached hereto as Appendix B.

Demographic Information

General

The County is located in the northwestern part of the State and is included in the Portland-Vancouver Primary Metropolitan Statistical Area. The City of Portland, with an estimated population of 582,130, is the County seat and the largest city in Oregon.

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



Historical data have been collected from generally accepted standard sources, usually from public bodies. This section will focus on the County and the Portland PMSA.

Population

The Portland metro area is Oregon's largest population center. The County is Oregon's most populous county with an estimated 724,680 residents in 2009. The following table shows the historical population for the County the State and the Cities of Portland and Gresham:

Population
State of Oregon, Multnomah County and the Cities of Portland and Gresham

July 1	State of Oregon	Multnomah County	City of Portland	City of Gresham
2009	3,823,465	724,680	582,130	101,015
2008	3,791,075	717,880	575,930	100,655
2007	3,745,455	710,025	568,380	99,225
2006	3,690,505	701,545	562,690	97,745
2005	3,631,440	692,825	556,370	95,900
2004	3,582,600	685,950	550,560	94,250
2003	3,541,500	677,850	545,140	93,660
April 1⁽¹⁾				
2000	3,421,399	660,486	529,121	90,205
1990	2,842,321	583,887	438,802	68,249

(1) U.S. Census Count on April 1.

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

Economic Overview

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

Currently, manufacturing accounts for 12.2 percent of the total non-farm employment in the Portland PMSA, while trade, transportation and utilities accounts for 19.9 percent, government jobs 13.7 percent, professional and business services 13.1 percent, education and health services 12.3 percent, and leisure and hospitality 9.4 percent.

Major agricultural products produced in the County include nursery and greenhouse crops, lettuce, raspberries and Christmas trees.

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

**Multnomah County
Harvested Acreage and Gross Farm Sales**

Year	Harvested Acreage	Gross Farm Sales (\$ in thousands)		
		Crop Sales	Animal Products Sales	Total Gross Farm Sales
2009	8,595	\$ 60,007	\$ 2,821	\$ 62,828
2008	8,467	76,296	2,851	79,147
2007	9,541	79,321	2,855	82,176
2006	9,917	76,623	2,654	79,277
2005	10,514	75,125	2,619	77,744

**Top Commodities in
Multnomah County (2009)**

Commodity	Sales
Nursery Crops	\$ 29,771,000
Greenhouse Crops	9,874,000
Misc. Specialty Crops	4,248,000
Red Raspberries	2,391,200

Source: Oregon State University Extension Service's Oregon Agriculture Information Network, Harvested Acreage Summary Report, Gross Farm Sales Reports, Commodity Report; January 22, 2010.

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

**Multnomah County and State of Oregon
Total Personal and Per Capita Income**

Year	Multnomah County				State of Oregon			
	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent	Personal Income (\$000 Omitted)	Dividends, Interest, Rent (\$000 Omitted)	Per Capita Income	Per Capita Dividends, Interest, Rent
2008	N/A	N/A	N/A	N/A	\$ 136,276,807	\$ 28,311,331	\$ 35,956	\$7,470
2007	\$ 28,385,388	\$ 5,611,785	\$ 40,598	\$ 8,026	131,277,786	25,772,723	35,143	6,877
2006	26,714,807	5,089,778	39,017	7,434	123,857,159	23,881,696	33,648	6,470
2005	24,744,957	4,459,435	36,650	6,605	114,379,155	21,480,584	31,580	5,918
2004	24,052,307	4,575,921	35,656	6,783	109,717,646	21,023,881	30,621	5,868
2003	23,388,512	4,442,331	34,362	6,527	105,160,987	19,799,945	29,565	5,567

Source: U.S. Department of Commerce, Bureau of Economic Analysis, April 23, 2009.

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

**Portland PMSA
Labor Force Summary ⁽¹⁾
(by place of residence)**

	2009 ⁽²⁾	2008	2007	2006	2005	<u>2009 Change from</u>			
						2008	2007	2006	2005
Civilian Labor Force	1,181,486	1,171,267	1,144,814	1,124,030	1,100,959	10,219	36,672	57,456	80,527
Unemployment	129,574	68,322	55,959	57,245	64,717	61,252	73,615	72,329	64,857
Percent of Labor Force	11.0%	5.8%	4.9%	5.1%	5.9%	xx	xx	xx	xx
Total Employment	1,051,911	1,102,945	1,088,855	1,066,785	1,036,242	-51,034	-36,944	-14,874	15,669

Non-Agricultural Wage & Salary Employment ⁽³⁾

	2009 ⁽²⁾	2008	2007	2006	2005	<u>2009 Change from</u>			
						2008	2007	2006	2005
Total Nonfarm Payroll Employment	982,275	1,035,500	1,036,900	1,015,300	983,600	-53,225	-54,625	-33,025	-1,325
Total Private	838,083	888,900	894,500	876,400	846,000	-50,817	-56,417	-38,317	-7,917
Natural resources and mining	1,358	1,500	1,600	1,700	1,800	-142	-242	-342	-442
Construction	51,317	61,400	65,700	63,200	58,500	-10,083	-14,383	-11,883	-7,183
Manufacturing	112,308	123,300	126,000	126,600	123,400	-10,992	-13,692	-14,292	-11,092
Trade, transportation, and utilities	193,750	204,000	206,600	202,600	198,000	-10,250	-12,850	-8,850	-4,250
Information	23,125	24,800	24,700	24,000	23,100	-1,675	-1,575	-875	25
Financial activities	65,367	68,100	71,500	70,600	68,200	-2,733	-6,133	-5,233	-2,833
Professional and business services	125,525	136,100	136,300	134,700	128,500	-10,575	-10,775	-9,175	-2,975
Educational and health services	134,292	132,700	127,500	123,200	119,800	1,592	6,792	11,092	14,492
Leisure and hospitality	95,000	99,700	97,800	94,100	90,100	-4,700	-2,800	900	4,900
Other services	36,042	37,300	36,600	35,700	34,500	-1,258	-558	342	1,542
Government	146,850	146,600	142,400	138,900	137,600	250	4,450	7,950	9,250

(1) Civilian labor force includes employed and unemployed individuals 16 years and older by place of residence. Employed includes nonfarm payroll employment, self-employed, unpaid family workers, domestics, agriculture and labor disputants. Data are adjusted for multiple job-holding and commuting.

(2) Annual average, preliminary, subject to change.

(3) Nonfarm payroll data are based on the 1987 Standard Industrial Classification manual. The data are by place of work. Persons working multiple jobs are counted more than once. The data excludes the self-employed, volunteers, unpaid family workers, and domestics.

Source: State of Oregon Employment Department, February 2010.

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**Major Employers in the County
(2009)**

Company	Service	No. Employees
Providence Health System	Health care services	14,839
U.S. Government	Government	12,500 ⁽¹⁾
State Government	Government	12,000 ⁽¹⁾
Oregon Health & Science University	Education and health care	11,500
Fred Meyer Stores	Grocery/retail	8,500
Kaiser Foundation Health Plan of the NW	Health Care	8,221
Legacy Health System	Health Care	8,196
Portland State University	Education	6,105
City of Portland	Government	5,479
Portland Public Schools	Education	5,053
Wells Fargo Bank	Finance	4,873
U.S. Bank	Finance	4,665
Multnomah County	Government	4,173
Freightliner Corporation	Heavy duty trucks	3,500
Portland Community College	Education	3,400
United Parcel Service	Parcel delivery service	3,400
Bonneville Power Administration (BPA)	Electrical Power Generation	2,959
Regence BlueCross BlueShield of Oregon	Insurance carrier/medical services	2,889
Portland General Electric	Utility	2,705
Tri-Met	Mass Transit	2,650
Volt Service Group	Employment Services	2,500
Veterans Affairs Medical Center	Health care services	2,400
The Standard	Insurance	2,366
Albertsons Food Centers	Grocery	2,275
Precision Castparts Corp	Manufacturing metal products	2,110

(1) Employment as of November 2009; may include part-time, seasonal and temporary employees.

Source: Portland Business Alliance Portland Metro Area Largest Employers; Oregon Employment Department, January 2010.

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

**Multnomah County
Residential Building Permits**

Year	<u>New Single Family</u>		<u>New Multi Family</u>			<u>Total</u>	
	Number	Construction Cost	Number	Units	Construction Cost	Construction Cost	
2009 ⁽¹⁾	481	\$ 108,126,224	42	388	\$ 55,284,836	\$ 163,411,060	
2008	765	161,264,701	88	2,551	397,600,999	558,865,700	
2007	1,567	322,008,282	197	3,166	355,427,900	677,436,182	
2006	1,756	347,652,616	178	2,431	256,136,735	603,789,351	
2005	1,659	300,859,914	237	2,914	262,841,466	563,701,380	
2004	1,567	260,745,825	188	2,275	179,303,612	440,049,437	

(1) As of December 1, 2009.

Source: U.S. Census Bureau, January 20, 2010.

Transportation. The Portland area is a major transportation hub of the Pacific Northwest. Located at the confluence of the Columbia and Willamette rivers, Portland is approximately 110 river miles from the Pacific Ocean at Astoria. Major north-south (I-5) and east-west (I-84) highways connect the area with other major

metropolitan areas of the western states. BNSF Railway Company (Burlington Northern Santa Fe) and Union Pacific railroads provide rail freight service to the area and Amtrak provides rail passenger service. Interstate bus transportation is available through Greyhound and local bus service is provided by the Tri-County Metropolitan Transportation District (Tri-Met).

Commercial air transportation is available at Portland International Airport ("PDX"). PDX, operated by the Port of Portland (the "Port"), is served by 17 scheduled passenger air carriers and three charter services. Fourteen cargo carriers service PDX. The Port also operates three general aviation airports in Troutdale, Hillsboro and Mulino. The Hillsboro Airport, 29 miles west of the County, is the State's second busiest general aviation site and maintains the largest corporate jet fleet in the state.

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

Superfund. Superfund sites are listed on the National Priorities List ("NPL") upon completion of hazard ranking system screening, public solicitation of comments about the proposed site, and after all comments have been addressed. The identification of a site for the NPL is intended primarily to guide the U.S. Environmental Protection Agency (EPA) in determining which sites warrant further investigation, identifying remedial actions, notifying the public, and serving notice to potentially responsible parties. Inclusion of a site on the NPL does not in itself reflect a judgment of the activities of its owner or operator. There are two superfund sites inside the County; however, the County has no legal or financial responsibility for the superfund sites.

Additional information pertaining to the superfund sites is available at local libraries, the Oregon Department of Environmental Quality or the EPA Region 10 Superfund Records Center.

The Initiative and Referendum Process

The Oregon Constitution, Article IV, Section 1, reserves to the people of the State the initiative and referendum power pursuant to which measures designed to amend the Oregon Constitution or enact legislation can be placed on the statewide general election ballot for consideration by the voters.

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

Referendum

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

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

Current Referenda. The Legislative Assembly closed its 2009 session on June 29, 2009. The 2009 Legislative Assembly referred two measures to the electors. One of the measures will appear on the ballot at the May 18,

2010 primary election and the other on the ballot at the November 2, 2010 election. The County cannot predict whether either of the measures will pass, or, if they do, what the financial impact on the County, if any, will be.

Recent Tax Increase Referenda. Opponents of legislation increasing personal and corporate income taxes passed by the 2009 Legislative Assembly submitted sufficient qualified signatures to refer the tax increases to a special election held on January 26, 2010. The referendum concerning personal income taxes appeared on the ballot as Measure 66. The referendum concerning corporate income taxes appeared on the ballot as Measure 67. Both measures were approved by voters and become effective for tax year 2009.

Past Referenda. The 2007 Legislative Assembly referred nine measures to voters. The measures appeared on the ballot at the November 6, 2007 special election, May 20, 2008 primary election, and November 4, 2008 general election. Eight of the nine measures were approved, and one was rejected.

Among the measures approved at the November 4, 2008 election was a constitutional change providing that May and November property tax elections are decided by majority of voters voting (Measure 56) and a statutory change to increase sentences for drug trafficking, theft against elderly and specified repeat property and identity theft crimes, and require addiction treatment for certain offenders (Measure 57).

The Financial Estimate Statement for Measure 57 estimates the measure would require additional State spending of approximately \$9 million in the first year, \$74 million in the second year, \$79 million in the third year, \$106 million in the fourth year, and \$143 million each year thereafter. The State may also need to borrow an estimated \$314 million from 2010 to 2017 to build new prison space.

Initiatives

“Initiative” generally means a new measure placed before the voters as a result of a petition circulated by one or more private citizens.

Any person may file a proposed initiative with the Oregon Secretary of State’s office. The Oregon Attorney General is required by law to draft a proposed ballot title for the initiative. Public comment on the draft ballot title is then solicited by the Secretary of State. After considering any public comments submitted, the Attorney General will either certify the draft ballot title or revise the draft ballot title. Any elector that submitted written comments who is dissatisfied with the ballot title certified by the Attorney General may petition the Oregon Supreme Court seeking a revision of the certified ballot title.

Once the ballot title has been certified and the Secretary of State has authorized the petitioners, the proponents of the initiative may start gathering initiative petition signatures from qualified voters. The number of signatures required is determined by a fixed percentage of the votes cast for all candidates for governor at the preceding gubernatorial election. The signature requirements are eight percent for a constitutional measure (110,358 signatures for November 2010) and six percent for a statutory initiative (82,769 signatures for November 2010).

The initiative petition must be filed with the Secretary of State not less than four months prior to the general election at which the proposed measure is to be voted upon. As a practical matter, proponents of an initiative have approximately two years in which to gather the necessary number of signatures. State law permits persons circulating initiative petitions to pay money to persons obtaining signatures for the petition. If the person obtaining signatures is being paid, the signature sheet must contain a notice of such payment.

Historical Initiative Petitions. The number of initiatives that have been approved in general elections since 1998 are as follows:

Historical Initiative Petitions

Number of Year of General Election	Number of Initiatives that Qualified	Initiatives that were Approved
2008	8	0
2006	10	3
2004	6	2
2002	7	3
2000	18	4
1998	10	6

NOTE: The Secretary of State posts a listing of initiatives on its web site: www.sos.state.or.us.

Source: Elections Division, Oregon Secretary of State, Initiative, Referendum and Referral Log, Elections Division.

Home Rule Charter

In addition to statutory and constitutional changes by the Legislative Assembly and the initiative and referendum process, nine of Oregon's counties have adopted "home rule" charters, wherein voters have the power to adopt, amend, revise or repeal their own county government charter by majority vote. County charters may provide for the exercise by the county of authority over matters of county concern. The County adopted its charter in 1964. A copy of the County Charter is available upon request from the County.

Legal Matters and Litigation

Legal Matters

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

Litigation

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

On December 28, 2007, the Oregon Supreme Court decided *Clarke v. Oregon Health Sciences University* ("Clarke"), challenging the constitutionality of parts of the Oregon Tort Claims Act ("OTCA"). Under the OTCA, the State's common law sovereign immunity from suit is lifted and claims may be brought against a public body in Oregon, including the County. The liability of public bodies, however, is capped for individual personal injury claims. In addition, the public body has to be substituted as a defendant in lieu of individual employees of the public body, thereby limiting recovery for claims against individual employees to the limits applicable to public bodies. In *Clarke*, the plaintiff was severely disabled as a result of the negligence of health professionals employed at OHSU, which is a public body under the OTCA. The damages alleged amounted to approximately \$12 million, which was well in excess of the liability cap of public bodies.

Article I, Section 10 of the Oregon Constitution provides the right to a remedy to persons who are injured in their person, property or reputation. The *Clarke* court concluded that the then- existing cap on the amount of potential recovery, did not provide a substantial remedy to plaintiff in lieu of what plaintiff would have been able to claim at common law from individual government employees who were admittedly negligent. Therefore, the substitution of OHSU for the individual plaintiffs, under the facts at issue in *Clarke*, violated Article I, Section 10 of the Oregon Constitution.

In response to the *Clarke* decision, the 2009 Oregon Legislature passed Senate Bill 311 ("SB 311"), which increases the liability limits for Oregon public bodies under the OTCA. SB 311 was signed by the Governor on April 15, 2009 and became effective on July 1, 2009.

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

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

For causes of action arising on or after July 1, 2015, the liability limits for both a single claimant and all claimants will be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in SB 311. The adjustment may not exceed 3% for any year.

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

Beginning in 2010, these liability limits shall be adjusted based on a determination by a State Court Administrator of the percentage increase or decrease in the cost of living for the previous calendar year as provided in the formula in SB 311. The adjustment may not exceed 3% for any year.

Tax Matters

Tax Exemption

In the opinion of Special Counsel, the portion of the payments made under the Financing Agreement designated and constituting interest ("Interest") received by the holders of the Obligations is excludable from gross income for federal income tax purposes. Furthermore, Interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not included in adjusted current earnings for the purpose of computing the federal alternative minimum tax imposed on certain corporations.

Federal income tax law contains a number of requirements that apply to the Obligations, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the use of proceeds of the bonds and the facilities financed with proceeds of the Obligations and certain other matters. The County has covenanted to comply with all applicable requirements.

Special Counsel's opinion is subject to the condition that the County comply with the above-referenced covenants and, in addition, will rely on representations by the County and its advisors with respect to matters solely within the knowledge of the County and its advisors, respectively, which Special Counsel has not independently verified. If the County fails to comply with such covenants or if the foregoing representations are determined to be inaccurate or incomplete, Interest could be included in gross income for federal income tax purposes retroactively to the date of issuance of the Obligations, regardless of the date on which the event causing taxability occurs.

Except as expressly stated in this Tax Matters section, Special Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Obligations. Holders of the Obligations should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Obligations, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

Prospective purchasers of the Obligations should be aware that ownership of the Obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax, life insurance companies and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Obligations. Special Counsel expresses no opinion regarding any collateral tax consequences. Prospective purchasers of the Obligations should consult their tax advisors regarding collateral federal income tax consequences.

Payments of interest on tax-exempt obligations such as the Obligations, are in many cases required to be reported to the Internal Revenue Service (the “IRS”). Additionally, backup withholding may apply to any such payments made to any Owner who is not an “exempt recipient” and who fails to provide certain identifying information. Individuals generally are not exempt recipients, whereas corporations and certain other entities generally are exempt recipients.

Special Counsel’s opinion is not a guarantee of result and is not binding on the IRS; rather, the opinion represents Special Counsel’s legal judgment based on its review of existing law and in reliance on the representations made to Special Counsel and the County’s compliance with its covenants. The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Special Counsel cannot predict whether the IRS will commence an audit of the Obligations. Holders of the Obligations are advised that, if the IRS does audit the Obligations, under current IRS procedures, at least during the early stages of an audit, the IRS will treat the County as the taxpayer, and the holders of the Obligations may have limited rights to participate in the audit. The commencement of an audit could adversely affect the market value and liquidity of the Obligations until the audit is concluded, regardless of the ultimate outcome.

Oregon State Tax Exemption

In the opinion of Special Counsel, Interest is exempt from Oregon personal income tax under existing law.

Qualified Tax-Exempt Obligations

The County has not designated the Obligations as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended.

Continuing Disclosure

The Securities and Exchange Commission has published amendments to Rule 15c2-12 (the “Rule”) that require at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations, if material. Pursuant to the Rule, the County has agreed to provide audited financial information, certain financial information or operating data, and notice of certain events to the Municipal Securities Rulemaking Board (“MSRB”) through the MSRB’s Electronic Municipal Market Access system (so long as such method of disclosure continues to be approved by the Securities and Exchange Commission for such purposes). The County has not failed to comply in the past five years with any prior undertaking under the Rule. A copy of the form of the County’s Continuing Disclosure Certificate is attached hereto as Appendix D.

Financial Advisor

In connection with the authorization and issuance of the Obligations, the County has retained Seattle-Northwest Securities Corporation, Portland, Oregon, as its financial advisor (the "Financial Advisor"). The Financial Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for, the accuracy, completeness, or fairness of the information contained in this Official Statement.

Certificate with Respect to Official Statement

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

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Appendix A

Form of Special Counsel Opinion

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(FORM OF LEGAL OPINION OF SPECIAL COUNSEL)

March 31, 2010

Multnomah County
501 S.E. Hawthorne Blvd.
Suite 531
Portland, Oregon 97214

Re: *Multnomah County, Oregon*
\$9,800,000 Full Faith and Credit Obligations, Series 2010

Ladies and Gentlemen:

We have acted as special counsel to the Multnomah County, Oregon (the "County") in connection with the Tax-Exempt Financing Agreement (the "Financing Agreement") by and between the County and U.S. Bank National Association, as escrow agent (the "Escrow Agent"), dated as of March 31, 2010. The Financing Agreement and an Escrow Agreement (the "Escrow Agreement") by and between the County and the Escrow Agent, dated as of March 31, 2010 authorize the Full Faith and Credit Obligations, Series 2010 (the "Obligations"), which are dated March 31, 2010, and which are in the aggregate principal amount of \$9,800,000. The Obligations represent undivided proportional interests in the Financing Payments to be made by the County pursuant to the Financing Agreement. The Obligations are issued pursuant to Oregon Revised Statutes Section 271.390, Resolution No. 09-148 adopted by the Board of County Commissioners on December 3, 2009 (the "Resolution"), the Financing Agreement and the Escrow Agreement. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Escrow Agreement.

We have examined the applicable law, a duly certified transcript of proceedings of the County, prepared in part by us, and other documents which we deem necessary to render this opinion.

Except as stated in our supplemental opinion with respect to the Obligations, addressed and delivered this date to the underwriter, we have not been engaged or undertaken to review the accuracy, completeness, or sufficiency of the official statement or other offering material relating to the Obligations, and we express no opinion relating thereto.

As to questions of fact material to our opinion, we have relied on representations of the County contained in the Financing Agreement, the Tax Certificate, and the Escrow Agreement and other certified proceedings and certifications of officials of the County and others furnished to us without undertaking to verify such representations and certifications by independent investigation. We have also relied on the covenants of the County to comply with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code") with respect to the investment and use of proceeds of the Obligations.

On the basis of the foregoing examination, and in reliance thereon, and on the basis of our examination of such other matters of fact and questions of law as we deem relevant under the circumstances, and subject to the limitations expressed herein, we are of the opinion, under existing law, as follows:

A. The Resolution, the Financing Agreement and the Escrow Agreement have been legally authorized and issued under and pursuant to the constitution and statutes of the State of Oregon, and are valid and legally binding obligations of the County enforceable against the County in accordance with their terms, subject to: (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws affecting creditors' rights generally (whether now or hereafter in existence); (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting, or limiting the enforcement of rights or remedies against governmental entities such as the County.

B. The Obligations represent proportional ownership interests in financing payments to be made by the County pursuant to the Financing Agreement (the "Financing Payments"). The Financing Payments for the Obligations are payable from the general non-restricted revenues of the County and other funds which may be available for that purpose, including any taxes levied within the restrictions of Sections 11 and 11b, Article XI of the Constitution of the State of Oregon. The obligation of the County to make payments is a full faith and credit obligation of the County, and is not subject to annual appropriation. The registered owners of the Obligations do not have a lien or security interest on the property financed with the proceeds of the Obligations.

C. The interest portion ("Interest") of the Financing Payments received by holders of the Financing Agreement is excludable from gross income for federal income tax purposes. Furthermore, Interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and is not included in adjusted current earnings for the purposes of computing the federal alternative minimum tax imposed on certain corporations. The portion of this opinion set forth in this paragraph is subject to the condition that the County comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Obligations in order that Interest be, and continue to be, excludable from gross income for federal income tax purposes. The County has covenanted to comply with all applicable requirements. Failure to comply with certain of such covenants may cause Interest to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Obligations.

D. Interest received by holders of the Obligations is exempt from Oregon personal income tax under existing law.

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

Except as expressly stated above, we express no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Obligations. Owners of the Obligations should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Obligations, which may include original issue discount, original issue premium, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

March 31, 2010

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This opinion is given as of the date hereof, and we assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

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

We have acted solely as special counsel to the County regarding the sale and issuance of the Obligations and have not represented any other party in connection with the Obligations. Therefore, no attorney-client relationship shall arise by our addressing this opinion to persons other than the County.

The opinions expressed herein are solely for your benefit in connection with the above referenced financing and may not be relied on in any manner or for any purpose by any person or entity other than the addressees listed above and the owners of the Obligations, nor may copies be furnished to any other person or entity, without the prior written consent of K&L Gates LLP.

Respectfully submitted,

K&L Gates LLP

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Appendix B

Financial Statements

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

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MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2009



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

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



TED WHEELER
Chair



DEBORAH KAFOURY
Commissioner District 1



JEFF COEN
Commissioner District 2



JUDY SHIPRACK
Commissioner District 3



DIANE McKEEL
Commissioner District 4



STEVE MARCH
Auditor



BOB SKIPPER
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2009
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INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON
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Portland, Oregon 97214
(503) 988-3312 phone
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November 25, 2009

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

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2009, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

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

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the County at June 30, 2009, 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 717,880 citizens. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

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

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

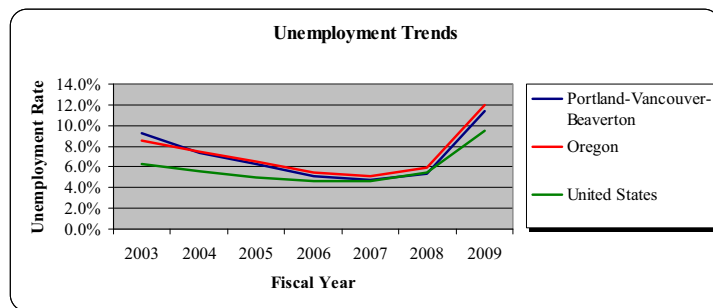
Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund and the Federal State Program special revenue fund the budget to actual comparisons are provided on pages 35-36 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 77.

FACTORS AFFECTING FINANCIAL CONDITION

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

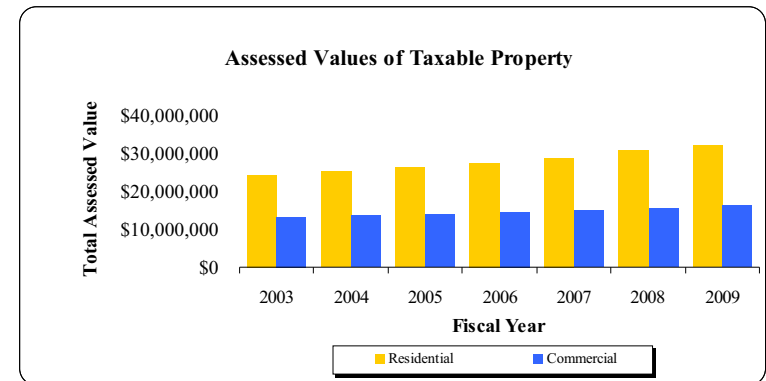
The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy continued to weaken throughout fiscal year 2009. Some signs of stabilization have emerged during the first quarter of fiscal year 2010. Like the rest of the nation, the region has experienced declining real estate values, rising unemployment, and increased foreclosures. The impacts of the financial crisis, housing market bubble, and slowing of consumer spending continue to be seen locally.

The area's unemployment rate increased to 11.4% at June 30, 2009 as compared to 5.3% a year ago. The unemployment rate for the area is similar to the State rate, but exceeds the national average of 9.5% for June of 2009. The chart below compares the area's unemployment rate to the rates for the State and the Nation.



Financial outlook: The financial outlook for the County's general fund over the next five years has improved over this time last year. In November, 2008 County financial analysts forecast an operating deficit of \$45.9 million for fiscal year 2011. That deficit was substantially closed with adoption of the fiscal year 2010 budget. The revised operating deficit is now forecast at \$3.9 million, or 1.1% of general fund expenditures. The Board took positive actions to address the forecast general fund shortfall in fiscal year 2010. These actions include partnership agreements with a number of our labor unions to freeze wages and cost of living adjustments for fiscal year 2010, a 4.5% increase in the rate imposed for the Motor Vehicle Rental Tax, and implementation of ongoing program reductions totaling \$22 million. Assuming a protracted, but modest, economic recovery takes place, general fund revenues and expenditures should be roughly in balance from fiscal year 2013 to fiscal year 2015.

The region's slowing economy has had an impact on the County's revenue stream. Property taxes are expected to grow at 2.3% over the next year, with new residential and commercial construction expected to remain at depressed levels. The chart on the following page shows the County's residential and commercial assessed property tax values over the past eight years. Residential properties have experienced a 38% increase in taxable property values over an eight year period compared to a 24% increase for commercial property values over the same period. Because assessed, or taxable values, are significantly below real market values for most properties, property tax collections should be relatively inelastic despite falling real market values.



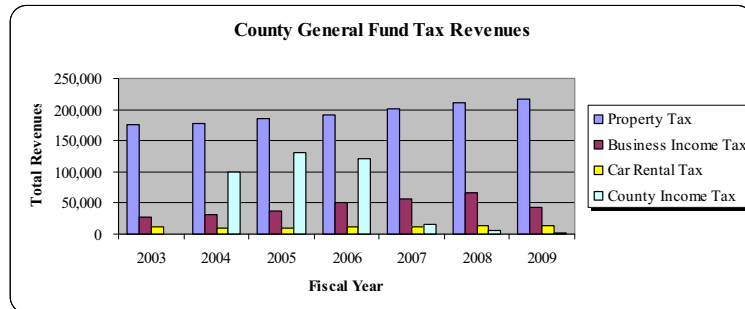
Business income tax is the second largest source of revenue for the County and it has been set at a rate of 1.45% of net income. Business income tax collections parallel the business cycle. As credit markets froze and the economy entered into a severe recession, business income tax collections plummeted. Fiscal year 2009 business income taxes fell by 36% or \$23.5 million from fiscal year 2008. This decline comes after five years of double-digit growth. Business income tax collections had risen in fiscal year 2008 by 14%, following fiscal year 2007 collections that were 12% higher than the previous year. The forecast for fiscal year 2010 calls for collections to remain at fiscal year 2009 levels. If the economy does not continue to stabilize collections could be even lower. Business income tax revenues are not forecast to increase until fiscal year 2012.

Motor vehicle rental taxes, which decreased in each of the three years immediately following the September 11th terrorist attacks, fell by 4.38% in fiscal year 2009 after growing by 30% from fiscal year 2004 to 2008. The Board increased the motor vehicle rental tax from 12.5% to 17% in June 2009. Consequently, fiscal year 2010 collections are expected to be up by \$4.5 million from fiscal year 2009. However, after adjusting for the increase in the tax rate, collections are forecast to be down 6.9% from fiscal year 2009 and 11% from their peak in fiscal year 2008.

Overall, ongoing General Fund revenue is expected to grow by 1.59% for fiscal year 2011 over estimated fiscal year 2010 revenues. For fiscal year 2012 to fiscal year 2015, revenue growth is forecast between 3.17% and 4.47% annually. Expenditures, before any Board actions required to balance revenues and expenditures, are expected to grow between 2.91% and 4.7% annually, taking into account the rate of inflation, employee benefits and long term fixed costs.

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 State Legislature passed two revenue measures during the 2009 session - HB 2649 and HB 3405 which are expected to raise \$733 million in General Fund revenue. These measures have been referred to the voters and their outcome will be decided in a January 26, 2010 special election. Should the measures be repealed, there would likely be a significant impact on County revenues received from the State.

During 2003 Multnomah County voters approved a temporary personal income tax of 1.25% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax would be imposed, and in fiscal year 2009 the County's general fund recognized \$2,122 in collections on delinquent accounts as compared to \$6,611 in tax revenue in fiscal year 2008. 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 2010 adopted budget includes approximately \$11.6 million of one-time only funds. These one-time only funds are used to provide a \$6 million business income tax reserve, \$1.5 million for partial funding for an assessment and taxation system upgrade, \$1.1 million to cover vacant space costs and \$1 million for delinquent payments from the expired temporary personal income tax, from this \$700 passed to Multnomah County Schools. 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 two general fund reserves designated as unappropriated fund balance and set at 5% each of budgeted "corporate" revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) of the general fund. These reserves are to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond rating, which is currently Aa1 from Moody's Investors Services.

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

Major initiatives. The tension between ongoing revenues and annual expenditure growth, also referred to as the "structural deficit," was a major focus for the County in fiscal year 2009. However, Board actions taken in the fiscal year 2010 budget 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 necessary for the project. The Board is working with the County's federal representatives to secure an additional \$40,000 to offset construction costs. Recently, the Board authorized staff to begin design work on a new, 37,500 square foot County Court facility to be located in Gresham. Construction costs are estimated at \$21,000 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 is currently in the process of identifying and securing funding to provide for annual operating costs. Finally, the Chair and the Sheriff are in discussions with State of Oregon corrections officials to pursue options to make use of the Wapato jail facility, which remains unopened following the completion of the construction. The options being discussed will be considered during the upcoming special session of the State Legislature, scheduled to convene in February, 2010.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2008. This was the twenty-fourth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully Submitted,

Mindy Harris
Mindy Harris
Chief Financial Officer

Cara Fitzpatrick
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, 2008

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.



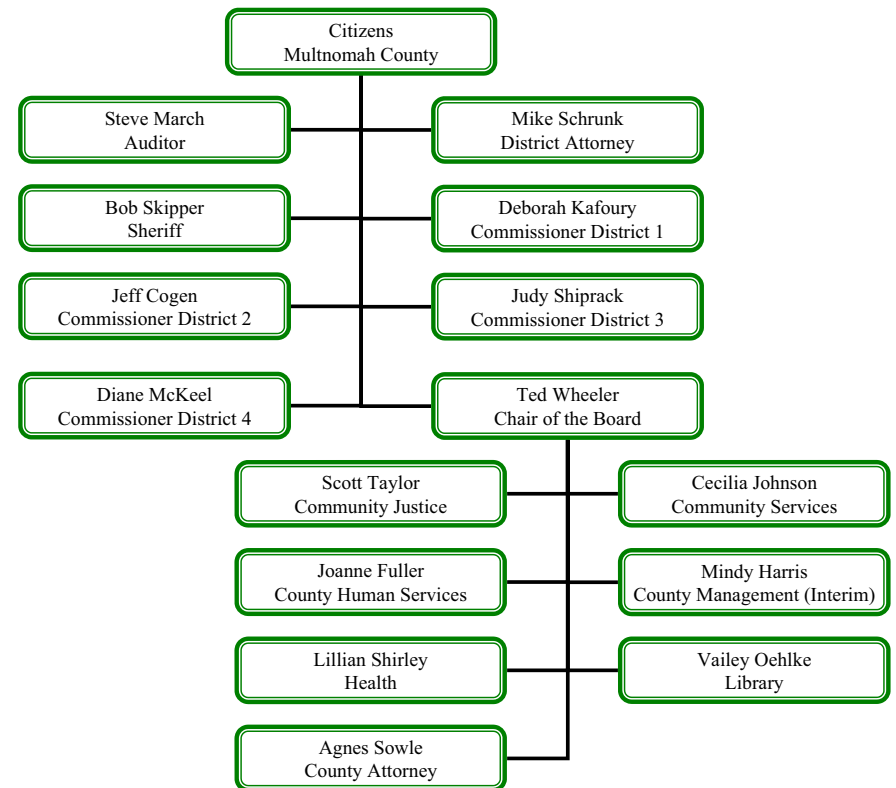
Michael R. ...

President

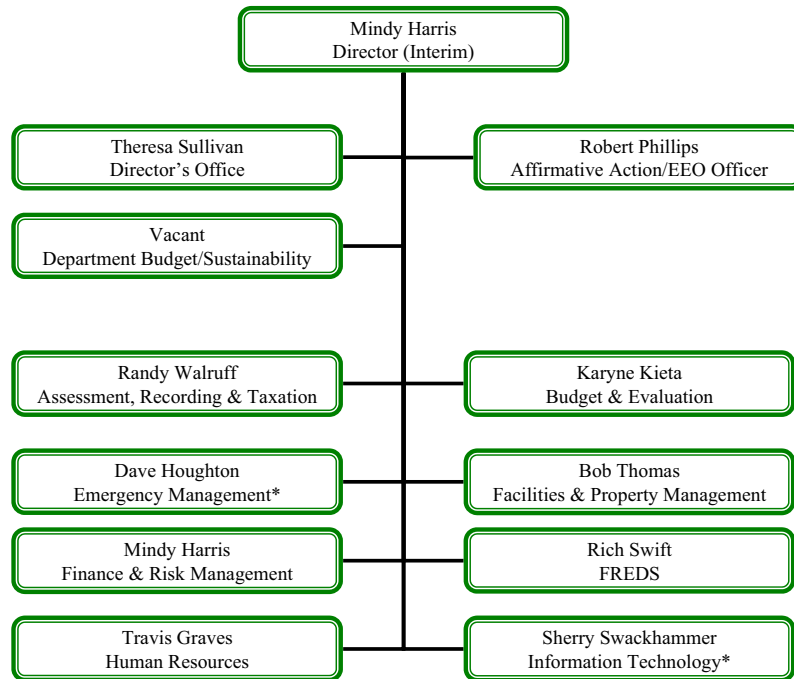
Jeffrey R. Enos

Executive Director

MULTNOMAH COUNTY, OREGON

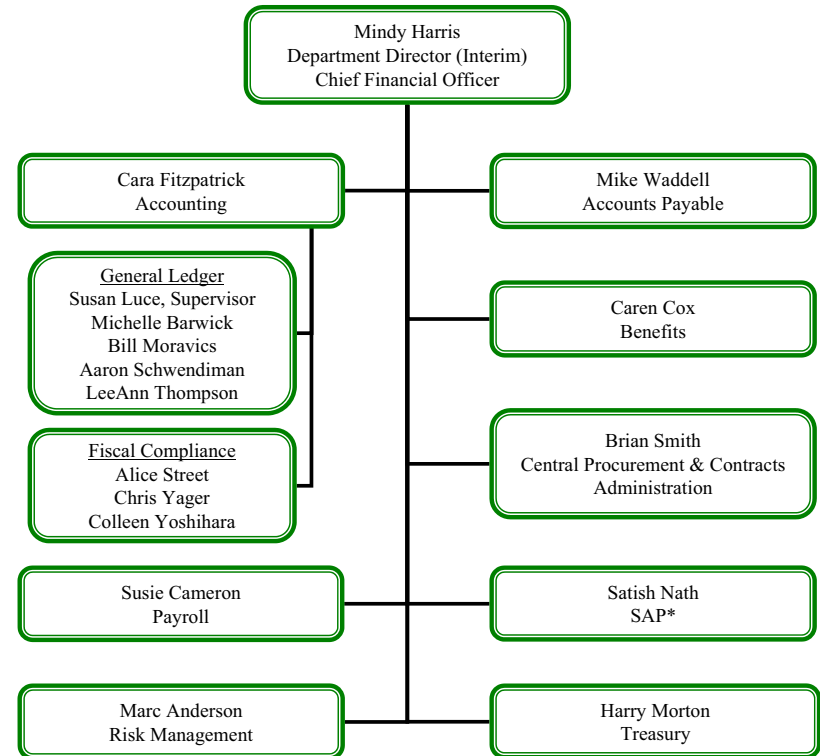


MULTNOMAH COUNTY, OREGON
Department of County Management



*As of July 1, 2009, Emergency Management and Information Technology were moved out of the Department of County Management, to report to the Chair's Office.

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



*As of July 1, 2009, SAP was moved out of Finance and Risk Management to Information Technology, which was moved out of the Department of County Management to report to the Chair's Office.

MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2009
Principal Officers

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
<u>Board of County Commissioners</u>		
Chair of Board	Ted Wheeler 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2010
District No. 1	Deborah Kafoury 501 SE Hawthorne Blvd, 6 th Floor Portland, OR 97214	12/31/2012
District No. 2	Jeff Cogen 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	Bob Skipper 501 SE Hawthorne Blvd, 3 rd Floor Portland, OR 97214	12/31/2010
<u>Other Appointed Officers</u>		
Chief Financial Officer	Mindy Harris	Not elected
County Attorney	Agnes Sowle	Not elected
County Treasurer	Harry Morton	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, Oregon as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Multnomah County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, a discretely presented component unit, which represents 1.27% and 0.08% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of other auditors.

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

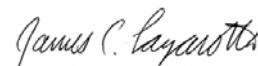
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon, as of June 30, 2009, 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 and State Program Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2009 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 14 through 27 and 76 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to 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, Oregon's, basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



For Moss Adams LLP
Eugene, Oregon
November 24, 2009



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, 2009. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2009, by \$571,134 (*net assets*). Of this amount, \$22,620 is restricted for capital improvement projects, \$8,896 is restricted for various community support programs, and \$67,026 is restricted for future years' debt service.
- Total net assets decreased by \$6,230 or 1% in fiscal year 2009. There is not one primary factor for the decrease in net assets, but rather various reasons account for the overall decrease in net assets which are discussed by management below.
- In governmental activities, business income tax revenues decreased by \$22,750 or 35% over the prior year. The primary factor for the large decrease from 2008 is due to the economic downturn and recession during most of fiscal year 2009.
- Personal income tax revenues decreased by \$8,089 from the prior year. 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 was significantly higher over the prior year as additional accounts are identified as uncollectible.
- Capital grants and contributions decreased by \$6,674. During fiscal year 2008, the County received \$8,820 as a one time contribution to help fund costs to construct a new County courthouse.
- Interest and investment earnings were down from the prior year by \$6,120 or 51%. The primary reason for this decrease is a drop in average interest rates from 4.2% in fiscal year 2008 to 1.9% in fiscal year 2009.
- The gain on sale of capital assets decreased by \$9,578 or 94%. Included in the prior year balance was a gain for \$10,105 related to the sale of property in East Multnomah County to a private party.
- General government expenses for governmental activities decreased by \$10,887 or 14% from the prior year. The primary reason for the decrease is due to the reduction in the distribution of personal income tax collections reflecting a decrease in expected future collections and distributions from what was accrued in fiscal year 2008. Calendar year 2006 was the last year the tax was in effect. In addition, the County went through a 4% overall spending reduction in the general fund mid-year of 2009 which resulted in cost savings Countywide.
- Social services expenses increased by \$14,053 or 7% from fiscal year 2008. Approximately \$11,000 of this increase was noted in the Federal State special revenue program fund in Department of County Human Services (DCHS) programs. Specifically DCHS programs for weatherization repair and replacement and low income energy assistance significantly increased over 2008 due to a much harsher winter in 2009. Also DCHS programs funded by the State Mental Health grant (SMHG) increased over the prior year. Specifically SMHG services for mental health and developmental disabilities saw the greatest increases as a result of programmatic changes at the State level to reduce the total number of clients served by case managers in these programs and increase spending in other areas directed by the State.

- Net assets for business-type activities increased by \$6,721 or 105% in fiscal year 2009. The increase is primarily attributable to the Behavioral Health Managed Care fund. During fiscal year 2009, the Department of County Human Services instituted a utilization review program that provided for additional oversight and diagnosis over claims in order to ensure the correct services were delivered and to reduce unnecessary provider services. This review program resulted in significant cost savings to programs in the Behavioral Health Managed Care fund.
- Total assets for business-type activities increased by \$6,238 or 55% over the prior year and total liabilities decreased by \$483 or 10% from fiscal year 2008. The increase is primarily in the Behavioral Health Managed Care fund as cash balances have increased for the fund over the prior year as a result of fee for service premiums received from the State and a lag in the corresponding disbursements for services using a fee for service model.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$172,351, a decrease of \$16,730 in comparison with the prior year's increase of \$28,411.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$7,486, or approximately 2% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The County maintains 26 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Federal State Program Fund, and the PERS Pension Bond Fund, which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

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

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of

those funds are *not* available to support County programs. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 40 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 124-125 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 41 of this report.

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

Required Supplementary Information (RSI)

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$571,134 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 446,254	\$ 469,917	\$14,085	\$ 7,865	\$ 460,339	\$ 477,782
Capital assets	604,268	613,142	3,442	3,424	607,710	616,566
Total assets	1,050,522	1,083,059	17,527	11,289	1,068,049	1,094,348
Long-term liabilities outstanding	369,715	382,106	31	28	369,746	382,134
Other liabilities	122,746	129,941	4,423	4,909	127,169	134,850
Total liabilities	492,461	512,047	4,454	4,937	496,915	516,984
Net assets:						
Invested in capital assets, net of related debt	470,426	465,079	3,442	3,424	473,868	468,503
Restricted	98,542	77,979	-	-	98,542	77,979
Unrestricted	(10,907)	27,954	9,631	2,928	(1,276)	30,882
Total net assets	\$ 558,061	\$ 571,012	\$13,073	\$ 6,352	\$ 571,134	\$ 577,364

The largest portion of the County's net assets, approximately 81%, reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the outstanding debt used to acquire the assets in the amount of \$473,868 as compared to \$468,503 a year ago. During fiscal year 2009 the County paid approximately \$14,874 in debt related to capital assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net assets in the amount of \$98,542 or approximately 17% 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 a deficit for the County's unrestricted net assets of \$1,276 or approximately (.2)%. Unrestricted net assets had a negative balance 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 two out of three categories of net assets for the government as a whole.

In fiscal year 2009 there is a deficit in unrestricted net assets. A primary reason for the decrease from 2008 in unrestricted net assets is due to the \$24,200 one-time General Fund resources to retire debt related to County facilities and pay off other debt issues. Considering the County's long-term obligations in the Statement of Net Assets, the County recognizes the necessity to be able to meet current financial obligations and has no reason to believe that liabilities will not be met in future periods.

Total net assets decreased by \$6,230 during the current fiscal year. This decrease is attributable to various factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net assets for fiscal years 2008 and 2009.

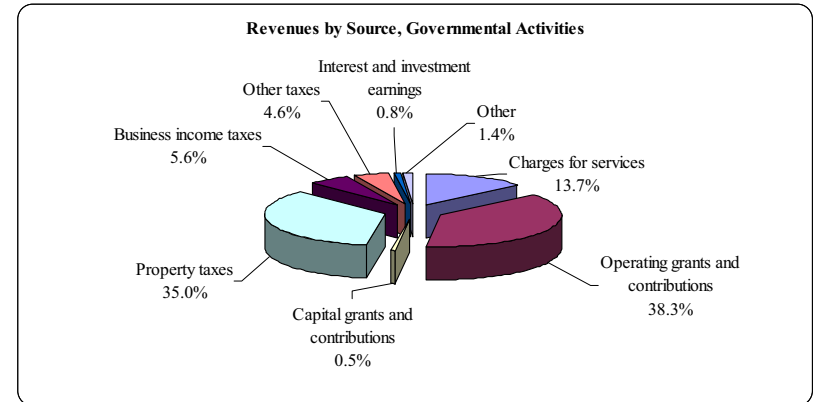
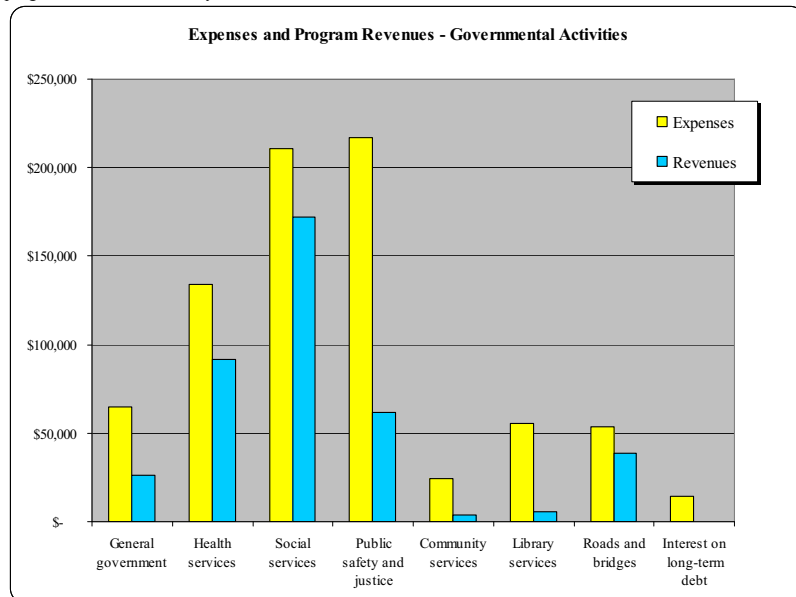
Multnomah County's Changes in Net Assets

	Governmental		Business-type		Total	
	Activities		Activities			
	2009	2008	2009	2008	2009	2008
Revenues:						
Program revenues:						
Charges for services	\$ 103,989	\$ 97,348	\$40,004	\$36,967	\$143,993	\$134,315
Operating grants and contributions	291,018	265,271	-	-	291,018	265,271
Capital grants and contributions	3,831	10,505	80	10	3,911	10,515
General revenues:						
Taxes:						
Property taxes	266,427	258,523	-	-	266,427	258,523
Personal income taxes	(5,341)	2,748	-	-	(5,341)	2,748
Business income taxes	42,900	65,650	-	-	42,900	65,650
Other taxes	40,677	44,349	-	-	40,677	44,349
State government shared revenues	8,562	9,613	-	-	8,562	9,613
Grants and contributions not restricted to specific programs	14	10	-	-	14	10
Interest and investment earnings	5,767	11,887	235	398	6,002	12,285
Miscellaneous	1,797	1,410	-	1	1,797	1,411
Gain on sale of capital assets	628	10,206	-	-	628	10,206
Total revenues	760,269	777,520	40,319	37,376	800,588	814,896
Expenses:						
General government	64,660	75,547	-	-	64,660	75,547
Health services	133,751	125,355	-	-	133,751	125,355
Social services	210,590	196,537	-	-	210,590	196,537
Public safety and justice	217,215	208,253	-	-	217,215	208,253
Community services	24,320	26,069	-	-	24,320	26,069
Library services	55,181	52,087	-	-	55,181	52,087
Roads and bridges	53,462	56,716	-	-	53,462	56,716
Interest on long-term debt	14,041	16,443	-	-	14,041	16,443
Dunthorpe-Riverdale Service District Number 1	-	-	458	476	458	476
Mid County Service District Number 14	-	-	420	377	420	377
Behavioral Health Managed Care	-	-	32,720	37,803	32,720	37,803
Total expenses	773,220	757,007	33,598	38,656	806,818	795,663
Increase (decrease) in net assets	(12,951)	20,513	6,721	(1,280)	(6,230)	19,233
Beginning net assets	571,012	550,499	6,352	7,632	577,364	558,131
Ending net assets	<u>\$558,061</u>	<u>\$571,012</u>	<u>\$13,073</u>	<u>\$ 6,352</u>	<u>\$571,134</u>	<u>\$577,364</u>

Governmental activities. Governmental activities decreased the County's net assets by \$12,951; key elements of this increase are highlighted below:

- Capital grants and contributions decreased by \$6,674 or 64%. Included in the 2008 balance is a one-time capital contribution for \$8,820 to set aside funds to build a new County courthouse.
- 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 \$6,120 or 51% from fiscal year 2008.
- The gain on sale of capital assets decreased by \$9,578 or 94%. The prior year's balance consists of a gain on a sale of property to a local private party.
- Expenses for social services increased by \$14,053 or 7% over 2008. The increase was noted in the Department of County Human Services, specifically in the Federal State special revenue fund. Federal awards that increased from the prior year included grants for weatherization and energy assistance due to a severe winter storm. State grants for mental health and developmental disabilities also increased over 2008 as the State focused on the services provided by these programs, increasing funding to allow for additional case managers and other directed spending.

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

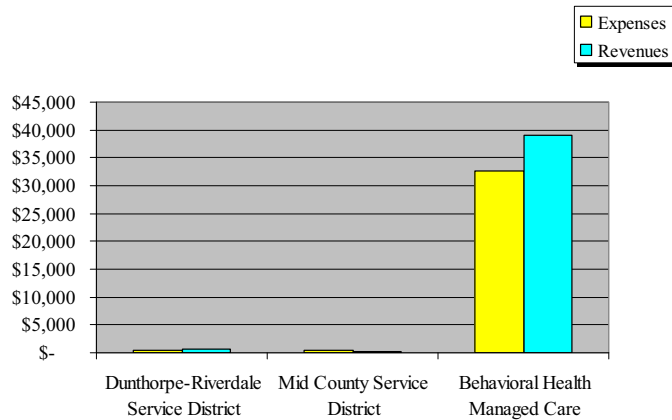


Business-type activities. Business-type activities increased the County's net assets by \$6,721, compared to a decrease of \$1,280 in the prior year. The primary reasons for the current year's increase are:

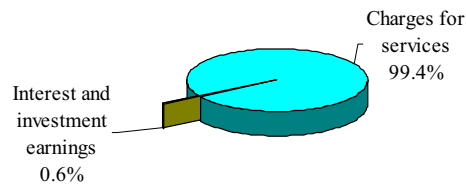
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health Plan enrolled members within Multnomah County. Net assets in this fund increased by \$6,523 as compared to a decrease of \$1,374 in the prior year. The current year increase is a result of a utilization review program implemented by the Department of County Human Services in fiscal year 2009. This program drastically reduced expenses by \$5,083 or 13% in the Behavioral Health Managed Care fund from \$37,803 in fiscal year 2008 to \$32,720 in fiscal year 2009. The effect of the review program was to eliminate any unnecessary services delivered by the program's providers.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2009 the District collected \$713 in fines, fees and charges for services which is an increase over the prior year by \$86 or 14% due to an increase 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 2009 the District collected \$264 in fines, fees and charges for services which is comparable to the prior year collections of \$268. The District did not increase fee charges in fiscal year 2009.
- Interest revenue decreased by \$163 reflecting declining interest rates throughout fiscal year 2009.

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

Expenses and Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$172,351, a decrease of \$16,730 over the prior year. Approximately 33% or \$57,204 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 (\$23,200), 2) to prepaid items and inventories (\$2,716), 3) to pay debt service (\$66,608), or 4) to pay for ongoing capital projects (\$22,623).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$7,486 in the General Fund or approximately 24% of the total fund balance of \$31,377. 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 2% of total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$40,236 during the current fiscal year. The primary factor for this decrease can be attributed to a significant decrease in business income tax revenues. Business income tax revenues were budgeted at \$55,665 while actual revenue collections were only \$42,900 for the year as compared to a budget of \$53,020 and actual collections of \$65,650 for the prior fiscal year. The decrease is also attributed to one-time transfers from the General Fund for early debt retirement of \$24,200.

The Federal and State Program Special Revenue Fund has a total fund balance of \$6,735, of which \$1,085 is reserved for prepaid items and inventories. The remaining \$5,650 is unreserved. In general, Federal revenues are closely matched with Federal expenditures. The fund balance increased over the prior year by \$2,306 or 52% as a result of a significant amount of Department of County Human Services awards that carried forward into the following fiscal year.

The PERS Pension Bond Fund is a debt service fund with a total fund balance of \$31,439 which is an increase of \$4,240 over the prior year's ending fund balance of \$27,199. The total fund balance is reserved for future debt service.

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, \$251
- Mid County Service District Fund, \$250
- Behavioral Health Managed Care Fund, \$9,130

The total change in net assets for all proprietary funds was an increase of \$6,721. 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 \$450 and total final adopted budgeted expenditures were increased by \$5,945 from the original budgeted numbers. During the year the General Fund contingency was reduced by \$11,830 for the following reasons:

- Approximately \$2,100 had been set aside for cost of living adjustments in labor contracts for corrections deputies in the Sheriff's Office and probation and parole officers in the Department of Community Justice. These labor agreements were finally settled during fiscal year 2009.
- \$500 was spent towards specific classification compensation studies among various union classifications.
- \$2,236 was set aside for an inmate supervision program in the Sheriff's Office that previously was administered by the Department of Community Justice.
- \$6,389 was transferred out via cash transfer from the General Fund and into the Capital Improvement capital project fund in order to make necessary capital improvements to County buildings. Specifically the County's courthouse needed roof repairs as well as exterior maintenance and elevator replacements.
- Approximately \$300 was set aside in the General Fund for the Sheriff's Office to provide for additional jail beds in County jails.
- \$285 was transferred via cash transfer to the Facilities Management internal service fund to fund minimal operating costs at the Wapato jail facility which currently remains unopened.

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 changes from the original budget to the final adopted budget or variances between the final adopted budget to actual expenditures in the General Fund greater than \$4,000:

- Sheriff – The Sheriff's office final budget exceeded the original budget by \$4,302. Approximately \$1,666 accounts for Sheriff's Office corrections deputies' cost of living adjustment as a result of executing labor agreements. \$339 was set aside in the General Fund for additional jail beds. The remaining amount was funding set aside for an inmate supervision program. The Sheriff's office also spent less than their final budget by \$4,785, which is primarily the result of reductions in various programs in response to a request by the Chair's Office for all departments to spend at least 4% under their General Fund appropriation for fiscal year 2009.
- Nondepartmental – Nondepartmental offices and agencies spent less than their final budget by \$4,148 which was largely related to personal income tax distributions, which were budgeted at \$1,733 without any related actual expenditures. Additionally, business income tax distributions were budgeted at \$5,578 but actual expenditures were only \$4,432. The County also budgeted \$880 in interest expense for a short-term borrowing which wasn't needed.

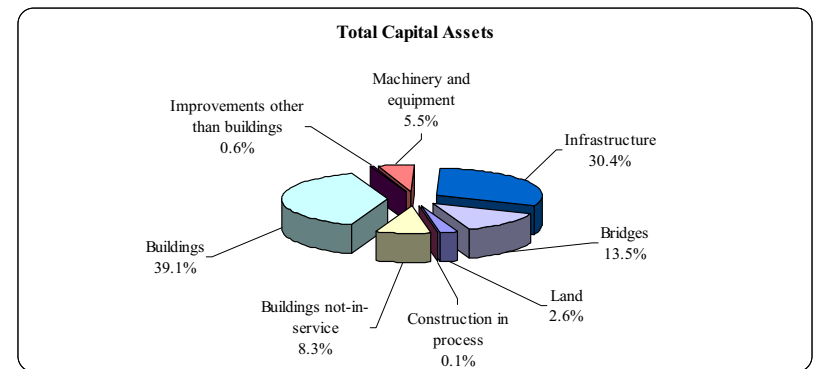
Capital Projects and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2009, amounts to \$607,710 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County's investment in capital assets for the current fiscal year was a decrease of \$8,856 or approximately 1%. There were no significant capital asset events during the current fiscal year. Governmental buildings decreased by \$6,029 or 3%, due to depreciation on existing buildings. 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	
	2009	2008	2009	2008	2009	2008
Land	\$ 16,115	\$ 16,296	\$ -	\$ -	\$ 16,115	\$ 16,296
Construction in process	1,437	317	-	-	1,437	317
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	234,938	240,967	-	-	234,938	240,967
Improvements other than buildings	296	188	3,442	3,424	3,738	3,612
Machinery and equipment	34,540	34,003	-	-	34,540	34,003
Bridges	87,033	83,033	-	-	87,033	83,033
Infrastructure	178,745	187,174	-	-	178,745	187,174
Total capital assets	\$ 604,268	\$ 613,142	\$ 3,442	\$ 3,424	\$ 607,710	\$ 616,566

The following chart indicates the County's capital assets as of June, 30, 2009. Additional information on the County's capital assets can be found in note 3.C on pages 59-60 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$295,019. Of this amount, \$56,570 comprises debt backed by the general obligation bonds; \$223,829 represents debt backed by the full faith and credit bonds; \$623 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

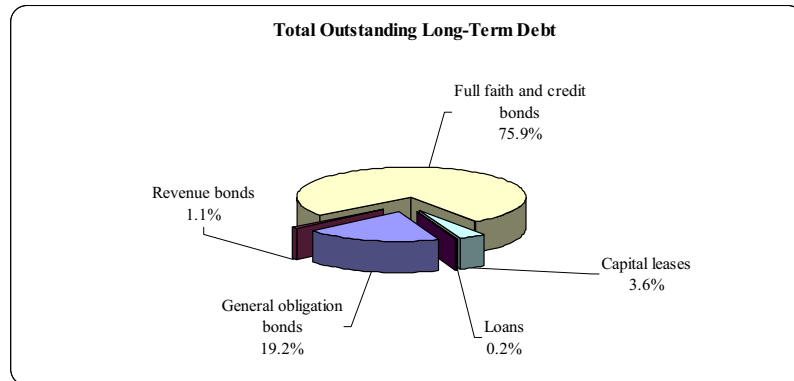
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 56,570	\$ 63,125	\$ -	\$ -	\$ 56,570	\$ 63,125
Revenue bonds	3,240	5,320	-	-	3,240	5,320
Full faith and credit bonds	223,829	235,609	-	-	223,829	235,609
Capital leases	10,757	13,604	-	-	10,757	13,604
Loans	623	242	-	-	623	242
Total outstanding debt	\$ 295,019	\$ 317,900	\$ -	\$ -	\$ 295,019	\$ 317,900

The County's total debt decreased by \$22,881 or approximately 7% during the current fiscal year. Changes to the County's long-term debt during fiscal year 2009 consisted primarily of principal payments.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$2,147,639, 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 \$1,073,820, 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 \$5,369,098, 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, 2009. Additional information on the County's long-term liabilities can be found in note 3.F on pages 61-69 of this report.



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 11.5% which is significantly higher than the prior year's rate of 5.8% due to the economic recession.
- The forecast for fiscal year 2010 anticipates business income tax revenues will remain at the fiscal year 2009 levels. However if the economy does not continue to stabilize, actual collections could be even lower. Business income tax is highly sensitive to economic conditions. In a weakening economic climate it would not be surprising for revenues to drop by 15% or more.
- Property tax revenues are not expected to be significantly different than the original budget estimates. County assessed or taxable values are significantly below real market values for most properties, therefore property tax collections are anticipated to be relatively inelastic despite falling real market values.

All of these factors were considered in preparing the County's budget for fiscal year 2009-2010.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$7,486. At this level, with an additional \$15,337 reported in the General Reserve special revenue fund, the County is able to fully fund one of the two reserves as described in the Financial and Budget policies, and approximately half of the second reserve. The fiscal year 2009-2010 budget fully funds the second 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

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2009
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
ASSETS				
Current assets:				
Cash and investments	\$ 215,909	\$ 14,281	\$ 230,190	\$ 12,091
Receivables (net of allowance for uncollectibles):				
Taxes	24,064	-	24,064	-
Accounts	66,654	6	66,660	81
Loans	1,132	-	1,132	-
Interest	1,048	-	1,048	-
Special assessments	11	51	62	-
Contracts	4,570	-	4,570	-
Contributions	-	-	-	205
Internal balances	253	(253)	-	-
Inventories	3,064	-	3,064	-
Prepaid items	2,308	-	2,308	16
Split-interest and other agreements	-	-	-	1,212
Restricted cash and investments	1,314	-	1,314	-
Capital assets:				
Land and construction in progress	17,552	-	17,552	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	535,552	3,442	538,994	11
Other assets, net of amortization	125,927	-	125,927	-
Total assets	<u>1,050,522</u>	<u>17,527</u>	<u>1,068,049</u>	<u>13,616</u>
LIABILITIES				
Accounts payable	61,065	4,405	65,470	295
Claims and judgments payable	12,861	-	12,861	-
Accrued salaries and benefits	8,307	10	8,317	-
Accrued interest payable	2,646	-	2,646	-
Gift annuity payable	-	-	-	7
Unearned revenue	7,190	-	7,190	-
Due within one year:				
Compensated absences	6,614	8	6,622	-
Bonds payable	21,786	-	21,786	-
Capital leases payable	2,277	-	2,277	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	16,863	31	16,894	-
Bonds payable	261,853	-	261,853	-
Capital leases payable	8,480	-	8,480	-
Loans payable	623	-	623	-
Deferred lease obligation	1,723	-	1,723	-
Net other postemployment benefits obligation	80,173	-	80,173	-
Total liabilities	<u>492,461</u>	<u>4,454</u>	<u>496,915</u>	<u>302</u>
NET ASSETS				
Invested in capital assets, net of related debt	470,426	3,442	473,868	11
Restricted for:				
Nonexpendable - Library operations	-	-	-	3,972
Expendable:				
Capital projects	22,620	-	22,620	-
Community support programs	8,896	-	8,896	-
Debt service	67,026	-	67,026	-
Library operations	-	-	-	3,263
Unrestricted	(10,907)	9,631	(1,276)	6,068
Total net assets	<u>\$ 558,061</u>	<u>\$ 13,073</u>	<u>\$ 571,134</u>	<u>\$ 13,314</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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets			
		Fees, Fines and Charges or Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-type Activities	Total	Component Unit The Library Foundation
Primary government:								
Governmental activities:								
General government	\$ 64,660	\$ 21,936	\$ 4,107	\$ 99	\$ (38,518)	\$ -	\$ (38,518)	\$ -
Health services	133,751	60,340	31,117	-	(42,294)	-	(42,294)	-
Social services	210,590	1,125	170,657	-	(38,808)	-	(38,808)	-
Public safety and justice	217,215	17,597	44,258	-	(155,360)	-	(155,360)	-
Community services	24,320	10	3,444	489	(20,377)	-	(20,377)	-
Library	55,181	1,754	3,552	-	(49,875)	-	(49,875)	-
Roads and bridges	53,462	1,227	33,883	3,243	(15,109)	-	(15,109)	-
Interest on long-term debt	14,041	-	-	-	(14,041)	-	(14,041)	-
Total governmental activities	<u>773,220</u>	<u>103,989</u>	<u>291,018</u>	<u>3,831</u>	<u>(374,382)</u>	<u>-</u>	<u>(374,382)</u>	<u>-</u>
Business-type activities:								
Dunthorpe-Riverdale service								
District Number 1	458	713	-	-	-	255	255	-
Mid County service								
District Number 14	420	264	-	80	-	(76)	(76)	-
Behavioral health managed care	32,720	39,027	-	-	-	6,307	6,307	-
Total business-type activities	<u>33,598</u>	<u>40,004</u>	<u>-</u>	<u>80</u>	<u>-</u>	<u>6,486</u>	<u>6,486</u>	<u>-</u>
Total primary government	<u>\$ 806,818</u>	<u>\$ 143,993</u>	<u>\$ 291,018</u>	<u>\$ 3,911</u>	<u>(374,382)</u>	<u>6,486</u>	<u>(367,896)</u>	<u>-</u>
Component unit:								
The Library Foundation	<u>\$ 2,341</u>	<u>\$ -</u>	<u>\$ 670</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,671)</u>
General revenues:								
Taxes:								
Property taxes, levied for general purposes					\$ 258,200	\$ -	\$ 258,200	-
Property taxes, levied for debt service					8,227	-	8,227	-
Personal income taxes					(5,341)	-	(5,341)	-
Business income taxes					42,900	-	42,900	-
Selective excise and use taxes					39,161	-	39,161	-
Payments in lieu of taxes					1,516	-	1,516	-
State government shared unrestricted revenues					8,562	-	8,562	-
Grants and contributions not restricted to specific programs					14	-	14	2,014
Interest and investment earnings					5,767	235	6,002	(1,945)
Miscellaneous					1,797	-	1,797	1
Gain on sale of capital assets					628	-	628	-
Total general revenues					<u>361,431</u>	<u>235</u>	<u>361,666</u>	<u>70</u>
Change in net assets					<u>(12,951)</u>	<u>6,721</u>	<u>(6,230)</u>	<u>(1,601)</u>
Net assets - beginning					<u>571,012</u>	<u>6,352</u>	<u>577,364</u>	<u>14,915</u>
Net assets - ending					<u>\$ 558,061</u>	<u>\$ 13,073</u>	<u>\$ 571,134</u>	<u>\$ 13,314</u>

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

MULTNOMAH COUNTY, OREGON
Balance Sheet
Governmental Funds
June 30, 2009
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	PERS Pension Bond Debt Service Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 20,968	\$ 152	\$ 31,439	\$ 103,937	\$ 156,496
Receivables:					
Taxes	19,435	-	-	4,629	24,064
Accounts	6,861	51,181	-	7,194	65,236
Loans	-	744	-	-	744
Interest	1,048	-	-	-	1,048
Special assessments	11	-	-	-	11
Contracts	1,229	-	-	2,691	3,920
Advances to other funds	23,200	-	-	-	23,200
Inventories	255	469	-	745	1,469
Prepays and deposits	436	616	-	195	1,247
Restricted cash and investments	-	279	-	1,035	1,314
Total assets	<u>\$ 73,443</u>	<u>\$ 53,441</u>	<u>\$ 31,439</u>	<u>\$ 120,426</u>	<u>\$ 278,749</u>
LIABILITIES					
Accounts payable	\$ 24,005	\$ 18,152	\$ -	\$ 11,344	\$ 53,501
Payroll payable	4,129	2,454	-	1,021	7,604
Advances from other funds	-	23,200	-	-	23,200
Deferred revenue	13,932	2,900	-	5,261	22,093
Total liabilities	<u>42,066</u>	<u>46,706</u>	<u>-</u>	<u>17,626</u>	<u>106,398</u>
FUND BALANCES					
Reserved for capital projects	-	-	-	22,623	22,623
Reserved for debt service	-	-	31,439	35,169	66,608
Reserved for interfund receivable	23,200	-	-	-	23,200
Reserved for inventories	255	469	-	745	1,469
Reserved for prepaid items	436	616	-	195	1,247
Unreserved, reported in:					
General fund	7,486	-	-	-	7,486
Special revenue funds	-	5,650	-	44,068	49,718
Total fund balances	<u>31,377</u>	<u>6,735</u>	<u>31,439</u>	<u>102,800</u>	<u>172,351</u>
Total liabilities and fund balances	<u>\$ 73,443</u>	<u>\$ 53,441</u>	<u>\$ 31,439</u>	<u>\$ 120,426</u>	<u>\$ 278,749</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2009
(amounts expressed in thousands)

Fund Balances - Governmental Funds	\$	172,351
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	1,236,889	
Less accumulated depreciation	<u>(638,398)</u>	598,491
Other long-term assets		
Negative net pension asset	125,595	
Bond issuance costs	<u>332</u>	125,927
Accrued interest payable		(2,646)
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		388
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	(283,639)	
Capital leases payable	(10,757)	
Loans payable	<u>(623)</u>	(295,019)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(21,046)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(2,079)
Net other post-employment benefits obligation		(80,173)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	12,624	
Personal income taxes	<u>2,320</u>	14,944
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>46,923</u>
Net Assets of Governmental Activities	<u>\$</u>	<u>558,061</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, 2009
(amounts expressed in thousands)

	General Fund	Federal and State Special Fund	PERS Pension Bond Debt Service Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 275,105	\$ -	\$ -	\$ 75,191	\$ 350,296
Intergovernmental	16,175	241,648	-	34,866	292,689
Licenses and permits	8,859	1,936	-	4,011	14,806
Charges for services	10,662	57,069	-	7,096	74,827
Interest	2,092	7	626	1,666	4,391
Other	13,834	2,723	17,156	10,203	43,916
Total revenues	<u>326,727</u>	<u>303,383</u>	<u>17,782</u>	<u>133,033</u>	<u>780,925</u>
EXPENDITURES					
Current:					
General government	55,825	-	-	4,135	59,960
Health services	51,209	86,354	-	1,378	138,941
Social services	43,695	168,137	-	-	211,832
Public safety and justice	170,486	43,148	-	6,163	219,797
Community services	-	2,913	-	21,167	24,080
Library services	-	-	-	50,872	50,872
Roads and bridges	-	-	-	38,148	38,148
Capital outlay	1,041	525	-	19,217	20,783
Debt service:					
Principal	11	-	6,470	16,943	23,424
Interest	6	-	7,072	6,911	13,989
Total expenditures	<u>322,273</u>	<u>301,077</u>	<u>13,542</u>	<u>164,934</u>	<u>801,826</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,454</u>	<u>2,306</u>	<u>4,240</u>	<u>(31,901)</u>	<u>(20,901)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	-	-	623	623
Transfers in	3,416	-	-	58,562	61,978
Transfers out	(48,106)	-	-	(10,324)	(58,430)
Total other financing sources (uses)	<u>(44,690)</u>	<u>-</u>	<u>-</u>	<u>48,861</u>	<u>4,171</u>
Net change in fund balances	(40,236)	2,306	4,240	16,960	(16,730)
Fund balances - beginning	71,613	4,429	27,199	85,840	189,081
Fund balances - ending	<u>\$ 31,377</u>	<u>\$ 6,735</u>	<u>\$ 31,439</u>	<u>\$ 102,800</u>	<u>\$ 172,351</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds	\$	(16,730)
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	20,783	
Current year depreciation expense	(32,210)	(11,427)
Contributed and donated capital assets	3,732	
Loss on disposal of capital assets	(820)	2,912
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Increase in deferred revenues - property taxes	2,797	
Decrease in deferred revenues - personal income taxes	(7,463)	(4,666)
Proceeds from loans provide current financial resources to governmental funds, but are an increase of long-term liabilities in the statement of net assets		(623)
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net assets.		
The premium is amortized to interest income in the statement of activities.		
Current year premium amortization		339
Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Current year amortization expense		(32)
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(259)
Activities related to loan provided to community based health organization:		
Distribution of funds to community based health organization	522	
Payments received from community based health organization	(49)	
Current year adjustment for accrued interest and change to allowance	124	
Repayment to other Government for amounts received but not distributed	100	697
Repayment of long-term debt is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets.		23,424
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(998)	
Decrease in accrued interest expense	208	
Decrease in personal income tax distribution liability	5,262	4,472
Amortization expense on the net pension asset.		(6,152)
Current year expense for net other post-employment benefits obligation		(10,037)
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.		5,131
Change in net assets of Governmental Activities	\$	<u>(12,951)</u>

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

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.
- **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 105.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes				
Property:				
Current	\$ 209,880	\$ 209,880	\$ 210,893	\$ 1,013
Prior	4,165	4,165	3,584	(581)
Penalties and interest	1,357	1,357	1,557	200
Payments in lieu of taxes	-	-	1,158	1,158
Business income	55,665	55,665	42,900	(12,765)
Personal income	3,600	3,600	2,122	(1,478)
Motor vehicle rental	13,212	13,212	12,891	(321)
Intergovernmental:				
Federal	500	500	-	(500)
State	13,895	13,895	12,209	(1,686)
Local	4,945	4,945	3,966	(979)
Licenses and permits	8,899	8,899	8,859	(40)
Charges for services	8,924	8,938	10,662	1,724
Interest	4,960	4,960	2,092	(2,868)
Other:				
Service reimbursements	13,651	14,075	12,527	(1,548)
Miscellaneous	1,312	1,324	1,307	(17)
Total revenues	<u>344,965</u>	<u>345,415</u>	<u>326,727</u>	<u>(18,688)</u>
EXPENDITURES				
Community justice	54,129	55,030	53,203	1,827
Community services	11,197	11,197	10,382	815
County management	33,897	33,949	31,933	2,016
District attorney	19,800	19,800	19,140	660
Health services	54,539	54,791	51,209	3,582
Human services	46,987	47,328	43,701	3,627
Nondepartmental	18,449	18,546	14,398	4,148
Sheriff	98,790	103,092	98,307	4,785
Total expenditures	<u>337,788</u>	<u>343,733</u>	<u>322,273</u>	<u>21,460</u>
Excess of revenues over expenditures	<u>7,177</u>	<u>1,682</u>	<u>4,454</u>	<u>2,772</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,640	3,640	3,416	(224)
Transfers out	(42,422)	(48,757)	(48,106)	651
Total other financing sources (uses)	<u>(38,782)</u>	<u>(45,117)</u>	<u>(44,690)</u>	<u>427</u>
Contingency	(16,459)	(4,629)	-	4,629
Net change in fund balances	<u>(48,064)</u>	<u>(48,064)</u>	<u>(40,236)</u>	<u>7,828</u>
Fund balances - beginning	62,064	62,064	71,613	9,549
Fund balances - ending	<u>\$ 14,000</u>	<u>\$ 14,000</u>	<u>\$ 31,377</u>	<u>\$ 17,377</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 174,732	\$ 189,046	\$ 184,058	\$ (4,988)
Licenses and permits	2,451	2,451	1,936	(515)
Charges for services	55,576	55,576	57,069	1,493
Interest	8	8	7	(1)
Other:				
Non-governmental grants	2,091	2,642	2,417	(225)
Service reimbursements	73	73	1	(72)
Miscellaneous	385	419	305	(114)
Total revenues	235,316	250,215	245,793	(4,422)
EXPENDITURES				
Community justice	28,869	28,760	26,557	2,203
Community services	194	328	365	(37)
County management	1,524	1,612	734	878
District attorney	6,391	6,716	5,788	928
Health services	81,988	83,876	86,360	(2,484)
Human services	104,521	117,318	110,875	6,443
Nondepartmental	1,845	2,003	1,821	182
Sheriff	10,539	11,723	10,987	736
Total expenditures	235,871	252,336	243,487	8,849
Excess (deficiency) of revenues over (under) expenditures	(555)	(2,121)	2,306	4,427
Contingency	(75)	(75)	-	75
Net change in fund balances	(630)	(2,196)	2,306	4,502
Fund balances - beginning	630	2,196	4,429	2,233
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>6,735</u>	<u>\$ 6,735</u>
Reconciliation to GAAP Basis:				
Intergovernmental revenues for State payments to County service providers			57,590	
State payments to County service providers			<u>(57,590)</u>	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 33			<u>\$ 6,735</u>	

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

PROPRIETARY FUNDS

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

Enterprise Funds:

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

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

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
Proprietary Funds
June 30, 2009
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	\$ 646	\$ 260	\$ 13,375	\$ 14,281	\$ 59,415
Receivables (net of allowances for uncollectibles):					
Accounts	6	-	-	6	1,418
Special assessments	36	15	-	51	-
Due from other funds	-	-	-	-	80
Inventories	-	-	-	-	1,595
Prepaid items	-	-	-	-	1,061
Total current assets	<u>688</u>	<u>275</u>	<u>13,375</u>	<u>14,338</u>	<u>63,569</u>
Noncurrent assets:					
Advances to other funds	-	-	-	-	173
Contracts receivable	-	-	-	-	650
Capital assets (net of accumulated depreciation)	<u>1,914</u>	<u>1,528</u>	<u>-</u>	<u>3,442</u>	<u>5,777</u>
Total noncurrent assets	<u>1,914</u>	<u>1,528</u>	<u>-</u>	<u>3,442</u>	<u>6,600</u>
Total assets	<u>2,602</u>	<u>1,803</u>	<u>13,375</u>	<u>17,780</u>	<u>70,169</u>
LIABILITIES					
Current liabilities:					
Accounts payable	184	25	4,196	4,405	5,485
Claims and judgments payable	-	-	-	-	12,861
Payroll payable	-	-	10	10	705
Deferred revenue	-	-	-	-	41
Compensated absences	-	-	8	8	669
Due to other funds	<u>80</u>	<u>-</u>	<u>-</u>	<u>80</u>	<u>-</u>
Total current liabilities	<u>264</u>	<u>25</u>	<u>4,214</u>	<u>4,503</u>	<u>19,761</u>
Noncurrent liabilities:					
Compensated absences	-	-	31	31	1,762
Advances from other funds	<u>173</u>	<u>-</u>	<u>-</u>	<u>173</u>	<u>-</u>
Incremental leases payable	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,723</u>
Total noncurrent liabilities	<u>173</u>	<u>-</u>	<u>31</u>	<u>204</u>	<u>3,485</u>
Total liabilities	<u>437</u>	<u>25</u>	<u>4,245</u>	<u>4,707</u>	<u>23,246</u>
NET ASSETS					
Invested in capital assets, net of realted debt	1,914	1,528	-	3,442	5,777
Unrestricted	<u>251</u>	<u>250</u>	<u>9,130</u>	<u>9,631</u>	<u>41,146</u>
Total net assets	<u>\$ 2,165</u>	<u>\$ 1,778</u>	<u>\$ 9,130</u>	<u>\$ 13,073</u>	<u>\$ 46,923</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2009
(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	\$ 713	\$ 264	\$ 39,023	\$ 40,000	\$ 148,007
Insurance premiums	-	-	-	-	6,843
Experience ratings and other	-	-	4	4	882
Total operating revenues	<u>713</u>	<u>264</u>	<u>39,027</u>	<u>40,004</u>	<u>155,732</u>
OPERATING EXPENSES					
Cost of sales and services	333	312	30,370	31,015	143,165
Administration	42	48	2,350	2,440	3,430
Depreciation	<u>64</u>	<u>60</u>	<u>-</u>	<u>124</u>	<u>2,254</u>
Total operating expenses	<u>439</u>	<u>420</u>	<u>32,720</u>	<u>33,579</u>	<u>148,849</u>
Operating income (loss)	<u>274</u>	<u>(156)</u>	<u>6,307</u>	<u>6,425</u>	<u>6,883</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	12	7	216	235	979
Interest expense	(19)	-	-	(19)	-
Bad debt expense	-	-	-	-	(193)
Gain on disposal of capital assets	-	-	-	-	1,008
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(97)</u>
Total nonoperating revenues (expenses)	<u>(7)</u>	<u>7</u>	<u>216</u>	<u>216</u>	<u>1,697</u>
Income (loss) before contributions and transfers	267	(149)	6,523	6,641	8,580
Capital contributions in	-	80	-	80	99
Transfers in	-	-	-	-	1,660
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,208)</u>
Change in net assets	<u>267</u>	<u>(69)</u>	<u>6,523</u>	<u>6,721</u>	<u>5,131</u>
Total net assets - beginning	<u>1,898</u>	<u>1,847</u>	<u>2,607</u>	<u>6,352</u>	<u>41,792</u>
Total net assets - ending	<u>\$ 2,165</u>	<u>\$ 1,778</u>	<u>\$ 9,130</u>	<u>\$ 13,073</u>	<u>\$ 46,923</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, 2009
(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
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 697	\$ 261	\$ 39,027	\$ 39,985	\$ 154,824
Payments to suppliers	(345)	(349)	(28,442)	(29,136)	(98,035)
Payments to employees	(20)	(22)	(4,179)	(4,221)	(36,309)
Internal activity - payments to other funds	(23)	(23)	(536)	(582)	(11,407)
Net cash provided (used) by operating activities	<u>309</u>	<u>(133)</u>	<u>5,870</u>	<u>6,046</u>	<u>9,073</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	1,660
Transfers out	-	-	-	-	(5,208)
Net cash used by noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,548)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(62)	-	-	(62)	(1,903)
Internal loan repayment	(76)	-	-	(76)	75
Interest on debt	(19)	-	-	(19)	-
Proceeds on sales of capital assets	-	-	-	-	370
Net cash used by capital and related financing activities	<u>(157)</u>	<u>-</u>	<u>-</u>	<u>(157)</u>	<u>(1,458)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	12	7	216	235	979
Net cash provided by investing activities	<u>12</u>	<u>7</u>	<u>216</u>	<u>235</u>	<u>979</u>
Net increase (decrease) in cash and cash equivalents	164	(126)	6,086	6,124	5,046
Balances at beginning of the year	482	386	7,289	8,157	54,369
Balances at end of the year	<u>\$ 646</u>	<u>\$ 260</u>	<u>\$ 13,375</u>	<u>\$ 14,281</u>	<u>\$ 59,415</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 274	\$ (156)	\$ 6,307	\$ 6,425	\$ 6,883
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Cash flows reported in other categories:					
Depreciation	64	60	-	124	2,254
Bad debt expense	-	-	-	-	(193)
Changes in assets and liabilities:					
Receivables, net	(17)	(3)	-	(20)	(643)
Inventories	-	-	-	-	(104)
Prepaid items	-	-	-	-	(31)
Accounts payable	(12)	(34)	(437)	(483)	(634)
Claims and judgments payable	-	-	-	-	1,447
Deferred revenue	-	-	-	-	(75)
Compensated absences	-	-	1	1	125
Incremental leases payable	-	-	-	-	5
Payroll payable	-	-	(1)	(1)	39
Total adjustments	<u>35</u>	<u>23</u>	<u>(437)</u>	<u>(379)</u>	<u>2,190</u>
Net cash provided (used) by operating activities	<u>\$ 309</u>	<u>\$ (133)</u>	<u>\$ 5,870</u>	<u>\$ 6,046</u>	<u>\$ 9,073</u>
Noncash financing activities:					
Contributions of capital assets	\$ -	\$ 80	\$ -	\$ 80	\$ 99

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

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, 2009
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 17,385
Taxes receivable	49,589
Restricted cash	<u>12</u>
Total assets	<u>66,986</u>
LIABILITIES	
Accounts payable	10,764
Due to other governmental units	48,014
Amounts held in trust	<u>8,208</u>
Total liabilities	<u>66,986</u>
NET ASSETS	
Total net assets	<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, 2009
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009
(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, 2009
(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 *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, 2009
(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, 2009
(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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009
(dollar amounts expressed in thousands)

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

2. *Receivables and payables*

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

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

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax generated an estimated \$120,000 for each calendar year the tax was in effect. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2009, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of \$11,637 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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009
(dollar amounts expressed in thousands)

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

4. *Fund balances and net assets*

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

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

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

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

5. *Capital assets*

Capital assets, which includes property, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, sewers, street lighting, and similar items), and their improvements, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5 for equipment and \$10 for infrastructure with an estimated useful life of at least three years. Such assets are recorded at historical 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, 2009
(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.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009
(dollar amounts expressed in thousands)

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

9. Long-term obligations

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

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

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

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

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

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expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

11. Pollution Remediation Obligations

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement is effective beginning with fiscal year June 30, 2009. GASB 49 is 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 directly to the contribution accounts recorded in the government wide financial statements. The County also receives financial gifts and gifts in-kind from The Library Foundation. These in-kind donations from The Library Foundation are recorded at fair value upon receipt in the government wide and fund financial statements.

13. Estimates

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

14. Reclassifications

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

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Note 2. Stewardship, compliance, and accountability

A. Budgetary information

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

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

The adopted budget is prepared by fund and department. The County's department managers may make transfers of appropriations within a department and fund. Transfers and changes (increases) of appropriations between departments or funds require the approval of the Board. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level. The Board approved one supplemental budget and several other budgetary appropriations throughout the year.

B. Expenditures in excess of appropriations

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For the year-ended June 30, 2009, expenditures exceeded appropriations in the following areas:

<u>Fund</u>	<u>Agency</u>	<u>Amount</u>
Federal State Program Fund	Community Services	\$ 37
Federal State Program Fund	Health Services	2,484
Revenue Bond Fund	Nondepartmental	1,439

In the Federal State Program Fund, the Community Services Department exceeded its appropriation as a result of a higher than expected beginning balance related to prior year revenues that were not expended until fiscal year 2009. The required budget amendments were not submitted for approval prior to the end of the fiscal year. This was a one-time adjustment with available fund balance to cover the expenditure.

In the Federal State Program Fund, the Health Department exceeded its appropriation primarily due to an increase in patient visits related to the Health Department's dental, pharmacy and primary care programs. These programs are funded by Medicaid revenues, private insurance and self-pay. In addition, the Health Department's annual vaccine allotment received from the State was greater than expected and the Department's budget

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did not reflect the increase in cost. The over expenditures were funded by available fund balance.

In the Revenue Bond Fund, the County exceeded its appropriation as a result of the early redemption of revenues bonds issued in October 1998. This early redemption was as a result of revenues recognized on a property sale in fiscal year 2008 committed for future revenues on this debt. The over expenditure was funded by available fund balance.

Note 3. Detailed notes on all funds

A. Cash and investments

Multnomah County pools virtually all funds for investment purposes. All appropriate funds are allocated interest based on the average daily cash balance of the fund and the 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 by depositories of public funds 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.

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

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repurchase agreement by margins prescribed in writing by the Oregon Short-Term Fund Board, providing the County with a margin against a decline in the market value of the securities. The market value plus accrued interest of the securities purchased under repurchase agreements did not fall below the required level during the year.

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

At year-end, the carrying amount of the County's deposits was \$60,837 and the bank balance was \$60,871. 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 \$34 represents petty cash accounts that were uninsured and uncollateralized.

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

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

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

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service, or the equivalent rating by any nationally recognized statistical rating organization.
2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its

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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, 2009, \$34 of the County's bank balance of \$60,871 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2009, the County had the following corporate debt in its investment portfolio with the credit ratings noted by Standard & Poor's and Moody's respectively:

Investment Type / Issuer	Fair Value	Credit Rating	Maturity
Corporate note – MBNA Bank NA (BAC)	\$ 5,010	A+ / Aa3	08/03/2009
Corporate note – Wal-Mart Stores Inc.	5,031	AA/Aa2	08/10/2009
Corporate note – Wal-Mart Stores, Inc.	1,710	AA/Aa2	08/10/2009
Corporate note – Heller Financial (GE)	1,015	AA+/Aa2	11/01/2009
Corporate note – Heller Financial (GE)	2,029	AA+/Aa2	11/01/2009
Corporate note – Heller Financial (GE)	5,074	AA+/Aa2	11/01/2009
Corporate note – Firststar Bank (US Bank)	4,049	AA+/Aa2	12/01/2009
Corporate note – Wachovia Mortgage (WF Corp)	1,310	AA/Aa2	12/15/2009
Corporate note – Berkshire Hathaway	2,799	AAA/Aa2	01/15/2010
Corporate note – Berkshire Hathaway	2,034	AAA/Aa2	01/15/2010
Corporate note – Wachovia Bank (WF Corp)	1,533	AA/Aa2	01/19/2010
Corporate note – Berkshire Hathaway	2,062	AAA/Aa2	01/25/2010
Totals	<u>\$ 33,656</u>		

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At June 30, 2009, the County had the following investments in US Government Agencies that were implicitly guaranteed by the US Government:

Investment Type / Issuer	Fair Value	Credit Rating
Agency notes – Federal Home Loan Bank	\$ 80,959	AAA
Agency notes – Federal Home Loan Mortgage Corp	5,014	AAA
Agency notes – Federal Farm Credit Bank	3,108	AAA
Total	<u>\$ 89,081</u>	

As of June 30, 2009, 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	\$ 88,802	1.216%	35.8%	2.5
Corporate Debt	33,656	2.345%	13.6%	4.7
Bankers' Acceptances	14,574	0.763%	5.9%	2.4
Local Government				
Investment Pool	49,684	0.950%	20.1%	< 1
Cash and Equivalents	60,859	0.848%	24.6%	< 1
Total unrestricted cash and investments	<u>\$ 247,575</u>		<u>100%</u>	

Portfolio weighted average maturity 2.4

As of June 30, 2009, 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	\$ 1,035	0.167%	78.0%
Pledged Investment	279	0.195%	21.1%
Misc Restricted Funds	12	0.000%	0.9%
	<u>\$ 1,326</u>	<u>0.362%</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.

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

	Unrestricted	Restricted	Total
Governmental Activities	\$ 215,909	\$ 1,314	\$ 217,223
Business-type Activities	14,281	-	14,281
Fiduciary Funds	17,385	12	17,397
Total Cash and Investments	<u>\$ 247,575</u>	<u>\$ 1,326</u>	<u>\$ 248,901</u>

B. Receivables

Receivables as of year-end for the County's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are 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, 2009 the total loan receivable balance was \$1,358, netted with a related allowance for uncollectible accounts of \$970.

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MULTNOMAH COUNTY
Accounts Receivable

	Governmental Activities					
	General Fund	Federal State Program Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business-type Activities
Receivables:						
Taxes:						
Income	\$ 14,406	\$ -	\$ -	\$ -	\$ 14,406	\$ -
Property	12,754	-	-	2,765	15,519	-
Other	3,912	-	-	1,864	5,776	-
Accounts	7,111	52,588	1,418	7,194	68,311	6
Loans	1,358	744	-	-	2,102	-
Interest	1,048	-	-	-	1,048	-
Special assessments	11	-	-	-	11	54
Contracts	1,229	-	650	2,691	4,570	-
Gross receivables	41,829	53,332	2,068	14,514	111,743	60
Less: allowance for discounts/uncollectibles	(12,857)	(1,407)	-	-	(14,264)	(3)
Net total receivables	<u>\$ 28,972</u>	<u>\$ 51,925</u>	<u>\$ 2,068</u>	<u>\$ 14,514</u>	<u>\$ 97,479</u>	<u>\$ 57</u>

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

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

	Unavailable	Unearned	Total
Personal income tax receivable	\$ 13,957	\$ -	\$ 13,957
Allowance for doubtful accounts – personal income tax	(11,637)	-	(11,637)
Property taxes receivable (General Fund)	10,372	-	10,372
Property taxes receivable (other governmental funds)	2,252	-	2,252
Grant draws prior to meeting all eligibility requirements	-	2,162	2,162
Contracts receivable	-	3,920	3,920
Contract revenue received in advance	-	150	150
Loans receivable	-	744	744
Tax title land sales inventory	-	162	162
Special assessments receivable	-	11	11
Total deferred revenue for governmental funds	<u>\$ 14,944</u>	<u>\$ 7,149</u>	<u>\$ 22,093</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 \$41 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$7,190.

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C. Capital assets

Capital asset activity for the year ended June 30, 2009 was as follows:

Primary Government	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 16,296	\$ -	\$ -	\$ (181)	\$ 16,115
Construction in process	317	1,437	(317)	-	1,437
Buildings-not in service	51,164	-	-	-	51,164
Total capital assets, not being depreciated	<u>67,777</u>	<u>1,437</u>	<u>(317)</u>	<u>\$ (181)</u>	<u>68,716</u>
Capital assets, being depreciated:					
Buildings	365,124	2,922	256	(411)	367,891
Improvements other than buildings	343	57	61	-	461
Machinery and equipment	122,180	9,376	-	(15,091)	116,465
Bridges	146,179	7,044	-	-	153,223
Infrastructure	551,598	5,683	-	(828)	556,453
Total capital assets being depreciated	<u>1,185,424</u>	<u>25,082</u>	<u>317</u>	<u>(16,330)</u>	<u>1,194,493</u>
Less accumulated depreciation for:					
Buildings	(124,156)	(8,828)	-	31	(132,953)
Improvements other than buildings	(155)	(10)	-	-	(165)
Machinery and equipment	(88,177)	(8,729)	-	14,981	(81,925)
Bridges	(63,147)	(3,043)	-	-	(66,190)
Infrastructure	(364,424)	(13,853)	-	569	(377,708)
Total accumulated depreciation	<u>(640,059)</u>	<u>(34,463)</u>	<u>-</u>	<u>15,581</u>	<u>(658,941)</u>
Total capital assets being depreciated, net	<u>545,365</u>	<u>(9,381)</u>	<u>317</u>	<u>(749)</u>	<u>535,552</u>
Governmental activities capital assets, net	<u>\$ 613,142</u>	<u>\$ (7,944)</u>	<u>-</u>	<u>\$ (930)</u>	<u>\$ 604,268</u>
Business-type activities:					
Capital assets, being depreciated:					
Improvements other than buildings	\$ 5,765	\$ 142	-	\$ -	\$ 5,907
Total capital assets being depreciated	<u>5,765</u>	<u>142</u>	<u>-</u>	<u>-</u>	<u>5,907</u>
Less accumulated depreciation for:					
Improvements other than buildings	(2,341)	(124)	-	-	(2,465)
Machinery and equipment	-	-	-	-	-
Total accumulated depreciation	<u>(2,341)</u>	<u>(124)</u>	<u>-</u>	<u>-</u>	<u>(2,465)</u>
Business-type activities capital assets, net	<u>\$ 3,424</u>	<u>\$ 18</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 3,442</u>

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

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

Governmental activities:	
General government	\$ 12,650
Health services	117
Social services	53
Public safety & justice	1,216
Community services	262
Library	4,739
Roads and bridges	15,426
Total depreciation expense – governmental activities	<u>\$ 34,463</u>
Business-type activities:	
Sewer	\$ 64
Lighting	60
Total depreciation expense – business-type activities	<u>\$ 124</u>

D. Other assets

Other assets, net of accumulated amortization at June 30, 2009 consist of the following:

Bond issuance costs	\$ 332
Negative net pension asset	125,595
	<u>\$ 125,927</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, 2009.

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 Risk Fund is related to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. This balance

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is expected to be collected in the subsequent year. The composition of interfund balances as of June 30, 2009 is as follows:

Receivable Funds	Payable Funds	Amount
Risk Fund*	Dunthorpe Riverdale Service District Fund	<u>\$ 80</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 \$23,200 is also noted as a reservation of the General Fund’s fund balance. The amounts payable to the Risk Fund relate to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. None of the balances are scheduled to be collected in the subsequent year.

Receivable Funds	Payable Funds	Amount
General Fund	Federal State Fund	\$ 23,200
Risk Fund*	Dunthorpe Riverdale Service District Fund	173
		<u>\$ 23,373</u>
*Internal service fund		

Interfund Transfers:

Following are the County’s interfund transfers for the year ended June 30, 2009. The general fund transfers to nonmajor governmental funds includes \$15,636 to the Library special revenue fund to provide for various County Library upgrades and projects, as well as \$24,200 to the Capital Debt Retirement fund for the early retirement of debt.

	Transfers in:			
	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
Transfers out:				
General Fund	\$ -	\$ 46,446	\$ 1,660	\$ 48,106
Nonmajor Governmental Funds	3,241	7,083	-	10,324
Internal Service Funds	175	5,033	-	5,208
Total transfers out:	<u>\$ 3,416</u>	<u>\$ 58,562</u>	<u>\$ 1,660</u>	<u>\$ 63,638</u>

F. Long-term liabilities

General Obligation Bonds

The County issues general obligation bonds to provide funds for the rehabilitation, construction and acquisition of various library and public safety facilities and related

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equipment. General obligation bonds have been issued for these governmental activities. The 1996 general obligation issue in the amount of \$108,700 is subject to Federal arbitrage regulations. As of June 30, 2009, the balance on the 1996 general obligation bonds was zero. In February 1999, the County advance refunded a portion of these general obligation bonds by issuing \$66,115 in new general obligation bonds. At June 30, 2009 the balance on the 1999 Advance Refunding was \$56,570.

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

Purpose	Interest Rates	Amount
Governmental activities	3.00-4.75%	<u>\$ 56,570</u>

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

Year Ending June 30	Principal	Interest
2010	\$ 6,860	\$ 2,387
2011	7,160	2,093
2012	7,470	1,780
2013	7,490	1,451
2014	7,835	1,106
2015 – 2017	19,755	1,397
Total	<u>\$ 56,570</u>	<u>\$ 10,214</u>

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In October 1998, the County issued \$3,155 of revenue bonds to finance constructing, renovating, improving and equipping County-owned facilities, and entered into a public / private partnership with the Regional Children's Campus (RCC), a 501(c)(3) non profit agency. On October 1, 2008 the County paid off the remaining balance of \$1,710 on the 1998 revenue bonds as a result of revenues recognized on a property sale committed for future revenues on this debt.

In November 2000, the County issued \$2,000 of revenue bonds to finance the costs of acquiring land and constructing, renovating, improving and equipping certain facilities to be used as a vocational training center for developmentally disabled residents of Multnomah County. This debt issue is subject to Federal arbitrage regulations. The County entered into a public / private partnership agreement with Port City Development (Port City), a 501(c)(3) non profit agency. The future lease payments from Port City are pledged revenues for the debt service on these bonds. The term of the agreement with

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Port City for future pledged revenues is through fiscal year 2034, and the outstanding balance on these future lease payments at June 30, 2009 was \$1,687. During fiscal year 2009 Port City paid \$33 towards the outstanding balance on this lease agreement. The total principal and interest paid on the bonds during the fiscal year were \$135 and \$62 respectively. The outstanding balance on the bonds was \$1,175 at June 30, 2009. 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 \$235 and \$108 respectively. The outstanding balance on the debt was \$2,065 at June 30, 2009. The debt matures in fiscal year 2016.

Revenue bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	4.45-5.20%	<u>\$ 3,240</u>

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

Year Ending June 30	Principal	Interest
2010	\$ 395	\$ 152
2011	415	133
2012	435	113
2013	460	91
2014	485	66
2015 – 2016	1,050	55
Total	<u>\$ 3,240</u>	<u>\$ 610</u>

Full Faith and Credit Bonds

On April 1, 1999, the County issued \$36,125 in Certificates of Participation with interest rates from 4.00% to 4.75% to finance the costs of acquiring land and facilities. In October 2004, the County advance refunded \$22,015 of the 1999 Certificates of Participation by issuing \$54,235 in full faith and credit bonds. Certificates of Participation are direct obligations and pledge the full faith and credit of the County. At June 30, 2009, \$1,685 of the 1999 Certificates of Participation were outstanding.

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the

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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, 2009, \$159,113 of these bonds were outstanding.

On April 1, 2000, the County issued \$61,215 in Full Faith and Credit Bonds with interest rates from 5.00% to 5.50% to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. In October 2004, the County advance refunded \$27,985 of these full faith and credit bonds by issuing \$54,235 in full faith and credit bonds. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2009, \$2,820 of these bonds were outstanding.

On May 15, 2003, the County issued \$9,615 in Full Faith and Credit Refunding Obligations, Series 2003 with interest rates from 1.50% to 3.25%. At June 30, 2009, \$5,135 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, 2009 the unamortized premium on the debt was \$3,562. 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, 2009 the deferred charge was \$2,721. The entire amount of this debt issue was outstanding at June 30, 2009.

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

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	<u>\$ 222,988</u>

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

Year Ending June 30	Principal	Interest
2010	\$ 13,770	\$ 9,535
2011	15,550	8,633
2012	17,440	7,662
2013	11,549	14,512
2014	11,537	15,181
2015 – 2019	95,464	41,075
2020 – 2024	30,580	115,539
2025 – 2029	22,836	161,644
2030	4,262	38,887
Total, before deferred charge	222,988	<u>\$ 412,668</u>
Deferred charge, net	(2,721)	
Premium on long-term debt, net	3,562	
Total	<u>\$ 223,829</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:

Asset	Governmental Activities
Buildings	\$ 75,103
Less: Accumulated depreciation	<u>(28,372)</u>
Total	<u>\$ 46,731</u>

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

Purpose	Interest Rates	Amount
Governmental activities	2.50-4.90%	<u>\$ 10,757</u>

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Future minimum lease payments are as follows:

Year Ending June 30	Governmental	
	Principal	Interest
2010	\$ 2,277	\$ 723
2011	2,384	584
2012	2,500	436
2013	2,622	276
2014	19	100
2015 – 2019	128	463
2020 – 2024	213	377
2025 – 2029	355	236
2030 – 2032	259	36
Total	<u>\$ 10,757</u>	<u>\$ 3,231</u>

Loans Payable

During 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:

Purpose	Interest Rates	Amount
Governmental activities	3.98%	<u>\$ 623</u>

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

Year Ending June 30	Principal	Interest
2010	\$ -	\$ -
2011	-	2
2012	413	2
2013	210	2
Total	<u>\$ 623</u>	<u>\$ 6</u>

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Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2009 was as follows:

	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
Governmental Activities					
General Obligation Bonds	\$ 63,125	\$ -	\$ 6,555	\$ 56,570	\$ 6,860
Revenue Bonds	5,320	-	2,080	3,240	395
Full Faith and Credit Bonds	235,609	-	11,780	223,829	14,531
Capital Leases	13,604	-	2,847	10,757	2,277
Loans Payable	242	623	242	623	-
Long-term debt before other long-term liabilities	317,900	623	23,504	295,019	24,063
Pollution Remediation Obligations	-	87	87	-	-
Compensated Absences	22,354	26,500	25,377	23,477	6,614
Governmental activity long-term liabilities	<u>\$ 340,254</u>	<u>\$ 27,210</u>	<u>\$ 48,968</u>	<u>\$ 318,496</u>	<u>\$ 30,677</u>
Business-Type Activities					
Compensated Absences	<u>\$ 38</u>	<u>\$ 40</u>	<u>\$ 39</u>	<u>\$ 39</u>	<u>\$ 8</u>

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. During the year a special revenue fund, a capital project fund and an internal service fund all paid for pollution remediation costs. At June 30, 2009, the County did not have any outstanding obligations for pollution remediation.

Subsequent to year-end management identified a gas leak at the County's Yeon Fueling Station property site. The County is in preliminary stages and conducting soil testing as well as working with DEQ to assess the total pollution remediation costs. Management estimates the total clean up costs related to this site will be \$150.

Defeased Full Faith and Credit Bonds

On October 1, 2004 the County defeased certain full faith and credit bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future service on the old bonds. Accordingly, the trust account assets and related liability for the defeased bonds are not included in the County's financial statements. On August 1, 2008, \$4,960 was called and paid by the escrow agent on the Series 1998. At June 30, 2009, Series 2000A

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and Series 1999A were outstanding in the amount of \$27,985 and \$22,015, respectively. Subsequent to year-end, the \$22,015 on the 1999A was called and the bonds were paid off.

Conduit Financing

Multnomah County Conduit Financing

On November 1, 1997, the County issued \$31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements. The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund \$17,750 of the Series 1994 issue. On April 1, 2000, the County issued an additional \$17,160 in Conduit Educational Revenue Bonds for the University to finance the construction of a student housing facility, parking garage and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds. Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2009, \$30,930 of Educational Facilities Revenue Bonds were outstanding.

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2009, \$8,065 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

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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, 2009, \$7,005 of the Higher Education Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2009 was \$46,000. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. On March 1, 1999, the Authority issued \$26,000 in Hospital Revenue Bonds (Terwilliger Plaza). On December 4, 2003, the Authority issued an additional \$17,200 in Hospital Revenue Bonds (Holladay Park Plaza). On July 13, 2004, the Authority issued \$100,000 in Hospital Revenue Bonds (Providence Health Systems). On December 12, 2006, the Authority issued \$39,765 in revenue bonds (Terwilliger Plaza). On July 2, 2007, the Authority issued \$8,200 in Revenue Bonds (Pacific Mirabella). On October 26, 2008, the Authority issued an additional \$221,645 in Variable Rate Demand Revenue Bonds (Mirabella at South Waterfront). Then on March 1, 2009, the Authority issued \$7,050 in Variable Rate Demand Revenue and Refunding Bonds (Oregon Baptist Retirement Homes Project). The proceeds of these bonds issues were used by health care facilities to finance various capital projects and refund outstanding bonds. The debt issues have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza, Holladay Park Plaza, Providence Health Systems, Mirabella and Oregon Baptist have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by Terwilliger Plaza, Holladay Park Plaza, Providence Health Systems, Mirabella and Oregon Baptist. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. As of June 30, 2009, the total debt outstanding for the Hospital Facilities Authority of Multnomah County was \$404,675 of these bonds were outstanding.

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Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2009, interfund premiums exceeded reimbursable expenditures.

Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are re-evaluated periodically to consider the effect of inflation, recent claim settlement trends (including frequency and amount of payouts), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate. 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 6/30/09	Fiscal Year Ended 6/30/08
Unpaid claims, beginning of fiscal year	\$ 11,414	\$ 8,668
Incurred claims (including IBNRs)	24,321	21,726
Actuarial adjustment	(1,571)	489
Claim payments	(21,303)	(19,469)
Unpaid claims, end of fiscal year	<u>\$ 12,861</u>	<u>\$ 11,414</u>

B. Subsequent events

In September of 2009, the Hospital Facilities Authority of Multnomah County issued \$66,535 as a tax-exempt loan. The tax-exempt debt has not been recognized as a liability

MULTNOMAH COUNTY, OREGON
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of the County or the Authority because the notes are secured solely by the provisions of the loan agreement and payments are made by the retirement facility.

In October of 2009, the Board of County Commissioners approved a short-term internal loan from the Risk Fund to the General Fund to help support County operations prior to property tax collections. The amount of the loan was \$15 million and the entire loan was repaid in November 2009.

C. Commitments and contingent liabilities

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

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

The following is a schedule by years of future minimum rental payments required under operating leases for certain land, buildings and equipment used in governmental operations that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2009.

<u>Year ended June 30</u>	
2010	4,120
2011	3,475
2012	3,421
2013	3,375
2014	3,444
2015 – 2019	6,609
2020 – 2024	85
2025	4
Total minimum payments	<u>\$ 24,533</u>

The County recorded \$3,590 in rent expense for the year ended June 30, 2009.

MULTNOMAH COUNTY, OREGON
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D. Post employment benefits other than pensions

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

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County pays 50% of the premiums of health care coverage for retirees from age 58 to age 65. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to contribute 1.5% of annual covered payroll. At June 30, 2009, there were 585 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 2009, the County contributed \$2,196 to the plan or approximately 38% of total premiums. Plan members receiving benefits contributed \$3,521 or approximately 62% of the total premiums during fiscal year 2009.

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, 2009, 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	3,156
Adjustment to annual required contribution	(2,588)
Annual OPEB cost (expense)	12,232
Contributions made	(2,195)
Increase in net OPEB obligation	10,037
Net OPEB obligation - beginning of year	70,136
Net OPEB obligation - end of year	<u>\$ 80,173</u>

MULTNOMAH COUNTY, OREGON
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The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/06	\$ 12,716	16%	\$ 44,742
6/30/07	15,083	12%	57,990
6/30/08	14,902	18%	70,136
6/30/09	12,232	18%	80,172

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 \$263,380 for fiscal year 2009 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 unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 4.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending

MULTNOMAH COUNTY, OREGON
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June 30, 2009
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down from 9.0% in 2009 to 7.3% in 2015 for the major medical component, which is representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is re-determined each valuation and amortized over a 30 year period as a level percentage of payroll. The remaining amortization period at June 30, 2009 is 30 years.

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

Pension plans

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

Oregon Public Employees Retirement System (PERS)

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

PERS
PO Box 23700
Tigard, OR 97281-3700

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2009
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Annual pension cost. For 2009, the County's annual pension cost of \$42,368 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2008 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 2009 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, 2008, was 20 years.

Three Year Trend Information for PERS

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/07	\$ 42,557	100%	\$ -
6/30/08	39,337	100%	-
6/30/09	42,368	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, 2009, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$145,808. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

**MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2009
(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%	\$263,380	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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009
(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	\$ 46,728	\$ 34,038	\$ 23,171	\$ 103,937
Receivables:				
Taxes	4,114	515	-	4,629
Accounts	7,041	-	153	7,194
Contracts	593	1,687	411	2,691
Inventories	745	-	-	745
Prepaid items	195	-	-	195
Restricted assets:				
Cash with fiscal agent	-	1,035	-	1,035
Total assets and other debits	<u>\$ 59,416</u>	<u>\$ 37,275</u>	<u>\$ 23,735</u>	<u>\$ 120,426</u>
LIABILITIES				
Accounts payable	\$ 10,796	\$ -	\$ 548	\$ 11,344
Payrolls payable	1,018	-	3	1,021
Deferred revenue	2,594	2,106	561	5,261
Total liabilities	<u>14,408</u>	<u>2,106</u>	<u>1,112</u>	<u>17,626</u>
FUND BALANCES				
Reserved for capital projects	-	-	22,623	22,623
Reserved for debt service	-	35,169	-	35,169
Reserved for inventories	745	-	-	745
Reserved for prepaid items	195	-	-	195
Unreserved, undesignated	44,068	-	-	44,068
Total fund balances	<u>45,008</u>	<u>35,169</u>	<u>22,623</u>	<u>102,800</u>
Total liabilities and fund balances	<u>\$ 59,416</u>	<u>\$ 37,275</u>	<u>\$ 23,735</u>	<u>\$ 120,426</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2009
(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	\$ 67,021	\$ 8,170	\$ -	\$ 75,191
Intergovernmental	34,866	-	-	34,866
Licenses and permits	3,999	-	12	4,011
Charges for services	6,777	33	286	7,096
Interest	1,004	278	384	1,666
Other	3,532	6,417	254	10,203
Total revenues	<u>117,199</u>	<u>14,898</u>	<u>936</u>	<u>133,033</u>
EXPENDITURES				
Current:				
General government	346	15	3,774	4,135
Health services	1,378	-	-	1,378
Public safety and justice	5,653	-	510	6,163
Community services	19,865	-	1,302	21,167
Library services	50,872	-	-	50,872
Roads and bridges	38,148	-	-	38,148
Capital outlay	15,604	-	3,613	19,217
Debt service:				
Principal	-	16,943	-	16,943
Interest	224	6,687	-	6,911
Total expenditures	<u>132,090</u>	<u>23,645</u>	<u>9,199</u>	<u>164,934</u>
Deficiency of revenues under expenditures	<u>(14,891)</u>	<u>(8,747)</u>	<u>(8,263)</u>	<u>(31,901)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	623	-	-	623
Transfers in	22,719	24,200	11,643	58,562
Transfers out	(7,976)	-	(2,348)	(10,324)
Total other financing sources (uses)	<u>15,366</u>	<u>24,200</u>	<u>9,295</u>	<u>48,861</u>
Net change in fund balances	475	15,453	1,032	16,960
Fund balances - beginning	44,533	19,716	21,591	85,840
Fund balances - ending	<u>\$ 45,008</u>	<u>\$ 35,169</u>	<u>\$ 22,623</u>	<u>\$ 102,800</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.
- **Library Fund** - accounts for the public library operations.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.
- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.
- **General Reserve Fund** - accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2009
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	Recreation
ASSETS					
Cash and investments	\$ 606	\$ 1,223	\$ 14	\$ 540	\$ 5
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	4,137	60	-	9
Contracts	-	13	-	-	-
Inventories	-	583	-	-	-
Prepaid items	-	-	-	-	-
Total assets	<u>\$ 606</u>	<u>\$ 5,956</u>	<u>\$ 74</u>	<u>\$ 540</u>	<u>\$ 14</u>
LIABILITIES					
Accounts payable	\$ -	\$ 5,542	\$ -	\$ 99	\$ 14
Payroll Payable	-	143	-	-	-
Deferred revenue	-	13	-	-	-
Total liabilities	<u>-</u>	<u>5,698</u>	<u>-</u>	<u>99</u>	<u>14</u>
FUND BALANCES					
Reserved for inventories	-	583	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved, undesignated	606	(325)	74	441	-
Total fund balances	<u>606</u>	<u>258</u>	<u>74</u>	<u>441</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 606</u>	<u>\$ 5,956</u>	<u>\$ 74</u>	<u>\$ 540</u>	<u>\$ 14</u>

(concluded on the following page)

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet (concluded)
Nonmajor Special Revenue Funds
June 30, 2009
(amounts expressed in thousands)

	<u>County School</u>	<u>Tax Title Land Sales</u>	<u>Animal Control</u>	<u>Willamette River Bridges</u>	<u>Library</u>
ASSETS					
Cash and investments	\$ -	\$ 296	\$ 686	\$ 3,650	\$ 21,928
Receivables:					
Taxes	-	17	-	-	2,250
Accounts	-	3	72	830	404
Contracts	-	580	-	-	-
Inventories	-	162	-	-	-
Prepaid items	-	-	-	-	195
Total assets	<u>\$ -</u>	<u>\$ 1,058</u>	<u>\$ 758</u>	<u>\$ 4,480</u>	<u>\$ 24,777</u>
LIABILITIES					
Accounts payable	\$ -	\$ 15	\$ 7	\$ 423	\$ 1,964
Payroll Payable	-	11	-	71	689
Deferred revenue	-	742	-	-	1,833
Total liabilities	<u>-</u>	<u>768</u>	<u>7</u>	<u>494</u>	<u>4,486</u>
FUND BALANCES					
Reserved for inventories	-	162	-	-	-
Reserved for prepaid items	-	-	-	-	195
Unreserved, undesignated	-	128	751	3,986	20,096
Total fund balances	<u>-</u>	<u>290</u>	<u>751</u>	<u>3,986</u>	<u>20,291</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1,058</u>	<u>\$ 758</u>	<u>\$ 4,480</u>	<u>\$ 24,777</u>

<u>Special Excise Tax</u>	<u>Land Corner Preservation</u>	<u>Inmate Welfare</u>	<u>Justice Services Special Operations</u>	<u>General Reserve</u>	<u>Total</u>
\$ 666	\$ 1,291	\$ 272	\$ 214	\$ 15,337	\$ 46,728
1,844	3	-	-	-	4,114
-	2	35	1,489	-	7,041
-	-	-	-	-	593
-	-	-	-	-	745
-	-	-	-	-	195
<u>\$ 2,510</u>	<u>\$ 1,296</u>	<u>\$ 307</u>	<u>\$ 1,703</u>	<u>\$ 15,337</u>	<u>\$ 59,416</u>
\$ 2,201	\$ 21	\$ 66	\$ 444	\$ -	\$ 10,796
-	14	18	72	-	1,018
-	-	-	6	-	2,594
<u>2,201</u>	<u>35</u>	<u>84</u>	<u>522</u>	<u>-</u>	<u>14,408</u>
-	-	-	-	-	745
-	-	-	-	-	195
309	1,261	223	1,181	15,337	44,068
309	1,261	223	1,181	15,337	45,008
<u>\$ 2,510</u>	<u>\$ 1,296</u>	<u>\$ 307</u>	<u>\$ 1,703</u>	<u>\$ 15,337</u>	<u>\$ 59,416</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction
REVENUES				
Taxes	\$ 432	\$ 7,493	\$ -	\$ -
Intergovernmental	-	29,189	250	-
Licenses and permits	-	67	-	-
Charges for services	-	533	-	-
Interest	-	99	-	11
Other:				
Non-governmental grants	-	-	-	-
Service reimbursements	-	100	-	-
Miscellaneous	-	96	-	-
Total revenues	<u>432</u>	<u>37,577</u>	<u>250</u>	<u>11</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Health services	-	-	-	-
Public safety and justice	-	-	-	-
Community services	-	-	240	1
Library services	-	-	-	-
Roads and bridges	-	32,056	-	-
Capital outlay	-	2,675	-	172
Debt service, interest	-	-	-	-
Total expenditures	<u>-</u>	<u>34,731</u>	<u>240</u>	<u>173</u>
Excess of revenues over (under) expenditures	<u>432</u>	<u>2,846</u>	<u>10</u>	<u>(162)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	-	623	-	-
Transfers in	-	-	-	52
Transfers out	(200)	(5,160)	-	-
Total other financing sources (uses)	<u>(200)</u>	<u>(4,537)</u>	<u>-</u>	<u>52</u>
Net change in fund balances	<u>232</u>	<u>(1,691)</u>	<u>10</u>	<u>(110)</u>
Fund balance - beginning	<u>374</u>	<u>1,949</u>	<u>64</u>	<u>551</u>
Fund balance - ending	<u>\$ 606</u>	<u>\$ 258</u>	<u>\$ 74</u>	<u>\$ 441</u>

Recreation	County School	Tax Title Land Sales	Animal Control	Willamette River Bridges	Library	Special Excise Tax
\$ 67	\$ 205	\$ 72	\$ -	\$ -	\$ 39,427	\$ 19,325
-	17	10	75	4,694	514	-
-	-	-	1,197	-	178	-
-	-	336	126	7	1,576	-
-	-	36	12	43	429	14
-	-	-	94	-	3,042	-
-	-	-	1	-	-	-
-	-	1	-	56	6	-
<u>67</u>	<u>222</u>	<u>455</u>	<u>1,505</u>	<u>4,800</u>	<u>45,172</u>	<u>19,339</u>
-	-	292	54	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
67	223	-	-	-	-	19,334
-	-	-	-	-	50,872	-
-	-	-	-	5,085	-	-
-	-	-	-	6,261	6,428	-
-	-	-	-	224	-	-
<u>67</u>	<u>223</u>	<u>292</u>	<u>54</u>	<u>11,570</u>	<u>57,300</u>	<u>19,334</u>
-	(1)	163	1,451	(6,770)	(12,128)	5
-	-	-	-	-	-	-
-	-	-	-	7,031	15,636	-
-	-	-	(1,240)	(1,376)	-	-
-	-	-	(1,240)	5,655	15,636	-
-	(1)	163	211	(1,115)	3,508	5
-	1	127	540	5,101	16,783	304
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290</u>	<u>\$ 751</u>	<u>\$ 3,986</u>	<u>\$ 20,291</u>	<u>\$ 309</u>

(concluded on the following page)

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances (concluded)
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	General Reserve	Total
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 67,021
Intergovernmental	-	-	117	-	34,866
Licenses and permits	-	-	2,557	-	3,999
Charges for services	620	1,271	2,308	-	6,777
Interest	32	11	20	297	1,004
Other:					
Non-governmental grants	-	6	6	-	3,148
Service reimbursements	-	-	117	-	218
Miscellaneous	-	7	-	-	166
Total revenues	<u>652</u>	<u>1,295</u>	<u>5,125</u>	<u>297</u>	<u>117,199</u>
EXPENDITURES					
Current:					
General government	-	-	-	-	346
Health services	-	-	1,378	-	1,378
Public safety and justice	-	1,897	3,756	-	5,653
Community services	-	-	-	-	19,865
Library services	-	-	-	-	50,872
Roads and bridges	1,007	-	-	-	38,148
Capital outlay	34	-	34	-	15,604
Debt service, interest	-	-	-	-	224
Total expenditures	<u>1,041</u>	<u>1,897</u>	<u>5,168</u>	<u>-</u>	<u>132,090</u>
Excess of revenues over (under) expenditures	<u>(389)</u>	<u>(602)</u>	<u>(43)</u>	<u>297</u>	<u>(14,891)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	-	-	-	-	623
Transfers in	-	-	-	-	22,719
Transfers out	-	-	-	-	(7,976)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,366</u>
Net change in fund balances	<u>(389)</u>	<u>(602)</u>	<u>(43)</u>	<u>297</u>	<u>475</u>
Fund balance - beginning	1,650	825	1,224	15,040	44,533
Fund balance - ending	<u>\$ 1,261</u>	<u>\$ 223</u>	<u>\$ 1,181</u>	<u>\$ 15,337</u>	<u>\$ 45,008</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Strategic Investment Program Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 200	\$ 200	\$ 432	\$ 232
EXPENDITURES				
Human services	<u>288</u>	<u>288</u>	<u>-</u>	<u>288</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88)</u>	<u>(88)</u>	<u>432</u>	<u>520</u>
OTHER FINANCING USES				
Transfers out	<u>(200)</u>	<u>(200)</u>	<u>(200)</u>	<u>-</u>
Net change in fund balances	<u>(288)</u>	<u>(288)</u>	<u>232</u>	<u>520</u>
Fund balances - beginning	<u>288</u>	<u>288</u>	<u>374</u>	<u>86</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 606</u>	<u>\$ 606</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Gasoline	\$ 7,200	\$ 7,200	\$ 6,878	\$ (322)
Forest reserve yield	75	75	615	540
Intergovernmental	36,025	36,025	29,189	(6,836)
Licenses and permits	65	65	67	2
Charges for services	615	615	533	(82)
Interest	400	400	99	(301)
Other:				
Service reimbursements	554	554	100	(454)
Miscellaneous	106	106	96	(10)
Total revenues	<u>45,040</u>	<u>45,040</u>	<u>37,577</u>	<u>(7,463)</u>
EXPENDITURES				
Community services	<u>46,121</u>	<u>46,045</u>	<u>34,731</u>	<u>11,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,081)</u>	<u>(1,005)</u>	<u>2,846</u>	<u>3,851</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	4,000	4,000	623	(3,377)
Transfers out	<u>(5,506)</u>	<u>(5,506)</u>	<u>(5,160)</u>	<u>346</u>
Total other financing sources (uses)	<u>(1,506)</u>	<u>(1,506)</u>	<u>(4,537)</u>	<u>(3,031)</u>
Contingency	-	(76)	-	76
Net change in fund balances	(2,587)	(2,587)	(1,691)	896
Fund balances - beginning	<u>2,587</u>	<u>2,587</u>	<u>1,949</u>	<u>(638)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258</u>	<u>\$ 258</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 240	\$ 240	\$ 250	\$ 10
EXPENDITURES				
Sheriff	<u>240</u>	<u>240</u>	<u>240</u>	<u>-</u>
Net change in fund balances	-	-	10	10
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74</u>	<u>\$ 74</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 20	\$ 20	\$ 11	\$ (9)
EXPENDITURES				
Community services	639	639	173	466
Deficiency of revenues under expenditures	(619)	(619)	(162)	457
OTHER FINANCING SOURCES				
Transfers in	64	64	52	(12)
Net change in fund balances	(555)	(555)	(110)	445
Fund balances - beginning	555	555	551	(4)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 441</u>	<u>\$ 441</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes - Gasoline	\$ 120	\$ 120	\$ 67	\$ (53)
EXPENDITURES				
County management	120	120	67	53
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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Forest reserve yield	\$ 235	\$ 235	\$ 205	\$ (30)
Intergovernmental	23	23	17	(6)
Interest	1	1	-	(1)
Total revenues	<u>259</u>	<u>259</u>	<u>222</u>	<u>(37)</u>
EXPENDITURES				
Nondepartmental	260	260	223	37
Net change in fund balances	(1)	(1)	(1)	-
Fund balances - beginning	1	1	1	-
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
Tax Title Land Sales Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Payments in lieu of taxes	\$ 20	\$ 20	\$ 72	\$ 52
Intergovernmental	40	40	10	(30)
Charges for services	293	293	336	43
Interest	25	25	36	11
Other - miscellaneous	-	-	1	1
Total revenues	<u>378</u>	<u>378</u>	<u>455</u>	<u>77</u>
EXPENDITURES				
Community services	678	678	292	386
Net change in fund balances	(300)	(300)	163	463
Fund balances - beginning	300	300	127	(173)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 290</u>	<u>\$ 290</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 60	\$ 60	\$ 75	\$ 15
Licenses and permits	980	980	1,197	217
Charges for services	200	200	126	(74)
Interest	-	-	12	12
Other:				
Non-governmental grants	158	158	94	(64)
Service reimbursements	-	-	1	1
Total revenues	<u>1,398</u>	<u>1,398</u>	<u>1,505</u>	<u>107</u>
EXPENDITURES				
Community services	157	157	54	103
Excess of revenues over expenditures	<u>1,241</u>	<u>1,241</u>	<u>1,451</u>	<u>210</u>
OTHER FINANCING USES				
Transfers out	<u>(1,240)</u>	<u>(1,240)</u>	<u>(1,240)</u>	<u>-</u>
Total other financing uses	<u>(1,240)</u>	<u>(1,240)</u>	<u>(1,240)</u>	<u>-</u>
Contingency	<u>(454)</u>	<u>(454)</u>	<u>-</u>	<u>454</u>
Net change in fund balances	<u>(453)</u>	<u>(453)</u>	<u>211</u>	<u>664</u>
Fund balances - beginning	<u>453</u>	<u>453</u>	<u>540</u>	<u>87</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 751</u>	<u>\$ 751</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Willamette River Bridges Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 1,587	\$ 1,587	\$ 4,694	\$ 3,107
Charges for services	-	-	7	7
Interest	150	150	43	(107)
Other:				
Service reimbursements	202	202	-	(202)
Miscellaneous	10	10	56	46
Total revenues	<u>1,949</u>	<u>1,949</u>	<u>4,800</u>	<u>2,851</u>
EXPENDITURES				
Community services	20,133	20,133	11,570	8,563
Deficiency of revenues under expenditures	<u>(18,184)</u>	<u>(18,184)</u>	<u>(6,770)</u>	<u>11,414</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,365	7,365	7,031	(334)
Transfers out	<u>(1,600)</u>	<u>(1,600)</u>	<u>(1,376)</u>	<u>224</u>
Total other financing sources (uses)	<u>5,765</u>	<u>5,765</u>	<u>5,655</u>	<u>(110)</u>
Net change in fund balances	<u>(12,419)</u>	<u>(12,419)</u>	<u>(1,115)</u>	<u>11,304</u>
Fund balances - beginning	<u>12,419</u>	<u>12,419</u>	<u>5,101</u>	<u>(7,318)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,986</u>	<u>\$ 3,986</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes - property	\$ 39,179	\$ 39,179	\$ 39,427	\$ 248
Intergovernmental	572	572	514	(58)
Licenses and permits	150	150	178	28
Charges for services	1,473	1,473	1,576	103
Interest	1,021	1,021	429	(592)
Other:				
Non-governmental grants	737	1,663	2,077	414
Service reimbursements	35	35	-	(35)
Miscellaneous	1	1	6	5
Total revenues	<u>43,168</u>	<u>44,094</u>	<u>44,207</u>	<u>113</u>
EXPENDITURES				
Library	60,177	61,103	56,335	4,768
Deficiency of revenues under expenditures	<u>(17,009)</u>	<u>(17,009)</u>	<u>(12,128)</u>	<u>4,881</u>
OTHER FINANCING SOURCES				
Transfers in	16,287	16,287	15,636	(651)
Total other financing sources	16,287	16,287	15,636	(651)
Contingency	(3,000)	(3,000)	-	3,000
Net change in fund balances	(3,722)	(3,722)	3,508	7,230
Fund balances - beginning	17,083	17,083	16,783	(300)
Fund balances - ending	<u>\$ 13,361</u>	<u>\$ 13,361</u>	<u>20,291</u>	<u>\$ 6,930</u>
Reconciliation to GAAP Basis:				
In kind contributions			965	
Consumption of in kind contributions			<u>(965)</u>	
Fund balance as reported on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 83			<u>\$ 20,291</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes	\$ 22,532	\$ 22,532	\$ 19,325	\$ (3,207)
Interest	50	50	14	(36)
Total revenues	<u>22,582</u>	<u>22,582</u>	<u>19,339</u>	<u>(3,243)</u>
EXPENDITURES				
Nondepartmental	23,000	23,000	19,334	3,666
Net change in fund balances	(418)	(418)	5	423
Fund balances - beginning	418	418	304	(114)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 309</u>	<u>\$ 309</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 985	\$ 985	\$ 620	\$ (365)
Interest	80	80	32	(48)
Total revenues	1,065	1,065	652	(413)
EXPENDITURES				
Community services	1,360	1,395	1,041	354
Deficiency of revenues under expenditures	(295)	(330)	(389)	(59)
Contingency	(1,320)	(1,285)	-	1,285
Net change in fund balances	(1,615)	(1,615)	(389)	1,226
Fund balances - beginning	1,615	1,615	1,650	35
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,261</u>	<u>\$ 1,261</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 1,663	\$ 1,663	\$ 1,271	\$ (392)
Interest	50	50	11	(39)
Other:				
Non-governmental grants	-	-	6	6
Service reimbursements	-	-	-	-
Miscellaneous	13	13	7	(6)
Total revenues	1,726	1,726	1,295	(431)
EXPENDITURES				
Community justice	13	13	8	5
Sheriff	2,513	2,513	1,889	624
Total expenditures	2,526	2,526	1,897	629
Net change in fund balances	(800)	(800)	(602)	198
Fund balances - beginning	800	800	825	25
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223</u>	<u>\$ 223</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Services Special Operations Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 2	\$ 139	\$ 117	\$ (22)
Licenses and permits	2,652	2,652	2,557	(95)
Charges for services	2,374	2,442	2,308	(134)
Interest	16	16	20	4
Other:				
Non-governmental grants	-	-	6	6
Service reimbursements	105	105	117	12
Total revenues	5,149	5,354	5,125	(229)
EXPENDITURES				
Community justice	1,160	1,160	1,024	136
Health services	1,671	1,794	1,378	416
District attorney	151	151	49	102
Sheriff	2,797	3,002	2,717	285
Total expenditures	5,779	6,107	5,168	939
Net change in fund balances	(630)	(753)	(43)	710
Fund balances - beginning	630	753	1,224	471
Fund balances - ending	\$ -	\$ -	\$ 1,181	\$ 1,181

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Reserve Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 600	\$ 600	\$ 297	\$ (303)
Fund balances - beginning	15,000	15,000	15,040	40
Fund balances - ending	\$ 15,600	\$ 15,600	\$ 15,337	\$ (263)

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, 2009
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
ASSETS				
Cash and investments	\$ 2,120	\$ 24,371	\$ 7,547	\$ 34,038
Receivables:				
Taxes	-	-	515	515
Accounts	-	-	-	-
Contracts	1,687	-	-	1,687
Restricted assets:				
Cash with fiscal agent	1	1,034	-	1,035
Total assets	<u>\$ 3,808</u>	<u>\$ 25,405</u>	<u>\$ 8,062</u>	<u>\$ 37,275</u>
LIABILITIES				
Deferred revenue	\$ 1,687	\$ -	\$ 419	\$ 2,106
Total liabilities	<u>1,687</u>	<u>-</u>	<u>419</u>	<u>2,106</u>
FUND BALANCES				
Reserved for debt service	2,121	25,405	7,643	35,169
Total liabilities and fund balances	<u>\$ 3,808</u>	<u>\$ 25,405</u>	<u>\$ 8,062</u>	<u>\$ 37,275</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 8,170	\$ 8,170
Charges for services	33	-	-	33
Interest	54	88	136	278
Other - service reimbursements	-	6,417	-	6,417
Total revenues	<u>87</u>	<u>6,505</u>	<u>8,306</u>	<u>14,898</u>
EXPENDITURES				
Current:				
General government	8	7	-	15
Debt service:				
Principal	2,080	8,308	6,555	16,943
Interest	<u>208</u>	<u>3,802</u>	<u>2,677</u>	<u>6,687</u>
Total expenditures	<u>2,296</u>	<u>12,117</u>	<u>9,232</u>	<u>23,645</u>
Deficiency of revenues under expenditures	<u>(2,209)</u>	<u>(5,612)</u>	<u>(926)</u>	<u>(8,747)</u>
OTHER FINANCING SOURCES				
Transfers in	-	24,200	-	24,200
Net change in fund balances	(2,209)	18,588	(926)	15,453
Fund balances - beginning	<u>4,330</u>	<u>6,817</u>	<u>8,569</u>	<u>19,716</u>
Fund balances - ending	<u>\$ 2,121</u>	<u>\$ 25,405</u>	<u>\$ 7,643</u>	<u>\$ 35,169</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 31	\$ 31	\$ 33	\$ 2
Interest	<u>180</u>	<u>180</u>	<u>54</u>	<u>(126)</u>
Total revenues	<u>211</u>	<u>211</u>	<u>87</u>	<u>(124)</u>
EXPENDITURES				
Nondepartmental	<u>857</u>	<u>857</u>	<u>2,296</u>	<u>(1,439)</u>
Net change in fund balances	(646)	(646)	(2,209)	(1,563)
Fund balances - beginning	<u>5,000</u>	<u>5,000</u>	<u>4,330</u>	<u>(670)</u>
Fund balances - ending	<u>\$ 4,354</u>	<u>\$ 4,354</u>	<u>\$ 2,121</u>	<u>\$ (2,233)</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Debt Retirement Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 235	\$ 235	\$ 88	\$ (147)
Other - service reimbursements	6,857	6,857	6,417	(440)
Total revenues	7,092	7,092	6,505	(587)
EXPENDITURES				
Nondepartmental	12,159	12,159	12,117	42
Deficiency of revenues under expenditures	(5,067)	(5,067)	(5,612)	(545)
OTHER FINANCING SOURCES				
Transfers in	24,200	24,200	24,200	-
Total other financing sources	24,200	24,200	24,200	-
Contingency	(4,296)	(4,296)	-	4,296
Net change in fund balances	14,837	14,837	18,588	3,751
Fund balances - beginning	5,205	5,205	6,817	1,612
Fund balances - ending	<u>\$ 20,042</u>	<u>\$ 20,042</u>	<u>\$ 25,405</u>	<u>\$ 5,363</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Obligation Bond Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes:				
Property:				
Current year	\$ 8,000	\$ 8,000	\$ 7,980	\$ (20)
Prior years'	225	225	160	(65)
Penalties and interest	-	-	30	30
Interest	325	325	136	(189)
Total revenues	8,550	8,550	8,306	(244)
EXPENDITURES				
Nondepartmental	9,232	9,232	9,232	-
Deficiency of revenues under expenditures	(682)	(682)	(926)	(244)
Fund balances - beginning	8,667	8,667	8,569	(98)
Fund balances - ending	<u>\$ 7,985</u>	<u>\$ 7,985</u>	<u>\$ 7,643</u>	<u>\$ (342)</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Pension Bond Fund (Major Fund)
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 900	\$ 900	\$ 626	\$ (274)
Other - service reimbursements	16,250	16,250	17,156	906
Total revenues	17,150	17,150	17,782	632
EXPENDITURES				
Nondepartmental	13,591	13,591	13,542	49
Excess of revenues over expenditures	3,559	3,559	4,240	681
Fund balances - beginning	25,867	25,867	27,199	1,332
Fund balances - ending	<u>\$ 29,426</u>	<u>\$ 29,426</u>	<u>\$ 31,439</u>	<u>\$ 2,013</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2009
(amounts expressed in thousands)

	Justice Bond Project	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
ASSETS						
Cash and investments	\$ -	\$ 340	\$ 20,302	\$ 505	\$ 2,024	\$ 23,171
Receivables:						
Accounts	-	-	51	-	102	153
Contracts	-	-	411	-	-	411
Total assets	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 20,764</u>	<u>\$ 505</u>	<u>\$ 2,126</u>	<u>\$ 23,735</u>
LIABILITIES						
Accounts payable	\$ -	\$ 2	\$ 407	\$ -	\$ 139	\$ 548
Payroll payable	-	3	-	-	-	3
Deferred revenue	-	-	561	-	-	561
Total liabilities	<u>-</u>	<u>5</u>	<u>968</u>	<u>-</u>	<u>139</u>	<u>1,112</u>
FUND BALANCES						
Reserved for capital projects	-	335	19,796	505	1,987	22,623
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 340</u>	<u>\$ 20,764</u>	<u>\$ 505</u>	<u>\$ 2,126</u>	<u>\$ 23,735</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Justice Bond Project	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
REVENUES						
Licenses and permits	\$ 9	\$ -	\$ 3	\$ -	\$ -	\$ 12
Charges for services	-	-	276	-	10	286
Interest	8	7	310	10	49	384
Other:						
Service reimbursements	-	-	-	17	-	17
Miscellaneous	-	-	-	3	234	237
Total revenues	<u>17</u>	<u>7</u>	<u>589</u>	<u>30</u>	<u>293</u>	<u>936</u>
EXPENDITURES						
Current:						
General government	-	-	3,774	-	-	3,774
Public safety and justice	510	-	-	-	-	510
Community services	-	-	-	-	1,302	1,302
Capital outlay	-	-	828	-	2,785	3,613
Total expenditures	<u>510</u>	<u>-</u>	<u>4,602</u>	<u>-</u>	<u>4,087</u>	<u>9,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(493)</u>	<u>7</u>	<u>(4,013)</u>	<u>30</u>	<u>(3,794)</u>	<u>(8,263)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	9,099	-	2,544	11,643
Transfers out	(425)	-	(1,923)	-	-	(2,348)
Total other financing sources (uses)	<u>(425)</u>	<u>-</u>	<u>7,176</u>	<u>-</u>	<u>2,544</u>	<u>9,295</u>
Net change in fund balances	(918)	7	3,163	30	(1,250)	1,032
Fund balances - beginning	918	328	16,633	475	3,237	21,591
Fund balances - ending	<u>\$ -</u>	<u>\$ 335</u>	<u>\$ 19,796</u>	<u>\$ 505</u>	<u>\$ 1,987</u>	<u>\$22,623</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Bond Project Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 9	\$ 9
Interest	-	-	8	8
Total revenues	-	-	17	17
EXPENDITURES				
County management	565	565	510	55
Deficiency of revenues under expenditures	(565)	(565)	(493)	72
OTHER FINANCING USES				
Transfers out	(425)	(425)	(425)	-
Net change in fund balances	(990)	(990)	(918)	72
Fund balances - beginning	990	990	918	(72)
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
Financed Projects Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 7	\$ 7
EXPENDITURES				
County management	2,482	2,482	-	2,482
Excess (deficiency) of revenues over (under) expenditures	(2,482)	(2,482)	7	2,489
OTHER FINANCING SOURCES				
Financing proceeds	8,350	8,350	-	(8,350)
Net change in fund balances	5,868	5,868	7	(5,861)
Fund balances - beginning	200	200	328	128
Fund balances - ending	<u>\$ 6,068</u>	<u>\$ 6,068</u>	<u>\$ 335</u>	<u>\$ (5,733)</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Licenses and permits	\$ -	\$ -	\$ 3	\$ 3
Charges for services	2,221	2,221	276	(1,945)
Interest	150	150	310	160
Total revenues	<u>2,371</u>	<u>2,371</u>	<u>589</u>	<u>(1,782)</u>
EXPENDITURES				
County management	<u>48,525</u>	<u>50,875</u>	<u>4,602</u>	<u>46,273</u>
Deficiency of revenues under expenditures	(46,154)	(48,504)	(4,013)	44,491
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	23,200	19,500	-	(19,500)
Transfers in	3,049	9,099	9,099	-
Transfers out	(1,923)	(1,923)	(1,923)	-
Total other financing sources (uses)	<u>24,326</u>	<u>26,676</u>	<u>7,176</u>	<u>(19,500)</u>
Net change in fund balances	(21,828)	(21,828)	3,163	24,991
Fund balances - beginning	<u>21,828</u>	<u>21,828</u>	<u>16,633</u>	<u>(5,195)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,796</u>	<u>\$ 19,796</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Acquisition Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ 10	\$ 10	\$ 10	\$ -
Other:				
Service reimbursements	17	17	17	-
Miscellaneous	-	-	3	3
Total revenues	<u>27</u>	<u>27</u>	<u>30</u>	<u>3</u>
EXPENDITURES				
Nondepartmental	<u>363</u>	<u>363</u>	<u>-</u>	<u>363</u>
Net change in fund balances	(336)	(336)	30	366
Fund balances - beginning	<u>336</u>	<u>336</u>	<u>475</u>	<u>139</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 505</u>	<u>\$ 505</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ -	\$ -	\$ 10	\$ 10
Interest	50	50	49	(1)
Other - miscellaneous	150	150	234	84
Total revenues	<u>200</u>	<u>200</u>	<u>293</u>	<u>93</u>
EXPENDITURES				
County management	<u>6,612</u>	<u>6,612</u>	<u>4,087</u>	<u>2,525</u>
Deficiency of revenues under expenditures	<u>(6,412)</u>	<u>(6,412)</u>	<u>(3,794)</u>	<u>2,618</u>
OTHER FINANCING SOURCES				
Transfers in	<u>2,544</u>	<u>2,544</u>	<u>2,544</u>	<u>-</u>
Net change in fund balances	<u>(3,868)</u>	<u>(3,868)</u>	<u>(1,250)</u>	<u>2,618</u>
Fund balances - beginning	<u>3,868</u>	<u>3,868</u>	<u>3,237</u>	<u>(631)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,987</u>	<u>\$ 1,987</u>

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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	\$ 701	\$ 701	684	\$ (17)
Prior	6	6	10	4
Charges for services	3	3	10	7
Interest	12	12	12	-
Total revenues	<u>722</u>	<u>722</u>	<u>716</u>	<u>(6)</u>
EXPENDITURES				
Community services	<u>1,022</u>	<u>1,022</u>	<u>531</u>	<u>491</u>
Excess (deficiency) of revenues				
over (under) expenditures	(300)	(300)	185	485
OTHER FINANCING SOURCES				
Proceeds from long-term debt	<u>400</u>	<u>400</u>	-	(400)
Total other financing sources	<u>400</u>	<u>400</u>	-	(400)
Contingency	<u>(25)</u>	<u>(25)</u>	-	25
Net change in fund balances	75	75	185	110
Fund balances - beginning	<u>215</u>	<u>215</u>	<u>291</u>	<u>76</u>
Fund balances - ending	<u>\$ 290</u>	<u>\$ 290</u>	<u>476</u>	<u>\$ 186</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,914	
Advances from other funds			(253)	
Deferred revenue on assessments			30	
Allowance for uncollectible accounts, assessments			(2)	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 38			<u>\$ 2,165</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	\$ 255	\$ 255	256	\$ 1
Prior	5	5	5	-
Interest	20	20	7	(13)
Total revenues	<u>280</u>	<u>280</u>	<u>268</u>	<u>(12)</u>
EXPENDITURES				
Community services	<u>399</u>	<u>399</u>	<u>359</u>	<u>40</u>
Deficiency of revenues under expenditures	(119)	(119)	(91)	28
Contingency	<u>(25)</u>	<u>(25)</u>	-	25
Net changes in fund balances	(144)	(144)	(91)	53
Fund balances - beginning	<u>325</u>	<u>325</u>	<u>329</u>	<u>4</u>
Fund balances - ending	<u>\$ 181</u>	<u>\$ 181</u>	<u>238</u>	<u>\$ 57</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,528	
Deferred revenue on assessments			13	
Allowance for uncollectible accounts, assessments			(1)	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 38			<u>\$ 1,778</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 35,882	\$ 37,350	\$ 39,023	\$ 1,673
Interest	-	-	216	216
Other - miscellaneous	-	-	4	4
Total revenues	<u>35,882</u>	<u>37,350</u>	<u>39,243</u>	<u>1,893</u>
EXPENDITURES				
Human services	<u>35,882</u>	<u>37,350</u>	<u>32,720</u>	<u>4,630</u>
Excess of revenues over expenditures	-	-	6,523	6,523
Contingency	<u>(4,694)</u>	<u>(3,226)</u>	-	3,226
Net change in fund balances	<u>(4,694)</u>	<u>(3,226)</u>	<u>6,523</u>	<u>9,749</u>
Fund balances - beginning	<u>4,694</u>	<u>3,226</u>	<u>2,607</u>	<u>(619)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,130</u>	<u>\$ 9,130</u>

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, 2009
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
ASSETS						
Current assets:						
Cash and investments	\$ 33,885	\$ 4,542	\$ 13,853	\$ 1,231	\$ 5,904	\$ 59,415
Accounts receivable	-	349	62	161	846	1,418
Inventories	-	497	383	715	-	1,595
Due from other funds	80	-	-	-	-	80
Prepaid items	508	-	512	-	41	1,061
Total current assets	34,473	5,388	14,810	2,107	6,791	63,569
Noncurrent assets:						
Advances to other funds	173	-	-	-	-	173
Contracts receivable	-	-	-	-	650	650
Capital assets (net of accumulated depreciation)	40	4,154	1,524	35	24	5,777
Total assets	\$ 34,686	\$ 9,542	\$ 16,334	\$ 2,142	\$ 7,465	\$ 70,169
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 1,509	\$ 497	\$ 1,630	\$ 275	\$ 1,574	\$ 5,485
Claims and judgments payable	12,861	-	-	-	-	12,861
Payroll payable	83	45	353	33	191	705
Deferred revenue	38	-	3	-	-	41
Compensated absences	87	43	353	28	158	669
Total current liabilities	14,578	585	2,339	336	1,923	19,761
Noncurrent liabilities:						
Compensated absences	273	133	824	76	456	1,762
Incremental leases payable	-	-	-	-	1,723	1,723
Total noncurrent liabilities	273	133	824	76	2,179	3,485
Total liabilities	14,851	718	3,163	412	4,102	23,246
NET ASSETS						
Invested in capital assets	40	4,154	1,524	35	24	5,777
Unrestricted	19,795	4,670	11,647	1,695	3,339	41,146
Total net assets	\$ 19,835	\$ 8,824	\$ 13,171	\$ 1,730	\$ 3,363	\$ 46,923

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2009
(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	\$ 66,863	\$ 6,707	\$ 32,539	\$ 5,742	\$ 36,156	\$ 148,007
Insurance premiums	6,843	-	-	-	-	6,843
Experience ratings and other	627	99	41	3	112	882
Total operating revenues	74,333	6,806	32,580	5,745	36,268	155,732
OPERATING EXPENSES						
Cost of sales and services	73,467	5,040	29,761	5,062	29,835	143,165
Administration	896	356	938	446	794	3,430
Depreciation	7	1,268	960	15	4	2,254
Total operating expenses	74,370	6,664	31,659	5,523	30,633	148,849
Operating income (loss)	(37)	142	921	222	5,635	6,883
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	601	68	246	19	45	979
Bad debt expense	-	-	-	-	(193)	(193)
Gain on disposal of capital assets	-	195	13	-	800	1,008
Loss on disposal of capital assets	-	(11)	(86)	-	-	(97)
Total nonoperating revenues (expenses)	601	252	173	19	652	1,697
Income before contributions and transfers	564	394	1,094	241	6,287	8,580
Capital contributions in	-	84	15	-	-	99
Capital contributions out	-	-	-	-	-	-
Transfers in	-	300	-	-	1,360	1,660
Transfers out	-	-	(175)	-	(5,033)	(5,208)
Change in net assets	564	778	934	241	2,614	5,131
Total net assets - beginning	19,271	8,046	12,237	1,489	749	41,792
Total net assets - ending	\$ 19,835	\$ 8,824	\$ 13,171	\$ 1,730	\$ 3,363	\$ 46,923

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					Total Internal Service Funds
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	\$ 74,322	\$ 6,687	\$ 32,573	\$ 5,733	\$ 35,509	\$ 154,824
Payments to suppliers	(66,272)	(1,886)	(11,813)	(3,137)	(14,927)	(98,035)
Payments to employees	(5,701)	(2,306)	(18,355)	(1,653)	(8,294)	(36,309)
Internal activity - payments to other funds	(720)	(918)	(1,191)	(833)	(7,745)	(11,407)
Net cash provided by operating activities	<u>1,629</u>	<u>1,577</u>	<u>1,214</u>	<u>110</u>	<u>4,543</u>	<u>9,073</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	300	-	-	1,360	1,660
Transfers out	-	-	(175)	-	(5,033)	(5,208)
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>300</u>	<u>(175)</u>	<u>-</u>	<u>(3,673)</u>	<u>(3,548)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	(5)	(917)	(932)	(36)	(13)	(1,903)
Internal loan repayment	75	-	-	-	-	75
Proceeds on sales of capital assets	-	207	13	-	150	370
Net cash provided by (used in) capital and related financing activities	<u>70</u>	<u>(710)</u>	<u>(919)</u>	<u>(36)</u>	<u>137</u>	<u>(1,458)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	601	68	246	19	45	979
Net cash provided by investing activities	<u>601</u>	<u>68</u>	<u>246</u>	<u>19</u>	<u>45</u>	<u>979</u>
Net increase in cash and cash equivalents	2,300	1,235	366	93	1,052	5,046
Balances at beginning of the year	31,585	3,307	13,487	1,138	4,852	54,369
Balances at the end of the year	<u>\$ 33,885</u>	<u>\$ 4,542</u>	<u>\$ 13,853</u>	<u>\$ 1,231</u>	<u>\$ 5,904</u>	<u>\$ 59,415</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ (37)	\$ 142	\$ 921	\$ 222	\$ 5,635	\$ 6,883
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	7	1,268	960	15	4	2,254
Bad debt expense	-	-	-	-	(193)	(193)
Changes in assets and liabilities:						
Receivables	-	(120)	21	(12)	(532)	(643)
Inventories	-	65	(119)	(50)	-	(104)
Prepaid items	(11)	-	(30)	-	10	(31)
Accounts payable	168	196	(509)	(94)	(395)	(634)
Claims and judgments payable	1,447	-	-	-	-	1,447
Deferred revenue	(11)	-	(29)	-	(35)	(75)
Compensated absences	59	25	(2)	23	20	125
Incremental leases payable	-	-	-	-	5	5
Payroll payable	7	1	1	6	24	39
Total adjustments	1,666	1,435	293	(112)	(1,092)	2,190
Net cash provided by operating activities	<u>\$ 1,629</u>	<u>\$ 1,577</u>	<u>\$ 1,214</u>	<u>\$ 110</u>	<u>\$ 4,543</u>	<u>\$ 9,073</u>
Noncash financing activities:						
Contributions of capital assets	<u>\$ -</u>	<u>\$ 84</u>	<u>\$ 15</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 7,036	\$ 7,035	\$ 6,987	\$ (48)
Interest	400	400	601	201
Other:				
Service reimbursements	69,329	69,997	66,807	(3,190)
Experience ratings and other	452	453	615	162
Total revenues	<u>77,217</u>	<u>77,885</u>	<u>75,010</u>	<u>(2,875)</u>
EXPENDITURES				
County management	87,095	87,564	71,092	16,472
Nondepartmental	3,115	3,314	3,277	37
Total expenditures	<u>90,210</u>	<u>90,878</u>	<u>74,369</u>	<u>16,509</u>
Excess (deficiency) of revenues (over) under expenditures	(12,993)	(12,993)	641	13,634
Contingency	(4,671)	(4,671)	-	4,671
Net change in fund balances	(17,664)	(17,664)	641	18,305
Fund balances - beginning	17,664	17,664	18,901	1,237
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>19,542</u>	<u>\$ 19,542</u>
Reconciliation to GAAP basis:				
Advance to service district			253	
Invested in capital assets			40	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 19,835</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, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 1,349	\$ 1,349	\$ 965	\$ (384)
Interest	150	150	68	(82)
Other:				
Service reimbursements	5,831	6,122	5,742	(380)
Miscellaneous	56	56	100	44
Total revenues	7,386	7,677	6,875	(802)
EXPENDITURES				
County management	10,423	10,714	6,314	4,400
Excess (deficiency) of revenues over (under) expenditures	(3,037)	(3,037)	561	3,598
OTHER FINANCING SOURCES				
Proceeds from sale of assets	54	54	207	153
Transfers in	300	300	300	-
Total other financing sources	354	354	507	153
Contingency	(860)	(860)	-	860
Net change in fund balances	(3,543)	(3,543)	1,068	4,611
Fund balances - beginning	3,543	3,543	3,602	59
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,670</u>	<u>\$ 4,670</u>
Reconciliation to GAAP basis:				
Invested in capital assets			4,154	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 8,824</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 1,123	\$ 1,123	\$ 580	\$ (543)
Interest	210	210	246	36
Other:				
Service reimbursements	31,312	31,220	31,959	739
Miscellaneous	-	-	41	41
Total revenues	32,645	32,553	32,826	273
EXPENDITURES				
County management	42,352	42,250	31,631	10,619
Excess (deficiency) of revenues over (under) expenditures	(9,707)	(9,697)	1,195	10,892
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	13	13
Transfers out	(175)	(175)	(175)	-
Total other financing sources (uses)	(175)	(175)	(162)	13
Contingency	(1,425)	(1,435)	-	1,435
Net changes in fund balances	(11,307)	(11,307)	1,033	12,340
Fund balances - beginning	11,307	11,307	10,614	(693)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>11,647</u>	<u>\$ 11,647</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,524	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 13,171</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail/Distribution Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 3,357	\$ 3,357	\$ 2,574	\$ (783)
Interest	35	35	19	(16)
Other:				
Service reimbursements	3,159	3,169	3,168	(1)
Miscellaneous	30	30	4	(26)
Total revenues	6,581	6,591	5,765	(826)
EXPENDITURES				
County management	7,738	7,748	5,545	2,203
Excess (deficiency) of revenues over (under) expenditures	(1,157)	(1,157)	220	1,377
Contingency	(397)	(397)	-	397
Net changes in fund balances	(1,554)	(1,554)	220	1,774
Fund balances - beginning	1,554	1,554	1,475	(79)
Fund balances - ending	\$ -	\$ -	1,695	\$ 1,695
Reconciliation to GAAP basis:				
Invested in capital assets			35	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			\$ 1,730	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget favorable (unfavorable)
	Original	Final		
REVENUES				
Charges for services	\$ 2,891	\$ 2,891	\$ 3,050	\$ 159
Interest	-	-	45	45
Other:				
Service reimbursements	32,827	33,692	33,105	(587)
Miscellaneous	4,305	4,305	113	(4,192)
Total revenues	40,023	40,888	36,313	(4,575)
EXPENDITURES				
County management	34,374	35,609	30,835	4,774
Excess of revenues over expenditures	5,649	5,279	5,478	199
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	150	150
Transfers in	1,075	1,360	1,360	-
Transfers out	(5,033)	(5,033)	(5,033)	-
Total other financing sources (uses)	(3,958)	(3,673)	(3,523)	150
Contingency	(1,691)	(1,606)	-	1,606
Net change in fund balances	-	-	1,955	1,955
Fund balances - beginning	-	-	734	734
Fund balances - ending	\$ -	\$ -	2,689	\$ 2,689
Reconciliation to GAAP basis:				
Long-term contracts receivable			650	
Invested in capital assets			24	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			\$ 3,363	

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, 2009 (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	\$ 6,053	\$ 6,304	\$ 727	\$ 4,301	\$ 17,385
Receivables:					
Taxes	48,014	108	-	1,467	49,589
Restricted cash	-	12	-	-	12
Total assets	<u>\$ 54,067</u>	<u>\$ 6,424</u>	<u>\$ 727</u>	<u>\$ 5,768</u>	<u>\$ 66,986</u>
LIABILITIES:					
Accounts payable	\$ 6,041	\$ 1,640	\$ 54	\$ 3,029	\$ 10,764
Due to other governmental units	48,014	-	-	-	48,014
Amounts held in trust	12	4,784	673	2,739	8,208
Total liabilities	<u>\$ 54,067</u>	<u>\$ 6,424</u>	<u>\$ 727</u>	<u>\$ 5,768</u>	<u>\$ 66,986</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2009
(amounts expressed in thousands)

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 5,841	\$ 1,560,677	\$ 1,560,465	\$ 6,053
Taxes receivable	37,395	897,609	886,990	48,014
Total assets	<u>\$ 43,236</u>	<u>\$ 2,458,286</u>	<u>\$ 2,447,455</u>	<u>\$ 54,067</u>
Liabilities:				
Accounts payable	\$ 5,812	\$ 824,228	\$ 823,999	\$ 6,041
Due to other governmental units	37,395	853,381	842,762	48,014
Amounts held in trust	29	823,695	823,712	12
Total liabilities	<u>\$ 43,236</u>	<u>\$ 2,501,304</u>	<u>\$ 2,490,473</u>	<u>\$ 54,067</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 7,063	\$ 1,336,033	\$ 1,336,792	\$ 6,304
Taxes receivable	148	1,105,381	1,105,421	108
Restricted cash	15	643	646	12
Total assets	<u>\$ 7,226</u>	<u>\$ 2,442,057</u>	<u>\$ 2,442,859</u>	<u>\$ 6,424</u>
Liabilities:				
Accounts payable	\$ 1,934	\$ 42,251	\$ 42,545	\$ 1,640
Amounts held in trust	5,292	1,281,967	1,282,475	4,784
Total liabilities	<u>\$ 7,226</u>	<u>\$ 1,324,218</u>	<u>\$ 1,325,020</u>	<u>\$ 6,424</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 794	\$ 2,620	\$ 2,687	\$ 727
Accounts receivable	-	1,323	1,323	-
Total assets	<u>\$ 794</u>	<u>\$ 3,943</u>	<u>\$ 4,010</u>	<u>\$ 727</u>
Liabilities:				
Accounts payable	\$ 46	\$ 2,915	\$ 2,907	\$ 54
Amounts held in trust	748	1,263	1,338	673
Total liabilities	<u>\$ 794</u>	<u>\$ 4,178</u>	<u>\$ 4,245</u>	<u>\$ 727</u>
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	\$ 3,200	\$ 16,002	\$ 14,901	\$ 4,301
Taxes receivable	2,190	7,293	8,016	1,467
Total assets	<u>\$ 5,390</u>	<u>\$ 23,295</u>	<u>\$ 22,917</u>	<u>\$ 5,768</u>
Liabilities:				
Accounts payable	\$ 2,262	\$ 16,022	\$ 15,255	\$ 3,029
Amounts held in trust	3,128	10,619	11,008	2,739
Total liabilities	<u>\$ 5,390</u>	<u>\$ 26,641</u>	<u>\$ 26,263</u>	<u>\$ 5,768</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 16,898	\$ 2,915,332	\$ 2,914,845	\$ 17,385
Taxes receivable	39,733	2,010,283	2,000,427	49,589
Accounts receivable	-	1,323	1,323	-
Restricted cash	15	643	646	12
Total assets	<u>\$ 56,646</u>	<u>\$ 4,927,581</u>	<u>\$ 4,917,241</u>	<u>\$ 66,986</u>
Liabilities:				
Accounts payable	\$ 10,054	\$ 885,416	\$ 884,706	\$ 10,764
Due to other governmental units	37,395	853,381	842,762	48,014
Amounts held in trust	9,197	2,117,544	2,118,533	8,208
Total liabilities	<u>\$ 56,646</u>	<u>\$ 3,856,341</u>	<u>\$ 3,846,001</u>	<u>\$ 66,986</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, 2009
(amounts expressed in thousands)

	June 30, 2009	June 30, 2008
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 16,115	\$ 16,296
Construction in progress	1,437	317
Buildings-not in service	51,164	51,164
Buildings	367,891	365,124
Improvements other than buildings	461	343
Machinery and equipment	116,465	122,180
Bridges	153,224	146,179
Infrastructure	556,453	551,598
Total governmental funds capital assets	<u>\$ 1,263,210</u>	<u>\$ 1,253,201</u>
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,253,201	\$ 1,247,669
General fund	767	(9,680)
Road fund	4,150	(2,037)
Bicycle path construction fund	598	-
Federal and state program fund	335	58
Willamette river bridges fund	7,039	13,661
Library fund	902	(4,305)
Land corner preservation fund	(81)	-
Justice services special operations	34	(23)
Justice bond capital project fund	-	85
Financed projects fund	(13)	200
Library construction fund/1996	-	(42)
Capital improvement fund	417	5,833
Asset preservation fund	2,785	718
Risk management fund	6	-
Fleet management fund	(1,390)	1,240
Information technology fund	(5,554)	(193)
Mail distribution fund	1	-
Facilities management fund	13	17
Total governmental funds capital assets, ending balance	<u>\$ 1,263,210</u>	<u>\$ 1,253,201</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2009
(amounts expressed in thousands)

	Land	Work in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Bridges	Infrastructure	Total
FUNCTION AND ACTIVITY								
General government:								
Legislative	\$ 227	\$ 4	\$ 6,931	\$ -	\$ 87	\$ -	\$ -	\$ 7,249
Administrative	6,920	1,044	90,617	47	34,553	-	-	133,181
	<u>7,147</u>	<u>1,048</u>	<u>97,548</u>	<u>47</u>	<u>34,640</u>	<u>-</u>	<u>-</u>	<u>140,430</u>
Health and social services:								
Health	1,727	134	29,227	1	593	-	-	31,682
Social	72	74	8,508	-	389	-	-	9,043
	<u>1,799</u>	<u>208</u>	<u>37,735</u>	<u>1</u>	<u>982</u>	<u>-</u>	<u>-</u>	<u>40,725</u>
Public safety:								
Law enforcement	986	35	93,532	99	7,074	-	-	101,726
Justice services	435	13	52,184	3	1,086	-	-	53,721
	<u>1,421</u>	<u>48</u>	<u>145,716</u>	<u>102</u>	<u>8,160</u>	<u>-</u>	<u>-</u>	<u>155,447</u>
Community services:								
Community service development	-	-	-	108	14	-	-	122
Recreation	203	-	-	-	987	-	-	1,190
Library	4,151	51	61,208	140	69,064	-	-	134,614
	<u>4,354</u>	<u>51</u>	<u>61,208</u>	<u>248</u>	<u>70,065</u>	<u>-</u>	<u>-</u>	<u>135,926</u>
Roads and bridges:								
Roads and bridges	1,261	1	2,699	59	2,618	153,224	556,453	716,315
	<u>1,261</u>	<u>1</u>	<u>2,699</u>	<u>59</u>	<u>2,618</u>	<u>153,224</u>	<u>556,453</u>	<u>716,315</u>
External organizations:								
External use	133	81	74,149	4	-	-	-	74,367
	<u>\$16,115</u>	<u>\$1,437</u>	<u>\$419,055</u>	<u>\$ 461</u>	<u>\$116,465</u>	<u>\$153,224</u>	<u>\$ 556,453</u>	<u>\$1,263,210</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, 2009
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2008	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2009
General government:				
Legislative	\$ 7,231	\$ 14	\$ 4	\$ 7,249
Administrative	134,856	2,924	(4,599)	133,181
	<u>142,087</u>	<u>2,938</u>	<u>(4,595)</u>	<u>140,430</u>
Health and social services:				
Health	32,574	192	(1,084)	31,682
Social	9,830	380	(1,167)	9,043
	<u>42,404</u>	<u>572</u>	<u>(2,251)</u>	<u>40,725</u>
Public safety:				
Law enforcement	151,374	720	(50,368)	101,726
Justice services	52,774	1,688	(741)	53,721
	<u>204,148</u>	<u>2,408</u>	<u>(51,109)</u>	<u>155,447</u>
Community services:				
Community service development	1,601	-	(1,479)	122
Recreation	203	80	907	1,190
Library	131,920	7,009	(4,315)	134,614
	<u>133,724</u>	<u>7,089</u>	<u>(4,887)</u>	<u>135,926</u>
Roads and bridges:				
Roads and bridges	707,546	13,142	(4,373)	716,315
	<u>707,546</u>	<u>13,142</u>	<u>(4,373)</u>	<u>716,315</u>
External organizations:				
External use	23,292	370	50,705	74,367
	<u>\$ 1,253,201</u>	<u>\$ 26,519</u>	<u>\$ (16,510)</u>	<u>\$ 1,263,210</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, 2009
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2008	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, 2009
2008-09	\$ -	\$ 1,126,815	\$ (4,468)	\$ 451	\$ (27,511)	\$ (1,055,035)	\$ 40,252
2007-08	32,284	-	(2,540)	919	73	(16,762)	13,974
2006-07	9,599	-	(1,656)	506	8	(2,952)	5,505
2005-06 and prior	7,612	-	(2,144)	923	9	(2,545)	3,855
	<u>\$ 49,495</u>	<u>\$ 1,126,815</u>	<u>\$ (10,808)</u>	<u>\$ 2,799</u>	<u>\$ (27,421)</u>	<u>\$ (1,077,294)</u>	<u>\$ 63,586</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2009

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 8,054	\$ 4,700	\$ 12,754	\$ 6,681	\$ 19,435
Special revenue funds:					
Library fund	1,471	779	2,250	-	2,250
Tax title land sales fund	-	-	-	17	17
Land corner preservation fund	-	-	-	3	3
Special excise tax fund	-	-	-	1,844	1,844
Total special revenue funds	<u>1,471</u>	<u>779</u>	<u>2,250</u>	<u>1,864</u>	<u>4,114</u>
General obligation bond fund	303	212	515	-	515
Agency funds	<u>30,389</u>	<u>17,624</u>	<u>48,013</u>	<u>1,576</u>	<u>49,589</u>
Sub-total taxes receivable	<u>40,217</u>	<u>23,315</u>	<u>63,532</u>	<u>10,121</u>	<u>73,653</u>
Special assessments collected through taxes	<u>35</u>	<u>19</u>	<u>54</u>	<u>-</u>	<u>54</u>
Total receivables	<u>\$ 40,252</u>	<u>\$ 23,334</u>	<u>\$ 63,586</u>	<u>\$ 10,121</u>	<u>\$ 73,707</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, 2009
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2008		2008-09 Transactions			Outstanding June 30, 2009	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated October 1, 1996	\$ -	\$ 3,680	\$ -	\$ 3,680	\$ 3,680	\$ -	\$ -
Dated February 1, 1999	-	59,445	-	2,875	2,875	-	56,570
	<u>-</u>	<u>\$ 63,125</u>	<u>-</u>	<u>\$ 6,555</u>	<u>\$ 6,555</u>	<u>-</u>	<u>\$ 56,570</u>

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated October 1, 1996	\$ 92
Dated February 1, 1999	2,585
	<u>\$ 2,677</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2009
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 1999 Dated 2/01/99 3.90 to 5.65%		Total	
	Principal	Interest	Principal	Interest
2010	\$ 6,860	\$ 2,387	\$ 6,860	\$ 2,387
2011	7,160	2,093	7,160	2,093
2012	7,470	1,780	7,470	1,780
2013	7,490	1,451	7,490	1,451
2014	7,835	1,106	7,835	1,106
2015	6,780	773	6,780	773
2016	6,330	466	6,330	466
2017	6,645	158	6,645	158
	<u>\$ 56,570</u>	<u>\$ 10,214</u>	<u>\$ 56,570</u>	<u>\$ 10,214</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Purchases Outstanding
June 30, 2009
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 02/01/98 3.75 to 4.90%		Dated 01/01/02 2.50%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 2,265	\$ 617	\$ 12	\$ 106	\$ 2,277	\$ 723
2011	2,370	480	14	104	2,384	584
2012	2,485	333	15	103	2,500	436
2013	2,605	175	17	101	2,622	276
2014	-	-	19	100	19	100
2015	-	-	21	98	21	98
2016	-	-	23	95	23	95
2017	-	-	25	93	25	93
2018	-	-	28	90	28	90
2019	-	-	31	87	31	87
2020	-	-	34	84	34	84
2021	-	-	38	80	38	80
2022	-	-	42	76	42	76
2023	-	-	47	71	47	71
2024	-	-	52	66	52	66
2025	-	-	57	61	57	61
2026	-	-	64	55	64	55
2027	-	-	70	48	70	48
2028	-	-	78	40	78	40
2029	-	-	86	32	86	32
2030	-	-	96	22	96	22
2031	-	-	106	12	106	12
2032	-	-	57	2	57	2
	<u>\$ 9,725</u>	<u>\$ 1,605</u>	<u>\$ 1,032</u>	<u>\$ 1,626</u>	<u>\$ 10,757</u>	<u>\$ 3,231</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2009
(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
2009						
2010	\$ 145	\$ 55	\$ 250	\$ 97	\$ 395	\$ 152
2011	150	48	265	85	415	133
2012	160	41	275	72	435	113
2013	165	33	295	58	460	91
2014	175	24	310	42	485	66
2015	185	15	325	26	510	41
2016	195	5	345	9	540	14
	<u>\$ 1,175</u>	<u>\$ 221</u>	<u>\$ 2,065</u>	<u>\$ 389</u>	<u>\$ 3,240</u>	<u>\$ 610</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2009
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999A Dated 04/01/99 4.00 to 4.75%		Series 2000A Dated 04/01/00 5.00 to 5.50%		Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2003 Dated 05/15/03 1.50 to 3.25%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 1,685	\$ 36	\$ 2,820	\$ 141	\$ 7,740	\$ 6,609	\$ 960	\$ 138
2011	-	-	-	-	9,150	6,052	990	113
2012	-	-	-	-	10,710	5,388	1,025	84
2013	-	-	-	-	4,479	12,563	1,060	52
2014	-	-	-	-	4,472	13,565	1,100	19
2015	-	-	-	-	4,469	14,618	-	-
2016	-	-	-	-	6,845	13,341	-	-
2017	-	-	-	-	16,985	4,358	-	-
2018	-	-	-	-	19,470	3,096	-	-
2019	-	-	-	-	22,200	1,649	-	-
2020	-	-	-	-	5,319	19,876	-	-
2021	-	-	-	-	5,208	21,407	-	-
2022	-	-	-	-	5,098	23,012	-	-
2023	-	-	-	-	4,989	24,686	-	-
2024	-	-	-	-	4,881	26,444	-	-
2025	-	-	-	-	4,775	28,285	-	-
2026	-	-	-	-	4,670	30,215	-	-
2027	-	-	-	-	4,566	32,234	-	-
2028	-	-	-	-	4,463	34,347	-	-
2029	-	-	-	-	4,362	36,563	-	-
2030	-	-	-	-	4,262	38,887	-	-
	<u>\$ 1,685</u>	<u>\$ 36</u>	<u>\$ 2,820</u>	<u>\$ 141</u>	<u>\$ 159,113</u>	<u>\$ 397,195</u>	<u>\$ 5,135</u>	<u>\$ 406</u>

Series 2004 Dated 10/01/04 3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest
\$ 565	\$ 2,611	\$ 13,770	\$ 9,535
5,410	2,468	15,550	8,633
5,705	2,190	17,440	7,662
6,010	1,897	11,549	14,512
5,965	1,597	11,537	15,181
6,185	1,294	10,654	15,912
4,600	1,027	11,445	14,368
4,810	794	21,795	5,152
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
<u>\$ 54,235</u>	<u>\$ 14,890</u>	<u>\$ 222,988</u>	<u>\$ 412,668</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2009
(amounts expressed in thousands)

Fiscal Year of Maturity	Dated 09/04/08 3.98%		Total	
	Principal	Interest	Principal	Interest
2010	\$ -	\$ -	\$ -	\$ -
2011	-	2	-	2
2012	413	2	413	2
2013	210	2	210	2
	<u>\$ 623</u>	<u>\$ 6</u>	<u>\$ 623</u>	<u>\$ 6</u>

**STATISTICAL INFORMATION SECTION
(UNAUDITED)**

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

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

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

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

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 470,426	\$ 465,079	\$ 456,502	\$ 434,866
Restricted	98,542	77,979	76,266	71,388
Unrestricted	<u>(10,907)</u>	<u>27,954</u>	<u>17,731</u>	<u>32,205</u>
Total governmental activities net assets	<u>\$ 558,061</u>	<u>\$ 571,012</u>	<u>\$ 550,499</u>	<u>\$ 538,459</u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 3,442	\$ 3,424	\$ 3,020	\$ 2,985
Unrestricted	<u>9,631</u>	<u>2,928</u>	<u>4,612</u>	<u>2,830</u>
Total business-type activities net assets	<u>\$ 13,073</u>	<u>\$ 6,352</u>	<u>\$ 7,632</u>	<u>\$ 5,815</u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 473,868	\$ 468,503	\$ 459,522	\$ 437,851
Restricted	98,542	77,979	76,266	71,388
Unrestricted	<u>(1,276)</u>	<u>30,882</u>	<u>22,343</u>	<u>35,035</u>
Total primary government net assets	<u>\$ 571,134</u>	<u>\$ 577,364</u>	<u>\$ 558,131</u>	<u>\$ 544,274</u>

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

Source: Current and prior years' financial statements

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

	2009	2008	2007	2006
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 21,936	\$ 21,721	\$ 23,703	\$ 25,531
Health services	60,340	52,241	45,765	44,406
Social services	1,125	1,615	1,309	1,210
Public safety and justice	17,597	17,765	17,904	16,600
Community services	10	10	31	8
Library	1,754	1,855	1,745	1,641
Roads and bridges	1,227	2,141	1,962	1,784
Operating grants and contributions	291,018	265,271	257,810	247,933
Capital grants and contributions	3,831	10,505	5,594	5,272
Total governmental activities program revenues	398,838	373,124	355,823	344,385
Business-type activities:				
Charges for services:				
Dunthorpe	713	627	574	455
Mid County	264	268	306	294
Behavioral Health	39,027	36,072	34,879	34,519
Operating grants and contributions	-	-	-	-
Capital grants and contributions	80	10	76	82
Total business-type activities program revenues	40,084	36,977	35,835	35,350
Total primary government program revenues	438,922	410,101	391,658	379,735
Expenses				
Governmental activities:				
General government	64,660	75,547	87,472	114,378
Health services	133,751	125,355	118,380	112,201
Social services	210,590	196,537	185,672	177,891
Public safety and justice	217,215	208,253	199,850	196,167
Community services	24,320	26,069	24,136	23,336
Library	55,181	52,087	47,872	43,530
Roads and bridges	53,462	56,716	53,701	54,256
Interest on long-term debt	14,041	16,443	16,954	21,822
Total governmental activities expenses	773,220	757,007	734,037	743,581
Business-type activities:				
Dunthorpe	458	476	405	407
Mid County	420	377	354	328
Behavioral Health	32,720	37,803	34,221	33,640
Total business-type activities expenses	33,598	38,656	34,980	34,375
Total primary government expenses	806,818	795,663	769,017	777,956

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

(continued)

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

(continued)				
	2009	2008	2007	2006
Net Expense				
Governmental activities	\$ (374,382)	\$ (383,883)	\$ (378,214)	\$ (399,196)
Business-type activities	6,486	(1,679)	855	975
Total primary government net expense	<u>(367,896)</u>	<u>(385,562)</u>	<u>(377,359)</u>	<u>(398,221)</u>

General Revenues and Other Changes in Net Assets

Governmental activities:

Taxes:

Property and other local taxes levied for:

General purposes	258,200	249,446	231,073	219,854
Debt service	8,227	9,077	9,249	9,373
Personal income taxes	(5,341)	2,748	21,237	59,764
Business income taxes	42,900	65,650	57,399	50,980
Selective excise and use taxes	39,161	42,812	39,582	36,914
Payments in lieu of taxes	1,516	1,537	1,738	2,249
State government shared revenues	8,562	9,613	9,517	8,692
Grants and contributions not restricted to specific programs	14	10	6	2
Interest and investment earnings	5,767	11,887	13,454	10,094
Miscellaneous	1,797	1,410	6,771	4,007
Gain on sale of capital assets	628	10,206	228	1,607
Transfers	-	-	-	-

Special items:

Loss on transfer of County roads	-	-	-	(108,555)
Total governmental activities	<u>361,431</u>	<u>404,396</u>	<u>390,254</u>	<u>294,981</u>

Business-type activities:

Interest and investment earnings	235	398	495	251
Miscellaneous	-	1	467	-
Transfers	-	-	-	-
Total business-type activities	<u>235</u>	<u>399</u>	<u>962</u>	<u>251</u>
Total primary government	<u>361,666</u>	<u>404,795</u>	<u>391,216</u>	<u>295,232</u>

Change in Net Assets

Governmental activities	(12,951)	20,513	12,040	(104,215)
Cumulative effect of change in accounting principle	-	-	-	-
Total governmental activities	<u>(12,951)</u>	<u>20,513</u>	<u>12,040</u>	<u>(104,215)</u>
Business-type activities	6,721	(1,280)	1,817	1,226
Total primary government change in net assets	<u>\$ (6,230)</u>	<u>\$ 19,233</u>	<u>\$ 13,857</u>	<u>\$ (102,989)</u>

Source: Current and prior years' financial statements

	2005	2004	2003	2002
	\$ (370,019)	\$ (411,532)	\$ (290,998)	\$ (302,655)
	(40)	(248)	(687)	(2,074)
	<u>(370,059)</u>	<u>(411,780)</u>	<u>(291,685)</u>	<u>(304,729)</u>

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

-	-	-	-
<u>429,802</u>	<u>461,073</u>	<u>281,770</u>	<u>280,323</u>

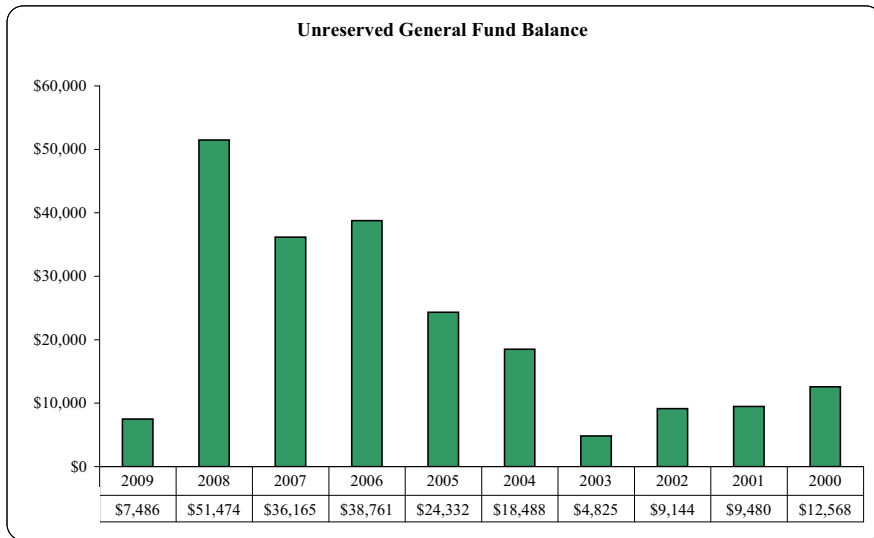
121	74	131	339
113	-	24	6
-	-	(440)	3
<u>234</u>	<u>74</u>	<u>(285)</u>	<u>348</u>
<u>430,036</u>	<u>461,147</u>	<u>281,485</u>	<u>280,671</u>

59,783	49,541	(9,228)	(22,332)
21,091	-	-	-
80,874	49,541	(9,228)	(22,332)
194	(174)	(972)	(1,726)
<u>\$ 81,068</u>	<u>\$ 49,367</u>	<u>\$ (10,200)</u>	<u>\$ (24,058)</u>

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

	2009	2008	2007	2006
General Fund (1)				
Reserved	\$ 23,891	\$ 20,139	\$ 24,053	\$ 16,203
Unreserved	7,486	51,474	36,165	38,761
Total general fund	<u>31,377</u>	<u>71,613</u>	<u>60,218</u>	<u>54,964</u>
All Other Governmental Funds				
Reserved	91,256	70,605	51,317	53,964
Unreserved, reported in:				
Special revenue funds	49,718	46,863	49,135	57,257
Total all other governmental funds	<u>140,974</u>	<u>117,468</u>	<u>100,452</u>	<u>111,221</u>
Total governmental funds	<u>\$ 172,351</u>	<u>\$ 189,081</u>	<u>\$ 160,670</u>	<u>\$ 166,185</u>

2005	2004	2003	2002	2001	2000
\$ 18,084	\$ 1,004	\$ 961	\$ -	\$ 6,279	\$ 1,694
24,332	18,488	4,825	9,144	9,480	12,568
<u>42,416</u>	<u>19,492</u>	<u>5,786</u>	<u>9,144</u>	<u>15,759</u>	<u>14,262</u>
37,292	39,224	63,810	75,627	123,342	145,418
55,890	27,375	23,601	24,563	19,953	23,625
<u>93,182</u>	<u>66,599</u>	<u>87,411</u>	<u>100,190</u>	<u>143,295</u>	<u>169,043</u>
<u>\$ 135,598</u>	<u>\$ 86,091</u>	<u>\$ 93,197</u>	<u>\$ 109,334</u>	<u>\$ 159,054</u>	<u>\$ 183,305</u>



(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

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

	2009	2008	2007	2006
Revenues				
Taxes	\$ 350,296	\$ 375,044	\$ 356,682	\$ 441,579
Intergovernmental	292,689	277,099	260,549	250,855
Licenses and permits	14,806	15,441	15,934	16,025
Charges for services	74,827	67,750	62,791	62,245
Interest	4,391	9,557	10,837	8,347
Miscellaneous	43,916	50,342	46,880	46,090
Total revenues	780,925	795,233	753,673	825,141
Expenditures				
Current:				
General government	59,960	69,224	73,559	136,726
Health services	138,941	128,914	122,029	115,778
Social services	211,832	197,210	187,256	178,736
Public safety and justice	219,797	209,119	202,477	198,774
Community services	24,080	25,904	24,040	23,468
Library	50,872	48,051	44,411	46,228
Roads and bridges	38,148	40,723	39,875	42,283
Capital Outlay	20,783	27,367	31,589	22,150
Debt service:				
Principal	23,424	21,522	19,861	18,256
Interest	13,989	16,394	16,958	18,235
Total expenditures	801,826	784,428	762,055	800,634
Excess (deficiency) of revenues over (under) expenditures	(20,901)	10,805	(8,382)	24,507
Other Financing Sources (Uses)				
Certificates of participation proceeds	-	-	-	-
Proceeds from sale of capital assets	-	14,219	35	1,988
Issuance of capital lease	-	-	33	1,093
Issuance of debt	623	-	-	-
Payment to escrow agent - refunded debt	-	-	-	-
Premium on short-term debt	-	-	157	-
Premium on long-term debt	-	-	-	-
Transfers in	61,978	29,266	26,996	47,004
Transfers out	(58,430)	(25,879)	(24,354)	(44,005)
Total other financing sources (uses)	4,171	17,606	2,867	6,080
Net change in fund balances	\$ (16,730)	\$ 28,411	\$ (5,515)	\$ 30,587
Debt service as a percentage of noncapital expenditures	4.8%	5.0%	5.0%	4.7%

	2005	2004	2003	2002	2001	2000
Revenues						
Taxes	\$ 422,212	\$ 375,204	\$ 268,225	\$ 267,641	\$ 266,466	\$ 254,514
Intergovernmental	284,527	252,978	261,020	290,077	308,993	242,966
Licenses and permits	14,743	14,760	14,496	8,134	5,037	2,734
Charges for services	61,399	55,180	66,325	18,586	20,234	15,008
Interest	4,134	1,960	3,499	6,972	14,760	12,201
Miscellaneous	51,926	50,385	37,495	58,415	51,994	49,575
Total revenues	838,941	750,467	651,060	649,825	667,484	576,998
Expenditures						
Current:						
General government	146,626	124,459	52,375	53,134	36,612	219,323
Health services	112,562	111,745	106,408	95,847	285,999	237,566
Social services	184,335	168,648	168,329	186,280	-	-
Public safety and justice	198,608	197,251	200,114	190,122	183,897	179,799
Community services	22,266	19,318	19,398	21,552	85,143	72,429
Library	44,546	42,753	40,741	42,706	-	-
Roads and bridges	39,844	40,454	39,497	36,829	35,110	35,969
Capital Outlay	9,288	11,968	17,770	31,822	30,517	37,141
Debt service:						
Principal	16,929	25,179	15,186	18,711	17,863	13,695
Interest	17,928	19,543	20,082	21,050	22,069	14,857
Total expenditures	792,932	761,318	679,900	698,053	697,210	810,779
Excess (deficiency) of revenues over (under) expenditures	46,009	(10,851)	(28,840)	(48,228)	(29,726)	(233,781)
Other Financing Sources (Uses)						
Certificates of participation proceeds	-	-	-	-	-	60,835
Proceeds from sale of capital assets	5	425	-	-	-	-
Issuance of capital lease	-	-	-	-	-	-
Issuance of debt	54,235	-	9,615	-	5,499	184,752
Payment to escrow agent - refunded debt	(58,847)	-	-	-	-	-
Premium on short-term debt	-	-	-	-	-	-
Premium on long-term debt	-	-	-	-	-	-
Transfers in	5,089	29,907	39,819	128,682	124,819	131,026
Transfers out	(26,891)	(29,321)	(36,731)	(130,174)	(124,849)	(129,666)
Total other financing sources (uses)	3,498	3,745	12,703	(1,492)	5,469	246,947
Net change in fund balances	\$ 49,507	\$ (7,106)	\$ (16,137)	\$ (49,720)	\$ (24,257)	\$ 13,166
Debt service as a percentage of noncapital expenditures	4.4%	6.0%	5.3%	6.0%	6.0%	3.7%

Net Change in Fund Balance, Governmental Funds



Source: Current and prior years' financial statements

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

	2009	2008	2007	2006
Function/Program				
Governmental activities:				
General government	\$ 26,142	\$ 35,044	\$ 28,530	\$ 32,587
Health services	91,457	81,507	74,024	74,003
Social services	171,782	152,905	142,100	134,894
Public safety and justice	61,855	57,364	58,188	54,278
Community services	3,943	3,196	3,278	4,712
Library	5,306	5,359	5,302	4,106
Roads and bridges	38,353	37,749	44,401	39,805
Total governmental activities	<u>398,838</u>	<u>373,124</u>	<u>355,823</u>	<u>344,385</u>
Business-type activities:				
Dunthorpe-Riverdale	713	627	574	455
Mid County	344	278	382	376
Behavioral Health	39,027	36,072	34,879	34,519
Total business-type activities	<u>40,084</u>	<u>36,977</u>	<u>35,835</u>	<u>35,350</u>
Total primary government	<u>\$ 438,922</u>	<u>\$ 410,101</u>	<u>\$ 391,658</u>	<u>\$ 379,735</u>

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

Source: Current and prior years' financial statements

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

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

Source: Current and prior years' financial statements

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

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

(1) See Property Tax Rates - Total Direct on page 152

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)

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
2000	\$ 193,076	\$ (5,752)	\$187,324	\$181,772	94.15 %	\$ 5,534	\$187,306	97.01 %
2001	205,468	(5,917)	199,551	192,777	93.82	6,750	199,527	97.11
2002	212,329	(7,780)	204,549	198,884	93.67	5,625	204,509	96.32
2003	210,411	(7,147)	203,264	197,233	93.74	5,982	203,215	96.58
2004	215,031	(6,825)	208,206	202,692	94.26	5,437	208,129	96.79
2005	224,978	(8,092)	216,886	211,480	94.00	5,294	216,774	96.35
2006	236,631	(7,432)	229,199	223,312	94.37	5,345	228,657	96.63
2007	246,944	(7,212)	239,732	233,608	94.60	4,746	238,354	96.52
2008	265,938	(8,192)	257,746	250,542	94.21	3,828	254,370	95.65
2009	275,133	(7,808)	267,325	257,497	93.59	-	257,497	93.59

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

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

Year	Multnomah County Direct Rates				Overlapping Rates						Total
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	
2000	\$ 4.31	\$ 0.51	\$0.31	\$5.13	\$5.97	\$ 0.61	\$ 6.93	\$ -	\$ 0.07	\$ 0.97	\$19.68
2001	4.32	0.50	0.37	5.19	6.06	0.62	7.21	0.01	0.07	1.06	20.22
2002	4.32	0.50	0.27	5.09	5.91	0.60	7.58	0.01	0.07	1.15	20.41
2003	4.25	0.48	0.24	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68
2004	4.22	0.55	0.19	4.96	6.74	0.55	7.73	0.01	0.08	1.32	21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48
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

(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, 2008 and December 31, 1999
(dollar amounts expressed in thousands)

December 31, 2008				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 8,683	\$ 422,051	1	0.80 %
Portland General Electric	5,761	360,560	2	0.68
QWEST Corporation	4,461	277,369	3	0.53
Pacificorp (PP&L)	3,992	249,364	4	0.47
Weston Investment Co LLC	4,585	222,420	5	0.42
Verizon Communications	3,106	190,967	6	0.36
Boeing Co	2,970	181,111	7	0.34
Oregon Steel Mills	3,436	179,314	8	0.34
Northwest Natural Gas	2,681	165,077	9	0.31
LC Portland LLC	3,250	153,028	10	0.29
	<u>\$ 42,925</u>	<u>\$ 2,401,261</u>		<u>4.55 %</u>
Total Assessed Valuation		<u>\$ 52,814,865</u>		

December 31, 1999				
Taxpayer		Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Fujitsu Microelectronics Inc.		\$ 493,694	1	1.31 %
QWEST Communications		400,376	2	1.06
Portland General Electric		260,856	3	0.69
Pacificorp (PP&L)		250,858	5	0.67
Boeing Co		177,360	4	0.47
United Airlines		155,877	7	0.41
Alaska Airlines		134,424	6	0.36
Delta Airlines		129,292	8	0.34
Northwest Natural Gas		110,360	9	0.21
Glimcher Lloyd Venture LLC		94,354	10	0.25
		<u>\$ 2,207,451</u>		<u>5.87 %</u>
Total Assessed Valuation		<u>\$ 37,600,873</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2008-09 and 1999-00 respectively.
Note: Tax amounts not available for year ended December 31, 1999

Source: Multnomah County Division of Assessment & Taxation

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

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capitalized Lease Obligations	Full Faith and Credit Bonds	Revenue Bonds	Loans Payable			
2000	\$115,555	\$ 57,705	\$281,888	\$ 3,155	\$ 939	\$ 459,242	2.15 %	\$ 693
2001	106,260	51,942	277,713	8,500	870	445,285	1.97	668
2002	96,535	46,613	272,833	8,335	797	425,113	1.84	634
2003	91,610	41,501	276,763	7,890	718	418,482	1.79	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.64	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.55	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.34	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	1.12	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.04	410

Note: 2008 and 2009 percentages calculated using 2007 personal income data, which is the most recent available.
(1) See population and personal income data on page 160

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
2000	\$ 115,555	\$ (11,775)	\$ 103,780	0.49 %	0.28 %	157
2001	106,260	(12,223)	94,037	0.42	0.24	141
2002	96,535	(9,484)	87,051	0.38	0.21	129
2003	91,610	(10,335)	81,275	0.35	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.30	0.16	106
2006	75,340	(7,993)	67,347	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.23	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

Note: 2008 and 2009 percentages calculated using 2007 personal income data, which is the most recent available.

(1) See taxable assessed value schedule on page 150

(2) See population and personal income data on page 160

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)

Fiscal Year	Revenue Bonds					
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2000	\$ 217	\$ -	\$ 217	\$ -	\$ 134	1.62 %
2001	292	-	292	155	263	0.70
2002	420	5	415	165	389	0.75
2003	2,389	7	2,382	445	376	2.90
2004	464	5	459	465	357	0.56
2005	450	247	203	490	336	0.25
2006	1,152	5	1,147	515	315	1.38
2007	335	12	323	540	292	0.39
2008	80	-	80	560	268	0.10
2009	33	8	25	2,080	208	0.01

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.

	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
Real market value	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081	\$ 78,109,995
Debt limit rate	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>
Debt limit	2,147,639	2,006,055	1,741,402	1,562,200
Less bonded debt at June 30	56,570	63,125	69,380	75,340
Legal debt margin	<u>\$ 2,091,069</u>	<u>\$ 1,942,930</u>	<u>\$ 1,672,022</u>	<u>\$ 1,486,860</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.63%	3.15%	3.98%	4.82%

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	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081	\$ 78,109,995
Debt limit rate	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
Debt limit	1,073,820	1,003,028	870,701	781,100
Less bonded debt at June 30	222,988	234,688	246,413	256,833
Legal debt margin	<u>\$ 850,832</u>	<u>\$ 768,340</u>	<u>\$ 624,288</u>	<u>\$ 524,267</u>
Total net debt applicable to the limit as a percentage of debt limit.	20.77%	23.40%	28.30%	32.88%

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	\$ 107,381,958	\$ 100,302,763	\$ 87,070,081	\$ 78,109,995
Debt limit rate	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>
Debt limit	5,369,098	5,015,138	4,353,504	3,905,500
Less bonded debt at June 30	159,113	165,583	170,908	175,203
Legal debt margin	<u>\$ 5,209,985</u>	<u>\$ 4,849,555</u>	<u>\$ 4,182,596</u>	<u>\$ 3,730,297</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.96%	3.30%	3.93%	4.49%

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770
<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>	<u>2.00%</u>
1,409,153	1,329,820	1,267,827	1,226,902	1,127,542	1,045,375
81,025	86,445	91,610	96,535	106,260	115,555
<u>\$ 1,328,128</u>	<u>\$ 1,243,375</u>	<u>\$ 1,176,217</u>	<u>\$ 1,130,367</u>	<u>\$ 1,021,282</u>	<u>\$ 929,820</u>
5.75%	6.50%	7.23%	7.87%	9.42%	11.05%

\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770
<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>	<u>1.00%</u>
704,576	664,910	633,913	613,451	563,771	522,688
266,063	270,203	276,763	272,833	277,713	281,888
<u>\$ 438,513</u>	<u>\$ 394,707</u>	<u>\$ 357,150</u>	<u>\$ 340,618</u>	<u>\$ 286,058</u>	<u>\$ 240,800</u>
37.76%	40.64%	43.66%	44.48%	49.26%	53.93%

\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770
<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>	<u>5.00%</u>
3,522,881	3,324,550	3,169,567	3,067,254	2,818,856	2,613,439
178,568	181,103	182,893	184,018	184,548	184,548
<u>\$ 3,344,313</u>	<u>\$ 3,143,447</u>	<u>\$ 2,986,674</u>	<u>\$ 2,883,236</u>	<u>\$ 2,634,308</u>	<u>\$ 2,428,891</u>
5.07%	5.45%	5.77%	6.00%	6.55%	7.06%

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

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2009
(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	\$ 2,110	\$ 1,625	100.00 %	\$ 1,625
City of Gresham	27,365	0	100.00	0
City of Lake Oswego	83,380	23,380	6.60	1,544
City of Milwaukie	5,140	875	0.97	9
City of Portland	707,117	97,430	99.60	97,040
City of Troutdale	9,450	9,450	100.00	9,450
Metro	258,672	187,667	48.56	91,128
Port of Portland	72,316	0	44.63	0
Tri-Metropolitan Transport District	36,380	36,380	48.90	17,789
Clackamas County ESD	26,985	0	0.35	0
Multnomah ESD	36,785	0	97.84	0
Northwest Regional ESD	7,590	0	0.60	0
Multnomah County SD 1 (Portland)	480,712	15,090	99.32	14,987
Multnomah County SD 3 (Parkrose)	8,470	8,470	100.00	8,470
Multnomah County SD 7 (Reynolds)	142,488	50,325	100.00	50,325
Multnomah County SD 10J (Gresham-Barlow)	108,841	52,090	81.74	42,579
Multnomah County SD 10J (Orient 6 Bond)	175	175	65.10	114
Multnomah County SD 28J (Centennial)	35,380	34,841	92.47	32,218
Multnomah County SD 39 (Corbett)	3,495	3,495	100.00	3,495
Multnomah County SD 40 (David Douglas)	72,400	72,400	100.00	72,400
Multnomah County SD 51J (Riverdale)	30,590	30,590	94.23	28,826
Mt Hood Community College	58,199	5,645	82.09	4,634
Portland Community College	425,430	234,345	46.00	107,797
Clackamas County SD 7J (Lake Oswego)	117,611	75,407	1.80	1,354
Columbia County SD 1J (Scappoose)	36,620	36,620	19.20	7,030
Washington County SD 48J (Beaverton)	599,810	418,585	0.48	2,006
Washington County SD 1J (Hillsboro)	367,288	264,958	0.00	10
Clackamas County RFPD #1	25,235	4,985	0.14	7
Sauvie Island RFPD 30	145	145	96.07	139
Tualatin Valley Fire & Rescue Dist	47,000	29,000	1.81	524
Sunrise Water Authority	520	520	0.45	2
East Multnomah Soil & Water Conservation	1,320	1,320	100.00	1,320
Multnomah County Drainage Dist No 1	5,105	0	100.00	0
Subtotal, overlapping debt				\$ 596,822
Multnomah County direct debt	279,558	56,570	100.00	56,570
Total direct and overlapping debt				<u>\$ 653,392</u>

- (1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2009
(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

Year	Population	Personal Income (thousands)	Per Capita Income	PMSA* Unemployment Rate
2000	662,400	\$ 21,384,426	\$ 32,314	4.4 %
2001	666,350	22,589,707	33,728	6.0
2002	670,250	23,078,170	34,100	7.8
2003	677,850	23,388,512	34,436	8.3
2004	685,950	24,052,307	35,757	7.0
2005	692,825	24,744,957	36,650	5.8
2006	701,545	26,714,807	39,017	5.0
2007	710,025	28,385,388	40,598	4.8
2008	717,880	N/A	N/A	5.8
2009	717,880 (1)	N/A	N/A	11.5 (2)

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

(1) Population data for July 1, 2009 is not available at this time.

(2) As of June 30, 2009

* 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

Employer	2008-09		Percentage of Total PMSA* Employment
	Employees	Rank	
State of Oregon	21,100	1	1.78 %
U.S. Government	18,400	2	1.56
Intel Corporation	15,141	3	1.28
Providence Health System	13,825	4	1.17
Oregon Health and Science University	12,700	5	1.07
Fred Meyer Stores	9,630	6	0.81
Kaiser Foundation Health Plan	8,759	7	0.74
Legacy Health System	8,251	8	0.70
Nike, Inc.	7,000	9	0.59
City of Portland	6,900	10	0.58
	<u>121,706</u>		<u>10.28 %</u>
Total PMSA* employment	<u>1,183,130</u> (1)		

Employer	1999-00		Percentage of Total PMSA* Employment
	Employees	Rank	
U.S. Government	17,600	1	1.64 %
Intel Corporation	12,000	2	1.12
Fred Meyer Stores	10,100	3	0.94
Oregon Health Sciences University	9,300	4	0.86
Providence Health System	8,938	5	0.83
State of Oregon	8,400	6	0.78
Legacy Health System	6,731	7	0.63
Portland School District	6,200	8	0.58
City of Portland	5,172	9	0.48
Freightliner	5,000	10	0.46
	<u>89,441</u>		<u>8.32 %</u>
Total PMSA* employment	<u>1,075,853</u>		

* Portland Metropolitan Statistical Area
(1) As of June 30, 2009

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

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

	2009	2008	2007	2006
Function/Program				
Governmental activities:				
General government	622.5	614.5	603.5	665.5
Health services	914.0	874.5	864.5	841.5
Social services	677.0	621.0	582.5	573.0
Public safety and justice	1,531.0	1,561.5	1,538.5	1,559.0
Community services	60.5	69.5	75.0	81.0
Library	467.5	440.5	423.0	411.0
Roads and bridges	143.0	149.0	150.0	139.0
Total governmental activities	4,415.5	4,330.5	4,237.0	4,270.0
Business-type activities:				
Behavioral Health	7.0	8.0	7.0	11.0
Total business-type activities	7.0	8.0	7.0	11.0
Total primary government budgeted FTE	4,422.5	4,338.5	4,244.0	4,281.0
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	716	704	659	668
Bargaining units:				
General employees (Local 88)	2,724	2,664	2,602	2,623
Electricians (Local 48)	19	18	19	17
Operating engineers (Local 701)	13	10	11	12
Paint makers (Local 1094)	2	2	2	2
Corrections (Teamsters 223)	429	437	432	449
Deputy sheriffs association	88	88	91	98
Oregon nurses association	220	221	228	238
Juvenile group workers (Local 86)	56	59	60	58
Prosecuting attorneys association	81	88	83	85
Parole and Probation Officers	131	134	133	133
Total bargaining units	3,763	3,721	3,661	3,715
Temporary County employees	72	103	114	91
Total actual County employees	4,551	4,528	4,434	4,474

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

Source: Multnomah County payroll records

2005	2004	2003	2002	2001	2000
676.0	695.0	657.5	658.5	565.0	583.0
802.5	832.5	892.5	884.5	864.5	820.5
596.0	538.5	565.5	754.0	788.5	783.0
1,585.0	1,584.5	1,596.0	1,740.5	1,803.0	1,863.0
73.0	73.0	72.0	96.0	93.0	91.0
413.5	487.5	465.5	462.0	491.5	456.0
159.5	164.0	176.0	184.0	182.0	186.0
4,305.5	4,375.0	4,425.0	4,779.5	4,787.5	4,782.5
17.0	45.5	34.5	38.0	32.0	35.0
17.0	45.5	34.5	38.0	32.0	35.0
4,322.5	4,420.5	4,459.5	4,817.5	4,819.5	4,817.5
669	654	668	735	794	742
2,648	2,785	2,792	3,012	N/A	N/A
21	21	22	22	N/A	N/A
14	13	12	13	N/A	N/A
2	2	3	3	N/A	N/A
450	454	467	497	N/A	N/A
96	97	93	89	N/A	N/A
239	256	269	263	N/A	N/A
56	58	65	69	N/A	N/A
86	86	79	85	N/A	N/A
133	0	0	0	N/A	N/A
3,745	3,772	3,802	4,053	4,033	4,068
109	92	100	481	N/A	N/A
4,523	4,518	4,570	5,269	N/A	N/A

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

FUNCTION/PROGRAM	2009	2008	2007
Governmental Activities:			
General Government			
Number of property tax accounts - residential	240,212	234,567	225,597
Number of property tax accounts - personal	63,086	63,279	64,126
Number of property tax accounts - commercial	34,226	34,210	34,152
Number of marriage licenses issued	6,257	6,383	6,542
Health Services			
Total clinic visits	358,692	330,105	312,661
County residents who rate their health good or better	N/A	89%	87%
Environmental health inspections	11,873	11,672	10,130
Women, infants, and children (WIC) served in the WIC program	31,179	30,850	30,339
Flu vaccinations at health clinics	13,140	9,600	6,148
Social Services			
Households that have received assistance with energy bills	22,129	14,606	13,676
Clients with developmental disabilities served	4,270	3,950	3,780
Senior and physically disabled clients served	N/A	N/A	N/A
Alcohol and drug treatment clients / episodes (e)	4,617	10,503	10,829
Early childhood mental health clients	4,869	4,726	7,700
Families served in early childhood programs	693	718	768
Students enrolled in extended day school activities	14,773	15,041	17,052
Public Safety and Justice			
Sheriff			
Responses to calls for services	36,848	N/A	41,601
Number of arrests (parts 1, 2 and 3 crimes)	3,037	2,938	2,708
Corrections			
Number of inmates booked	32,992	35,533	37,113
Average daily jail population	1,378	1,559	1,641
Average length of jail stay in days	17	18	18
Inmates held for court at Courthouse	10,898	11,737	11,632
Juvenile			
Youth admitted to detention center	2,112	2,021	1,992
Average length of stay in days in youth detention center	7.9	8.3	11.7
Community service hours completed	6,521	6,623	10,894
Average number of youth on probation per month	567	533	523
(continued)			

2006	2005	2004	2003	2002	2001	2000
225,445	224,367	219,682	218,911	217,041	214,770	213,138
58,082	63,497	62,171	60,999	60,140	39,346	36,626
34,199	33,173	33,182	33,410	33,683	31,744	33,488
6,203	9,037	6,297	5,878	6,270	6,078	6,006
301,263	277,736	288,201	348,619	340,639	342,869	339,478
86%	85%	82%	84%	86%	88%	N/A
9,126	9,039	9,978	9,204	10,245	9,847	10,503
30,672	31,144	31,471	24,810	25,158	24,091	22,337
5,084	3,283	3,629	3,666	2,640	2,251	3,017
12,482	12,450	10,868	11,787	15,813	15,733	11,754
3,613	3,477	3,417	3,300	3,336	2,577	3,050
44,664	45,241	41,454	44,055	47,678	43,562	N/A
9,391	8,478	8,284	7,508	22,386	23,780	27,114
7,737	7,708	7,899	7,053	7,226	7,000	3,038
887	848	687	956	1,004	798	N/A
16,315	14,384	9,721	3,863	3,798	N/A	N/A
43,327	41,260	35,500	36,972	36,063	37,414	36,346
3,204	3,548	3,383	3,714	3,165	3,634	3,311
38,726	37,577	36,260	35,532	37,658	40,120	43,078
1,612	1,577	1,654	1,682	1,871	2,054	2,036
17	17	18	19	20	20	18
13,905	12,506	14,144	13,545	13,558	14,334	14,133
2,161	2,161	2,207	2,357	2,611	2,816	2,913
9.0	9.0	10.0	10.3	11.1	10.9	8.9
5,531	5,531	6,733	7,672	10,117	9,606	11,754
582	582	573	606	704	735	850

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

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

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

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

FUNCTION/PROGRAM	2009	2008	2007
Public Safety and Justice (continued)			
Adult			
Community service hours completed	123,442	82,429	80,131
Adults participating in educational classes	639	588	481
Clients receiving GED's	60	38	62
Average no. adults on probation & post-prison supervision/month	8,793	9,261	9,619
District Attorney			
Cases of adult criminal activity prosecuted	27,149	27,377	21,415
Juvenile delinquency cases prosecuted	869	1,064	817
Hours of Community Court community service completed	17,004	16,742	15,477
Community Services			
Number of registered voters	426,567	380,298	380,298
Number of votes cast in last general election (a)	367,540	262,628	262,628
Percent of registered voters who voted in last general election	86%	69%	69%
Animal Control - Total Intake - Dogs and Cats	8,096	8,886	9,879
Library			
New library cards issued annually	74,677	71,843	67,379
Books circulated	21,513,255	20,394,496	19,900,816
Borrowers who used their cards in last three years	421,199	440,311	431,429
Library satisfaction (b)	90.4%	91.3%	92.4%
Web site visits/hits(c)	6,810,872	6,695,693	6,647,087
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	590	583	582

2006	2005	2004	2003	2002	2001	2000
84,818	91,886	109,349	122,391	127,439	117,890	N/A
584	630	554	596	567	531	446
67	99	50	73	95	66	49
9,763	9,118	9,347	9,171	9,042	10,603	10,674
22,563	21,936	22,008	22,530	20,436	21,933	23,154
946	944	1,013	947	1,127	1,487	1,236
16,984	18,123	4,668	8,464	11,403	11,516	3,064
430,693	430,693	363,589	363,843	383,915	365,596	341,210
365,530	365,530	245,238	245,238	300,065	300,065	217,894
85%	85%	*67%	67%	*82%	82%	*57%
9,808	9,597	8,939	8,448	7,739	7,534	6,979
69,973	74,805	76,161	73,012	70,219	68,599	68,752
19,589,530	19,462,344	18,762,556	17,854,110	16,133,945	14,008,166	12,152,743
455,296	474,292	465,223	436,104	509,949	515,184	444,219
92.5%	92.5%	86.5%	96.8%	96.1%	97.3%	N/A
6,410,053	111,433,518	93,764,392	66,650,158	44,568,574	43,346,524	42,323,312
579	578	578	575	570	569	567

Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements
(a) Community Service general elections are held in November on even years.
(b) 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.

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

FUNCTION/PROGRAM	2009	2008	2007	2006
Governmental Activities:				
General Government				
Buildings owned	79	79	83	84
Buildings leased	52	53	59	59
Automobiles	325	328	301	311
Vehicles (excluding automobiles)	298	300	292	295
Heavy equipment	122	141	132	136
Health Services				
Health & dental centers	7	7	7	7
School based health centers	13	13	13	13
Social Services				
Aging & Disability offices	7	7	7	7
Public Safety and Justice				
Sheriff				
Vehicular patrol units	50	45	47	43
Number of employees (sworn and civilian)	786	786	798	794
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	3	3	3	3
Population	1,539	1,633	1,690	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	14	14	14	14
Leased	4	4	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	271	271	273	273
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	18	18	18
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,536	4,484	4,439	4,400
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2005	2004	2003	2002	2001	2000
87	88	86	86	85	N/A
59	62	67	71	72	N/A
302	311	322	339	419	355
292	300	272	289	320	296
135	139	140	138	146	142
7	7	7	7	7	7
14	14	14	13	13	13
9	9	11	13	13	13
48	44	35	36	34	34
814	847	835	896	934	961
3	3	3	3	3	3
4	4	3	5	5	5
1,537	1,651	1,531	1,775	1,860	2,001
6	6	7	8	9	9
5	5	5	6	5	N/A
4	5	6	6	6	6
2	2	2	2	2	2
14	13	13	13	15	15
4	4	4	4	1	1
326	326	326	365	365	245
24	24	24	11	11	25
6	6	6	6	6	6
23	23	23	23	23	23
4,219	3,974	3,710	3,837	3,837	3,612
1	1	1	1	1	1
15	15	15	15	15	15

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**REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
REQUIRED BY STATE STATUTES**

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

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

Board of Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County, Oregon as of and for the year ended June 30, 2009 and have issued our report thereon dated November 24, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2009 and 2010.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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

Excess of Expenditures over Appropriations

As described in Note 2, *Stewardship, compliance, and accountability*, the results of testing indicated three instances of non-compliance related to excess expenditures over appropriations.

Internal Control Over Financial Reporting

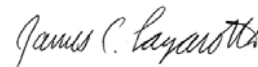
In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

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 24, 2009

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Appendix C

Book Entry Only System

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**SAMPLE OFFERING DOCUMENT LANGUAGE
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may apply only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. [Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.]

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

11. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Appendix D

Form of Continuing Disclosure Certificate

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FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Certificate"), dated March 31, 2010 is executed and delivered by Multnomah County, Oregon (the "Issuer") in connection with the execution and delivery of the Issuer's \$9,800,000 aggregate principal amount of Full Faith and Credit Obligations, Series 2010 (the "Obligations"), which are dated March 31, 2010. The Obligations are authorized pursuant to a Resolution adopted by the governing body of the Issuer on December 9, 2009 (the "Resolution"). Capitalized terms used but not otherwise defined herein shall have the meanings assigned thereto in the Resolution. The Issuer covenants as follows:

Section 1. Purpose of Certificate. This Certificate is being executed and delivered by the Issuer for the benefit of registered and beneficial holders of the Obligations and to assist the Underwriter in complying with paragraph (b)(5) of Securities and Exchange Commission (the "SEC") Rule 15c2-12 (17 C.F.R. § 240.15c2-12) (the "Rule").

Section 2. Issuer's Representation Regarding Outstanding Municipal Securities. The Issuer, as the "obligated person", hereby agrees to provide or cause to be provided at least annually to the Municipal Securities Rulemaking Board (the "MSRB"), the financial information regarding the Issuer of the type set forth in the final official statement dated March 11, 2010 (the "Official Statement") under the following tables:

Outstanding Long-Term Debt

Taxable Property Values**

Tax Collection Record

Major Taxpayers**

General Fund Balance Sheet **

General Fund Statement of Revenues, Expenditures and Changes in Fund Balance**

**Current (preceding fiscal year): no historical information will be provided

The annual financial information described above will be available no later than 270 days after the end of the preceding fiscal year, beginning with the Issuer's fiscal year ending June 30, 2010. Such information will include audited financial statements prepared in accordance with the laws of the State of Oregon as in effect from time to time; provided, however, that if audited financial statements are not available within 270 days after the end of the preceding fiscal year, unaudited financial statements will be provided with audited financial statements to follow when available.

Certain items of annual financial information may be provided by way of cross-reference to other documents previously provided to the MSRB.

Section 3. Material Events. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of the occurrence of any of the following events with respect to the Obligations, if material:

- a. principal and interest payment delinquencies;
- b. non-payment related defaults;
- c. unscheduled draws on debt service reserves reflecting financial difficulties;

- d. unscheduled draws on credit enhancements reflecting financial difficulties;
- e. substitution of credit or liquidity providers, or their failure to perform;
- f. adverse tax opinions or events affecting the tax-exempt status of the Obligations;
- g. modifications to rights of holders of the Obligations;
- h. Bond calls (except for mandatory, scheduled redemptions whose terms are set forth in detail in the Official Statement);
- i. defeasances;
- j. release, substitution, or sale of property securing repayment of the Obligations; and
- k. rating changes.

The Issuer may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the Issuer, such other event is material with respect to the Obligations, but the Issuer does not undertake any commitment to provide such notice of any event except those events listed above.

Section 4. Failure to File Annual Financial Information. The Issuer agrees to provide or cause to be provided, in a timely manner, to the MSRB, notice of a failure by the Issuer to provide the annual financial information described in Section 2 herein on or prior to the time set forth in Section 2 herein.

Section 5. Dissemination Agent. The Issuer may, from time to time, engage or appoint an agent to assist the Issuer in disseminating information hereunder (the “Dissemination Agent”). The Issuer may discharge any Dissemination Agent with or without appointing a successor Dissemination Agent.

Section 6. Termination of Obligations. Pursuant to paragraph (b)(5)(iii) of the Rule, the Issuer’s obligation to provide annual financial information and notice of material events, as set forth above, shall terminate if and when the Issuer no longer remains an obligated person with respect to the Obligations, which shall occur upon either redemption in full of the Obligations, or legal defeasance of the Obligations. In addition, and notwithstanding the provisions of Section 8 herein, the Issuer may rescind its obligations under this Certificate, in whole or in part, if (i) the Issuer obtains an opinion of nationally recognized special counsel that those portions of the Rule that required the execution and delivery of this Certificate are invalid, have been repealed, or otherwise do not apply to the Obligations, and (ii) the Issuer notifies and provides to the MSRB, a copy of such legal opinion.

Section 7. Enforceability and Remedies. The Issuer agrees that this Certificate is intended to be for the benefit of registered and beneficial holders of the Obligations and shall be enforceable by or on behalf of any such holder; provided that, the right of any holder of a Bond to challenge the adequacy of the information furnished hereunder shall be limited to an action by or on behalf of holders of the Obligations representing at least twenty-five percent (25%) of the aggregate outstanding principal amount of Obligations. Any failure by the Issuer to comply with the provisions of this undertaking shall not be an Event of Default under the obligation documents. This Certificate confers no rights on any person or entity other than the Issuer, holders of the Obligations, and any Dissemination Agent.

Section 8. Amendment. The Issuer may amend this Certificate without the consent of holders of the Obligations under the following conditions:

a. The amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person or type of business conducted;

b. This Certificate, as amended, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

c. The amendment (i) does not materially impair the interest of holders of the Obligations, as determined either by parties unaffiliated with the Issuer (such as nationally recognized special counsel), or (ii) is approved by holders of the Obligations in the same manner as provided in the obligation documents with the consent of holders of the Obligations.

The financial information provided pursuant to Section 2 hereof will explain, in narrative form, the reasons for any amendment and the impact of the change in the type of operating data or financial information being provided.

Section 9. Submitting Information Through EMMA. So long as the MSRB continues to approve the use of the Electronic Municipal Market Access (“EMMA”) continuing disclosure service, any information required to be provided to the MSRB under this Certificate may be provided through EMMA. As of the date of this Certificate, the web portal for EMMA is www.emma.msrb.org.

Section 10. Choice of Law. This Certificate shall be governed by and construed in accordance with the laws of the State of Oregon, provided that to the extent this Certificate addresses matters of federal securities laws, including the Rule, this Certificate shall be construed in accordance with such federal securities laws and official interpretations thereof.

MULTNOMAH COUNTY, OREGON

By: _____
Authorized Representative

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Appendix E

Form of Financing Agreement and Form of Escrow Agreement

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TAX EXEMPT FINANCING AGREEMENT

between

U.S. BANK NATIONAL ASSOCIATION

“Escrow Agent”

and

MULTNOMAH COUNTY, OREGON

“County”

Relating to:

MULTNOMAH COUNTY, OREGON

**\$9,800,000
FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2010**

DATED: MARCH 31, 2010

K&L GATES LLP

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EXHIBIT A – Financing Payment Schedule

EXHIBIT B – Prepayment Provisions

TAX EXEMPT FINANCING AGREEMENT

THIS TAX-EXEMPT FINANCING AGREEMENT is dated as of March 31, 2010, and is entered into by and between U.S. BANK NATIONAL ASSOCIATION, having corporate trust offices in Portland, Oregon, and being qualified to accept and administer the trusts hereby created, as escrow agent (the "Escrow Agent"), and the MULTNOMAH COUNTY, OREGON, (the "County"). The parties hereby agree as follows:

ARTICLE I. - RECITALS, DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 Recitals.

The County recites:

(a) The County is authorized to finance real and personal property by means of a financing agreement pursuant to ORS 271.390, and executes this Financing Agreement to finance the Project pursuant to that statute.

(b) The County and the Escrow Agent recite:

(i) The Escrow Agent desires to finance the Financing Amount to the County to finance the Project, but only from the proceeds of the Obligations.

(ii) The County desires to borrow the Financing Amount from the Escrow Agent to finance the Project, subject to the terms and conditions of and for the purposes set forth herein.

Section 1.2 Definitions.

All capitalized terms not defined in this Financing Agreement shall have the meanings defined for those terms in the Escrow Agreement. Unless the context clearly requires use of a different definition, the following capitalized terms shall have the meanings defined for those terms in this section:

"Additional Charges" means the amounts specified as such pursuant to Section 3.2(d) of this Financing Agreement.

"Agreements" means this Financing Agreement and the Escrow Agreement as defined herein.

"Escrow Agreement" means the Escrow Agreement relating to the County's Full Faith and Credit Obligations, Series 2010, which is dated March 31, 2010, between the County and the Escrow Agent, as it may be amended or supplemented.

"Financing Agreement" means this Tax-Exempt Financing Agreement, including the exhibits, and any amendments to this Financing Agreement and its exhibits.

"Financing Amount" means the sum of the principal components of the Financing Payments, as shown in Exhibit A, attached hereto.

"Financing Payments" means the installment payments of principal and interest which the County is required to make under this Financing Agreement to repay the Financing Amount. "Financing Payments" includes both the scheduled payments as shown in Exhibit A, attached hereto, of this Financing Agreement and any permitted prepayments of those scheduled payments as shown in Exhibit B, attached hereto, of this Financing Agreement.

"Obligations" means the County's Full Faith and Credit Obligations, Series 2010.

"Payment Account" means the Full Faith and Credit Obligations, Series 2010 Payment Account established pursuant to Section 3.1 of the Escrow Agreement.

"Payment Date" means each June 1 and December 1, as provided in Exhibit A, attached hereto, or the date on which any Financing Payment will be prepaid in accordance with the Escrow Agreement and this Financing Agreement.

"Project" means financing certain real and/or personal property, including an upgrade to the County's assessment and taxation system, facilities deferred maintenance projects, data center replacement, network enhancement and phone system replacement, phase two of a four phase project to automate the movement of library materials and paying costs of issuance of the Obligations.

Section 1.3 Rules of Construction.

References to section numbers in documents which do not specify the document in which the section is located shall be construed as references to section numbers in this Financing Agreement.

ARTICLE II. - REPRESENTATIONS, WARRANTIES AND COVENANTS OF DISTRICT AND ESCROW AGENT

Section 2.1 Representations, Warranties and Covenants of County.

The County represents, covenants and warrants for the benefit of the Escrow Agent and its assignees as follows:

(a) The County is Multnomah County, Oregon, a political subdivision of the State of Oregon.

(b) The County is authorized under ORS 271.390, and Authorizing Resolution No. 09-148 adopted by the Board of Commissioners of the County on December 3, 2009, to enter into this Financing Agreement and to perform all of its obligations under this Financing Agreement.

(c) The County represents, covenants and warrants that all required action has been taken to ensure the enforceability of this Financing Agreement (except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights or contractual obligations generally).

(d) All Financing Payments and deposits required by Section 3.2(b) herein and the Additional Charges required by Sections 3.2(c)(ii) and 3.2(c)(iii) herein shall be paid to the Escrow Agent at its corporate trust office in Portland, Oregon.

Section 2.2 Representations, Warranties and Covenants of Escrow Agent.

The Escrow Agent represents, covenants and warrants for the benefit of the County as follows:

(a) The Escrow Agent is a banking corporation duly qualified to transact business of the type contemplated by this Financing Agreement and the Escrow Agreement in the State of Oregon, and has all necessary power to own its properties and assets and to carry on its business as now conducted.

(b) The consummation of the transactions contemplated by this Financing Agreement will not violate the provisions of, or constitute a breach or default under, the articles of incorporation, charter or bylaws of the Escrow Agent or any agreement to which the Escrow Agent is a party.

(c) The execution, delivery and performance by the Escrow Agent of this Financing Agreement and all related agreements, instruments and documents to which the Escrow Agent is a party have been duly authorized and constitute legal, valid and binding obligations of the Escrow Agent, enforceable against the Escrow Agent in accordance with their terms, except as such enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally.

Section 2.3 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment due under this Financing Agreement, the County covenants to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code and the County agrees to comply with any covenants of the County related to the tax-exempt status of the interest components of Financing Payments which is contained in any of the certificates or other documents executed by the County in connection with delivery of the Financing Agreement and the Obligations. The County also agrees to not take any action or omit to take any action necessary to maintain the tax-exempt status of the interest components of the Financing Payments. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain such exclusion.

ARTICLE III - THE FINANCING AND THE PAYMENTS

Section 3.1 The Financing.

The Escrow Agent agrees to finance for the County an amount equal to the Financing Amount, but solely from the proceeds of sale of the Obligations as provided in this Financing Agreement and the Escrow Agreement. This financing to the County will be deemed to have been made when the Escrow Agent makes the deposits and transfers to the County as specified in Section 3.3 of the Escrow Agreement. The County agrees to borrow the Financing Amount from the Escrow Agent and to repay that principal amount in installments, with interest, by making the Financing Payments and paying the Additional Charges as provided in this Financing Agreement. This Financing Agreement shall commence on the Closing Date and shall end on the date all Financing Payments and Additional Charges that the County is required to pay under this Financing Agreement have been paid or defeased in accordance with the provisions set forth in the Escrow Agreement. The Escrow Agent is not selling, arranging for sale or establishing the terms of the Obligations.

Section 3.2 The Payments and Additional Charges.

(a) The County agrees to pay the Escrow Agent, its successors or assigns, without deduction or offset of any kind, as payment for the financing made under this Financing Agreement, the Financing Payments and the Additional Charges.

(b) The County shall pay the Financing Payments to the Escrow Agent three (3) Business Days preceding the scheduled payment dates shown in Exhibit A, attached hereto, as those amounts may be reduced by any prepayment of the Financing Payments.

(i) To secure the performance of its obligation to pay Financing Payments, the County shall deposit an amount equal to each scheduled Financing Payment with the Escrow Agent three (3) Business Days preceding the scheduled Payment Date. Each deposit made under this Section 3.2(b) shall be applied toward Financing Payments due from the County as provided in the Escrow Agreement.

(ii) In making deposits under this Section 3.2(b), the County shall be credited on each deposit date for any amounts then on hand in the Payment Account and available to pay the Financing Payment for which such deposit is being made and the County shall only be required to pay the difference, if any, between the amount of the deposit then due and the amounts then on hand in the Payment Account.

(c) In addition to the Financing Payments, the County covenants to pay the following Additional Charges, as and when the same become due and payable:

(i) all applicable rebate payments due in connection with this Financing Agreement and the Obligations which are required to be paid under Section 148(f) of the Code;

(ii) to the extent permitted by law, all costs and expenses which the Escrow Agent may incur because of any default by the County under this Financing Agreement, including reasonable attorneys' fees and costs of suit or action at law to enforce the terms and conditions of this Financing Agreement; and

(iii) the fees, costs and expenses of the Escrow Agent as provided in the Escrow Agreement, and the reasonable fees, costs and expenses of any successor Escrow Agent.

(d) Additional Charges shall be paid by County when due, unless such payment may be delayed without penalty or interest, or within thirty (30) days after notice in writing from the Escrow Agent to the County stating the amount of Additional Charges then due and payable and the purpose thereof. Additional Charges described in Sections 3.2(c)(i) shall be paid to the United States. Additional Charges described in Sections 3.2(c)(ii) and 3.2(c)(iii) herein shall be paid to the Escrow Agent.

Section 3.3 Prepayment.

(a) The Financing Payments are subject to prepayment solely as provided in Exhibit B, attached hereto. The County may prepay the deposits as required by Section 3.2(c)(i) herein at any time and may defease the Obligations pursuant to the provisions set forth in the Escrow Agreement.

(b) The County shall give notice of prepayment of Financing Payments to the Escrow Agent not later than forty-five (45) days before the prepayment date. The notice shall state the date of the prepayment and the amount of the principal component to be prepaid. The Registrar will select the Obligations to be prepaid thereby pursuant to Section 2.10 of the Escrow Agreement. If the prepayment date is other than a Payment Date, the accrued portion of the interest component of Financing Payments due on the prepayment date shall be equal to the interest owed on the prepayment date with respect to the Obligations selected by the Registrar for prepayment.

(c) If the principal component of a Financing Payment is prepaid, the schedule of Financing Payments in the attached Exhibit A shall be revised to reflect the prepayment.

Section 3.4 Nature of County's Obligations.

(a) The County hereby pledges its full faith and credit and all or any portion of the County's legally available revenues, taxes and other funds to pay amounts due under the Financing Payments.

(b) To the extent permitted by law, the County hereby covenants to budget and appropriate in each Fiscal Year, in accordance with the law, sums sufficient to pay when due the Financing Payments and other amounts due under this Financing Agreement.

(c) The County hereby covenants to use all taxing power available to the County under the law that is necessary to generate funds sufficient to permit the County to make Financing Payments, subject only to the limitations provided in Sections 11 and 11b, Article XI of the Oregon Constitution.

(d) The County hereby agrees that its obligation to pay all Financing Payments and Additional Charges is absolute and unconditional, and shall not be subject to any of the following:

- (i) any setoff, counterclaim, recoupment, defense or other right which the County may have against the Escrow Agent, any contractor or anyone else for any reason whatsoever;
- (ii) any insolvency, bankruptcy, reorganization or similar proceedings by the County;
- (iii) abatement through damage, destruction or non-availability of the Project; or
- (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing.

Section 3.5 Estoppel.

The County hereby certifies, recites and declares that all things, conditions and acts required by the constitution and statutes of the State of Oregon and by this Financing Agreement and the Escrow Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Financing Agreement, do exist, have happened and have been performed in due time, form and manner, as required by law, and that this Financing Agreement is a valid and binding obligation of the County which is enforceable against the County in accordance with its terms, except to the extent that enforceability may be limited by applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other laws or judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally.

ARTICLE IV. - ASSIGNMENT

Section 4.1 By the Escrow Agent.

The Escrow Agent may assign its rights under this Financing Agreement only as specifically permitted by the Escrow Agreement.

Section 4.2 By the County.

The rights and obligations of County under this Financing Agreement may be assigned or transferred to any entity which succeeds or replaces the County, or any entity into which the County may

be merged, but only if the assignee or transferee assumes all of the County's obligations under this Financing Agreement. The rights and obligations of County under this Financing Agreement shall not otherwise be assigned or transferred.

ARTICLE V. - TITLE; FUTURE ENCUMBRANCES AND PARITY OBLIGATIONS

Section 5.1 Title.

The Escrow Agent agrees that the County shall be entitled to exclusive possession and enjoyment of the Project while this Financing Agreement is in effect, without interference from the Escrow Agent or the Owners. THE ESCROW AGENT SHALL HAVE NO MORTGAGE, SECURITY INTEREST OR OTHER RIGHT TO THE PROJECT.

Section 5.2 Future Encumbrances and Parity Obligations.

The Obligations are not secured by any interest in the Project and the County reserves the right to sell, lease or grant other interests in the Project, subject only to the County's obligations under Section 2.1 herein. The County reserves the right to commit its full faith and credit and available general funds for other purposes without limitation.

Section 5.3 Maintenance; Modification; Taxes; Insurance and Other Matters.

The County will pay, or cause to be paid, all taxes and other governmental charges that are lawfully assessed or levied against the Project. The County will also pay, when due, all utility charges incurred in the operation, maintenance, use occupancy and upkeep of the Project.

The County has the sole responsibility to maintain, repair and make improvements or additions to the Project.

The Escrow Agent shall have no obligation to maintain or modify the Project, or to pay any taxes, fees or charges associated with the Project, or to take any action related to the Project except actions specifically required by this Financing Agreement or the Escrow Agreement.

ARTICLE VI. - EVENTS OF DEFAULT AND REMEDIES

Section 6.1 Events of Default Defined.

(a) The following shall be events of default under this Financing Agreement and the terms "events of default" and "default" shall mean, whenever they are used in this Financing Agreement, any one or more of the following events:

- (i) The County's failure to pay the Financing Payments, when due;
- (ii) The County's failure to comply with any other covenant, condition or agreement of the County under the Agreements for a period of sixty (60) days after written notice thereof from the Escrow Agent absent an extension of time by the Escrow Agent;
- (iii) The commencement by the County of a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect or an assignment by the County for the benefit of its creditors, or the entry by the County into an agreement of composition with creditors, or the taking of any action by the County in furtherance of any of the foregoing; or

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

Section 6.2 Remedies on Default.

(a) Whenever any event of default referred to in Section 6.1 herein shall have happened and be continuing, the Escrow Agent shall have the right, at its sole option without any further demand or notice, to exercise any remedy described in Section 9.2 of the Escrow Agreement.

(b) The Escrow Agent shall exercise its rights hereunder only in accordance with the Escrow Agreement. No remedy referred to in this Section 6.2 is exclusive, but each shall be cumulative and in addition to any other remedy referred to herein or otherwise available to the Escrow Agent at law or in equity. In the event that the Escrow Agent exercises or begins to exercise any one or more of such remedies, such action shall not preclude the simultaneous or later exercise by the Escrow Agent of any other remedies. No express or implied waiver by the Escrow Agent of an event of default shall constitute a waiver of any other or subsequent event of default.

ARTICLE VII. - MISCELLANEOUS

Section 7.1 Notices.

(a) All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given via mail or via facsimile to the following addressees (unless the addressee has previously notified the other party in writing of a change in address):

If to the Escrow Agent:

U.S. Bank National Association
Corporate Trust Services
555 S.W. Oak Street – PD-OR-P6TD
Portland, Oregon 97204

Telephone: (503) 275-5713
Facsimile: (503) 275-5738

If to the County

Multnomah County
501 SE Hawthorne, Suite 531
Portland, Oregon 97214
Attention: Mark Campbell

Telephone: (503) 988-3312

Payment Address: (Same as Above)

(b) All notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via facsimile or mailed by registered mail (return receipt requested), postage prepaid.

Section 7.2 Binding Effect.

This Financing Agreement shall inure to the benefit of and shall be binding upon the Escrow Agent and the County and their respective successors and assigns.

Section 7.3 Severability.

In the event any provisions of this Financing Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provisions hereof.

Section 7.4 Amendments.

This Financing Agreement may be amended only as provided in the Escrow Agreement.

Section 7.5 Applicable Law.

This Financing Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Financing Agreement or the transactions contemplated hereby shall be brought in an appropriate court for Multnomah County, Oregon.

Section 7.6 Headings.

The headings, titles and table of contents in this Financing Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to Sections, and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Financing Agreement.

Section 7.7 Execution in Counterparts.

This Financing Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

IN WITNESS WHEREOF, the Escrow Agent has executed this Financing Agreement in its corporate name by its duly authorized officer and the County has caused this Financing Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

MULTNOMAH COUNTY, OREGON,
as County

By: _____

EXHIBIT A

BOND DEBT SERVICE

Multnomah County, Oregon
Full Faith and Credit Obligations, Series 2010

Dated Date 03/31/2010
Delivery Date 03/31/2010

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
12/01/2010	-	-	188,046.94	188,046.94	-
06/01/2011	1,310,000	2.000%	140,450.00	1,450,450.00	1,638,496.94
12/01/2011	-	-	127,350.00	127,350.00	-
06/01/2012	1,365,000	3.000%	127,350.00	1,492,350.00	1,619,700.00
12/01/2012	-	-	106,875.00	106,875.00	-
06/01/2013	1,375,000	3.000%	106,875.00	1,481,875.00	1,588,750.00
12/01/2013	-	-	86,250.00	86,250.00	-
06/01/2014	1,395,000	3.000%	86,250.00	1,481,250.00	1,567,500.00
12/01/2014	-	-	65,325.00	65,325.00	-
06/01/2015	1,420,000	3.000%	65,325.00	1,485,325.00	1,550,650.00
12/01/2015	-	-	44,025.00	44,025.00	-
06/01/2016	1,450,000	3.000%	44,025.00	1,494,025.00	1,538,050.00
12/01/2016	-	-	22,275.00	22,275.00	-
06/01/2017	1,485,000	3.000%	22,275.00	1,507,275.00	1,529,550.00
	9,800,000		1,232,696.94	11,032,696.94	11,032,696.94

EXHIBIT B
PREPAYMENT PROVISIONS
MULTNOMAH COUNTY, OREGON

FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2010

FINANCING AMOUNT: \$9,800,000

The Obligations are not subject to prepayment prior to maturity.

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ESCROW AGREEMENT

between

U.S. BANK NATIONAL ASSOCIATION

“Escrow Agent”

and

MULTNOMAH COUNTY, OREGON

“County”

Relating to:

MULTNOMAH COUNTY, OREGON

\$9,800,000
FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2010

DATED: MARCH 31, 2010

K&L GATES LLP

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EXHIBIT A - Form of Full Faith and Credit Obligation

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ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of March 31, 2010, is entered into by and between U.S. BANK NATIONAL ASSOCIATION, having corporate trust offices in Portland, Oregon and being qualified to accept and administer the trusts hereby created, as escrow agent (the “Escrow Agent”), and the MULTNOMAH COUNTY, OREGON, (the “County”). The parties hereby agree as follows:

ARTICLE I. - DEFINITIONS; RECITALS; AND TRANSFER OF RIGHTS

Section 1.1 Definitions.

Unless the context clearly requires otherwise, capitalized terms not defined in this Section 1.1 shall have the meanings defined for such terms in the Financing Agreement. Capitalized terms used in this Escrow Agreement which are defined in this Section 1.1 shall have the following meanings, unless the context clearly requires otherwise:

“Additional Charges” means the amounts specified as such pursuant to Section 3.2 of the Financing Agreement.

“Beneficial Owner” means the Beneficial Owner of the Obligations as described in Section 2.3(c) herein.

“Business Day” means any day other than a Saturday, Sunday or a day on which the Escrow Agent is authorized by law to remain closed.

“County” means the Multnomah County, Oregon, or its successors.

“County’s Representative” means the Chief Financial Officer, the Treasury Manager, the Director of Finance & Risk Management or a designee of the County’s Representative, to act under this Escrow Agreement or the Financing Agreement.

“Closing Date” means March 31, 2010.

“Code” means the Internal Revenue Code of 1986, as amended, including regulations, rulings and judicial decisions promulgated thereunder.

“Defeasance Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America.

“Escrow Agent” means the entity serving as escrow agent under this Escrow Agreement, which as of the date of this Escrow Agreement, is U.S. Bank National Association.

“Escrow Agreement” means this Escrow Agreement, as it may be amended and supplemented.

“Event of Default” has the meaning defined for that term in Section 9.1 of this Escrow Agreement.

“Financing Agreement” means the Tax-Exempt Financing Agreement for the Project which is dated as of March 31, 2010 and is signed by the Escrow Agent and the County, including the exhibits attached thereto, as it may be amended and supplemented.

“Financing Payments” means the installment payments of principal and interest which the County is required to make under the Financing Agreement to repay the Financing Amount. “Financing Payments” includes both the scheduled payments and any permitted prepayments of those scheduled payments.

“Fiscal Year” means each year beginning on July 1 and ending on the following June 30.

“Obligation Register” or “Register” means the records kept for the registration of Obligations by the Escrow Agent pursuant to Section 2.9 herein.

“Obligations” means the Full Faith and Credit Obligations, Series 2010 authorized by Section 2.1 herein.

“Outstanding” means, when used as of any particular time with respect to Obligations, all Obligations theretofore executed by the Escrow Agent and registered and delivered by the Escrow Agent under this Escrow Agreement except:

- (i) Obligations previously canceled by the Escrow Agent or surrendered to the Escrow Agent for cancellation;

- (ii) Obligations for the payment or prepayment of which funds or Defeasance Obligations in the necessary amount have previously been deposited with the Escrow Agent (whether upon or prior to the maturity or prepayment date of such Obligations); and,

- (iii) Obligations in lieu of or in exchange for which other Obligations have previously been executed and delivered by the Escrow Agent pursuant to Section 2.7 herein.

“Owner” means the person in whose name an Outstanding Obligation is registered as of the Record Date.

“Payment Account” means the Full Faith and Credit Obligations, Series 2010 Payment Account established pursuant to Section 3.1 herein.

“Payment Date” means each June 1 and December 1, as provided in Exhibit A to the Financing Agreement, or the date on which any Financing Payment will be prepaid in accordance with this Escrow Agreement and the Financing Agreement.

“Project” means financing certain real and/or personal property, including an upgrade to the County’s assessment and taxation system, facilities deferred maintenance projects, data center replacement, network enhancement and phone system replacement, phase two of a four phase project to automate the movement of library materials and paying costs of issuance of the Obligations.

“Qualified Investments” means the investments in which the County may invest surplus funds pursuant to Oregon Revised Statutes Section 294.035, as amended from time to time.

“Record Date” means the 15th day of a month immediately preceding a month in which a Payment Date occurs, whether or not such date is a Business Day.

“Registered Owner” means the Registered Owner as described in Section 2.3 herein.

“Registrar” means the Escrow Agent, serving as Escrow Agent and Paying Agent hereunder.

“Special Counsel” means K&L Gates LLP, or other nationally recognized bond counsel appointed by the County.

Section 1.2 Recitals.

(a) County’s Recitals.

- (i) The County is authorized by ORS 271.390 to enter into financing agreements to finance or refinance any real or personal property that the Board of Commissioners of the County (the “Board”) determines is needed.

- (ii) The Board adopted its authorizing Resolution No. 09-148 on December 3, 2009 and has determined that the Project is needed, and the Escrow Agent and the County have entered into the Financing Agreement in which the Escrow Agent has agreed to finance certain amounts to the County, and the County has agreed to borrow those amounts from the Escrow Agent to finance the Project.

- (iii) The County enters into this Escrow Agreement to provide for the issuance of the Obligations which will be paid from Financing Payments the County makes under the Financing Agreement.

(b) The Escrow Agent recites that it has placed its rights under the Financing Agreement, including the right to receive Financing Payments, in escrow for the benefit of the Owners of the Obligations, that it accepts its obligations and responsibilities under this Escrow Agreement and the Financing Agreement and has agreed to execute and deliver the County’s Full Faith and Credit Obligations, Series 2010 evidencing proportionate interests in the Financing Payments. The Escrow Agent further recites that it is not in violation of any provision of its charter or bylaws, any applicable law or regulation, any order of a court or administrative body, or any agreement or other instrument to which it is a party or by which it presently is bound.

(c) The County and the Escrow Agent hereby agree that the following rights shall be held in escrow exclusively for the proportionate benefit of the Owners as provided in this Escrow Agreement:

- (i) all rights of the Escrow Agent under the Financing Agreement (except for the Escrow Agent’s right to payment from Additional Charges), and,

- (ii) all rights of the Escrow Agent and the County to amounts in the Payment Account.

ARTICLE II. - THE SERIES 2010 FULL FAITH AND CREDIT OBLIGATIONS

Section 2.1 Authorization, Delivery and Terms of Obligations.

(a) The Obligations shall be dated, shall mature on the dates and in the stated principal amounts, and shall bear interest as shown in Exhibit A to the Financing Agreement. Interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months.

(b) The Escrow Agent is hereby authorized to register, execute, authenticate and deliver the Obligations in substantially the form shown in Exhibit A, attached hereto, to DTC. The Obligations shall be numbered serially and shall be signed by manual or facsimile signature of an authorized officer of the Escrow Agent. The Escrow Agent agrees to apply the Financing Payments as provided in this Escrow Agreement.

Section 2.2 Payment of Obligations.

(a) Each Obligation represents an ownership interest in and a right to receive:

(i) a proportionate share of the principal component of the Financing Payments due on the maturity date of that Obligation, plus

(ii) a proportionate share of the interest components of the Financing Payments which are allocable to that principal component.

(b) The County shall pay the Financing Payments to the Escrow Agent in immediately available funds as provided in the Financing Agreement. The Escrow Agent shall transfer the Financing Payments to the Owners as provided in Section 2.2(c) below.

(c) While the Obligations are held in book-entry form, the Escrow Agent shall transfer Financing Payments to the Owners as set forth in the rules and procedures of The Depository Trust Company (the "Depository"). If the Obligations cease to be a book-entry only issue, the Escrow Agent shall transfer Financing Payments on such Payment Date by check or draft mailed to such Owner at the address as it appears on the obligation register or at such address as is furnished to the Escrow Agent in writing by such Owner or, at the written request to the Escrow Agent of any Registered Owner of Obligations in the aggregate principal amount of at least \$100,000, by electronic transfer in immediately available funds, such request to be signed by such Owner, containing the name of the bank (which shall be in the continental United States), its address, its ABA routing number and the account number to which credit shall be made and be filed with the Escrow Agent no later than ten (10) Business Days before the applicable Record Date preceding such Payment Date.

Section 2.3 Book-Entry Only System.

(a) The Obligations shall be initially executed and delivered as a book-entry only security issue with no Obligations being made available to the Owners in accordance with the blanket letter of representations the County has filed with the Depository. While the Obligations are in book-entry form, the Obligations shall be subject to the rules and procedures of the Depository.

(b) If the Depository determines not to continue to act as securities depository for the Obligations, or the County determines that the Depository shall no longer so act, then the County will discontinue the book-entry-only system with the Depository. If the County fails to designate another qualified securities depository to replace the Depository or elects to discontinue use of a book-entry-only

system, the Obligations shall no longer be a book-entry-only issue but shall be registered in the registration books maintained by the Escrow Agent in the name of the Owner as appearing on the Obligation Register and thereafter in the name or names of the Owners of the Obligations transferring or exchanging Obligations in accordance with the provisions of this Section 2.3. The Escrow Agent shall authenticate and deliver printed Obligations to such Owners.

(c) While the Obligations are in book entry form, the County and the Escrow Agent shall have no responsibility or obligation to any participant or correspondent of the depository or to any Beneficial Owner for:

(i) the accuracy of the records of the depository, its nominee or any participant, correspondent or Beneficial Owner with respect to any ownership interest in the Obligations;

(ii) the delivery to any participant, correspondent, Beneficial Owner or any other person, other than an Owner as shown in the registration books maintained by the Escrow Agent, of any notice with respect to the Obligations, including any notice of prepayment;

(iii) the selection by the depository of the beneficial interest in Obligations to be prepaid if the County prepaays the Obligations in part; or

(iv) the payment to any participant, correspondent, or any other person other than the Owner of the Obligations as shown in the registration books maintained by the Escrow Agent, of any amount with respect to principal, premium, if any, or interest with respect to the Obligations.

(d) Notwithstanding the book-entry-only system, the County may treat and consider the person in whose name each Obligation is registered in the registration books maintained by the Escrow Agent as the absolute owner of such Obligation for the purpose of payment of principal, premium, if any, and interest with respect to such Obligation, or for the purpose of giving notices of prepayment and other matters with respect to such Obligation, or for the purpose of registering transfers with respect to such Obligation, or for all other purposes whatsoever. The County shall pay or cause to be paid all principal, premium, if any, and interest with respect to the Obligations only to or upon the order of the Owners, as shown in the registration books maintained by the Escrow Agent and all such payments shall be valid and effective to fully satisfy and discharge the County's obligation with respect to payment thereof to the extent of the sum or sums so paid.

Section 2.4 Form of Obligations.

The Obligations shall be executed and delivered in fully registered form in denominations of \$5,000 or any integral multiple thereof within a single maturity. The Obligations and the form of assignment shall be substantially in the form set forth in Exhibit A, attached hereto. The Obligations shall be numbered beginning with R-1.

Section 2.5 Execution.

The Obligations shall be executed by and in the name of the Escrow Agent by the manual or facsimile signature of an authorized officer of the Escrow Agent and shall be authenticated by manual signature of an authorized officer of the Escrow Agent. Only Obligations which are substantially in the

form set forth in Exhibit A, attached hereto, and which have been manually authenticated by the Escrow Agent shall be valid for any purpose or entitled to the benefits of this Escrow Agreement.

Section 2.6 Registration of Transfer and Exchange.

The provisions of this Section 2.6 apply only if the Obligations cease to be a book-entry only issue. The registration of any Obligation may, in accordance with its terms, be transferred upon the Obligation Register by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Obligation for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Escrow Agent and duly executed by the Owner or his or her authorized attorney. Obligations may be exchanged at the office of the Escrow Agent for a like aggregate principal amount of Obligations or other authorized denominations of the same maturity. The Escrow Agent may require the Obligation Owner requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange. Whenever any Obligation or Obligations shall be surrendered for registration of transfer or exchange, the Escrow Agent shall execute and deliver a new Obligation or Obligations of the same maturity, for like aggregate principal amount; provided that the Escrow Agent shall not be required to register transfers or make exchanges of:

- (a) Obligations for a period of fifteen (15) days next preceding any selection of the Obligations to be prepaid;
- (b) any Obligations chosen for prepayment; or
- (c) Obligations for a period of fifteen days prior to any Payment Date.

Section 2.7 Mutilated, Lost, Destroyed or Stolen Obligations.

(a) If any Obligation becomes mutilated, the Escrow Agent, at the expense of the Owner of such Obligation, shall execute and deliver a new Obligation of like tenor and maturity but bearing a different number in exchange and substitution for the Obligation so mutilated, but only upon surrender to the Escrow Agent of the Obligation so mutilated. Every mutilated Obligation so surrendered to the Escrow Agent shall be canceled by it.

(b) If any Obligation is lost, destroyed or stolen, evidence of such loss, destruction or theft shall be submitted to the Escrow Agent and, if such evidence is satisfactory to the Escrow Agent and, if an indemnity satisfactory to the Escrow Agent shall be given, the Escrow Agent, at the expense of the Owner of the Obligation in question, shall execute and deliver a new Obligation of like tenor and maturity and numbered as the Escrow Agent shall determine in lieu of and in substitution for the Obligation so lost, destroyed or stolen.

(c) The Escrow Agent may require payment of an appropriate fee for each new Obligation delivered under this Section 2.7 and of the expenses which may be incurred by the Escrow Agent in carrying out the duties under this Section 2.7.

Section 2.8 Execution of Documents.

The Escrow Agent may accept any evidence of execution of documents by Owners which the Escrow Agent reasonably deems sufficient. Any request or consent of the Owner of any Obligation shall bind every future Owner of the same Obligation.

Section 2.9 Obligation Register.

The Escrow Agent will maintain the Obligation Register, and shall record the registration and transfer of all Obligations in the Obligation Register. The Obligation Register shall be open to inspection by the County during regular business hours upon reasonable notice.

Section 2.10 Prepayment.

- (a) Terms of Prepayment.

The Obligations shall be subject to prepayment as provided in Exhibit B to this Escrow Agreement and Exhibit B to the Financing Agreement and notice shall be given by the County pursuant to Section 3.3(b) of the Financing Agreement.

- (b) Selection of Obligations for Prepayment.

If Obligations are selected for prepayment and less than all the Outstanding Obligations will be prepaid, the Escrow Agent, unless otherwise directed by the County, shall select such Obligations for prepayment from each remaining maturity pro rata in proportion to the principal amount of Obligations in each such maturity. The Escrow Agent shall select Obligations for prepayment within a maturity by lot. The Escrow Agent shall promptly notify the County in writing of the Obligations so selected for prepayment.

- (c) Notice of Prepayment (No Depository).

The provisions of this Section 2.10(c) shall apply only if the Obligations cease to be a book-entry-only issue. The Escrow Agent shall give to the Obligation Owners notice of prepayment ("Notice of Prepayment") of the Obligations at the expense of the County. Each Notice of Prepayment shall state (a) the prepayment date, (b) the place or places of prepayment (including the name and address of any prepayment agent), (c) if only a portion of the Obligations are being prepaid, the distinctive number of the Obligations of such maturity to be prepaid, (d) the Obligations or designated portions thereof (in the case of prepayment of the Obligations in part but not in whole), (e) the prepayment price, (f) the CUSIP numbers (if any) assigned to the Obligations to be prepaid and (g) the dated date of the Obligations, the interest rate and stated maturity date with respect to each Obligation to be prepaid in whole or in part. Each such Notice of Prepayment shall also state that on said date there shall become due and payable on each of said Obligations the principal amount with respect thereto (or a portion thereof in the case of an Obligation to be redeemed in part only), together with interest accrued with respect thereto to the prepayment date, and that from and after such prepayment the interest thereon shall cease to accrue, and shall require that such Obligations be then surrendered. Notice of Prepayment shall be given by mailing, first class, postage prepaid, not more than sixty (60) days nor less than thirty (30) days prior to said prepayment date, copies thereof to the County and the Owners of the Obligations whose Obligations or a portion thereof are to be prepaid.

- (d) Notice of Prepayment (Depository).

The Escrow Agent shall notify the Depository of any prepayment not less than thirty (30) days prior to the prepayment, and shall provide such information in connection therewith as required by the blanket issuer letter of representations the County has filed with the Depository Trust Company.

- (e) Notice of Prepayment Required by Continuing Disclosure Certificate.

In addition to the other notices of prepayment required by this Escrow Agreement, the Escrow Agent shall give to the Municipal Securities Rulemaking Board, any notices of redemption or prepayment which are required to be provided by the County in the Continuing Disclosure Certificate for the Obligations.

(f) Partial Prepayment of Obligations.

Upon surrender of any Obligation which is not in book-entry form and is prepaid in part only, the Escrow Agent shall execute and deliver to the Owner thereof, at the expense of that Owner, a new Obligation or Obligations of authorized denominations equal in aggregate principal amount to the portion of the surrendered Obligation which is not prepaid and with the same stated interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the County, the Escrow Agent and the Escrow Agent shall be released and discharged from all liability to the extent of such payment.

(g) Effect of Prepayment.

If notice of prepayment has been given as provided in this Section 2.10, and the moneys for the prepayment (including the interest to the applicable date of prepayment) have been set aside in the Payment Account, the Obligations shall become due and payable on the date of prepayment upon presentation and surrender thereof at the office or offices specified in said notice, and interest with respect to the Obligations shall cease to accrue after the date fixed for prepayment. All moneys held by or on behalf of the Escrow Agent for the prepayment of Obligations shall be held in trust for the account of the Owners of the Obligations so to be prepaid. All Obligations paid at maturity or prepaid prior to maturity pursuant to the provisions of this Section 2.10, if any, shall be canceled upon surrender thereof.

Any defect in notices shall not affect the validity of the proceedings for the prepayment of the Obligations or portions thereof.

Section 2.11 Provisions for Printed Obligations.

If the County discontinues use of the book-entry only system or termination thereof occurs without designation of a new qualified securities depository, then the provisions of this Section 2.11 shall apply to the Obligations. Upon receipt of a printed Obligation, the Beneficial Owner shall become the Registered Owner. The principal with respect to such Obligations shall be payable upon presentation at the office of the Escrow Agent.

ARTICLE III. - ACCOUNTS

Section 3.1 Obligation Payment Account.

The Escrow Agent shall establish a special account designated as the "Full Faith and Credit Obligations, Series 2010 Payment Account" which is defined in this Escrow Agreement as the "Payment Account." The Escrow Agent shall keep the Payment Account separate and apart from all other funds and moneys held by it and shall administer and maintain the Payment Account as provided in this Escrow Agreement.

(a) To secure the payment of Financing Payments, three (3) Business Days preceding each Payment Date, the County shall transfer the deposits described in Section 3.2(b)(i) of the Financing Agreement to the Escrow Agent. The Escrow Agent shall credit these deposits in the Payment Account.

(b) On each Payment Date the Escrow Agent shall withdraw from the Payment Account and transfer to Owners an amount equal to the principal and interest components of the Financing Payment due and payable on such Payment Date, but solely from moneys on deposit in the Payment Account.

(c) If on any Payment Date, the amount of the Financing Payment then due and payable exceeds the amounts deposited with the Escrow Agent and available therefor, the Escrow Agent shall pay to the Owners the moneys on hand, and the Escrow Agent shall apply such money first to the payment of the interest component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary, and second, to the payment of the principal component, which shall be distributed by the Escrow Agent pro rata among the Owners if necessary.

(d) Any amounts in the Payment Account in excess of the amount necessary to pay the principal and interest components of the Financing Payments shall be retained in the Payment Account and upon written direction of the County, shall be invested until needed for payment of the Obligations; the excess and any earnings thereon shall be credited against the deposits due from the County as provided in Section 3.2(b)(ii) of the Financing Agreement. The Escrow Agent shall provide the County, not less than thirty (30) days before each date a deposit is required under Section 3.2(b) of the Financing Agreement, an invoice which sets forth the amount of the next deposit.

(e) Any surplus remaining in the Payment Account after payment of all Financing Payments and all Obligations Outstanding and payment of any applicable fees and expenses of the Escrow Agent, or provision for such prepayment or payment of all Financing Payments having been made to the satisfaction of the Escrow Agent in accordance with Section 11.1, shall be remitted to the County.

Section 3.2 Additional Charges.

If the Escrow Agent receives Additional Charges pursuant to the Financing Agreement, such Additional Charges shall be applied by the Escrow Agent solely to the payment of any costs in respect of which such Additional Charges was received, and shall not be commingled in any way with any other funds received by the Escrow Agent pursuant to the Financing Agreement or this Escrow Agreement, except as provided above.

Section 3.3 Deposits at Closing.

Proceeds of the Obligations received by the County will be deposited in the County's project account and used for costs of the Project and costs relating to the issuance of the Obligations. The County hereby agrees to establish such an account or, in the alternative, to establish a system for tracking such funds and such funds shall be invested in accordance with County investment policies.

ARTICLE IV. - MONEYS IN FUNDS; INVESTMENT

Section 4.1 Moneys and Investments Held in Escrow.

The moneys and investments held by the Escrow Agent under this Escrow Agreement are irrevocably held in escrow for the purposes herein specified, and such moneys and any other income or interest earned thereon shall be expended only as provided in this Escrow Agreement, and shall not be subject to levy or attachment or lien by or for the benefit of any creditor of the County, the Escrow Agent or any Owner.

Section 4.2 Investments Authorized.

(a) Moneys held by the Escrow Agent hereunder shall be invested and reinvested by the Escrow Agent in Qualified Investments as directed in writing by the County. If the County notifies the Escrow Agent verbally, the County shall promptly confirm its notification and instructions in writing. In the event the Escrow Agent does not receive written direction regarding investments, then the deposits will be invested in a U.S. Bank Money Market interest-bearing deposit account.

(b) Qualified Investments in the Payment Account shall mature on or before the date the amounts invested are required for use under this Escrow Agreement. The Escrow Agent shall not be liable for any gain or loss of funds on any investment made in accordance with the instructions from the County.

(c) The Escrow Agent may purchase or sell from itself or any affiliate, as principal or agent, investments authorized by this Section 4.2 and which shall be entitled to its customary fee. Such investments and reinvestments shall be made giving full consideration for the time at which funds are required to be available. The Escrow Agent may act as purchaser or agent in the making or disposing of any investment.

(d) The County acknowledges that regulations of the Comptroller of the Currency grant the County the right to receive brokerage confirmations of the security transactions as they occur. The County specifically waives such notification to the extent permitted by law and will receive periodic cash transaction statements from the Escrow Agent which will detail all investment transactions.

Section 4.3 Accounting.

The Escrow Agent shall furnish to the County, at least annually, an accounting of each fund and account and of all investments made by the Escrow Agent. Except as provided in Section 5.6 herein, the Escrow Agent shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with this Escrow Agreement.

Section 4.4 Allocation of Earnings.

Interest earnings and investment income on moneys held by the Escrow Agent shall inure to the benefit of the County, but shall be held by the Escrow Agent for application as provided in this Escrow Agreement and the Financing Agreement. Any interest or investment income earned on moneys deposited in the Payment Account shall be credited to the Payment Account.

Section 4.5 Disposition of Investments.

The Escrow Agent may sell at the then current market price, or present for prepayment, any Qualified Investment so purchased by the Escrow Agent whenever it shall be necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the Payment Account, and, except as provided in Section 5.6 herein, the Escrow Agent shall not be liable or responsible for any loss resulting from the disposition of such investment. The County may instruct the Escrow Agent at any time to sell any Qualified Investment which may be sold at a profit; proceeds of such sale shall be deposited in the account to which the Qualified Investment was credited.

Section 4.6 Deposit and Investment of Moneys in Accounts.

The Escrow Agent may commingle any of the funds held by it pursuant to this Escrow Agreement in a separate fund or funds for investment purposes; provided, however, that all funds or accounts held by the Escrow Agent hereunder shall be accounted for separately notwithstanding such commingling by the Escrow Agent.

ARTICLE V. - THE ESCROW AGENT

Section 5.1 Compensation of the Escrow Agent.

The County shall from time to time pay to the Escrow Agent reasonable compensation for its services and will pay or reimburse Escrow Agent upon its request for all reasonable expenses, disbursements and advances made by the Escrow Agent in accordance with the provisions of this Escrow Agreement (including the reasonable expenses and fees of its counsel), except any such expense, disbursement or advance as may arise from its negligence or bad faith. Fees for the Escrow Agent's services shall be those specified in the contract between the County and the Escrow Agent.

Section 5.2 Removal of Escrow Agent.

(a) The Escrow Agent may be removed and a successor Escrow Agent appointed:

(i) by the County at any time if, in the good faith opinion of the County, expressed in writing and delivered to the Escrow Agent and the successor Escrow Agent, it would not be materially adverse to the interests of the Owners of the Obligations that the Escrow Agent be removed and a successor Escrow Agent appointed, or

(ii) at any time by written demand thereof filed with the Escrow Agent and the successor Escrow Agent by the Owners of a majority in aggregate principal amount of all Obligations Outstanding. Such removal shall become effective upon acceptance of appointment by the successor Escrow Agent.

(b) Any successor Escrow Agent appointed pursuant to the provisions of this section shall:

(i) be a trust company or bank in good standing, duly authorized to exercise trust powers and subject to examination by federal or state authority,

(ii) have substantial prior experience as a Escrow Agent for the benefit of the owners of municipal debt securities; and,

(iii) be a bank or trust company having (either singly or together with its parent holding company) a combined capital (exclusive of borrowed capital) and surplus of at least Seventy-Five Million Dollars (\$75,000,000) and subject to supervision or examination by federal or state authority.

Section 5.3 Resignation of Escrow Agent.

(a) The Escrow Agent or any successor may at any time resign by giving written notice to the County and by giving notice by first-class mail to the Owners of its intention to resign and of the proposed date of resignation, which shall be a date not less than sixty (60) days after the mailing of such notice, unless an earlier resignation date and the appointment of a successor Escrow Agent shall have

been or are approved by the Owners of a majority in aggregate dollar amount of the Obligations then Outstanding.

(b) Upon receiving such notice of resignation, the County shall promptly appoint a successor Escrow Agent by an instrument in writing; provided, however, that if the County fails to appoint a successor Escrow Agent within thirty (30) days following receipt of such written notice of resignation, the Owners of a majority in aggregate principal amount of all Obligations Outstanding may appoint a successor Escrow Agent and if the Owners fail to appoint a successor Escrow Agent, within thirty (30) days following the expiration of such initial 30-day period, the resigning Escrow Agent may petition the appropriate court having jurisdiction to appoint a successor Escrow Agent.

(c) Notwithstanding any other provision of this Escrow Agreement, no removal, resignation or termination of the Escrow Agent shall take effect until a successor shall be appointed.

Section 5.4 Merger or Consolidation.

Any company or national banking association into which the Escrow Agent may be merged or converted or with which it may be consolidated or any company or national banking association resulting from any merger, conversion or consolidation to which it shall be a party or any company or national banking association to which the Escrow Agent may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under Section 5.2 (b) of this Agreement, shall be the successor to such Escrow Agent without the execution or filing of any paper or further act, anything herein to the contrary notwithstanding.

Section 5.5 Acceptance of Appointment by Successor Escrow Agent.

(a) Any successor Escrow Agent appointed as provided in Section 5.3 or Section 5.4 above shall execute, acknowledge and deliver to the County and to its predecessor Escrow Agent an instrument accepting its appointment, and the appointment shall take effect on execution of that acceptance. Upon request of any successor Escrow Agent, the County and the prior Escrow Agent shall execute any documents the successor Escrow Agent may reasonably require to confirm its rights and powers under this Escrow Agreement and the Financing Agreement.

(b) Upon acceptance of appointment by a successor Escrow Agent as provided in this Section 5.5, the successor Escrow Agent shall mail, first class, postage prepaid, notice of its appointment to the Owners.

Section 5.6 Duties and Responsibilities of the Escrow Agent Prior to and During Default.

(a) The Escrow Agent undertakes, prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, to perform such duties and only such duties as are specifically set forth in this Escrow Agreement. In case any Event of Default has occurred (which has not been cured or waived) the Escrow Agent shall exercise such of the rights and powers vested in it by this Escrow Agreement, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

(b) No provision of this Escrow Agreement shall be construed to relieve the Escrow Agent from liability for its own negligent action, its negligent failure to act or its own willful misconduct, except that:

(i) Prior to the occurrence of an Event of Default and after the curing or waiving of all Events of Default which may have occurred, the duties and obligations of the Escrow Agent shall be determined solely by the express provisions of this Escrow Agreement, and the Escrow Agent shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Escrow Agreement, and no covenants or obligations shall be implied into this Escrow Agreement adverse to the Escrow Agent;

(ii) The Escrow Agent shall not be liable for any error of judgment made in good faith by a responsible officer of the Escrow Agent, unless it shall be proved that the Escrow Agent was negligent in ascertaining the pertinent facts;

(iii) The Escrow Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of a majority in aggregate principal amount of the Obligations at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Escrow Agent, or exercising any trust or power conferred upon the Escrow Agent, under this Escrow Agreement; and

(iv) No provision contained in this Escrow Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise incur liability in the performance of any of its duties or the exercise of any of its rights or powers, if there is reasonable ground for the Escrow Agent's believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Section 5.7 Protection and Rights of the Escrow Agent.

(a) The Escrow Agent shall be protected and shall incur no liability in acting or proceeding in good faith upon any ordinance, notice, telegram, request, consent, waiver, certificate, statement, affidavit, voucher, bond, requisition or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board or person or to have been prepared and furnished pursuant to any of the provisions of this Escrow Agreement, and the Escrow Agent shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements. The Escrow Agent shall not be bound to recognize any person as an Owner of any Obligation or to take any action at his request unless such Obligation shall be deposited with the Escrow Agent or satisfactory evidence of the ownership of such Obligation shall be furnished to the Escrow Agent. The Escrow Agent may consult with counsel, who may be counsel to the County, with regard to legal questions and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith in accordance therewith.

(b) Whenever in the administration of its duties under this Escrow Agreement, the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) shall be deemed to be conclusively proved and established by the certificate of the Escrow Agent's representative or the County's Representative and such certificate shall be full warranty to the Escrow Agent for any action taken or suffered under the provisions of this Escrow Agreement upon the faith thereof, but in its discretion the Escrow Agent may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

(c) The Escrow Agent may become the Owner of Obligations with the same rights it would have if it were not the Escrow Agent; may acquire and dispose of other certificates or evidences of indebtedness of the County with the same rights it would have if it were not the Escrow Agent; and may act as a depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Owners, whether or not such committee shall represent the Owners of the majority in aggregate principal amount of the Obligations then Outstanding.

(d) The recitals, statements and representations by the County contained in this Escrow Agreement or in the Obligations shall be taken and construed as made by and on the part of the County, as the case may be, and not by the Escrow Agent, and the Escrow Agent does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

(e) The Escrow Agent may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents, or receivers, and shall be entitled to advice of counsel concerning all matters of trust and its duty hereunder, and the Escrow Agent shall not be answerable for the default or misconduct of any such attorney, agent, or receiver selected by it with reasonable care.

Section 5.8 Indemnification

To the extent permitted by law, the County covenants and agrees to indemnify and save the Escrow Agent harmless against any loss, expense or liability which it may incur arising out of or in the exercise or performance of its duties and powers hereunder, including the costs and expenses of defending against any claim or liability, or enforcing any of the rights or remedies granted to it under the terms of this Escrow Agreement, excluding any losses or expenses which are due to the Escrow Agent's breach of fiduciary duties, negligence or willful misconduct. The obligations of the County under this Section 5.8 shall survive the resignation or removal of the Escrow Agent under this Escrow Agreement and the payment of the Obligations and discharge under this Escrow Agreement. The damages claimed against the County shall not exceed the damages which may be allowed under the Oregon Tort Claims Act, Oregon Revised Statutes Section 30.260, et seq., unless the provisions and limitations of such act are preempted by federal law, including, but not limited to the federal securities laws.

ARTICLE VI. - CONCERNING THE OBLIGATION OWNERS

Section 6.1 Evidence of Action Taken by Owners.

Whenever in this Escrow Agreement it is provided that the Owners of a specified percentage in aggregate principal amount of the Outstanding Obligations may take any action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the Owners of such specified percentage have joined therein may be evidenced:

- (a) by any instrument or any number of instruments of similar tenor executed by Owners in person or by agent or proxy appointed in writing, or
- (b) by the record of the Owners voting in favor thereof at any meeting of Owners, or
- (c) by a combination of such instrument or instruments and any such record of such a meeting of Owners.

Section 6.2 Action Taken by Owners Irrevocable.

Any consent to the taking of any action by any Owner of an Outstanding Obligation shall be irrevocable and shall be conclusive and binding upon such Owner and upon all future Owners of such Obligation and of any Obligation executed and delivered in exchange or substitution therefor, irrespective of whether or not any notation and regard thereto is made upon such Obligation. Any action taken by the Owners of the percentage in aggregate principal amount of the Outstanding Obligations specified in this Escrow Agreement in connection with such action shall be conclusive and binding upon the County, the Escrow Agent and the Owners of all the Obligations.

Section 6.3 Certain Obligations Disregarded.

In determining whether the Owners of the requisite aggregate principal amount of Obligations have concurred in any direction or consent under this Escrow Agreement, Obligations which are owned by the Escrow Agent or the County or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County shall be disregarded and treated as though they were not Outstanding for the purpose of any such determination; provided that for the purposes of determining whether the Escrow Agent shall be protected in relying on any such direction or consent only Obligations which the Escrow Agent knows are so owned shall be so disregarded. Obligations so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this section, if the pledgee shall establish to the satisfaction of the Escrow Agent the pledgee's right to vote such Obligations and that the pledgee is not a person directly or indirectly controlling or controlled by or under direct or indirect common control with the Escrow Agent or the County. In case of a dispute as to such right, any decision by the Escrow Agent taken upon the advice of counsel shall be full protection to the Escrow Agent.

ARTICLE VII. - MODIFICATION OF ESCROW AGREEMENT

Section 7.1 Limitations.

This Escrow Agreement may be modified or amended only in accordance with this Article VII.

Section 7.2 Supplemental Escrow Agreement Without Consent of Owners.

The County and the Escrow Agent may at any time enter into supplemental Escrow Agreements without the consent of or notice to the Owners, for the following purposes:

- (a) To cure any formal defect, omission, inconsistency or ambiguity in this Escrow Agreement; provided that such action shall not, in the reasonable judgment of the County, materially and adversely affect the interests of the Owners;
- (b) To grant to or confer or impose upon the Escrow Agent for the benefit of the Owners any additional rights, remedies, or powers or to amend this Escrow Agreement in any other way for the benefit of the Owners; provided that no such amendment may have, in the reasonable judgment of the County, a material and adverse effect on any Owner which has not consented to the Supplemental Escrow Agreement;
- (c) To modify, alter, amend or supplement this Escrow Agreement in any other respect which is not materially adverse to the Owners and which does not involve a change described in Sections 7.3(a)(i), 7.3(a)(ii), 7.3(a)(iii), or 7.3(a)(iv) herein and which, in the judgment of the Escrow Agent, is not to the prejudice of the Escrow Agent;

Before the Escrow Agent and the County shall enter into any Supplemental Escrow Agreement pursuant to this Section, the County shall deliver to the Escrow Agent an opinion of Special Counsel stating that the supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the County in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest payable on the Obligations.

Section 7.3 Supplemental Escrow Agreement with Consent of the Owners.

(a) Any amendment to this Escrow Agreement which is not described in Section 7.2 herein requires the consent of the County, the Escrow Agent and the Owners of not less than sixty (60) percent in aggregate principal amount of the Obligations then Outstanding. However, the consent of all affected Owners of all the Obligations then Outstanding is required for:

(i) a change in the terms of the payment or prepayment of any portion of the Financing Payments, or

(ii) the creation of a claim or lien upon, or a pledge of the security ranking prior to or (except as expressly permitted by this Escrow Agreement) on a parity with the claim, lien or pledge created by this Escrow Agreement, or

(iii) the creation of a preference or priority of any Obligation or Obligations over any other Obligation or Obligations, or

(iv) a reduction in the aggregate principal amount of Obligations the consent of the Owners of which is required for any supplemental Escrow Agreement or which is required, under Section 7.6 herein, for any modification, alteration, amendment or supplement to the Financing Agreement.

(b) If at any time the County shall request the Escrow Agent to enter into any supplemental Escrow Agreement for any of the purposes of this Section 7.3 which require Owners' consent, the Escrow Agent shall cause notice of the proposed supplemental Escrow Agreement to be given by first-class mail, postage prepaid, to all affected Owners at their addresses as they appear in the Obligation Register. Such notice shall briefly set forth the nature of the proposed supplemental Escrow Agreement and shall state that a copy thereof is on file at the office of the Escrow Agent for inspection by all Owners. Within two years after the date of the first mailing, the Escrow Agent and the County may enter into such supplemental Escrow Agreement in substantially the form described in such notice, but only if there shall have first been delivered to the Escrow Agent (i) the required consents, in writing, of Owners of Obligations then Outstanding, and (ii) an opinion of Special Counsel stating that such supplemental Escrow Agreement is authorized or permitted by this Escrow Agreement, complies with its terms, will, upon the execution and delivery thereof, be valid and binding upon the Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

(c) If the Owners of not less than the percentage of Obligations then Outstanding required by this Section 7.3 shall have consented to and approved the execution and delivery thereof as herein provided, no Owner shall have any right to object to the execution and delivery of such supplemental Escrow Agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution and delivery thereof, or to enjoin or restrain the Escrow Agent or the County from executing and delivering the same or from taking any action pursuant to the provisions thereof.

Section 7.4 Effect of Supplemental Escrow Agreement.

Upon the execution and delivery of any supplemental Escrow Agreement pursuant to the provisions of this Section 7.4, this Escrow Agreement shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Escrow Agreement of the Escrow Agent, the County and all Owners of Obligations then Outstanding shall thereafter be determined, exercised and enforced under this Escrow Agreement subject in all respects to such modifications and amendments.

Section 7.5 Amendments to Financing Agreement Not Requiring Consent of Owners.

(a) The County, with the consent of the Escrow Agent but without the consent of or notice to the Owners, may amend, change or modify the Financing Agreement as may be required:

(i) By the provisions of the Financing Agreement and this Escrow Agreement,

(ii) To cure any ambiguity, formal defect or omission in the Financing Agreement,

(iii) To make any other change to the Financing Agreement which, in the reasonable judgment of the County, does not materially and adversely affect the Owners.

(b) Before the County shall enter into, and the Escrow Agent shall consent to, any amendment change or modification pursuant to this Section 7.5 or Section 7.6 herein, there shall have been delivered to the Escrow Agent and the County an opinion of Special Counsel stating that such amendment, change or modification is authorized or permitted by this Escrow Agreement and the Financing Agreement, complies with their terms, will, upon the execution and delivery thereof, be valid and binding upon Escrow Agent and the County in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest with respect to the Obligations.

Section 7.6 Amendments to Financing Agreement Requiring Consent of the Owners.

(a) Any amendment to the Financing Agreement which is not described in Section 7.5 herein requires the consent of the County, the Escrow Agent and the Owners of not less than sixty (60) percent in aggregate principal amount of the Obligations Outstanding given as provided in this Section 7.6. However, the consent of the Owners of all affected Obligations then Outstanding is required for any amendment, change or modification of the Financing Agreement that would permit the termination or cancellation of the Financing Agreement or a reduction in or postponement of the payments under the said agreement or any change in the provisions relating to the payments thereunder.

(b) If at any time the County shall request the consent of the Escrow Agent to an amendment to the Financing Agreement which is not described in Section 7.5 herein, the Escrow Agent shall cause notice to be given of such proposed amendment, change or modification in the same manner as provided by Section 7.3 herein with respect to supplemental Escrow Agreements. Such notice shall briefly set forth the nature of such proposed amendment, change or modification, and shall state that copies of the instrument embodying the same are on file at the principal office of the Escrow Agent for inspection by all Owners at any time during reasonable business hours and upon reasonable prior notice. The County may enter into, and the Escrow Agent may consent to, any such proposed amendment, change or modification subject to the same conditions and with the same effect as provided in Section 7.3 herein

with respect to supplemental Escrow Agreements, provided the County has obtained the opinion of Special Counsel which is described in Section 7.5 herein.

ARTICLE VIII. - COVENANTS; NOTICES

Section 8.1 Compliance With and Enforcement of Financing Agreement.

(a) The County covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such agreement against the Escrow Agent in accordance with its terms.

(b) The Escrow Agent covenants and agrees with the Owners of the Obligations to perform all obligations and duties imposed on it under the Financing Agreement, and to enforce such Agreement against the County in accordance with its terms, subject to the rights of the County therein as provided in this Escrow Agreement and the Financing Agreement.

Section 8.2 Notice in Event of Late Financing Payment.

If the Escrow Agent does not receive any Financing Payment deposit within one (1) Business Day after the date on which it is due (which date is three (3) Business Days before the Payment Date) in accordance with the Financing Agreement, the Escrow Agent shall give prompt written and telephonic notice of such fact to the County.

Section 8.3 Notice of Default.

If an Event of Default occurs the Escrow Agent shall give written notice of such default to the Owners of the Obligations then Outstanding. Such notice shall specify that an Event of Default has occurred, and shall contain a brief description of the Event of Default. Any failure to give this notice shall not affect any rights of Owners. This shall be mailed by first class mail, postage prepaid, to each Owner within thirty (30) days of the Escrow Agent's actual knowledge of default. However, except for an Event of Default described in Section 9.1(a) herein, the Escrow Agent may withhold such notice if and so long as the Escrow Agent in good faith determines that the withholding of such notice is in the interests of the Owners of Obligations.

Section 8.4 Tax Covenants.

To maintain the exclusion from gross income for federal income tax purposes of the interest component of each Financing Payment, the County has covenanted in the Financing Agreement to comply with the applicable provisions of the Code. The Escrow Agent hereby agrees to comply with any instructions received from the County in order to maintain such exclusion.

Section 8.5 Prosecution and Defense of Suits.

The County shall promptly take such action as may be necessary to cure any defect in the title to the Project or any part thereof, or the perfection of security interests in the Project, whether now existing or hereafter developing, and shall prosecute and defend all such suits, actions and all other proceedings as may be appropriate for such purpose.

Section 8.6 Further Assurances.

The Escrow Agent and the County will make, execute and deliver any and all such further ordinances, instruments and assurances as the Escrow Agent may deem reasonably necessary or proper to carry out the intention or to facilitate the performance of this Escrow Agreement, and for the better assuring and confirming to the Owners of the Obligations the rights and benefits provided herein.

ARTICLE IX. - EVENTS OF DEFAULT

Section 9.1 Events of Default.

The occurrence of one or more of the following shall constitute Events of Default:

(a) The County's failure to pay the Financing Payments, when due;

(b) The County's failure to comply with any other covenant, condition or agreement of the County under the Agreements for a period of sixty (60) days after written notice thereof from the Escrow Agent absent an extension of time by the Escrow Agent;

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

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

Section 9.2 Remedies on Default.

Upon the occurrence and continuance of any Event of Default, the Escrow Agent may proceed, and upon written request of the Owners of not less than a majority in aggregate principal amount of Obligations then Outstanding, shall proceed to take whatever action at law or in equity may appear necessary or desirable to enforce the Financing Agreement or to protect any of the rights vested in the Escrow Agent or the Owners of Obligations by this Escrow Agreement or by the Obligations, either at law or in equity or in bankruptcy or otherwise, whether for the specific enforcement of any covenant or agreement contained in this Escrow Agreement or in aid of the exercise of any power granted in this Escrow Agreement or for the enforcement of any other legal or equitable right vested in the Escrow Agent by this Escrow Agreement or by law; provided, however, that upon an EVENT OF DEFAULT THE ESCROW AGENT SHALL NOT HAVE THE RIGHT TO DECLARE THE UNPAID PRINCIPAL COMPONENTS OF THE FINANCING PAYMENTS IMMEDIATELY DUE AND PAYABLE.

The Escrow Agent may exercise the rights and powers conferred by this Article IX as the Escrow Agent in its discretion being advised by its Counsel shall deem most expedient and in the interests of the Owners.

Section 9.3 No Remedy Exclusive.

No remedy herein conferred upon or reserved to the Escrow Agent is intended to be exclusive and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Escrow Agreement to the Escrow Agent, or given under the Financing Agreement to the Escrow Agent

and assigned hereunder to the Escrow Agent, or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. To entitle the Escrow Agent to exercise any remedy reserved to it, it shall not be necessary to give any notice other than such notice as may be required in this Section 9.3 or by law.

Section 9.4 Agreement to Pay Attorneys' Fees and Expenses.

If any party to this Escrow Agreement should default under any of the provisions hereof and any nondefaulting party or parties should employ attorneys or incur other expenses for the collection of moneys on the enforcement or performance or observance of any obligation or agreement on the part of the defaulting party herein contained, the defaulting party agrees that it will on demand therefor pay, to the extent permitted by law, to such nondefaulting party or parties the reasonable fees of such attorneys and such other expenses incurred by such nondefaulting party or parties.

Section 9.5 No Additional Waiver Implied by One Waiver.

If any agreement contained in this Escrow Agreement should be breached by a party and thereafter waived by another party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.6 Application of Moneys Upon Default.

If at any time after an Event of Default has occurred the moneys in the Payment Account shall not be sufficient to pay the Financing Payments as the same become due and payable, such moneys together with any moneys available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for herein or otherwise, shall be applied by the Escrow Agent as follows:

- (i) First: To the payments of costs, expenses and fees, and reasonable compensation of the Escrow Agent, its agents and attorneys, and all expenses and liabilities incurred and advances made by the Escrow Agent.
- (ii) Second: To the payment to the persons entitled thereto of the interest components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular interest component of a Financing Payment, then to the payment ratably, according to the amounts due on such interest portion, to the persons entitled thereto, without any discrimination or preference except as to any difference in the respective rates of interest specified in the Obligations;
- (iii) Third: To the payment of the persons entitled thereto of the principal components of Financing Payments as they become due in the order of the maturity of such Financing Payments, and, if the amount available shall not be sufficient to pay in full any particular principal component of a Financing Payment, then to the payment ratably, according to the amounts due on such principal portion, to the persons entitled thereto, without discrimination or preference; and,
- (iv) Fourth: To the County, but only if the Obligations are no longer Outstanding and all Additional Charges have been paid.

Section 9.7 Action by Owners.

If the Escrow Agent fails to take any action to eliminate an occurrence of an Event of Default, the Owners of more than fifty (50%) percent in aggregate principal amount of Obligations then Outstanding may institute any suit, action, mandamus or other proceeding in equity or at law for the protection or enforcement of any right under the Financing Agreement or this Escrow Agreement, but only if the Escrow Agent shall have been given written notice of such default (unless such default shall consist of a failure to make a Financing Payment when due) and the continuance thereof and if such percentage of Owners have first made written request of the Escrow Agent to institute such action or proceedings in its own name as Escrow Agent hereunder and shall have afforded the Escrow Agent sixty (60) days either to proceed to exercise the powers granted therein or granted under law or to institute such action, suit or proceeding in its name and unless also, the Escrow Agent shall have been offered reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Escrow Agent shall have refused or neglected to comply with such request within a reasonable time.

ARTICLE X. - LIMITATION OF LIABILITY

Section 10.1 Limited Liability of County.

Except for the payment of Financing Payments and Additional Charges when due in accordance with the Financing Agreement, and the performance of the other covenants and agreements of the County contained in the Financing Agreement and this Escrow Agreement, the County shall have no obligation or liability to any of the other parties or to the Owners of the Obligations with respect to this Escrow Agreement or the terms, execution, delivery or transfer of the Obligations, or the distribution of Financing Payments to the Owners by the Escrow Agent.

Section 10.2 No Liability of County for Escrow Agent Performance.

The County shall not have any obligation or liability to any of the other parties or to the Owners of the Obligations with respect to the performance by the Escrow Agent of any duty imposed upon it under this Escrow Agreement.

Section 10.3 No Liability of Escrow Agent for Financing Payments by County.

The Escrow Agent shall not have any obligation or liability to the Owners of the Obligations with respect to the payment of the Financing Payments by the County when due, or with respect to the performance by the County of any other covenant made by it in the Financing Agreement.

Section 10.4 Opinion of Counsel; Experts.

- (a) Before being required to take any action, the Escrow Agent may require an opinion of independent counsel acceptable to the Escrow Agent, which opinion shall be made available to the other parties hereto upon request, which counsel may be counsel to any of the parties hereto, or a verified certificate of any party hereto, or both, concerning the proposed action. If it does so in good faith, the Escrow Agent shall be absolutely protected in relying thereon.
- (b) If an Event of Default occurs or a dispute arises under this Escrow Agreement or the Financing Agreement, the Escrow Agent may employ as its agents attorneys at law, certified public accountants and recognized authorities in their fields (who are not employees of the Escrow Agent), as it may deem necessary to carry out any of its obligations hereunder. The County shall reimburse the

Escrow Agent for its reasonable expenses in so doing. The Escrow Agent shall not be responsible for any misconduct or negligence of any such agent appointed with due care by the Escrow Agent.

(c) The Escrow Agent may consult with counsel and the written advice of such counsel or any opinion of counsel shall be full and complete authorizations and protection in respect to any action taken or not taken by the Escrow Agent hereunder in good faith and in reliance thereon.

Section 10.5 Limitation of Rights to Parties and Owners.

Nothing in this Escrow Agreement or in the Obligations expressed or implied is intended or shall be construed to give any person other than the County, the Escrow Agent and the Owners of the Obligations, any legal or equitable right, remedy or claims under or in respect of this Escrow Agreement; all covenants, conditions and provisions are and shall be for the sole and exclusive benefit of the County, the Escrow Agent and the Owners.

ARTICLE XI. - MISCELLANEOUS

Section 11.1 Defeasance.

(a) All or any portion of the Outstanding Obligations may be paid and discharged in any one or more of the following ways:

(i) By paying or causing to be paid the Financing Payments attributable to such Obligations as and when the same become due and payable;

(ii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, before maturity, money which, together with the amounts then on deposit in the Payment Account, is fully sufficient to pay all Financing Payments attributable to such Obligations; or

(iii) By irrevocably depositing with the Escrow Agent or an independent escrow agent, in trust, Defeasance Obligations in such amount which will, together with the interest to accrue thereon, be sufficient to pay all Financing Payments attributable to such Obligations, as and when the same become due and payable, as evidenced by a verification report, and providing the Escrow Agent with an opinion of Special Counsel that such deposits will not cause the interest component of Financing Payments to be includable in gross income under federal income tax laws.

(b) All obligations of the Escrow Agent and the County under this Escrow Agreement with respect to such Obligations which are paid or deemed paid hereunder shall cease and terminate, except for the obligation of the County to pay the Additional Charges specified in Section 3.2 of the Financing Agreement and to pay Financing Payments from the amount so deposited, and of the Escrow Agent to apply amounts on deposit to the payment of the Financing Payments.

(c) The Escrow Agent shall, so long as any Obligations remain Outstanding, keep complete and accurate records of all moneys received and disbursed under this Escrow Agreement, which shall be available for inspection by the County and any Owner, or the agent of any of them, at any time during reasonable business hours upon reasonable prior notice. Upon written notice, the Escrow Agent shall promptly make such records available to the County, any Owner, or their respective auditors and other representatives, and shall cooperate with them in auditing and reproducing the records.

Section 11.2 Notices.

(a) All written notices to be given under this Escrow Agreement to any party to this Escrow Agreement shall be given via mail or via facsimile. Notices to be mailed shall be sent to the following addresses (unless the addressee has previously notified the other party in writing of a change in address):

If to the Escrow Agent:

U.S. Bank National Association
Corporate Trust Services
555 S.W. Oak Street – PD-OR-P6TD
Portland, Oregon 97204
Attention: Corazon Gruenberg

Telephone: (503) 275-5713
Facsimile: (503) 275-5738

If to the County

Multnomah County
501 SE Hawthorne, Suite 531
Portland, Oregon 97214
Attention: Mark Campbell

Telephone: (503) 988-3312

Payment Address: (Same as Above)

(b) All notices, obligations or other communications hereunder shall be sufficiently given and shall be deemed given when delivered via facsimile or mailed by registered mail (return receipt requested), postage prepaid.

Section 11.3 Applicable Law.

This Escrow Agreement shall be governed by and construed in accordance with the laws of the State of Oregon. Any action regarding this Escrow Agreement or the transactions contemplated hereby shall be brought in an appropriate court for the Multnomah County, Oregon.

Section 11.4 Partial Invalidity.

Any provision of this Escrow Agreement found to be prohibited by law shall be ineffective only to the extent of such prohibition, and shall not invalidate any remainder of this Escrow Agreement.

Section 11.5 Binding Effect; Successors.

This Escrow Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns. Whenever in this Escrow Agreement any party hereto is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all covenants and agreements contained in this Escrow Agreement by or on behalf of any party hereto shall bind and inure to the benefit of the successors and assigns thereof whether so expressed or not.

Section 11.6 Destruction of Canceled Obligations.

Whenever in this Escrow Agreement provision is made for the surrender to or cancellation by the Escrow Agent and the delivery to the Escrow Agent of any Obligations, the Escrow Agent may, in lieu of such cancellation and delivery, destroy such Obligations and deliver a certificate of such destruction to the County, if requested by the County.

Section 11.7 Headings.

The headings, titles and table of contents in this Escrow Agreement are provided for convenience and shall not affect the meaning, construction or effect of this Escrow Agreement. All references herein to "Sections," and other subdivisions which do not specify the document in which the subdivision is located shall be construed as references to this Escrow Agreement.

Section 11.8 Execution in Counterparts.

This Escrow Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

(REMAINDER OF PAGE LEFT BLANK INTENTIONALLY)

IN WITNESS WHEREOF, the Escrow Agent has executed this Escrow Agreement in its corporate name by its duly authorized officer and the County has caused this Escrow Agreement to be executed in its name by its duly authorized officer, all as of the date first above written.

U.S. BANK NATIONAL ASSOCIATION
as Escrow Agent

By: _____
Authorized Officer

MULTNOMAH COUNTY, OREGON
as County

By: _____
_____, _____

EXHIBIT A

(Form of Full Faith and Credit Obligation)

No. R-__ \$ __,000

**FULL FAITH AND CREDIT OBLIGATION
SERIES 2010**

Evidencing a Proportionate Interest of the Owner Hereof in Certain Financing Payments
to be Made Under a Tax-Exempt Financing Agreement between

MULTNOMAH COUNTY, OREGON
as County

and

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

DATED DATE	PRINCIPAL COMPONENT INTEREST RATE PER ANNUM	PRINCIPAL COMPONENT MATURITY DATE	CUSIP NUMBER
March 31, 2010	____%	____, 20__	____

REGISTERED OWNER: -----CEDE & CO.-----

PRINCIPAL AMOUNT: ----- THOUSAND DOLLARS-----

This Obligation is executed and delivered by U.S. Bank National Association pursuant to an Escrow Agreement, dated as of March 31, 2010, by and between U.S. Bank National Association, as escrow agent (the "Escrow Agent"), and Multnomah County, Oregon, (the "County"). The Escrow Agent and the County have entered into that certain Tax-Exempt Financing Agreement, dated as of March 31, 2010 (the "Financing Agreement"), pursuant to which the County is legally required to make financing payments (the "Financing Payments"). The County has assigned to the Escrow Agent all of its right, title and interest in the Financing Payments for the benefit of the Owners of the Obligations under the Escrow Agreement.

This Obligation is entitled proportionately to receipt of the principal component of Financing Payments in the amount set forth as Principal Amount above due on the Principal Component Maturity Date set forth above and is entitled proportionately to receipt of an amount of the interest component of Financing Payments each Payment Date attributable to the interest accruing on said principal component at the principal component interest rate set forth above.

ADDITIONAL PROVISIONS OF THIS OBLIGATION APPEAR ON THE REVERSE SIDE
HEREOF AND ON SUBSEQUENT PAGES; THESE PROVISIONS HAVE THE SAME EFFECT AS
IF THEY WERE PRINTED HEREIN.

U.S. Bank National Association, in Portland, Oregon, as the Escrow Agent and Registrar (the "Registrar"), shall pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the above Principal Component Maturity Date together with interest thereon from the dated date indicated above at the Principal Component Interest Rate per annum indicated above, but solely from amounts received from the County pursuant to the Financing Agreement and Escrow Agreement. Interest is payable semiannually on June 1 and December 1 of each year until maturity, commencing on December 1, 2010 (the "Payment Date") to the Owners of record as of the Record Date. Principal components of, and interest components of the Financing Payments on this Obligation shall be received by Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), or its registered assigns in same-day funds on each Payment Date. Such payments shall be made payable to the order of "Cede & Co.". All terms used in this Obligation and not otherwise defined herein shall have the respective meanings assigned thereto in the Financing Agreement and Escrow Agreement. The Obligations are payable from the Payment Account as provided in the Escrow Agreement.

This Obligation is one of a series of Full Faith and Credit Obligations, Series 2010 (the "Obligations"), being executed and delivered in the aggregate principal amount of \$9,800,000. The County is authorized to enter into the Financing Agreement and the Escrow Agreement by Resolution No. 09-148 adopted by the Board of Commissioners of the County (the "Board") on December 3, 2009 (the "Resolution").

The Obligations are not subject to prepayment prior to redemption.

The Financing Payments are payable from the general non-restricted revenues of the County and other funds which may be available for that purpose, including taxes levied within the restrictions of Section 11b, Article XI of the Constitution of the State of Oregon. The obligation of the County to make Financing Payments is a full faith and credit obligation of the County, and is not subject to appropriation. THE REGISTERED OWNERS OF THE OBLIGATIONS DO NOT HAVE A LIEN OR SECURITY INTEREST IN THE PROJECT FINANCED WITH THE PROCEEDS OF THE OBLIGATIONS.

The Obligations are initially issued as a Book-Entry System issue with no certificates provided to the Owners. Records of Obligation ownership will be maintained by the Escrow Agent and DTC and its participants.

THE ESCROW AGENT HAS NO OBLIGATION OR LIABILITY TO THE OWNERS OF OBLIGATIONS FOR THE PAYMENT OF THE INTEREST OR PRINCIPAL PORTIONS PERTAINING TO THE OBLIGATION; THE ESCROW AGENT'S ONLY OBLIGATIONS ARE TO ADMINISTER, FOR THE BENEFIT OF THE DISTRICT AND THE OWNERS OF OBLIGATIONS, THE VARIOUS ACCOUNTS ESTABLISHED IN THE ESCROW AGREEMENT AND ONLY SUCH DUTIES AS SET FORTH IN THE ESCROW AGREEMENT.

IN WITNESS WHEREOF, the Escrow Agent has caused this Obligation to be executed by the manual or facsimile signature of an authorized officer as of the date set forth above.

U.S. BANK NATIONAL ASSOCIATION,
as Escrow Agent

By: _____
Authorized Officer

THIS OBLIGATION SHALL NOT BE VALID UNLESS PROPERLY AUTHENTICATED BY THE REGISTRAR IN THE SPACE INDICATED BELOW.

Date of Authentication: March 31, 2010.

CERTIFICATE OF AUTHENTICATION

This is one of the \$9,800,000 Full Faith and Credit Obligations, Series 2010, which represents an interest in the Financing Payments due under the Financing Agreement described herein, and is properly registered and authenticated pursuant to the Escrow Agreement.

U.S. BANK NATIONAL ASSOCIATION,
as Registrar

By: _____
Authorized Officer

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto _____.

(Please insert social security or other identifying number of assignee) this Bond and does hereby irrevocably constitute and appoint _____ as attorney to transfer this Bond on the books kept for registration thereof with the full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name of the registered owner as it appears upon the face of this Bond in every particular, without alteration or enlargement or any change whatever.

NOTICE: The signatures to this Assignment must be guaranteed by a financial institution that is a member of the Securities Transfer Agents Medallion Program ("STAMP"), the Stock Exchange Medallion Program ("SEMP") or the New York Stock Exchange, Inc. Medallion Securities Program ("MSP").

Signature Guaranteed

(Bank, Trust Company or Brokerage Firm)

Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM -- tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common
OREGON CUSTODIANS use the following:
____ CUST UL OREG _____ MIN as custodian for
(as custodian for) (name of minor)
OR UNIF TRANS MIN ACT (under the Oregon Uniform Transfer to Minors Act)

Additional abbreviations may also be used though not in the list above.

EXHIBIT B
PREPAYMENT PROVISIONS
MULTNOMAH COUNTY, OREGON
FULL FAITH AND CREDIT OBLIGATIONS
SERIES 2010
FINANCING AMOUNT: \$9,800,000

The Obligations are not subject to prepayment prior to maturity.