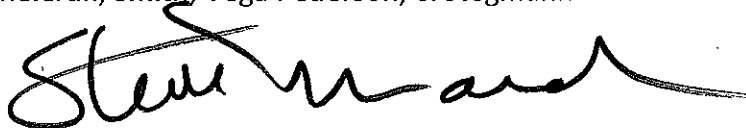


MEMORANDUM

To: Chair Kafoury; Commissioners Meieran, Smith, Vega Pederson, & Stegmann

From: Steve March, County Auditor



Cc: Sheriff Reese; District Attorney Underhill; COO Madrigal; CFO Campbell

Date: July 19, 2017

RE: Financial Condition Report 2017

This is the thirteenth biennial financial condition report that the Multnomah County Auditor's Office has issued. For most indicators we use a ten-year period, which is commonly used by local governments to demonstrate the ability to fund services on an ongoing basis. A local government that can maintain services to the public while meeting changing service demands and withstanding economic downturns is generally considered to be in good financial condition. We believe the County has met this standard.

The Auditor's Office looked at measures of revenues coming into the County, how these revenues were used, and the County's financial health over time. We also included indicators showing changes in population and the economy, and assessed how those changes can affect County services. For example, economic conditions influence revenues such as business income tax, and even more recently property taxes. A poor economy and loss of jobs puts more County residents at risk and in need of services. The unemployment rate is one indicator of the economic conditions in the County. In the last thirty-years covered by our reports, the unemployment rate has fluctuated from occasional low rates under 5% up to some years with high rates over 10%.

For more than twenty years, we have worked with the County's Commissioners, Budget Directors and Chief Financial Officers, who have made the difficult decisions that have affected the past, present and future of the County. Since we began issuing these reports, the County has undergone major changes in the property tax system, assumed responsibility for some state human service and public safety programs, and experienced economic downturns. We believe the current financial health of Multnomah County is the result of difficult decisions made by County Commissioners who responded to these challenges by creating and following sound financial policies while maintaining service to the public.

A financial condition report is a look back. Therefore, nearly all of the data presented reflect the economic downturn suffered locally and nationally from the most recent recession (commonly referred to as the "Great Recession"); however, these trends also reflect some of the gradual recovery that has been experienced in the most recent years. The County's past commitment to solid financial policies has put us in a good financial condition to serve our constituents as conditions continue to improve.

A couple of significant changes within the County that have impacted the results in this report include the creation of the Library District beginning in fiscal year 2014 and the transfer of the Mental Health and Addictions Services (MHAS) to the Health Department (Health Services) from the Department of County Human Services (Social Services) at the beginning of fiscal year 2016.

We would like to thank the various County staff who provided assistance in this report and in contributing to the strength of the County.