



Comprehensive Annual Financial Report

MULTNOMAH COUNTY, OREGON

Fiscal Year Ended
June 30, 2011



About the Cover

Multnomah County Library is the largest public library in Oregon and the oldest public library west of the Mississippi, with a history that reaches back to 1864. Today, Central Library and the other 18 neighborhood libraries that make up the library system house a collection of two million books and other library materials.

Multnomah County Library serves nearly one-fifth of the state's population. More than 35,000 people use the library each day, either online or in person. Multnomah County Library is second in circulation only to New York Public Library, according to the 2011 Public Library Data Service Statistical Report. In fiscal year 2011, the library circulated nearly 24 million items — more than one renewal or checkout per second.

Multnomah County Library's priorities are as follows:

- Exceptional customer service
- Resource during this economic crisis
- Efficient materials movement
- Early literacy
- Success in school: support for K-12 learning
- Resources for immigrants
- Facilitating civic engagement

A cornerstone of the community, Multnomah County Library offers job-search guidance; homework help; delivery to homebound seniors; workshops for teachers, parents and childcare providers; citizenship and computer classes; storytimes; Internet computers and wireless Internet access; small business and nonprofit resources; and cultural programs. More than 98,000 Multnomah County children participated in the library's 2011 Summer Reading program.

Multnomah County Library received the 2011 National Association of Counties Achievement Award for its efforts to help immigrants participate successfully in life in the United States. The library offers materials, programs and bilingual staff in Spanish, Chinese, Russian and Vietnamese.

Multnomah County Library won the 2009 National Medal for Museum and Library Service, given by The Institute of Museum and Library Services. This award is the nation's highest honor for museums and libraries — given for extraordinary civic, educational, economic, environmental, and social contributions.

To read more about Multnomah County Library, please visit www.multcolib.org.

Cover images courtesy Multnomah County Library

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011



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

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



JEFF COGEN
Chair



DEBORAH KAFOURY
Commissioner District 1



LORETTA SMITH
Commissioner District 2



JUDY SHIPRACK
Commissioner District 3



DIANE McKEEL
Commissioner District 4



STEVE MARCH
Auditor



DAN STATON
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2011
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INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON

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Portland, Oregon 97214
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(503) 988-3292 fax

November 22, 2011

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

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2011, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the County's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is included with this report beginning on page 175.

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, 2011, 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 730,140 residents. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

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

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

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. The General fund, Federal State Program special revenue fund and the Library special revenue fund budget to actual comparisons are provided on pages 40-42 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 85.

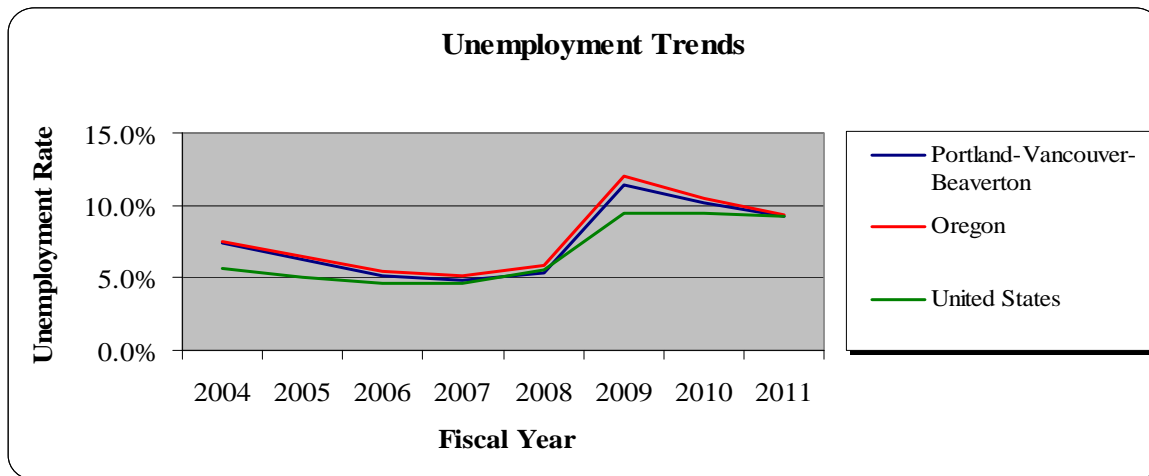
FACTORS AFFECTING FINANCIAL CONDITION

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

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy showed signs of stabilization during fiscal year 2011. Like the rest of the nation, the region continues to experience declining real estate values and frustratingly high levels of unemployment. The economic performance of the region has, historically, lagged the rest of the nation and tends to

exhibit more extreme highs and lows. Housing prices in the Portland-Vancouver-Beaverton PMSA, for example, did not fall as rapidly as in other parts of the country, but have now caught up with national trends. It is likely that the local economy will continue to see a slow recovery that is protracted and uneven for the foreseeable future.

The area's unemployment rate has remained elevated for the past three years. As of June 30, 2011 the Portland-Vancouver-Beaverton PMSA's unemployment rate was at 9.2%, down one percentage point from 10.2% a year ago, but still much higher than the 5.3% in 2008. The unemployment rate for the area is slightly better than the State of Oregon (at 9.4%) and matches the national average of 9.2%. The chart below compares the area's unemployment rate to the rates for the state and nation.

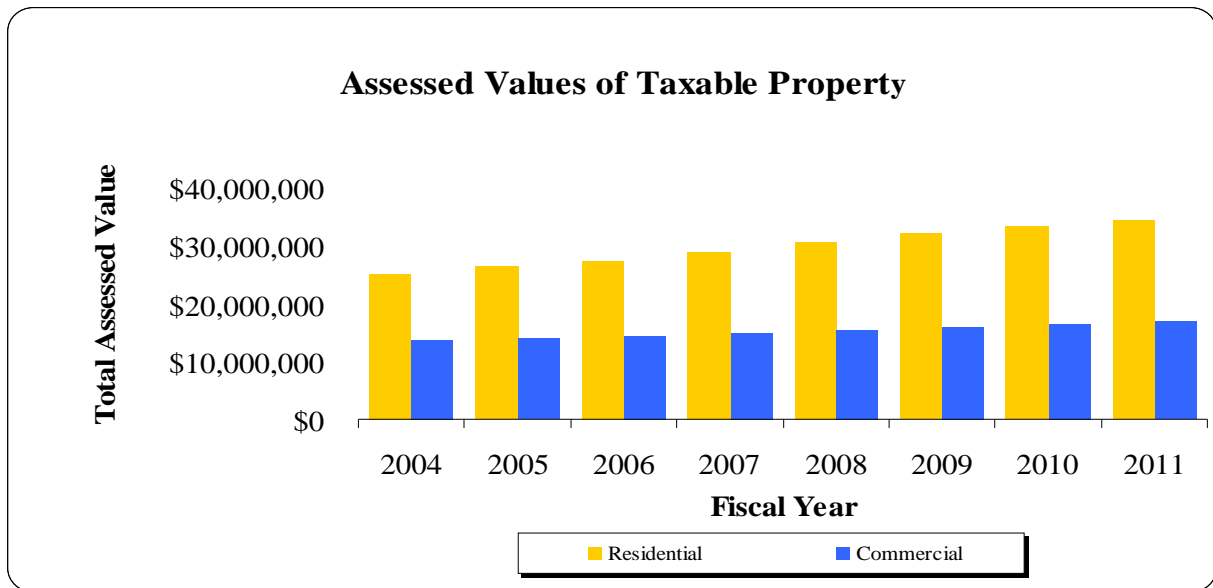


Financial outlook: Multnomah County has been fortunate to have weathered the economic recession better than many local governments. The County has closed significant budget gaps forecast in recent fiscal years while maintaining a wide array of health, social, and public safety services. Prudent financial planning, careful management of long term liabilities, and a low inflation environment left the County a modest and more manageable \$5.4 million General Fund budget gap for fiscal year 2012. This gap was closed through a management wage freeze, reorganizations, eliminating positions by increasing management span of control, drawing down beginning working capital in internal service funds, and higher business income tax collections. The current forecast assumes slow growth in employment and personal income over the next few years. Barring a “double dip” recession or unexpected significant reductions in State or Federal funding, the General Fund should be able to provide funding for the vast majority of current services in fiscal year 2013. The current five year forecast projects that expenditures will grow faster than revenues by \$3 to \$4.4 million per year from fiscal year 2014 to 2016.

The economic recession has had an impact on the County's revenue stream. The business income tax, in particular, has experienced significant volatility and declines since fiscal year 2008. However, the property tax, which accounts for approximately 65% of General Fund revenues, has remained relatively insulated from declining real estate values. Property taxes are governed by two state constitutional measures, Measure 5 and Measure 50, which set limits on the amount of tax that can be collected. In general, property taxable values cannot grow by more than 3% year over year. For the upcoming year, property tax collections are expected to grow by about 1.50% reflecting the constitutional growth limits combined with the fact that new construction is expected to remain at depressed levels.

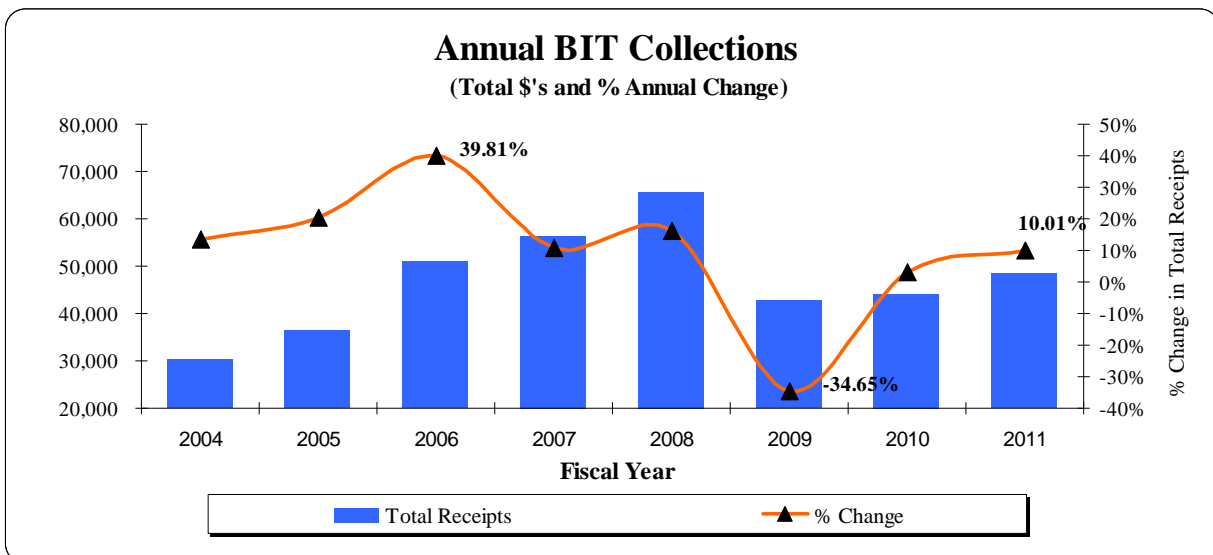
The following chart highlights the County's residential and commercial assessed (taxable) values over the past eight years. Residential properties have experienced a 41.8% increase in taxable property values over an eight year period compared to a 27.5% increase for commercial property values over the same period. Because assessed values remain below real market values for most

properties, property tax collections should be *relatively* inelastic despite falling real market values. It is important to note, though, that if real market values continue to decline there will eventually be an adverse impact on the rate of property tax growth.



Business income tax (BIT) is the second largest source of revenue in the General Fund and it is set at a rate of 1.45% of net income. BIT collections generally parallel the business cycle. Prior to the onset of the recession, fiscal year 2008 BIT collections were nearly \$66 million and had exhibited five years of double-digit growth. The following year they declined by nearly a third, with fiscal year 2009 collections coming in at just under \$43 million. For fiscal year 2011, collections have rebounded to nearly \$49 million.

The following chart highlights the volatility of BIT collections over the past eight years. Current forecasts assume slow to moderate growth in revenue, but collections are not expected to reach 2008 levels until fiscal year 2016 or 2017. The County has taken proactive measures to establish a separate contingency amount in the General fund to guard against further downturns in the BIT. For fiscal year 2012, this “BIT Stabilization Reserve” was set at \$4.9 million reflecting the difficulty of accurately forecasting this key revenue source.



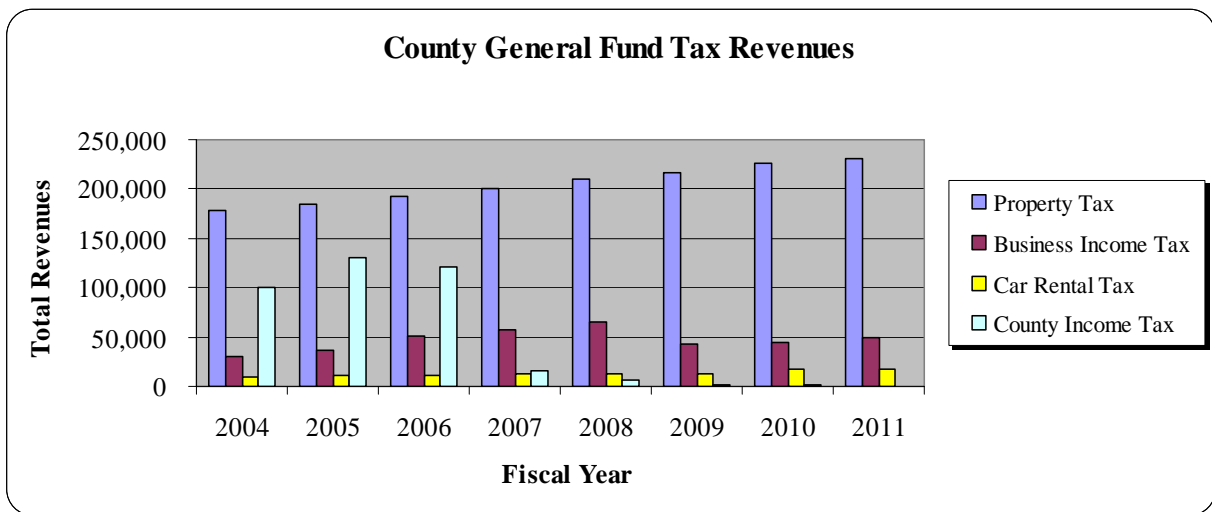
Motor vehicle rental taxes (MVRT) account for about 5% of ongoing General Fund revenues. In June, 2009 the Board increased the MVRT from 12.5% to 17.0% as part of balancing the fiscal year 2010 budget. The rate increase generated an additional \$4.2 million for the General Fund. MVRT collections are highly influenced by the economy. For example, MVRT collections declined for three consecutive years following the September 11, 2001 terrorist attacks. With the travel and tourism industry being particularly hard hit by the recession, tax collections declined by about 14.0% from fiscal year 2008 to fiscal year 2010. They rebounded by 3.7% in fiscal year 2011. The expectation is for MVRT to continue modest growth over the five year forecast period.

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

The resulting "structural deficit" is forecast at \$3.0 million to \$4.4 million per year, or roughly 1% of revenues over the next five years. This represents the ongoing gap that exists before any Board actions required to balance revenues and expenditures. It is an estimate that takes into account the rate of inflation, growth in employee benefits and long term fixed costs. Because the budget, by state statute, must be balanced it is likely that the County will need to trim program spending, allocate one-time sources of revenue, or some combination thereof to bring expenditures in line with revenues. The County will only draw down on budgeted reserves under very limited circumstances to meet ongoing operational requirements.

The State of Oregon provides a significant portion of the County's funding, mostly recorded in the Federal and State Special Revenue fund. The State's General fund is highly dependent upon personal income taxes, with approximately 85% of State General fund revenue attributable to this tax. Heading into the 2011 legislative session, the state projected a \$3.5 billion deficit for the 2011-2013 biennium, or roughly a 22% shortfall. In anticipation of significant reductions, the Board of County Commissioners set aside \$4.2 million of one-time-only County General funds to ramp down state programs and another \$1.6 of ongoing County General funds to allow the Board to prioritize critical programmatic needs in its fiscal year 2012 adopted budget. On September 15, 2011 the Board approved implementation of \$12.6 million in state reductions, offset by \$6.9 million in additional state funds (dedicated to specific programs) and \$3.8 million from the County's General fund. The County expects further reductions after the February 2012 legislative session as well as for the second half of the biennium in fiscal year 2013.

In 2003 Multnomah County voters approved a temporary personal income tax of 1.25% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax was imposed, and in fiscal year 2011 the County's General fund recognized \$657 in collections on delinquent accounts as compared to \$905 in tax revenue in fiscal year 2010. The following graph highlights the County's major tax sources.



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

The County's adopted financial and budget policies generally provide for the County to use one time only resources for costs that will not recur in future years. However, the policies allow the use of one-time only resources when, in the short term, it would be more beneficial to allocate such resources to the highest priority public services than to restrict them to non-recurring costs. The result of this practice is to expand operational levels and public expectations beyond the capacity of the organization, thereby providing continuing funding which can lead to future budget shortfalls. The 2011 adopted budget includes approximately \$23.4 million of one-time only funds. The majority of these one-time only funds are used for one-time-only expenses, including: \$4.9 million for the business income tax reserve, \$1.5 million for radio replacement and emergency management communications, \$1.4 million for detention electronics replacement, \$4.2 million to ramp down state programs, and \$600 for consolidation of the assessment and recording customer service area. A complete list of the uses of one-time-only funds can be found on pages 17 and 18 of the Budget Director's Message in the County's fiscal year 2012 adopted budget.

By adopting the financial and budget policies, the Board acknowledges that, to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain a General fund reserve designated as unappropriated fund balance and set at 10% of budgeted "corporate" revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) of the General fund. The reserve is to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond ratings. Moody's Investor Services currently rates the County as Aaa, the highest possible rating, for general obligation debt and Aa1 (second highest) for full faith and credit debt. In addition, the County issued full faith and credit obligations in fiscal year 2011 and received a rating of AA from Standard & Poor's, which is their second highest rating and again indicates that the County's financial capacity to repay the debt obligations is very strong.

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

Major initiatives. The "structural deficit," was a major focus for the County in closing an estimated \$45.9 million General fund shortfall in fiscal year 2009. However, Board actions taken over the past two years have significantly improved the County's financial condition. For the first time in recent years, the growth in economy-driven revenues, primarily the business income tax (BIT), and slower personal cost growth has eliminated the structural deficit. The ongoing structural deficit between General fund revenues and expenditures is approximately 2.0% annually.

The County's capital project initiatives include funding for improvements and construction on many of the County owned buildings, roads and Willamette River bridges. Included in the County's capital project plan is the replacement of an 85-year old Willamette River bridge, the Sellwood bridge. A regional funding plan is in place to secure the estimated \$290 million needed to fund the project. The cost includes the new bridge, an interchange where the bridge connects with Highway 43, right of way, design, and mitigating impacts to protected environmental resources. In addition, the 2009 State Legislature authorized the County to implement a Vehicle Registration Fee to provide revenue for replacement of the County's Sellwood Bridge. The Legislature also committed an appropriation of \$30,000 for improvements to the bridge interchange with state highway 43 which will limit the amount of local funds needed for the project. The Board is working with the County's federal representatives to secure an additional \$20,000 to offset construction costs. Other major non-routine capital projects include the construction of the new East County Courthouse and the relocation of the County's information technology data center to the new Courthouse. Financing for these projects has been secured and the total construction costs are estimated at \$25,000 with 2012 – 2013 targeted for occupancy.

AWARDS AND ACKNOWLEDGEMENTS

Awards. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2010. This was the twenty-sixth year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully Submitted,



Mindy Harris
Chief Financial Officer



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, 2010

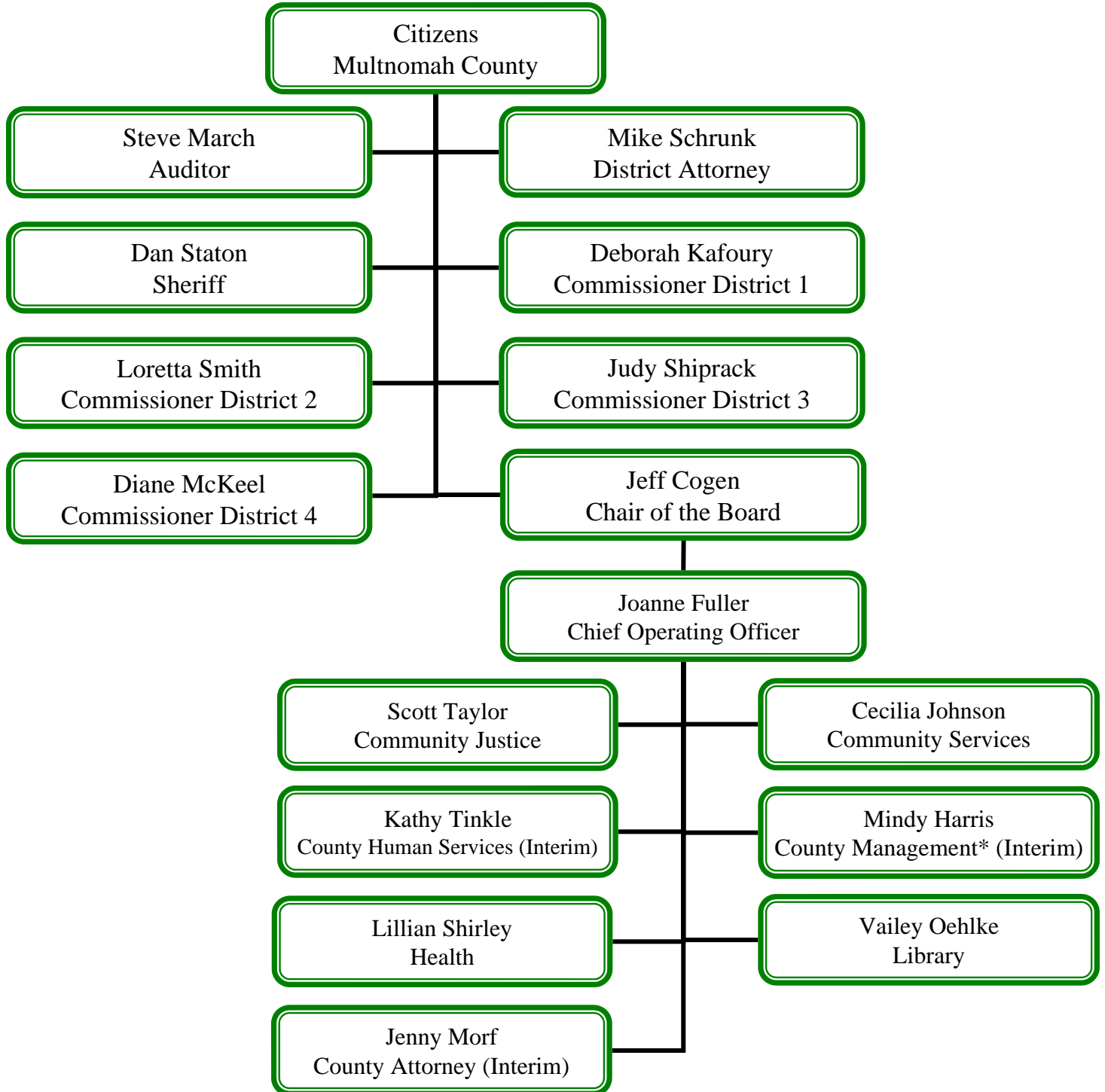
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

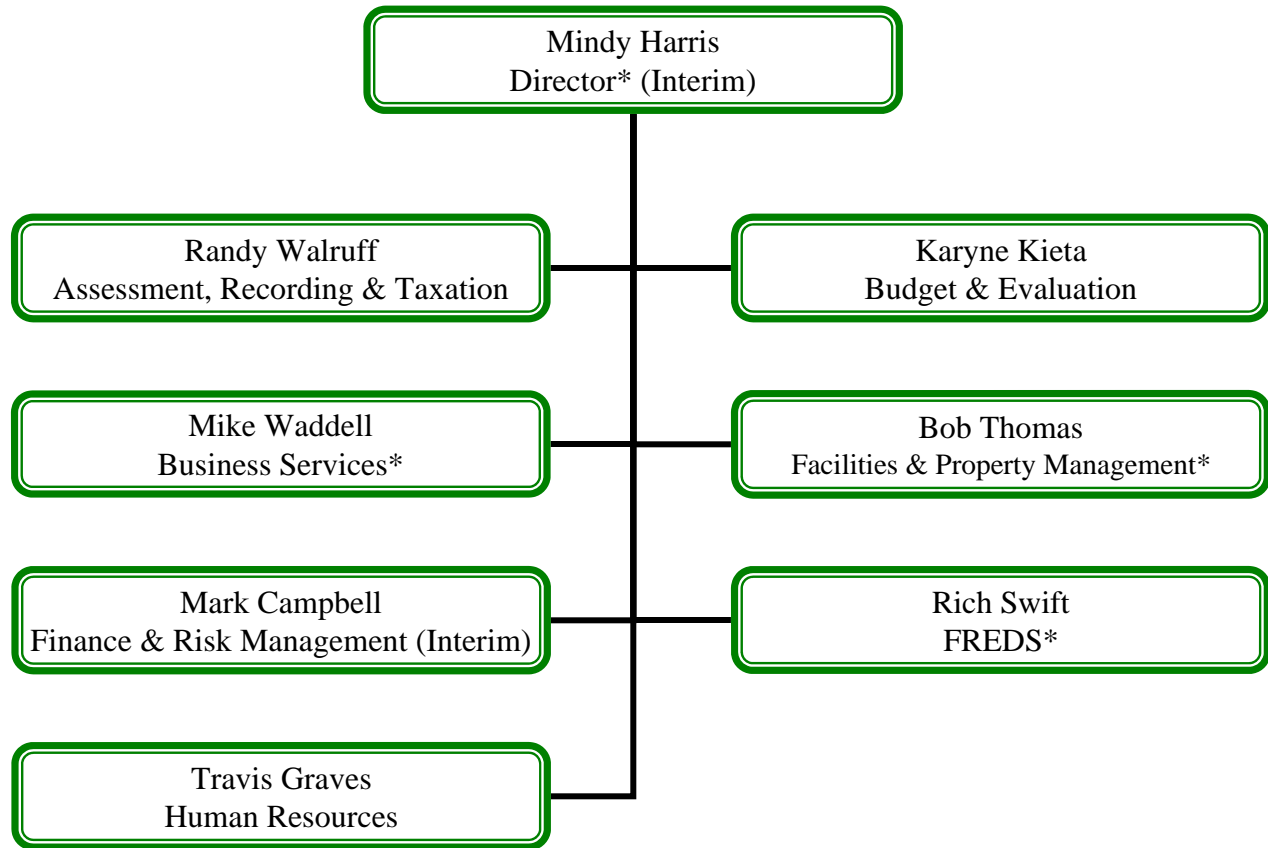
Executive Director

MULTNOMAH COUNTY, OREGON



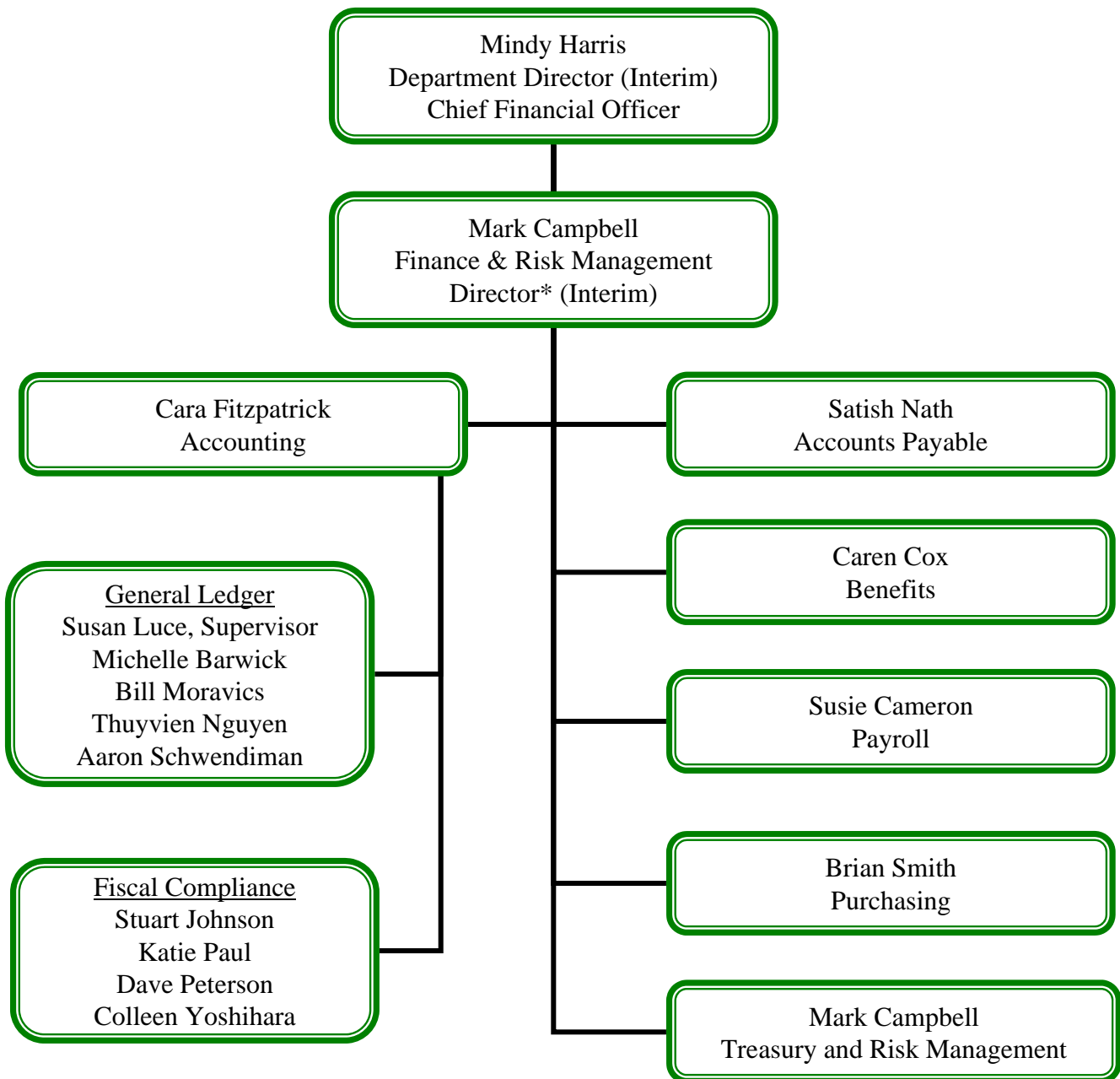
*As of July 1, 2011, the County implemented organizational changes affecting the structure of the Department of County Management.

MULTNOMAH COUNTY, OREGON
Department of County Management



*As of July 1, 2011, the County implemented organizational changes affecting the structure of the Department of County Management.

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



*As of July 1, 2011, the County implemented organizational changes affecting the structure of the Department of County Management.

MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2011
Principal Officers

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

FINANCIAL SECTION

REPORT OF INDEPENDENT AUDITORS

Board of Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Federal and State Program Fund, and the Library Fund of Multnomah County (the "County") as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, which represent 100% of the assets, net assets, and revenues of the discrete component unit. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Multnomah County, as of June 30, 2011, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparisons for the General Fund, the Federal and State Program Fund, and the Library Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

MOSS ADAMS_{LLP}

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2011 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and OPEB information on pages 15 through 29 and 84 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to this information, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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



For Moss Adams LLP
Eugene, Oregon
November 22, 2011



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, 2011. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-7 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2011, by \$790,284 (*net assets*). Of this amount, \$23,541 is restricted for capital improvement projects, \$9,108 is restricted for improvements to roads, bridges and bike paths, \$7,831 is restricted for future years' debt service, and \$9,326 is restricted for various community support and other programs.
- Total net assets increased by \$57,572 or 8% in fiscal year 2011. The primary reasons for the increase over the prior year are discussed in more detail below.
- Health Services charges for services increased by \$6,821 or 10% over the prior year. Approximately \$5,000 of this increase can be attributed to increased Federally Qualified Health Centers (FQHC) wraparound billable Managed Care visits of 15% over the prior year, with 44% of the increased encounters a result of a new health clinic opened during fiscal year 2011. There was also a 1% increase in the prospective payment system (PPS) billable rate per visit increased in 2011, and a 9% Multicare Dental enrollment increase resulted in an additional \$619 in capitation revenue for the year. These increased revenues are offset by increased expenses of \$13,712, or 10%.
- Another significant increase in charges for services includes \$8,024 in Roads and Bridges, or 725%. The increase is a result of a new vehicle registration fee, established to provide funds for the replacement of the Sellwood Bridge. The \$19/year fee began in fiscal year 2011, and will be in place for 20 years to provide resources for construction and subsequent debt service requirements.
- Capital grants and contributions increased by \$13,530 over the prior year, or 469%. The increase is primarily attributable to significant improvements on the Broadway Bridge to add tracks for the Portland Streetcar. These improvements, totaling \$13,539 in fiscal year 2011, were performed by the City of Portland, and have been recognized as capital contributions on the Statement of Activities. The project was not yet complete as of June 30, 2011, so these improvements are included as construction in progress on the Statement of Net Assets.
- Net assets for business-type activities increased by \$3,758 or 22% in fiscal year 2011. The increase is primarily attributable to the Behavioral Health Managed Care fund where the total revenues exceeded total expenditures by \$3,450. The increase is due to a significant increase in the number of clients enrolled in the Department of County Human Services Verity mental health program. Total Verity enrollment increased by 20% over the prior year due to policy changes at the State for mental health enrollment. Also, changes in the methodology to calculate the liability for incurred but not reported

(IBNR) claims resulted in an overall net increase to net assets for the Behavioral Health Managed fund.

- Total assets for business-type activities increased by \$6,677 or 31% over the prior year and total liabilities increased by \$2,919 or 64% from fiscal year 2010. Both increases are directly attributable to the early receipt of a fiscal year 2012 allotment payment in the Behavioral Health Managed Care fund. The \$4,032 allotment payment for the Verity enrollment in the Oregon Health Plan (OHP) was received at the end of the fiscal year and increased deferred revenues and cash in the Behavioral Health Managed Care fund. The changes to the methodology for the calculation of the IBNR claims payable decreased total liabilities by \$1,008 in this fund.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$210,735, an increase of \$23,506 or 13%.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$44,576, or approximately 14% of both total General Fund expenditures and total "corporate" revenues of General Fund. Corporate revenues include Property Tax, Business Income Tax, Motor Vehicle Rental Tax, State Revenue Sharing, and Interest Earnings, revenues that are available for general use and over which the Board has complete discretion. This balance is consistent with the County's finance and budget policies requiring a 10% reserve.

Overview of the Financial Statements

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

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

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

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

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

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate sanitary sewer district and a legally separate street lighting district, for which the County is financially accountable. The statements also include a legally separate, tax exempt foundation whose purpose is to support the County's libraries through raising, receiving, administering and

disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Financial information for the two *blended component units* and one *discretely presented component unit* is reported separately from the financial information presented for the County itself.

The government-wide financial statements can be found on pages 30-32 of this report.

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

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

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

The County maintains 23 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, the Federal State Program Fund, the Library fund, the PERS Pension Bond Fund and the Capital Improvement Fund, which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise fund financial statements provide aggregate information for the sewer and lighting districts and the behavioral health fund. The internal service funds are also combined into a single, aggregated

presentation in the proprietary fund financial statements. Individual fund data for the proprietary and internal service funds is provided in the form of combining statements elsewhere in this report.

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

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

The basic fiduciary fund financial statements can be found on page 46 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 126-127 of this report.

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

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 85 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 84.

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 \$790,284 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 503,996	\$ 468,665	\$24,924	\$18,163	\$ 528,920	\$ 486,828
Capital assets	755,558	735,358	3,612	3,696	759,170	739,054
Total assets	1,259,554	1,204,023	28,536	21,859	1,288,090	1,225,882
Long-term liabilities outstanding	359,269	360,839	7	16	359,276	360,855
Other liabilities	131,055	127,768	7,475	4,547	138,530	132,315
Total liabilities	490,324	488,607	7,482	4,563	497,806	493,170
Net assets:						
Invested in capital assets, net of related debt	637,922	620,544	3,612	3,696	641,534	624,240
Restricted	49,806	103,600	-	-	49,806	103,600
Unrestricted	81,502	(8,728)	17,442	13,600	98,944	4,872
Total net assets	\$ 769,230	\$ 715,416	\$21,054	\$17,296	\$ 790,284	\$ 732,712

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 \$641,534 as compared to \$624,240 a year ago. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net assets in the amount of \$49,806 or approximately 6% are restricted for capital projects, debt service, and various community support programs. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is the County's unrestricted net assets of \$98,944 or approximately 13%. At the end of the current year, the County is able to report positive balances in the three categories of net assets for governmental and business-type activities.

Total net assets increased by \$57,572 during the current fiscal year. This increase is attributable to the factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net assets for fiscal years 2010 and 2011.

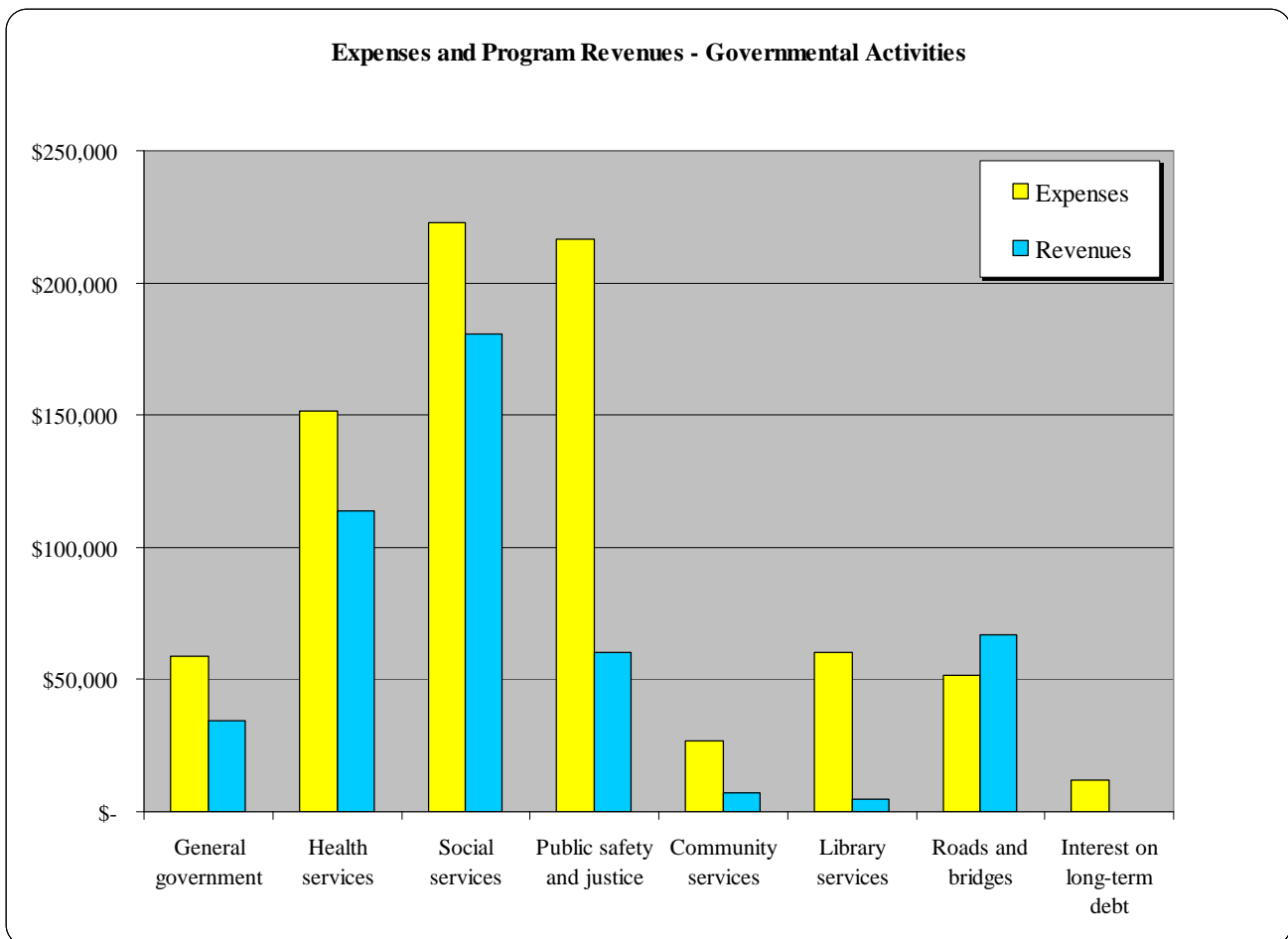
Multnomah County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$135,657	\$115,554	\$47,289	\$44,081	\$182,946	\$159,635
Operating grants and contributions	316,218	299,735	-	-	316,218	299,735
Capital grants and contributions	16,415	2,885	36	133	16,451	3018
General revenues:						
Taxes:						
Property taxes	276,851	275,295	-	-	276,851	275,295
Business income taxes	48,570	44,150	-	-	48,570	44,150
Other taxes	48,350	43,997	-	-	48,350	43,997
State government shared revenues	7,423	7,768	-	-	7,423	7,768
Grants and contributions not restricted to specific programs	1	27	-	-	1	27
Interest and investment earnings	2,946	2,589	115	128	3,061	2,717
Miscellaneous	667	1,665	871	7	1,538	1,672
Gain on sale of capital assets	175	228	-	-	175	228
Total revenues	853,273	793,893	48,311	44,349	901,584	838,242
Expenses:						
General government	58,642	59,572	-	-	58,642	59,572
Health services	151,327	137,615	-	-	151,327	137,615
Social services	222,515	224,928	-	-	222,515	224,928
Public safety and justice	216,403	210,079	-	-	216,403	210,079
Community services	26,683	22,796	-	-	26,683	22,796
Library services	60,343	56,548	-	-	60,343	56,548
Roads and bridges	51,772	49,571	-	-	51,772	49,571
Interest on long-term debt	11,774	12,800	-	-	11,774	12,800
Dunthorpe-Riverdale Service District Number 1	-	-	486	516	486	516
Mid County Service District Number 14	-	-	427	403	427	403
Behavioral Health Managed Care	-	-	43,640	39,207	43,640	39,207
Total expenses	799,459	773,909	44,553	40,126	844,012	814,035
Increase (decrease) in net assets	53,814	19,984	3,758	4,223	57,572	24,207
Beginning net assets	715,416	695,432	17,296	13,073	732,712	708,505
Ending net assets	\$769,230	\$715,416	\$21,054	\$17,296	\$790,284	\$732,712

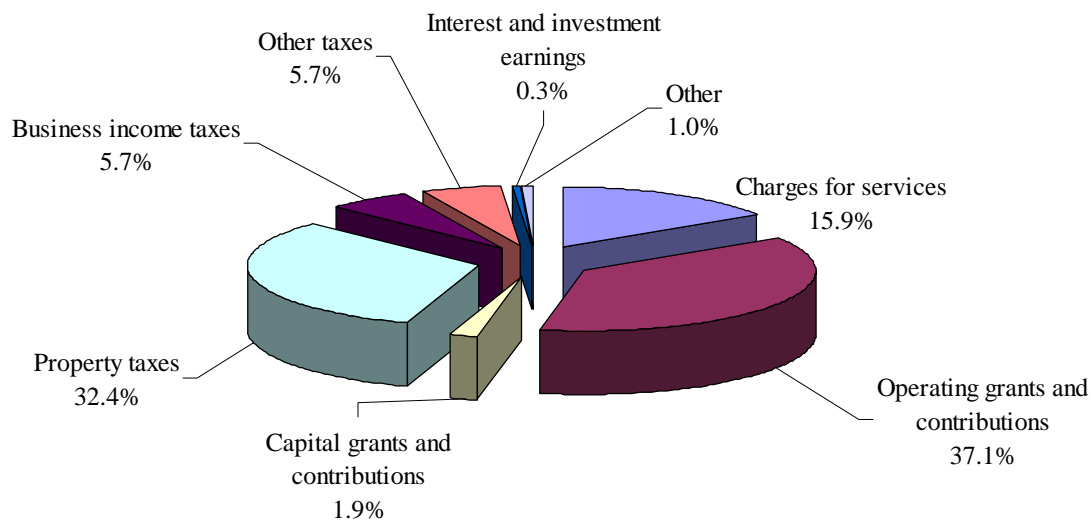
Governmental activities. Governmental activities increased the County's net assets by \$53,814; key elements of this increase are highlighted below:

- Fees, fines and charges for services increased by \$20,103 or 36%. The increase is related to Roads and Bridges which increased \$8,024 or 725% over the prior year, which represents the collection of a new vehicle registration fee dedicated to the construction of the Sellwood bridge replacement project. Also included in the increase is \$6,821 in Health Services, which was primarily the result of increased billable encounters in the County's health clinics. Approximately 44% of the increased encounters were a result of a new health clinic opened during fiscal year 2011 in the County's Rockwood neighborhood.
- Capital grants and contributions increased by \$13,530, or 469%. The increase is primary related to improvements to the Broadway bridge to install tracks for the Portland Streetcar, and represents work completed by the City of Portland.
- Business income taxes increased by \$4,420 or 10% from the prior year as the economy continues to rebound. Prior to fiscal year 2009, business income tax revenues grew at 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.

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



Revenues by Source, Governmental Activities

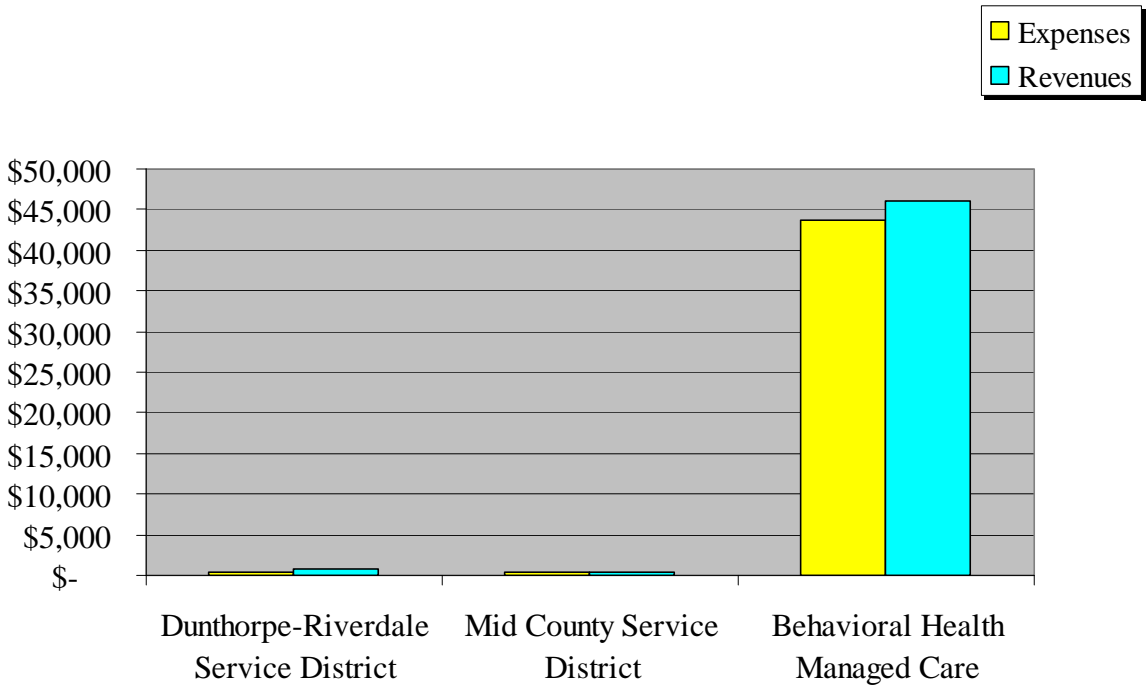


Business-type activities. Business-type activities increased the County's net assets by \$3,758, compared to an increase of \$4,223 in the prior year. The primary reasons for the current year's increase are:

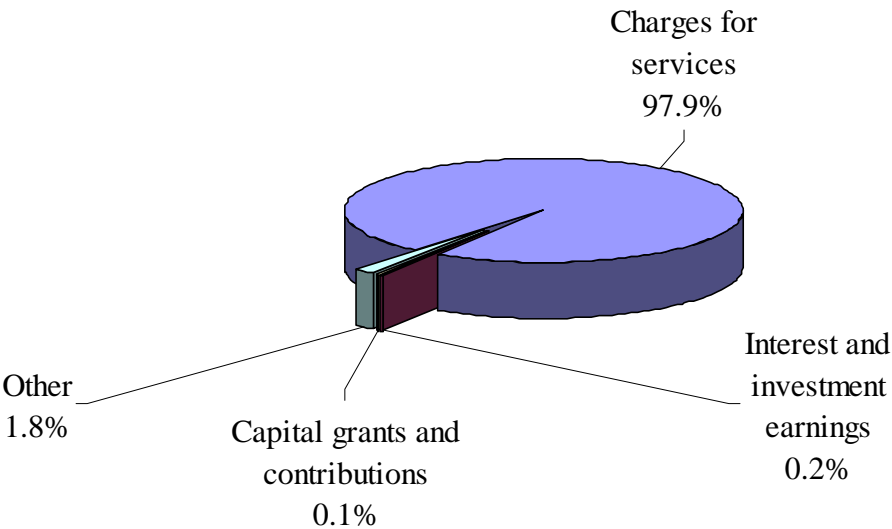
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health Plan enrolled members within Multnomah County. Verity Integrated Behavioral Healthcare Systems works with the Oregon Health Plan to manage mental health services. Net assets in this fund increased by \$3,450 as compared to an increase of \$3,845 in the prior year. During fiscal year 2011, the enrollment in the Verity increased by approximately 20% as a result of policy changes at the State for enrollment.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2011 the District collected \$816 in fines, fees and charges for services which is essentially unchanged from the prior year's collection of \$809.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2011 the District collected \$363 in fines, fees and charges for services which is an increase of \$22 or 6% over the prior year collections of \$341. This increase is attributable to an increase in user fees from \$45 to \$48 per household.
- Interest revenue decreased by \$13 as interest rates fell from .57% in June 2010 to .53% in June 2011. Interest is allocated based on the average daily cash balance and the average monthly yield of the County's investment portfolio.

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

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 \$210,735, an increase of \$23,506 over the prior year. Approximately 31% or \$65,178 of this total amount constitutes *assigned and unassigned fund balances*, which is available for spending at the government's discretion. Unassigned fund balances are amounts available in the General Fund, while assigned fund balances are amounts available in other governmental funds. The remainder of fund balance is *unspendable, restricted, or committed* to indicate that it is not available for discretionary spending because it has already been dedicated to 1) to prepaid items and inventories (\$1,891), 2) to pay for ongoing capital projects (\$42,278), 3) to pay debt service (\$73,529), 3) to pay for improvements to roads, bridges or bike paths (\$18,108), or 4) to pay for various community support and other programs (\$9,751). Additional information on the County's fund balances can be found in note 3.G on page 76 of this report.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unassigned fund balance was \$44,576 in the General Fund or approximately 98% of the total fund balance of \$45,717. 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 13% of total General Fund expenditures.

The fund balance of the County's General Fund decreased by \$13,698 due to unrestricted Health Department clinic fees and the related expenditures that were reclassified from the Federal State Program Special Revenue fund to the General Fund in fiscal year 2011. The reclassification of the Health Department's program was related to the County's implementation of GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This decrease is offset by increases in property taxes of \$4,329 and business income taxes of \$4,420.

The Federal and State Program Special Revenue Fund has a total fund balance of \$8,172, of which \$439 is unspendable due to balances reported for prepaid items and inventories. The restricted balance of \$8,045 includes grants and other amounts received in advance that are restricted to specific purposes by external parties. In general, Federal revenues are closely matched with Federal expenditures. The remaining deficit balance of \$312 is reported as unassigned because the total unspendable and restricted amounts were greater than the total ending fund balance. Ending fund balance in the Federal and State Program fund increased over the prior year by \$2,230 or 38% primarily due to unspent revenues at year-end related to the State Mental Health Block grant in the Department of County Human Services.

The Library Special Revenue Fund reported a total fund balance of \$16,609, of which \$16,355 is assigned at year-end. This is a decrease of \$2,486 or 13% from the prior year. The decrease is primarily attributable to the Library's local option levy that expires June 30, 2012. Approximately 60% of Library operations are supported by a five year local option levy. The five year levy is designed to operate at a surplus in the early years and at a deficit as the levy nears the end of the five year period.

The PERS Pension Bond Fund is a debt service fund with a total fund balance of \$54,737 which is an increase of \$13,234 or 32% over the prior year's ending fund balance of \$41,503. The total fund balance is committed for future debt service. The increase in fund balance is due to an increase in the internal service rates charged to County departments as a part of personnel costs.

The Capital Improvement Fund is a capital project fund with a total fund balance of \$30,586, of which \$18,621 is restricted by external parties to specific capital projects. The remaining \$11,965 is committed by the Board to other capital projects. Ending fund balance in the Capital Improvement fund increased over the prior year by \$8,378 or 38% due to the issuance of debt for \$15,000 for the construction of a new East County Courthouse, with \$9,418 of these proceeds remaining unspent during fiscal year 2011.

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, \$765
- Mid County Service District Fund, \$252
- Behavioral Health Managed Care Fund, \$16,425

The total change in net assets for all proprietary funds was an increase of \$3,758. 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 \$1,932 and total final adopted budgeted expenditures were increased by \$2,824 from the original budgeted numbers. During the year the General Fund contingency was reduced by \$504 or 7% for the following reasons:

- District Attorney and Sheriff – \$406 was allocated for an investigation and search effort for a missing person. \$196 of this amount was added to the District Attorney's Office budget, and \$210 was added to the Sheriff's Office budget.
- Community Justice – \$117 was allocated for increased gang violence intervention programs in response to a significant increase in gang related problems.
- Human Services – Approximately \$482 was added to the budget for the Department County Human Services. Of this, \$61 was allocated to domestic violence emergency shelter beds, \$318 for additional homeless family shelter services and capacity through the Rapid Re-Housing Initiative, and \$103 for initiatives to help seniors receiving assistance through the Department's Aging and Disability Services division for assistance with dentures and extractions and support for bed bug treatments.
- Multiple Departments – Approximately \$501 increased the General Fund revenues as a result of additional grants and awards to various County Departments in restricted funds that allowed for indirect costs or an overhead allocation.

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

- Human Services – The department's final budget exceeded the original budget by \$501. This increase is explained by the changes in the Human Services General Fund contingency as noted above. The department's final budget also exceeded actual spending by \$2,738 or 6%. The underspending was concentrated to contracts in the Aging & Disability Services division and Community Services division.

- Nondepartmental – The final budget exceeded the original budget for nondepartmental offices and agencies by \$1,301. This increase was to allow for the distribution of personal income tax collections to schools, for delinquent collections that have continued to be received on the expired tax. The final budget for nondepartmental offices and agencies exceeded the actual spending by \$1,763 or 8%, of which \$706 is related to the budget modification above, as final collections and the related distribution of the income tax revenues were not as high as expected.
- County Management – The department’s final budget exceeded actual spending by \$1,863 or 6%. The under-spending is due to a number of positions in the Division of Assessment, Recording and Taxation that were held open throughout the fiscal year.
- Health Services – The final budget in the Health Department exceeded actual spending by \$3,499 or 7%. This underspending is primarily related to increased fee collections in the Federal and State Program fund, which provided alternative resources for the Department’s expenditures and reduced spending in the General fund.

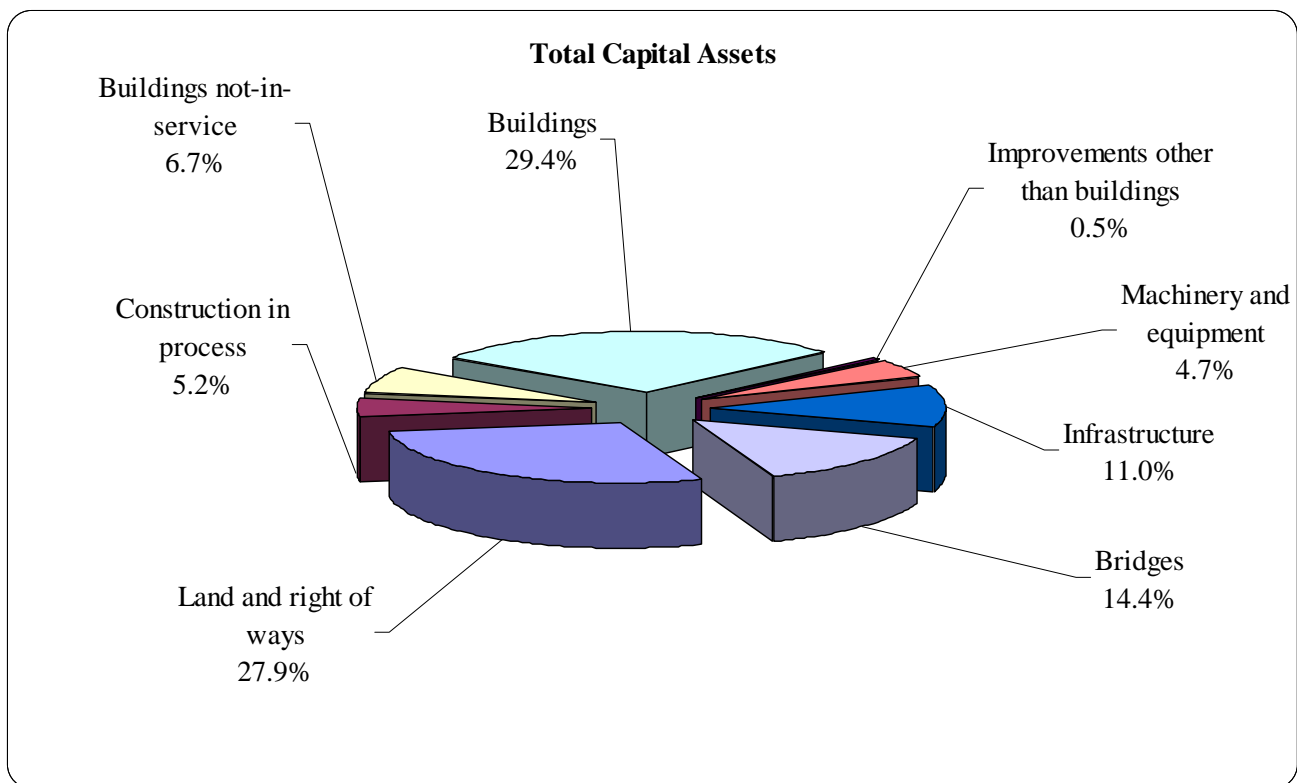
Capital Projects and Debt Administration

Capital assets. The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2011, amounts to \$759,170 (net of accumulated depreciation). This investment in capital assets includes land, right of ways, buildings and improvements, machinery and equipment, internally developed software, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County’s investment in capital assets for the current fiscal year was an increase of \$20,116 or approximately 3%. This increase is primarily related to several projects still under construction at the end of fiscal year 2011, including \$14,218 for the Broadway bridge, \$9,019 for the Sellwood bridge replacement, and \$7,135 for the new East County Courthouse. Additionally, buildings not-in-service, which represents a County jail facility whose construction was completed in fiscal year 2005. However, the County does not have sufficient resources to operate the facility.

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

	Governmental Activities		Business- Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Land and right of ways	\$ 212,029	\$ 212,024	\$ -	\$ -	\$ 212,029	\$ 212,024
Construction in process	39,542	8,401	-	305	39,542	8,706
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	223,379	227,121	-	-	223,379	227,121
Improvements other than buildings	433	283	3,612	3,391	4,045	3,674
Machinery and equipment	36,014	34,979	-	-	36,014	34,979
Bridges	83,587	85,825	-	-	83,587	85,825
Infrastructure	109,410	115,561	-	-	109,410	115,561
Total capital assets	<u>\$ 755,558</u>	<u>\$ 735,358</u>	<u>\$ 3,612</u>	<u>\$ 3,696</u>	<u>\$ 759,170</u>	<u>\$ 739,054</u>

The following chart indicates the County’s capital assets as of June, 30, 2011. Additional information on the County’s capital assets can be found in note 3.C on pages 66 – 67 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$268,687. Of this amount, \$42,794 comprises debt backed by the general obligation bonds; \$218,330 represents debt backed by the full faith and credit bonds; \$3,414 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

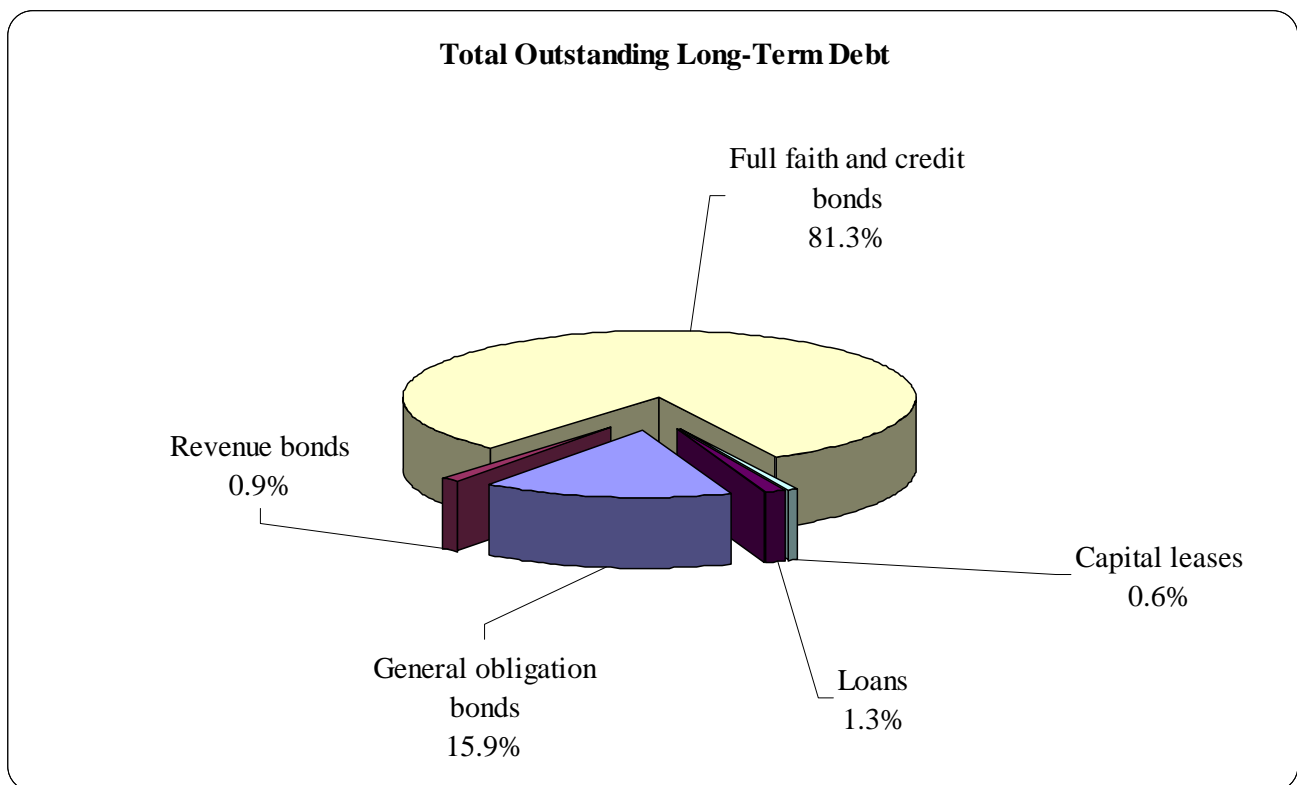
	Governmental Activities		Business- Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General obligation bonds	\$ 42,794	\$ 50,045	\$ -	\$ -	\$ 42,794	\$ 50,045
Revenue bonds	2,430	2,845	-	-	2,430	2,845
Full faith and credit bonds	218,330	220,352	-	-	218,330	220,352
Capital leases	1,719	1,020	-	-	1,719	1,020
Loans	3,414	2,132	-	-	3,414	2,132
Total outstanding debt	<u>\$ 268,687</u>	<u>\$ 276,394</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,687</u>	<u>\$ 276,394</u>

The County's total debt decreased by \$7,707 or approximately 3% during the current fiscal year. In fiscal year 2011 the County issued \$15,000 in Full Faith and Credit bonds to finance the construction of the new East County Courthouse. Other changes to the County's long-term debt during fiscal year 2011 consisted primarily of principal payments.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$1,992,567, 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 \$798,436, which is in excess of the County's outstanding full faith and credit debt. The County is also subject to State statute on revenue bonds used to finance pension liabilities by 5% of the real market value of all taxable property within the County's boundaries. The current debt limitation for pension revenue bonds is \$4,935,745, 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, 2011. Additional information on the County's long-term liabilities can be found in note 3.F on pages 68 – 76 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 9.2% which is down one percentage point from 10.2% at the same time last year. The unemployment rate has remained near 10% since the onset of the economic recession in 2008. The consensus forecast has Oregon unemployment growing 2.1% in 2011 and 2.7% in 2012.
- Property tax revenues are the single largest source of revenue in the General Fund and it accounts for approximately 63% of ongoing revenues. Property tax revenues are not expected to be significantly different than the original budget estimates. Voter approved Property Tax measures, while they have limited revenue growth, have tended to make tax collections more stable and predictable from year to year.
- The forecast for fiscal year 2012 anticipates business income tax revenues will be slightly higher than fiscal year 2011 levels. Actual collections could be higher or they could be lower. Business income

tax (BIT) is highly sensitive to economic conditions and has been volatile since fiscal year 2008. Over the past five years tax collections have grown by as much as 40% and declined by as much as 35% on a year over year basis. The County has established a “BIT Stabilization Reserve” to help balance the difficulty of budgeting for this revenue source.

- Recording fees and the CAFFA grant are expected to increase by 7.3% which is attributable to refinancing activity as mortgage rates remain low.
- State shared revenues, including video lottery, Oregon Liquor Control, cigarette and amusement device taxes, are expected to increase by 16.2% in 2012. The increase is primarily in video lottery as a temporary state reduction expired in 2011 and consumer spending related to these revenues continues to grow.

All of these factors were considered in preparing the County’s budget for fiscal year 2011-2012.

During the current fiscal year, unassigned fund balance in the General Fund increased to \$44,576. At this level, the County is able to fully fund the reserve account in the General Fund unappropriated fund balance as described in the Financial and Budget policies. The Finance and Budget policies state it is the goal of the Board to fund and maintain a General Fund budgeted reserve, designated as unappropriated fund balance and funded at approximately 10% of specifically identified revenues, “corporate” revenues, of the General Fund. In fiscal year 2011, reserves are equal to 10% of the “corporate” revenues of the General Fund. The fiscal year 2011-2012 budget fully funds the reserve in the General Fund.

Requests for Information

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

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

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BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON

Statement of Net Assets

June 30, 2011

(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
ASSETS				
Current assets:				
Cash and investments	\$ 275,091	\$ 24,857	\$ 299,948	\$ 16,671
Receivables (net of allowance for uncollectibles):				
Taxes	21,077	-	21,077	-
Accounts	81,507	12	81,519	21
Loans	1,069	-	1,069	-
Interest	955	-	955	-
Special assessments	11	55	66	-
Contracts	3,598	-	3,598	-
Contributions	-	-	-	101
Inventories	3,112	-	3,112	-
Prepaid items	2,356	-	2,356	18
Split interest and other agreements	-	-	-	490
Restricted cash and investments	1,355	-	1,355	-
Non-current assets:				
Capital assets:				
Land, right-of-way and construction in progress	251,571	-	251,571	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	452,823	3,612	456,435	12
Other assets, net of amortization	113,865	-	113,865	-
Total assets	<u>1,259,554</u>	<u>28,536</u>	<u>1,288,090</u>	<u>17,313</u>
LIABILITIES				
Accounts payable	67,150	3,426	70,576	318
Claims and judgments payable	11,698	-	11,698	-
Accrued salaries and benefits	8,445	8	8,453	-
Accrued interest payable	1,946	-	1,946	-
Gift annuity payable	-	-	-	6
Unearned revenue	7,311	4,032	11,343	-
Due within one year:				
Compensated absences	7,010	9	7,019	-
Bonds payable	26,652	-	26,652	-
Capital leases payable	122	-	122	-
Loans payable	345	-	345	-
Pollution remediation obligation	376	-	376	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	18,676	7	18,683	-
Bonds payable	236,902	-	236,902	-
Capital leases payable	1,597	-	1,597	-
Loans payable	3,069	-	3,069	-
Deferred lease obligation	1,622	-	1,622	-
Net other postemployment benefits obligation	97,403	-	97,403	-
Total liabilities	<u>490,324</u>	<u>7,482</u>	<u>497,806</u>	<u>324</u>
NET ASSETS				
Invested in capital assets, net of related debt	637,922	3,612	641,534	12
Restricted	49,806	-	49,806	7,323
Unrestricted	81,502	17,442	98,944	9,654
Total net assets	<u>\$ 769,230</u>	<u>\$ 21,054</u>	<u>\$ 790,284</u>	<u>\$ 16,989</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, 2011

(amounts expressed in thousands)

Functions/Programs	Program Revenues			
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 58,642	\$ 27,789	\$ 4,956	\$ 1,485
Health services	151,327	77,276	36,311	4
Social services	222,515	1,321	179,553	-
Public safety and justice	216,403	16,056	44,315	80
Community services	26,683	2,325	3,610	1,249
Library	60,343	1,759	3,189	-
Roads and bridges	51,772	9,131	44,284	13,597
Interest on long-term debt	11,774	-	-	-
Total governmental activities	<u>799,459</u>	<u>135,657</u>	<u>316,218</u>	<u>16,415</u>
Business-type activities:				
Dunthorpe-Riverdale Sanitary Service District No. 1	486	816	-	6
Mid County Lighting Service District No. 14	427	363	-	30
Behavioral health managed care	43,640	46,110	-	-
Total business-type activities	<u>44,553</u>	<u>47,289</u>	<u>-</u>	<u>36</u>
Total primary government	<u>\$ 844,012</u>	<u>\$ 182,946</u>	<u>\$ 316,218</u>	<u>\$ 16,451</u>
Component unit:				
The Library Foundation	<u>\$ 2,190</u>	<u>\$ 904</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Personal income taxes

Business income taxes

Selective excise and use taxes

Payments in lieu of taxes

State government shared unrestricted revenues

Grants and contributions not restricted to specific programs

Interest and investment earnings

Miscellaneous

Gain on sale of capital assets

Total general revenues and special items

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
\$ (24,412)	\$ -	\$ (24,412)	\$ -
(37,736)	-	(37,736)	-
(41,641)	-	(41,641)	-
(155,952)	-	(155,952)	-
(19,499)	-	(19,499)	-
(55,395)	-	(55,395)	-
15,240	-	15,240	-
(11,774)	-	(11,774)	-
(331,169)	-	(331,169)	-
-	336	336	-
-	(34)	(34)	-
-	2,470	2,470	-
-	2,772	2,772	-
\$ (331,169)	\$ 2,772	\$ (328,397)	-
-	-	-	(1,286)
\$ 268,605	\$ -	\$ 268,605	\$ -
8,246	-	8,246	-
683	-	683	-
48,570	-	48,570	-
46,167	-	46,167	-
1,500	-	1,500	-
7,423	-	7,423	-
1	-	1	837
2,946	115	3,061	2,022
667	871	1,538	3
175	-	175	-
384,983	986	385,969	2,862
53,814	3,758	57,572	1,576
715,416	17,296	732,712	15,413
\$ 769,230	\$ 21,054	\$ 790,284	\$ 16,989

MULTNOMAH COUNTY, OREGON

Balance Sheet

Governmental Funds

June 30, 2011

(amounts expressed in thousands)

	General Fund	Federal and State Program Special Revenue Fund	Library Special Revenue Fund	PERS Pension Bond Debt Service Fund
ASSETS				
Cash and investments	\$ 52,075	\$ 8	\$ 17,583	\$ 54,737
Receivables:				
Taxes	16,724	-	2,098	-
Accounts	33,378	31,979	448	-
Loans	-	700	-	-
Interest	955	-	-	-
Special assessments	11	-	-	-
Contracts	1,407	-	-	-
Due from other funds	250	-	-	-
Inventories	515	628	-	-
Prepaid items	390	439	254	-
Restricted cash and investments	-	280	-	-
Total assets	<u>\$ 105,705</u>	<u>\$ 34,034</u>	<u>\$ 20,383</u>	<u>\$ 54,737</u>
LIABILITIES				
Accounts payable	\$ 22,476	\$ 19,400	\$ 1,320	\$ -
Payroll payable	4,087	2,593	704	-
Due to other funds	-	250	-	-
Deferred revenue	33,425	3,619	1,750	-
Total liabilities	<u>59,988</u>	<u>25,862</u>	<u>3,774</u>	<u>-</u>
FUND BALANCES				
Nonspendable	654	439	254	-
Restricted	487	8,045	-	-
Committed	-	-	-	54,737
Assigned	-	-	16,355	-
Unassigned	44,576	(312)	-	-
Total fund balances	<u>45,717</u>	<u>8,172</u>	<u>16,609</u>	<u>54,737</u>
Total liabilities and fund balances	<u>\$ 105,705</u>	<u>\$ 34,034</u>	<u>\$ 20,383</u>	<u>\$ 54,737</u>

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

Capital Improvement Capital Project Fund	Other Governmental Funds	Total Governmental Funds
\$ 32,227	\$ 53,021	\$ 209,651
-	2,255	21,077
485	14,343	80,633
-	-	700
-	-	955
-	-	11
205	1,622	3,234
-	-	250
-	523	1,666
-	21	1,104
-	1,075	1,355
<u>\$ 32,917</u>	<u>\$ 72,860</u>	<u>\$ 320,636</u>
\$ 2,048	\$ 15,634	\$ 60,878
2	312	7,698
-	-	250
281	2,000	41,075
<u>2,331</u>	<u>17,946</u>	<u>109,901</u>
-	544	1,891
18,621	22,276	49,429
11,965	27,535	94,237
-	4,559	20,914
-	-	44,264
<u>30,586</u>	<u>54,914</u>	<u>210,735</u>
<u>\$ 32,917</u>	<u>\$ 72,860</u>	<u>\$ 320,636</u>

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MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2011
(amounts expressed in thousands)

Fund balances - governmental funds		\$ 210,735
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	1,286,623	
Less accumulated depreciation	<u>(538,074)</u>	748,549
Other long-term assets		
Negative net pension asset	113,292	
Bond issuance costs	<u>573</u>	113,865
Accrued interest payable		(1,946)
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		369
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	(263,554)	
Capital leases payable	(1,719)	
Loans payable	<u>(3,414)</u>	(268,687)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(23,066)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(256)
Pollution remediation obligation		(376)
Net other postemployment benefits obligation		(97,403)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Clinic fees	21,460	
Property taxes	12,050	
Personal income taxes	<u>297</u>	33,807
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>53,639</u>
Net Assets of governmental activities		<u><u>\$ 769,230</u></u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	General Fund	Federal and State Program Special Revenue Fund	Library Special Revenue Fund
REVENUES			
Taxes	\$ 299,124	\$ -	\$ 38,475
Intergovernmental	14,751	256,711	507
Licenses and permits	9,137	986	144
Charges for services	15,760	46,798	1,615
Interest	727	1	119
Other	15,292	3,227	2,688
Total revenues	<u>354,791</u>	<u>307,723</u>	<u>43,548</u>
EXPENDITURES			
Current:			
General government	57,738	-	-
Health services	76,838	81,082	-
Social services	45,706	178,109	-
Public safety and justice	171,165	41,995	-
Community services	-	2,827	-
Library services	-	-	54,223
Roads and bridges	-	-	-
Capital outlay	1,210	1,480	6,904
Debt service:			
Principal	-	-	-
Interest	33	-	-
Total expenditures	<u>352,690</u>	<u>305,493</u>	<u>61,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,101</u>	<u>2,230</u>	<u>(17,579)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of debt	-	-	-
Issuance of capital lease	815	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	3,249	-	15,093
Transfers out	(19,863)	-	-
Total other financing sources (uses)	<u>(15,799)</u>	<u>-</u>	<u>15,093</u>
Net change in fund balances	<u>(13,698)</u>	<u>2,230</u>	<u>(2,486)</u>
Fund balances - beginning	59,415	5,942	19,095
Fund balances - ending	<u>\$ 45,717</u>	<u>\$ 8,172</u>	<u>\$ 16,609</u>

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

PERS Pension Bond Debt Service Fund	Capital Improvement Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 37,336	\$ 374,935
-	1,211	44,764	317,944
-	-	13,268	23,535
-	379	4,323	68,875
258	152	229	1,486
28,178	3,787	11,163	64,335
<u>28,436</u>	<u>5,529</u>	<u>111,083</u>	<u>851,110</u>
-	4,371	842	62,951
-	-	363	158,283
-	-	-	223,815
-	-	7,119	220,279
-	-	23,456	26,283
-	-	-	54,223
-	-	40,790	40,790
-	8,819	14,391	32,804
9,150	-	14,797	23,947
6,052	-	5,674	11,759
<u>15,202</u>	<u>13,190</u>	<u>107,432</u>	<u>855,134</u>
<u>13,234</u>	<u>(7,661)</u>	<u>3,651</u>	<u>(4,024)</u>
-	15,000	1,282	16,282
-	-	-	815
-	-	24	24
-	1,039	14,140	33,521
-	-	(3,249)	(23,112)
<u>-</u>	<u>16,039</u>	<u>12,197</u>	<u>27,530</u>
<u>13,234</u>	<u>8,378</u>	<u>15,848</u>	<u>23,506</u>
<u>41,503</u>	<u>22,208</u>	<u>39,066</u>	<u>187,229</u>
<u>\$ 54,737</u>	<u>\$ 30,586</u>	<u>\$ 54,914</u>	<u>\$ 210,735</u>

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2011
(amounts expressed in thousands)

Net change in fund balances - total governmental funds		\$ 23,506
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	32,804	
Current year depreciation expense	<u>(28,144)</u>	4,660
Contributed and donated capital assets	15,299	
Issuance of capital lease	(815)	
Proceeds on sale of capital assets	(24)	
Gain on disposal of capital assets	24	
Loss on disposal of capital assets	<u>(464)</u>	14,020
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Increase in deferred revenues - clinic fees	21,460	
Decrease in deferred revenues - property taxes	(407)	
Increase in deferred revenues - personal income taxes	<u>26</u>	21,079
Proceeds from the issuance of debt provide current financial resources to governmental funds, but are an increase of long-term liabilities in the statement of net assets.		(16,282)
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		1,117
Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Bond issuance costs		120
Current year amortization expense		(62)
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(259)
Repayment of long-term debt is reported as an expenditure in the governmental funds, but a reduction of long-term liabilities in the statement of net assets.		23,947
Activities related to a loan provided to community based health organization.		
Payments received from community based health organization		(69)

(continued)

(continued)

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

Increase in long-term compensated absences	(1,454)	
Decrease in accrued interest expense	243	
Increase in personal income tax distribution liability	<u>(16)</u>	(1,227)

Amortization expense on the net pension asset		(6,152)
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Activities related to pollution remediation obligations:

Additions to pollution remediation obligation	(286)	
Pollution remediation activities incurred and paid within the fiscal year	<u>285</u>	(1)

Current year expense for net other post-employment benefits obligation		(7,355)
--	--	---------

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.

(3,228)

Change in net assets of governmental activities	<u>\$</u>	<u>53,814</u>
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The notes to the financial statements are an integral part of this statement.

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MAJOR GOVERNMENTAL FUNDS

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

- **General Fund** – accounts for the financial operations of the County which are not accounted for in any other fund. The principal sources of revenues are property taxes, personal income taxes, and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, and health and social services.
- **Federal and State Program Fund** – a special revenue fund that accounts for the majority of revenues and expenditures related to Federal and State financial assistance programs.
- **Library Fund** – a special revenue funds that accounts for the public library operations, including the serial property tax levy dedicated to library operations.
- **PERS Pension Bond Fund** – accounts for payment of principal and interest payments on pension obligation bonds that were issued to fund the County's PERS unfunded liability. Revenues consist of charges to departments and interest. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the PERS Pension Bond debt service fund is on page 108.
- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property. The schedule of revenues, expenditures, and changes in fund balances – budget and actual for the Capital Improvement capital project fund is on page 114.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Property	\$ 228,531	\$ 228,531	\$ 230,518	\$ 1,987
Payments in lieu of taxes	1,275	1,275	1,602	327
Business income	42,263	42,263	48,570	6,307
Personal income	200	1,500	657	(843)
Motor vehicle rental	17,848	17,848	17,777	(71)
Intergovernmental	14,813	15,086	14,751	(335)
Licenses and permits	8,554	8,554	9,137	583
Charges for services	9,859	9,859	10,373	514
Interest	1,659	1,659	727	(932)
Other:				
Service reimbursements	16,074	16,433	14,796	(1,637)
Miscellaneous	1,644	1,644	496	(1,148)
Total revenues	<u>342,720</u>	<u>344,652</u>	<u>349,404</u>	<u>4,752</u>
EXPENDITURES				
Community justice	54,488	54,801	53,099	1,702
Community services	11,470	11,470	10,539	931
County management	29,576	29,576	27,713	1,863
District attorney	19,054	19,250	18,981	269
Health services	53,525	53,816	50,317	3,499
Human services	47,718	48,219	45,481	2,738
Nondepartmental	20,106	21,407	19,644	1,763
Sheriff	100,330	100,552	99,254	1,298
Total expenditures	<u>336,267</u>	<u>339,091</u>	<u>325,028</u>	<u>14,063</u>
Excess of revenues over expenditures	<u>6,453</u>	<u>5,561</u>	<u>24,376</u>	<u>18,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,011	3,399	3,249	(150)
Transfers out	(19,863)	(19,863)	(19,863)	-
Total other financing sources (uses)	<u>(16,852)</u>	<u>(16,464)</u>	<u>(16,614)</u>	<u>(150)</u>
Contingency	(7,233)	(6,729)	-	6,729
Net change in fund balances	<u>(17,632)</u>	<u>(17,632)</u>	<u>7,762</u>	<u>25,394</u>
Fund balances - beginning	<u>47,517</u>	<u>47,517</u>	<u>59,415</u>	<u>11,898</u>
Fund balances - ending	<u>\$ 29,885</u>	<u>\$ 29,885</u>	<u>67,177</u>	<u>\$ 37,292</u>
Reconciliation to GAAP Basis:				
Issuance of capital lease			815	
Capital outlay related to capital lease			(815)	
Certain clinic fee revenues and related expenditures reported in the Federal and State Program Fund on a budgetary basis are considered unrestricted, and are reported in the general fund on a GAAP basis:				
Revenues, available			5,387	
Expenditures			(26,847)	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, Page 36			<u>\$ 45,717</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 202,630	\$ 206,610	\$ 194,088	\$ (12,522)
Licenses and permits	478	1,123	986	(137)
Charges for services	70,806	72,149	73,645	1,496
Interest	7	7	1	(6)
Other:				
Non-governmental grants	2,640	2,814	2,629	(185)
Miscellaneous	247	293	598	305
Total revenues	<u>276,808</u>	<u>282,996</u>	<u>271,947</u>	<u>(11,049)</u>
EXPENDITURES				
Community justice	27,272	26,413	25,340	1,073
Community services	128	169	48	121
County management	24	75	54	21
District attorney	6,441	6,626	6,249	377
Health services	105,909	110,715	108,757	1,958
Human services	122,445	126,327	115,745	10,582
Nondepartmental	3,666	4,222	2,961	1,261
Sheriff	11,909	11,576	10,563	1,013
Total expenditures	<u>277,794</u>	<u>286,123</u>	<u>269,717</u>	<u>16,406</u>
Excess (deficiency) of revenues				
over (under) expenditures	(986)	(3,127)	2,230	5,357
Contingency	-	(2,808)	-	2,808
Net change in fund balances	(986)	(5,935)	2,230	8,165
Fund balances - beginning	986	5,935	5,942	7
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8,172</u>	<u>\$ 8,172</u>

Reconciliation to GAAP Basis:

Intergovernmental revenues for State payments to County service providers	62,623
State payments to County service providers	(62,623)
Certain clinic fee revenues and related expenditures are considered	
unrestricted, and are reported in the general fund on a GAAP basis:	
Revenues, available	(5,387)
Revenues, unavailable (reported as deferred revenue in general fund)	(21,460)
Expenditures	<u>26,847</u>
Fund balance as reported on the Governmental Funds Statement of	
Revenues, Expenditures, and Changes in Fund Balances, Page 36	<u>\$ 8,172</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - property	\$ 40,440	\$ 40,440	\$ 38,461	\$ (1,979)
Payments in lieu of taxes	-	-	14	14
Intergovernmental	497	479	507	28
Licenses and permits	160	160	144	(16)
Charges for services	1,450	1,450	1,615	165
Interest	489	489	119	(370)
Other:				
Non-governmental grants	1,893	1,893	1,694	(199)
Service reimbursements	35	35	1	(34)
Miscellaneous	4	4	4	-
Total revenues	44,968	44,950	42,559	(2,391)
EXPENDITURES				
Library	61,994	61,976	60,138	1,838
Deficiency of revenues under expenditures	(17,026)	(17,026)	(17,579)	(553)
OTHER FINANCING SOURCES				
Transfers in	15,093	15,093	15,093	-
Total other financing sources	15,093	15,093	15,093	-
Contingency	(1,000)	(1,000)	-	1,000
Net change in fund balances	(2,933)	(2,933)	(2,486)	447
Fund balances - beginning	17,342	17,342	19,095	1,753
Fund balances - ending	\$ 14,409	\$ 14,409	16,609	\$ 2,200
Reconciliation to GAAP Basis:				
In kind contributions			989	
Consumption of in kind contributions			(989)	
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, Page 36			\$ 16,609	

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

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PROPRIETARY FUNDS

The County utilizes eight Proprietary Funds made up of three Enterprise Funds and five Internal Service Funds. Internal Service Funds' statements begin on page 118.

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, 2011

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 808	\$ 284	\$ 23,765	\$ 24,857	\$ 65,440
Receivables (net of allowances for uncollectibles):					
Accounts	12	-	-	12	874
Special assessments	38	17	-	55	-
Inventories	-	-	-	-	1,446
Prepaid items	-	-	-	-	1,252
Total current assets	858	301	23,765	24,924	69,012
Noncurrent assets:					
Contracts Receivable	-	-	-	-	364
Construction in progress	-	-	-	-	796
Capital assets (net of accumulated depreciation)	2,106	1,506	-	3,612	6,213
Total assets	2,964	1,807	23,765	28,536	76,385
LIABILITIES					
Current liabilities:					
Accounts payable	93	49	3,284	3,426	6,016
Claims and judgments payable	-	-	-	-	11,698
Payroll payable	-	-	8	8	747
Unearned revenue	-	-	4,032	4,032	43
Compensated absences	-	-	9	9	671
Total current liabilities	93	49	7,333	7,475	19,175
Noncurrent liabilities:					
Compensated absences	-	-	7	7	1,949
Incremental leases payable	-	-	-	-	1,622
Total noncurrent liabilities	-	-	7	7	3,571
Total liabilities	93	49	7,340	7,482	22,746
NET ASSETS					
Invested in capital assets	2,106	1,506	-	3,612	7,009
Unrestricted	765	252	16,425	17,442	46,630
Total net assets	\$ 2,871	\$ 1,758	\$ 16,425	\$ 21,054	\$ 53,639

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, 2011
(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	\$ 811	\$ 363	\$ 46,110	\$ 47,284	\$ 157,759
Insurance premiums	-	-	-	-	8,440
Experience ratings and other	5	-	871	876	789
Total operating revenues	<u>816</u>	<u>363</u>	<u>46,981</u>	<u>48,160</u>	<u>166,988</u>
OPERATING EXPENSES					
Cost of sales and services	382	324	41,191	41,897	153,470
Administration	35	38	2,449	2,522	4,004
Depreciation	68	65	-	133	2,344
Total operating expenses	<u>485</u>	<u>427</u>	<u>43,640</u>	<u>44,552</u>	<u>159,818</u>
Operating income (loss)	<u>331</u>	<u>(64)</u>	<u>3,341</u>	<u>3,608</u>	<u>7,170</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	4	2	109	115	343
Interest expense	(1)	-	-	(1)	-
Intergovernmental revenue	6	-	-	6	-
Gain on disposal of capital assets	-	-	-	-	151
Loss on disposal of capital assets	-	-	-	-	(29)
Capital contributions out	-	-	-	-	(548)
Total nonoperating revenues (expenses)	<u>9</u>	<u>2</u>	<u>109</u>	<u>120</u>	<u>(83)</u>
Income (loss) before contributions and transfers	340	(62)	3,450	3,728	7,087
Capital contributions in	-	30	-	30	94
Transfers in	-	-	-	-	120
Transfers out	-	-	-	-	(10,529)
Change in net assets	<u>340</u>	<u>(32)</u>	<u>3,450</u>	<u>3,758</u>	<u>(3,228)</u>
Total net assets - beginning	<u>2,531</u>	<u>1,790</u>	<u>12,975</u>	<u>17,296</u>	<u>56,867</u>
Total net assets - ending	<u><u>\$ 2,871</u></u>	<u><u>\$ 1,758</u></u>	<u><u>\$ 16,425</u></u>	<u><u>\$ 21,054</u></u>	<u><u>\$ 53,639</u></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, 2011
(amounts expressed in thousands)

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe - Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 905	\$ 362	\$ 51,108	\$ 52,375	\$ 167,328
Payments to suppliers	(481)	(305)	(39,427)	(40,213)	(112,316)
Payments to employees	(19)	(23)	(3,809)	(3,851)	(39,911)
Internal activity - payments to other funds	(8)	(8)	(1,451)	(1,467)	(8,207)
Net cash provided by operating activities	397	26	6,421	6,844	6,894
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	120
Transfers out	-	-	-	-	(10,529)
Net cash used by noncapital and related financing activities	-	-	-	-	(10,409)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(19)	-	-	(19)	(3,537)
Internal loan repayment	(103)	-	-	(103)	103
Interest on debt	(1)	-	-	(1)	-
Capital grant proceeds	6	-	-	6	-
Proceeds on sales of capital assets	-	-	-	-	151
Net cash used by capital and related financing activities	(117)	-	-	(117)	(3,283)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	4	2	109	115	343
Net cash provided by investing activities	4	2	109	115	343
Net increase (decrease) in cash and cash equivalents	284	28	6,530	6,842	(6,455)
Balances at beginning of the year	524	256	17,235	18,015	71,895
Balances at end of the year	\$ 808	\$ 284	\$ 23,765	\$ 24,857	\$ 65,440
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 331	\$ (64)	\$ 3,341	\$ 3,608	\$ 7,170
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Depreciation	68	65	-	133	2,344
Changes in assets and liabilities:					
Receivables, net	89	-	95	184	203
Inventories	-	-	-	-	43
Prepaid items	-	-	-	-	(54)
Contracts receivable	-	-	-	-	136
Accounts payable	(91)	25	(1,035)	(1,101)	(2,410)
Claims and judgments payable	-	-	-	-	(491)
Payroll payable	-	-	(3)	(3)	58
Unearned revenue	-	-	4,032	4,032	(2)
Compensated absences	-	-	(9)	(9)	(28)
Incremental leases payable	-	-	-	-	(75)
Total adjustments	66	90	3,080	3,236	(276)
Net cash provided by operating activities	\$ 397	\$ 26	\$ 6,421	\$ 6,844	\$ 6,894
Noncash financing activities:					
Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ -	\$ 94
Contributions of capital assets to government	-	30	-	30	(548)

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

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FIDUCIARY FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011
(amounts expressed in thousands)

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 19,727
Taxes receivable	50,290
Restricted cash	<u>26</u>
Total assets	<u>70,043</u>
LIABILITIES	
Accounts payable	11,440
Due to other governmental units	47,697
Amounts held in trust	<u>10,906</u>
Total liabilities	<u>70,043</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, 2011
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

Multnomah County, Oregon (County) was established in 1854 and is organized under the Oregon Revised Statutes (ORS), chapter 201.260, as a municipal corporation. The County is governed by an elected Board of Commissioners, comprised of a Board Chair and four commissioners. The accompanying financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's governing board and where (1) the County is able to significantly influence the programs or services performed or provided by the organization or (2) the County is legally entitled to or can otherwise access the organization's resources. Blended component units, although legally separate entities, are, in substance, part of the County's operations. Component units may also include organizations which are fiscally dependent on the County in that the County approves the budget, the issuance of debt or levying of taxes. Multnomah County has two blended component units which are included in this report.

Blended component units. The Dunthorpe-Riverdale Sanitary Service District No. 1 and the Mid County Lighting Service District No. 14 serve residents within each district's geographical boundaries and are governed by a board comprised of the County's elected Board. The rates for user charges for both districts are approved by the Board. Each District is reported as an enterprise fund. Complete financial statements for each of the individual component units may be obtained at the County's administrative offices.

The County also maintains a Hospital Facilities Authority (Authority) that issues conduit debt for health care facilities. The Authority is considered to be a blended component unit of the County because the board for the Authority consists of board members from the County. 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, 2011
(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, 2011
(dollar amounts expressed in thousands)

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

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

The County reports the following major governmental funds:

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

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

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

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.

The *Capital Improvement Fund* accounts for the proceeds derived from the sale of unrestricted property, interest income, and any service reimbursement or operating revenues from leased facilities. Expenditures are made for capital acquisitions or improvements.

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:

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011
(dollar amounts expressed in thousands)

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

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

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

Additionally, the County reports the following fund types:

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

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

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

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

Fiduciary Funds reporting focuses on net 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

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statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

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

2. *Accounts receivables*

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

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

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2011, the County continues to collect delinquent accounts.

3. *Inventories and prepaid items*

Inventories of materials and supplies in the governmental funds are valued at average cost and is included in non-spendable classification of fund balances. Inventories of materials and supplies in the internal service funds are valued at the lower of average cost or market. All inventories are recorded as expenditures when consumed rather than when purchased.

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

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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 into separate classifications indicating the extent to which the County is bound to honor constraints on the specific purposes for which those funds can be spent. The Finance and Budget Policies state the County will spend restricted resources first, followed by committed then assigned, with unassigned resources spent last.

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

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

Fund balance is reported as *Committed* when the Board of County Commissioners (BOCC) passes an ordinance or resolution that places specific constraints on how the resources may be used. The BOCC can modify or rescind the ordinance or resolution at any time through passage of an additional ordinance or resolution.

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

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

On the government-wide *Statement of Net 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.

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

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

5. Capital assets

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

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

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

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

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6. *Other assets*

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

7. *Unearned / Deferred revenues*

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

8. *Compensated absences*

It is the County's policy to permit employees to accumulate earned but unused vacation, compensatory and sick leave benefits. There is no liability for unpaid accumulated sick leave since the County does not have a policy to pay any amounts when employees separate from service with the County. All vacation pay and compensatory time is accrued when incurred in the government-wide statements and proprietary funds statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements at June 30. Liabilities for 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

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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 postemployment benefits obligation (net OPEB obligation)*

The County implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006. The County used a five year look-back approach to compute its net OPEB obligation. The net OPEB obligation is recognized as a long-term liability in the government-wide financial statements. The liability reflects both the lump sum payments to employees and the present value of expected future payments. The net other post employment benefits liability and expenditure in the governmental fund financial statements are limited to amounts that become due and payable as of the end of the fiscal year.

11. *Pollution Remediation Obligations*

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

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

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

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

12. *Contributions and in-kind donations*

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

13. *Estimates*

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

14. *Reclassifications*

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

E. New accounting pronouncements and accounting standards

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

- 1. *GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.*** This statement establishes new categories for reporting fund balances and revises the definitions for governmental fund types. This statement is effective for Multnomah County for fiscal year ending June 30, 2011. Management began reviewing the requirements of this standard during the fiscal year ended June 30, 2010, and transferred the resources of the General Reserve Fund previously reported as a separate Special Revenue fund back into the General Fund as of June 30, 2010 as it did not meet the criteria to be reported as a separate special revenue fund. Implementing this standard had impacted the reporting of fund balance for governmental funds, with detail for the different classifications of fund balance as defined by the standard provided in note 3.G.
- 2. *GASB Statement No. 59, Financial Instruments Omnibus.*** This statement will improve existing financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This statement is effective for Multnomah County for fiscal

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year ending June 30, 2011. Management has reviewed the requirements of this standard and has determined there is no impact as the County does not own or invest in types of financial instruments addressed by the standard.

3. ***GASB Statement No. 64, Derivative Instruments: Application of Hedge Accounting Termination Provisions – an amendment of GASB Statement No. 53.*** This statement will be effective for fiscal year ending June 30, 2012, and is intended to clarify whether an effective hedging relationship continues and hedge accounting should continue to be applied in certain circumstances related to interest rate and commodity swap agreements. Management has reviewed the requirements of this standard and has determined there is no impact as the County does not own or invest in the types of agreements addressed by the standard.

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, 2011, expenditures exceeded appropriations in the Risk fund in the Department of County Management by \$14,708. During fiscal year 2011, the Risk fund provided significant resources to the Willamette River Bridges fund, a special revenue fund, via an internal loan approved by the Board to assist with the Sellwood Bridge construction project. These resources were transferred to the Willamette River Bridges fund, however the Risk fund's budgeted amounts were not

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properly adjusted to reflect this transfer. As a result the County incurred a budget violation. This over expenditure was funded by available fund balance.

Note 3. Detailed notes on all funds

A. Cash and investments

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

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

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

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

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

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

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

At year-end, the carrying amount of the County's deposits was \$62,952 and the bank balance was \$62,929. 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 \$23 represents petty cash accounts that were uninsured and uncollateralized.

As of June 30, 2011, 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	\$ 176,160	0.53%	55.2%	11.5
Corporate Debt	24,894	0.83%	7.8%	6.6
Bankers' Acceptances	7,486	0.25%	2.3%	< 1
Local Government				
Investment Pool	48,209	0.50%	15.0%	< 1
Cash and Equivalents	62,926	0.14%	19.7%	< 1
Total unrestricted cash and investments	<u>\$ 319,675</u>		<u>100%</u>	

Portfolio weighted average maturity 6.9

As of June 30, 2011, 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	\$ 1,075	0.00%	77.8%
US Agency	280	0.05%	20.3%
Misc Restricted Funds	26	0.00%	1.9%
	<u>\$ 1,381</u>	<u>0.05%</u>	<u>100.0%</u>

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

The County's unrestricted and restricted cash and investments are reported in governmental activities, business-type activities, and in fiduciary funds.

	Unrestricted	Restricted	Total
Governmental Activities	\$ 275,091	\$ 1,355	\$ 276,446
Business-type Activities	24,857	-	24,857
Fiduciary Funds	19,727	26	19,753
Total Cash and Investments	<u>\$ 319,675</u>	<u>\$ 1,381</u>	<u>\$ 321,056</u>

At June 30, 2011, the County had the following corporate debt in its investment portfolio with the credit ratings noted by Standard & Poor's and Moody's respectively:

Investment Type / Issuer	Fair Value	Credit Rating	Maturity
Corporate note – Berkshire Hathaway	4,212	AA+/Aa2	09/15/12
Corporate note – General Electric Credit Corp	1,437	AA+/Aa2	08/13/12
Corporate note – Student Loan Marketing Assoc	537	N/A/Aaa	08/01/12
Corporate note – Wachovia Mortgage (WF Corp) (Rated by Fitch AA-)	3,033	N/A/AA2	09/28/11
Corporate note FDIC insured – Goldman Sachs	4,561	AAA/Aaa	07/15/11
Corporate note FDIC insured – Oriental Bank & Trust (Rated by Fitch AAA)	1,017	AA+/N/A	03/16/12
Corporate note FDIC insured – Regions Bank	4,301	AA+/Aaa	12/09/11
Corporate note FDIC insured – Wells Fargo Corp	5,796	AA+/Aaa	12/09/11
Totals	<u>\$ 24,894</u>		

At June 30, 2011, 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	\$ 69,429	AAA
Agency notes – Federal Farm Credit Bank	18,197	AAA
Agency notes – Federal Home Loan Mortgage Corp	31,363	AAA
Agency notes – Federal National Mortgage Association	42,166	AAA
Agency notes – Federal Agricultural Mortgage	15,005	
Total	<u>\$176,160</u>	

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

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

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

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service, or the equivalent rating by any nationally recognized statistical rating organization.
2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its permanent workforce in Oregon, or has more than 50% of its tangible assets in Oregon.
3. Purchase of commercial paper and other corporate debt not insured by an agency of the U.S. Government up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.
5. Investments guaranteed by an agency of the U.S. Government (e.g., the U.S. Treasury or the Federal Depository Insurance Corporation) may be owned without limit.

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

The County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. As of June 30, 2011, the County's bank balance of \$62,929 was not exposed to custodial credit risk.

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B. Receivables

Receivables as of year-end for the County's individual major funds, and nonmajor and internal service funds in the aggregate, including the applicable allowances for uncollectible accounts, are noted on the following page. Included in General fund loans receivable balance is a loan from the County to a community based health organization. The loan agreement was executed in fiscal year 2008 in order to sustain operating costs for the health organization. As of June 30, 2011, the total loan receivable balance was \$1,229, netted with a related allowance for uncollectible accounts of \$860.

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Accounts Receivable

	Governmental Activities								
	General Fund	Federal and State Program Fund	Library Fund	Capital Improvement Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business-type Activities	Total
Receivables:									
Taxes:									
Income	\$ 12,882	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,882	\$ -	\$ 12,882
Property	12,271	-	2,098	-	-	468	14,837	-	14,837
Other	4,110	-	-	-	-	1,787	5,897	-	5,897
Accounts	33,642	32,797	448	485	874	14,343	82,589	12	82,601
Loans	-	700	-	-	-	-	700	-	700
Interest	955	-	-	-	-	-	955	-	955
Special assessments	11	-	-	-	-	-	11	58	69
Contracts	1,407	-	-	205	364	1,622	3,598	-	3,598
Gross receivables	65,278	33,497	2,546	690	1,238	18,220	121,469	70	121,539
Less: allowance for discounts/uncollectibles	(12,803)	(818)	-	-	-	-	(13,621)	(3)	(13,624)
Net total receivables	<u>\$ 52,475</u>	<u>\$ 32,679</u>	<u>\$ 2,546</u>	<u>\$ 690</u>	<u>\$ 1,238</u>	<u>\$ 18,220</u>	<u>\$ 107,848</u>	<u>\$ 67</u>	<u>\$ 107,915</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	\$ 12,836	\$ -	\$ 12,836
Allowance for doubtful accounts – personal income tax	(12,539)	-	(12,539)
Property taxes receivable (General Fund)	9,971	-	9,971
Property taxes receivable (other governmental funds)	2,079	-	2,079
Clinic fee revenues	21,460	-	21,460
Grant draws prior to meeting all eligibility			
Requirements	-	2,368	2,368
Loans receivable	-	700	700
Special assessments receivable	-	11	11
Contracts receivable	-	2,900	2,900
Contract revenue received in advance	-	75	75
Tax title land sales inventory	-	586	586
State vaccine inventory	-	628	628
Total deferred revenue for governmental funds	<u>\$ 33,807</u>	<u>\$ 7,268</u>	<u>\$ 41,075</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 \$43 in unearned revenue, resulting in total unearned revenue on the *Statement of Net Assets* of \$7,311.

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C. Capital assets

Capital asset activity for the year ended June 30, 2011 was as follows:

Primary Government

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 15,107	\$ -	\$ -	\$ -	\$ 15,107
Right-of-way	196,917	5	-	-	196,922
Construction in progress	8,401	35,502	(4,334)	(27)	39,542
Buildings-not in service	51,164	-	-	-	51,164
Total capital assets, not being depreciated	271,589	35,507	(4,334)	(27)	302,735
Capital assets, being depreciated:					
Buildings	368,147	2,056	3,543	(846)	372,900
Improvements other than buildings	461	55	111	-	627
Machinery and equipment	112,632	10,286	680	(8,441)	115,157
Bridges	154,855	293	-	(141)	155,007
Infrastructure	363,525	2,988	-	-	366,513
Total capital assets being depreciated	999,620	15,678	4,334	(9,428)	1,010,204
Less accumulated depreciation for:					
Buildings	(141,026)	(9,042)	-	547	(149,521)
Improvements other than buildings	(178)	(16)	-	-	(194)
Machinery and equipment	(77,653)	(9,896)	-	8,406	(79,143)
Bridges	(69,030)	(2,394)	-	4	(71,420)
Infrastructure	(247,964)	(9,139)	-	-	(257,103)
Total accumulated depreciation	(535,851)	(30,487)	-	8,957	(557,381)
Total capital assets being depreciated, net	463,769	(14,809)	4,334	(471)	452,823
Governmental activities capital assets, net	\$ 735,358	\$ 20,698	-	\$ (498)	\$ 755,558
Business-type activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 305	\$ -	\$ (305)	\$ -	\$ -
Total capital assets, not being depreciated	305	-	(305)	-	-
Capital assets, being depreciated:					
Improvements other than buildings	5,984	49	305	-	6,338
Total capital assets being depreciated	5,984	49	305	-	6,338
Less accumulated depreciation for:					
Improvements other than buildings	(2,593)	(133)	-	-	(2,726)
Total accumulated depreciation	(2,593)	(133)	-	-	(2,726)
Total capital assets being depreciated, net	3,391	(84)	305	-	3,612
Business-type activities capital assets, net	\$ 3,696	\$ (84)	\$ -	\$ -	\$ 3,612

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

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

Governmental activities:	
General government	\$11,883
Health services	94
Social services	118
Public safety & justice	659
Community services	388
Library	6,593
Roads and bridges	10,752
Total depreciation expense – governmental activities	<u>\$ 30,487</u>
Business-type activities:	
Sewer	\$ 68
Lighting	65
Total depreciation expense – business-type activities	<u>\$ 133</u>

D. Other assets

Other assets, net of accumulated amortization at June 30, 2011 consist of the following:

Bond issuance costs	\$ 573
Negative net pension asset	<u>113,292</u>
	<u>\$ 113,865</u>

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were \$62 and \$6,152, respectively for the year ended June 30, 2011.

E. Interfund receivables, payables, and transfers

Due from / to other funds:

The County records “due from” and “due to” transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from reporting a negative cash balance. The amount payable to the General Fund is related to providing interim working capital financing for federal reimbursement grants. This balance is

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collected in the subsequent year. The composition of the interfund balance as of June 30, 2011 is as follows:

Receivable Funds	Payable Funds	Amount
General Fund	Federal and State Program Fund	\$ 250

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2011. Significant transfers include \$15,093 from the General Fund to the Library Fund to supplement the Library's operations and \$9,000 from the Risk Management Internal Service Fund to the Willamette River Bridge Special Revenue Fund for an internal loan to meet the short term cash flow needs for the Sellwood Bridge replacement project.

		Transfers in:				
		General Fund	Library Fund	Capital Improve-ment Fund	Other Governmental Funds	Internal Service Funds
Transfers out:						Total transfers out
General Fund	\$ -	\$15,093	\$ 150	\$ 4,500	\$120	\$ 19,863
Other Governmental Funds	3,249	-	-	-	-	3,249
Internal Service Funds	-	-	889	9,640	-	10,529
Total transfers in:	\$3,249	\$15,093	\$1,039	\$ 14,140	\$ 120	\$ 33,641

F. Long-term liabilities

General Obligation Bonds

In March 2010, the County issued \$45,175 in General Obligation Refunding bonds, Series 2010 at a premium of \$4,870, with interest rates from 3.00% - 5.00%. These bonds were issued to refund previously issued General Obligation debt. At June 30, 2011 the outstanding balance on the Series 2010 bonds was \$38,620 and the balance on the unamortized premium was \$4,174.

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:

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<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.00-5.00%	<u>\$ 38,620</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 6,825	\$ 1,645
2013	6,860	1,303
2014	7,210	951
2015	6,155	617
2016	5,665	349
2017	5,905	118
Total	<u>\$ 38,620</u>	<u>\$ 4,983</u>
Premium on long-term debt	4,174	
Total	<u><u>\$ 42,794</u></u>	

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In November 2000, the County issued \$2,000 of revenue bonds to finance the costs of acquiring land and constructing, renovating, improving and equipping certain facilities to be used as a vocational training center for developmentally disabled residents of Multnomah County. This debt issue is subject to Federal arbitrage regulations. The County entered into a public / private partnership agreement with Port City Development (Port City), a 501(c)(3) non profit agency. The future lease payments from Port City are pledged revenues for the debt service on these bonds. The term of the agreement with Port City for future pledged revenues is through fiscal year 2034, and the outstanding balance on these future lease payments at June 30, 2011 was \$1,616. During fiscal year 2011 Port City paid \$36 towards the outstanding balance on this lease agreement. The total principal and interest paid on the bonds during the fiscal year were \$150 and \$48 respectively. The outstanding balance on the bonds was \$880 at June 30, 2011. 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 \$265 and \$85 respectively. The outstanding balance on the debt was \$1,550 at June 30, 2011. The debt matures in fiscal year 2016.

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Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.45-5.20%	<u>\$ 2,430</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 435	\$ 113
2013	460	91
2014	485	66
2015	510	41
2016	540	14
Total	<u>\$ 2,430</u>	<u>\$ 325</u>

Full Faith and Credit Bonds

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Payment of principal and interest, except for a term bond, will be guaranteed by MBIA. At June 30, 2011, \$142,223 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, 2011, \$3,185 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, 2011 the unamortized premium on the debt was \$2,884. The 2004 issue refunded \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50% and \$22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and \$4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is a deferred charge of \$3,887, which is amortized as a component of interest expense over the life of the new debt. The Series 2000 and Series 1999 have since been paid off in full. At June 30, 2011 the deferred charge was \$2,203. At June 30, 2011, \$48,260 of these bonds were outstanding. On March 31, 2010, the County issued \$9,800 in Full Faith and Credit Obligations, Series 2010 at a premium of \$573, with interest rates from 2.00% - 3.00%. The obligations were issued to finance the replacement cost of the County's data center, provide for

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telephone enhancements, deferred facilities maintenance and assist with a project to automate the movement of library materials. At June 30, 2011, the balance on the unamortized premium was \$491 and \$8,490 on the debt was outstanding.

On December 14, 2010, the County issued \$15,000 in Full Faith and Credit Obligations, Series 2010B at a discount of \$30 with interest rates from 4.00% to 4.70%. The proceeds from the sale of the obligations will be used to finance the construction costs for the East County Courthouse. At June 30, 2011 the entire debt issue was outstanding.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.50-7.74%	<u>\$ 217,158</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 18,805	\$ 8,630
2013	12,924	15,439
2014	12,932	16,066
2015	12,074	16,756
2016	12,895	15,169
2017 – 2021	91,812	55,802
2022 – 2026	31,628	135,309
2027 – 2030	24,088	142,854
Total, before deferred charge	<u>217,158</u>	<u>\$ 406,025</u>
Deferred charge, net	(2,203)	
Premium on long-term debt, net	3,375	
Total	<u>\$ 218,330</u>	

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

<u>Full faith and credit bonds</u>	<u>Long-term</u>	<u>Current</u>	<u>Total</u>
Maturities	\$ 198,353	\$ 18,805	\$ 217,158
Deferred charge	(1,944)	(259)	(2,203)
Premium on long-term debt	2,954	421	3,375
Total	<u>\$ 199,363</u>	<u>\$ 18,967</u>	<u>\$ 218,330</u>

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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. During fiscal year 2011, the County entered into a seven year capital lease agreement to rent space in a warehouse for the Sheriff's Office. Total assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings	\$ 78,765
Less: Accumulated depreciation	(31,569)
Total	<u>\$ 41,196</u>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.50-4.90%	<u>\$ 1,719</u>

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental</u>	
	<u>Principal</u>	<u>Interest</u>
2012	\$ 122	\$ 130
2013	129	123
2014	135	118
2015	142	111
2016	149	103
2017 – 2021	287	437
2022 – 2026	262	329
2027 – 2031	436	154
2032	57	2
Total	<u>\$ 1,719</u>	<u>\$ 1,507</u>

Loans Payable

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.98%	<u>\$ 3,414</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2012	\$ 345	\$ 68
2013	291	122
2014	303	111
2015	315	99
2016	327	86
2017 – 2021	1,833	223
Total	<u>\$ 3,414</u>	<u>\$ 709</u>

Pollution Remediation Obligations

Pollution remediation obligations address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, including pre-cleanup activities, cleanup activities, government oversight and enforcement-related activities, and postremediation monitoring. Included in the current year's additions and reductions are pollution remediation activities related to various properties where the County is responsible for cleanup costs. The year-end liability for pollution remediation includes estimates for site cleanup costs on four County owned properties. In two of the four sites, subsurface contamination was discovered. Contaminated soil is present at both sites, and contaminated ground water is being monitored and treated as necessary at one location. Both sites are subject to DEQ regulation and oversight at this time. At a third site, the County has commenced an investigation of property it owns that is a former landfill site, to assess if potential methane and leachate issues warrant further remedial action under applicable state or other regulations. A fourth site involves concrete tanks containing sludge and traces of hazardous waste and asbestos. In each of the four sites, the County legally obligated itself to commence cleanup or monitoring. The pollution remediation activities were paid by a capital project fund and an internal service fund.

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

The calculation for the June 30, 2011 pollution remediation obligation is an estimate determined by management using the expected cash flow techniques and applying probabilities to the pollution remediation activities. The County's pollution remediation obligation is an estimate that is subject to changes resulting from price increases and decreases, changes in technology as well as changes in applicable laws and regulations. The current pollution remediation obligation does not provide for any recoveries that could reduce the liability. Changes in the County's pollution remediation obligation are noted in the schedule below and the liability is recorded on the *Statement of Net Assets*.

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Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments & Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
General Obligation Bonds	\$ 50,045	\$ -	\$ 7,251	\$ 42,794	\$ 7,251
Revenue Bonds	2,845	-	415	2,430	435
Full Faith and Credit Bonds	220,352	15,000	17,022	218,330	18,966
Capital Leases	1,020	815	116	1,719	122
Loans Payable	2,132	1,282	-	3,414	345
Long-term debt before Other long-term liabilities	276,394	17,097	24,804	268,687	27,119
Pollution Remediation Obligations	375	286	285	376	376
Compensated Absences	24,260	28,866	27,440	25,686	7,010
Governmental activity long-term liabilities	<u>\$ 301,029</u>	<u>\$ 46,249</u>	<u>\$ 52,529</u>	<u>\$ 294,749</u>	<u>\$ 34,505</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 25</u>	<u>\$ 3</u>	<u>\$ 12</u>	<u>\$ 16</u>	<u>\$ 9</u>

Conduit Financing

Multnomah County Conduit Financing

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2011, \$7,590 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

On October 21, 2008, the County issued \$6,400 in Higher Education Revenue Bonds. The proceeds of the bonds were used to provide financing for Pacific Northwest College of Art (PNCA) for costs of acquisition, construction, additions, renovations and improvements to buildings used by the PNCA to accommodate new programs and enrollment growth. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the bond

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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, 2011, \$6,074 of the Higher Education Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2011 was \$13,664. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. The proceeds of these bonds issues were used by health care facilities to finance various capital projects and refund outstanding bonds. The debt has not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the bond indenture and payments are made by the health care facilities. The obligors have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by respective health care facility. Since neither the County nor the Authority own any assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. A summary of the Authority's conduit debt is as follows:

Obligor (Health Care Facility), debt issue, terms	Original Amount	Balance June 30, 2011
Terwilliger Plaza, Hospital Revenue and Refunding Bonds, Series 1999, due serially through December 1, 2029	\$ 26,000	\$ 21,500
Providence Health System, Revenue Bonds, Series 2004, due serially through October 1, 2024	100,000	95,995
Terwilliger Plaza, Revenue Bonds, Series 2006, due serially through December 1, 2036	39,765	18,280
Pacific Mirabella (at South Waterfront Project), Variable Rate Demand Revenue Bonds, Series 2008A and 2008B, due serially through September 30, 2048	221,645	173,985
Oregon Baptist (Retirement Homes Project), Variable Rate Demand Revenue and Refunding Bonds, Series 2009, entire principal due November 1, 2034	7,050	6,735

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Adventist Health System/West, Revenue Bonds, Series 2009A, due September 1, 2021 and September 1, 2040	66,535	66,535
Holladay Park Plaza, Revenue and Refunding Bonds, Variable Rate Demand Revenue Refunding Bonds, Series 2010A, due serially through December 1, 2040	14,460	14,460
	<u>\$ 475,455</u>	<u>\$ 397,490</u>

G. Fund balances and net assets

Fund balances, Governmental funds

On the *Balance Sheet – Governmental Funds*, the fund balances are reported in the aggregate in the classifications defined by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Fund balances by classification for the year ended June 30, 2011 were as follows:

	General Fund	Federal and State Program Fund	Library Fund	PERS Bond Fund	Capital Improve- ment Fund	Other Govern- mental Funds	Total Govern- mental Funds
<u>Fund balances</u>							
Nonspendable:							
Inventories	\$ 264	\$ -	\$ -	\$ -	\$ -	\$ 523	\$ 787
Prepaid items	390	439	254	-	-	21	1,104
Restricted:							
Capital projects, buildings	-	-	-	-	18,621	-	18,621
Capital projects, information technology	-	-	-	-	-	4,920	4,920
Community support programs	-	8,045	-	-	-	794	8,839
Debt service	-	-	-	-	-	7,454	7,454
Document storage and retrieval	487	-	-	-	-	-	487
Road, bridge and bike path improvements	-	-	-	-	-	9,108	9,108
Committed:							
Capital projects, buildings	-	-	-	-	11,965	3,387	15,352
Capital projects, information technology	-	-	-	-	-	3,385	3,385
Community support programs	-	-	-	-	-	425	425
Debt service	-	-	-	54,737	-	11,338	66,075
Road, bridge and bike path improvements	-	-	-	-	-	9,000	9,000
Assigned:							
Capital projects, buildings	-	-	-	-	-	1,550	1,550
Capital projects, information technology	-	-	-	-	-	415	415
Community support programs	-	-	-	-	-	251	251
Debt service	-	-	-	-	-	434	434
Library operations	-	-	16,355	-	-	-	16,355
Road, bridge and bike path improvements	-	-	-	-	-	1,909	1,909
Unassigned	44,576	(312)	-	-	-	-	44,264
Total fund balances	<u>\$45,717</u>	<u>\$ 8,172</u>	<u>\$16,609</u>	<u>\$54,737</u>	<u>\$ 30,586</u>	<u>\$ 54,914</u>	<u>\$ 210,735</u>

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Net assets

On the government-wide *Statement of Net Assets*, the net assets are reported in one of three classifications as *Invested in capital assets, net of related debt, Restricted, or Unrestricted*. Net assets by classification as of June 30, 2011 are:

	Primary Government			Component Unit
	Governmental	Business-Type		The Library
	Activities	Activities	Total	Foundation
Net assets				
Invested in capital assets, net of related debt	\$ 637,922	\$ 3,612	\$ 641,534	\$ 12
Restricted for:				
Nonexpendable – Library operations	-	-	-	4,042
Expendable:				
Capital projects, buildings	18,621		18,621	-
Capital projects, information technology	4,920	-	4,920	-
Community support programs	8,839	-	8,839	-
Debt service	7,831	-	7,831	-
Document storage and retrieval	487	-	487	-
Library operations	-	-	-	3,281
Road, bridge and bike path improvements	9,108	-	9,108	-
Unrestricted	81,502	17,442	98,944	9,654
Total net assets	<u>\$ 769,230</u>	<u>\$ 21,054</u>	<u>\$ 790,284</u>	<u>\$ 16,989</u>

Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability 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, 2011, 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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
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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 6/30/11	Fiscal Year Ended 6/30/10
Unpaid claims, beginning of fiscal year	\$ 12,189	\$ 12,861
Incurred claims (including IBNRs)	27,991	27,325
Actuarial adjustment	(3,117)	(3,765)
Claim payments	(25,365)	(24,232)
Unpaid claims, end of fiscal year	<u>\$ 11,698</u>	<u>\$ 12,189</u>

B. Commitments and contingent liabilities

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

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

The following is a schedule by years of future minimum rental payments required under operating leases for certain land, buildings and equipment used in governmental operations that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2011.

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June 30, 2011
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<u>Year ended June 30</u>	
2012	5,154
2013	5,503
2014	4,375
2015	3,665
2016	3,042
2017 – 2021	2,327
2022 – 2026	15
Total minimum payments	<u>\$ 24,081</u>

The County recorded \$4,832 in rent expense for the year ended June 30, 2011.

The County has entered into various construction and non-construction contracts at fiscal year-end. The commitments noted below are evidenced by signed purchase orders or contracts which were entered into prior to June 30, 2011.

<u>Construction Commitment Description</u>	<u>Fiscal Year Ended 6/30/11</u>
Buildings	\$ 14,686
Bridges	26,946
Roads	6,903
Sewer	289
Total outstanding contracts	<u>\$ 48,824</u>

C. Postemployment benefits other than pensions

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

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County offers retirees a health benefit equal to half of their monthly premium and retirees are required to pay the other half. The benefit is generally offered from age 58 to age 65. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to contribute 1.75% of

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011
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annual covered payroll to fund this retiree benefit. At June 30, 2011, there were 654 retirees that were receiving the postemployment healthcare benefit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2011, the County contributed \$7,334 to the plan. Of this amount, \$3,554 was explicitly contributed as part of the contractual obligation described above. The remaining \$3,780 represents the implicit subsidy derived from active employee contributions.

Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of 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, 2011, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 14,193
Interest on net OPEB obligation	3,602
Adjustment to annual required contribution	<u>(3,106)</u>
Annual OPEB cost (expense)	14,689
Contributions made	<u>(7,334)</u>
Increase in net OPEB obligation	7,355
Net OPEB obligation - beginning of year	<u>90,048</u>
Net OPEB obligation - end of year	<u><u>\$ 97,403</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and three preceding years were as follows:

<u>Fiscal</u> <u>Year Ended</u>	<u>Annual</u> <u>OPEB Cost</u>	<u>Percentage of</u> <u>Annual OPEB</u> <u>Cost Contributed</u>	<u>Net OPEB</u> <u>Obligation</u>
6/30/08	14,902	18%	\$ 70,136
6/30/09	12,232	18%	80,173
6/30/10	12,313	20%	90,048
6/30/11	14,689	50%	97,403

Funded status and funding progress. As of the most recent actuarial report, January 1, 2011, the actuarial accrued liability for benefits was \$154,498 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$154,498.

MULTNOMAH COUNTY, OREGON
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The covered payroll (annual payroll of active employees covered by the plan) was \$270,516 for fiscal year 2011 and the ratio of the UAAL to the covered payroll was 57%.

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, 2011), the projected unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 4.0% was used in the most recent actuarial valuation for the closed period. The actuarial report incorporates the projected effect of the healthcare reform law, The Patient Protection and Affordable Care Act (PPACA), passed into law in March 2010. A significant item in the law begins in 2018 when the County's plan may be subject to a 40% excise tax on the value of benefits provided above a certain dollar level. Because of some uncertainties in the excise tax component, the calculation of a precise obligation for this tax is impossible at this time. The report also states health care costs rates are trending down from 8.4% in 2011 to 7.1% in 2016 for the major medical component, which is representative for the overall plan. The report includes assumptions for inflation at 2.75%, annual payroll growth of 3.75% and 1.00% real wage growth. The County's unfunded actuarial accrued liability is re-determined each valuation and amortized over a 30 year open period as a level percentage of payroll. The remaining amortization period at June 30, 2011 is 30 years.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011
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D. Employee retirement systems, pension plans and deferred compensation plan

Pension plans

The County participates in the Oregon Public Employees Retirement System, a cost-sharing multiple-employer defined benefit public employee pension plan that covers substantially all employees and maintains a defined contribution plan for substantially all County employees for the purpose of individual voluntary retirement savings. There are three different tiers of membership based on the individual's original hire date with an Oregon PERS employer.

Oregon Public Employees Retirement System (PERS)

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

PERS
PO Box 23700
Tigard, OR 97281-3700

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

Funding policy. The contribution requirements of the County are established and may be amended by the State. The County is contractually obligated by collective bargaining agreements to pay the required employee contribution of 6.0% of annual covered payroll and represents a blended rate for all three different tiers of membership. The County is also required to contribute at an actuarially determined rate; the current rate is 13.4% of annual covered payroll. In addition to the funding requirements, the County also charges an internal rate of 6.75% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

Annual pension cost. For 2011, the County's annual pension cost of \$34,233 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2009 actuarial valuation using the projected

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2011
(dollar amounts expressed in thousands)

unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, (c) projected wage growth, excluding seniority / merit raises, of 3.75% per year and (d) trending healthcare costs from 7.0% in 2010 to 4.5% in 2029. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2009, was 20 years.

Three Year Trend Information for PERS:

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 42,368	100%	\$ -
6/30/10	34,550	100%	-
6/30/11	34,233	100%	-

Deferred Compensation Plan

Plan description. The County offers employees a deferred compensation plan (the Plan) administered by the County. The Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all represented and non-represented County employees, and permits them to defer a portion of their salary until future years. Contributions are made through salary withholdings from participating employees up to the amounts specified in the Code. No contributions are required from the County. As of June 30, 2011, 3,055 individuals were participating in the 457 plan. Amounts deferred are not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and income of the Plan are held in trust for the exclusive benefit of the participants and their beneficiaries. No Plan assets have been used for purposes other than the payment of benefits.

At June 30, 2011, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$207,854. 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, 2011
(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]
01/01/07	\$ -	\$ 122,905	\$ 122,905	0%	\$246,343	50%
01/01/09	\$ -	\$ 122,605	\$ 122,605	0%	\$263,090	47%
01/01/11 ¹	\$ -	\$ 154,498	\$ 154,498	0%	\$270,516	57%

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

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2011
(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	\$ 19,562	\$ 18,060	\$ 15,399	\$ 53,021
Receivables:				
Taxes	1,787	468	-	2,255
Accounts	14,343	-	-	14,343
Contracts	6	1,616	-	1,622
Inventories	523	-	-	523
Prepaid items	-	-	21	21
Restricted assets:				
Cash with fiscal agent	-	1,075	-	1,075
Total assets	<u>\$ 36,221</u>	<u>\$ 21,219</u>	<u>\$ 15,420</u>	<u>\$ 72,860</u>
LIABILITIES				
Accounts payable	\$ 13,895	\$ -	\$ 1,739	\$ 15,634
Payroll payable	310	-	2	312
Deferred revenue	6	1,993	1	2,000
Total liabilities	<u>14,211</u>	<u>1,993</u>	<u>1,742</u>	<u>17,946</u>
FUND BALANCES				
Nonspendable	523	-	21	544
Restricted	9,902	7,454	4,920	22,276
Committed	9,425	11,338	6,772	27,535
Assigned	2,160	434	1,965	4,559
Total fund balances	<u>22,010</u>	<u>19,226</u>	<u>13,678</u>	<u>54,914</u>
Total liabilities and fund balances	<u>\$ 36,221</u>	<u>\$ 21,219</u>	<u>\$ 15,420</u>	<u>\$ 72,860</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2011
(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	\$ 29,054	\$ 8,282	\$ -	\$ 37,336
Intergovernmental	44,764	-	-	44,764
Licenses and permits	13,268	-	-	13,268
Charges for services	4,214	36	73	4,323
Interest	80	85	64	229
Other	413	8,462	2,288	11,163
Total revenues	<u>91,793</u>	<u>16,865</u>	<u>2,425</u>	<u>111,083</u>
EXPENDITURES				
Current:				
General government	136	52	654	842
Health services	363	-	-	363
Public safety and justice	7,119	-	-	7,119
Community services	21,876	-	1,580	23,456
Roads and bridges	40,790	-	-	40,790
Capital outlay	13,201	-	1,190	14,391
Debt service:				
Principal	-	14,797	-	14,797
Interest	150	5,524	-	5,674
Total expenditures	<u>83,635</u>	<u>20,373</u>	<u>3,424</u>	<u>107,432</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,158</u>	<u>(3,508)</u>	<u>(999)</u>	<u>3,651</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	1,282	-	-	1,282
Proceeds from sale of capital assets	24	-	-	24
Transfers in	9,005	-	5,135	14,140
Transfers out	(3,249)	-	-	(3,249)
Total other financing sources (uses)	<u>7,062</u>	<u>-</u>	<u>5,135</u>	<u>12,197</u>
Net change in fund balances	15,220	(3,508)	4,136	15,848
Fund balances - beginning	6,790	22,734	9,542	39,066
Fund balances - ending	<u>\$ 22,010</u>	<u>\$ 19,226</u>	<u>\$ 13,678</u>	<u>\$ 54,914</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.
- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.
- **Willamette River Bridges Fund** - accounts for capital grants and contributions for County bridges, motor vehicle fees, and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.
- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.

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MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2011
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	Recreation
ASSETS					
Cash and investments	\$ -	\$ 3,651	\$ -	\$ 271	\$ 63
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	4,967	-	-	-
Contracts	-	6	-	-	-
Inventories	-	523	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 9,147</u>	<u>\$ -</u>	<u>\$ 271</u>	<u>\$ 63</u>
LIABILITIES					
Accounts payable	\$ -	\$ 7,211	\$ -	\$ 10	\$ 63
Payroll payable	-	140	-	-	-
Deferred revenue	-	6	-	-	-
Total liabilities	<u>-</u>	<u>7,357</u>	<u>-</u>	<u>10</u>	<u>63</u>
FUND BALANCES					
Nonspendable	-	523	-	-	-
Restricted	-	-	-	261	-
Committed	-	-	-	-	-
Assigned	-	1,267	-	-	-
Total fund balances	<u>-</u>	<u>1,790</u>	<u>-</u>	<u>261</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 9,147</u>	<u>\$ -</u>	<u>\$ 271</u>	<u>\$ 63</u>

County School	Animal Control	Willamette River Bridges	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	Total
\$ 1	\$ 814	\$ 12,464	\$ 980	\$ 852	\$ 65	\$ 401	\$ 19,562
-	-	-	1,786	1	-	-	1,787
-	6	8,802	-	-	41	527	14,343
-	-	-	-	-	-	-	6
-	-	-	-	-	-	-	523
<u>\$ 1</u>	<u>\$ 820</u>	<u>\$ 21,266</u>	<u>\$ 2,766</u>	<u>\$ 853</u>	<u>\$ 106</u>	<u>\$ 928</u>	<u>\$ 36,221</u>
\$ -	\$ 9	\$ 3,518	\$ 2,456	\$ 14	\$ 65	\$ 549	\$ 13,895
-	-	86	-	12	12	60	310
-	-	-	-	-	-	-	6
<u>-</u>	<u>9</u>	<u>3,604</u>	<u>2,456</u>	<u>26</u>	<u>77</u>	<u>609</u>	<u>14,211</u>
-	-	-	-	-	-	-	523
1	751	8,020	-	827	-	42	9,902
-	-	9,000	310	-	29	86	9,425
-	60	642	-	-	-	191	2,160
<u>1</u>	<u>811</u>	<u>17,662</u>	<u>310</u>	<u>827</u>	<u>29</u>	<u>319</u>	<u>22,010</u>
<u>\$ 1</u>	<u>\$ 820</u>	<u>\$ 21,266</u>	<u>\$ 2,766</u>	<u>\$ 853</u>	<u>\$ 106</u>	<u>\$ 928</u>	<u>\$ 36,221</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	Recreation
REVENUES					
Taxes	\$ -	\$ 7,551	\$ -	\$ -	\$ 64
Intergovernmental	-	29,182	181	65	-
Licenses and permits	-	60	-	-	-
Charges for services	-	246	-	-	-
Interest	-	62	-	1	-
Other:					
Service reimbursements	-	-	-	-	-
Miscellaneous	-	21	-	-	-
Total revenues	-	37,122	181	66	64
EXPENDITURES					
Current:					
General government	-	-	-	-	-
Health services	-	-	-	-	-
Public safety and justice	-	-	-	-	-
Community services	-	-	181	7	64
Roads and bridges	-	35,542	-	-	-
Capital outlay	-	1,896	-	24	-
Debt service, interest	-	-	-	-	-
Total expenditures	-	37,438	181	31	64
Excess of revenues over (under) expenditures	-	(316)	-	35	-
OTHER FINANCING SOURCES (USES)					
Proceeds from issuance of debt	-	1,282	-	-	-
Proceeds from sale of capital assets	-	10	-	-	-
Transfers in	-	-	-	-	-
Transfers out	(161)	-	-	-	-
Total other financing sources (uses)	(161)	1,292	-	-	-
Net change in fund balances	(161)	976	-	35	-
Fund balances - beginning	161	814	-	226	-
Fund balances - ending	\$ -	\$ 1,790	\$ -	\$ 261	\$ -

County School	Animal Control	Willamette River Bridges	Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	Total
\$ 166	\$ -	\$ -	\$ 21,273	\$ -	\$ -	\$ -	\$ 29,054
19	73	15,102	-	-	-	142	44,764
-	1,773	8,224	-	-	-	3,211	13,268
1	103	5	-	596	1,210	2,053	4,214
-	4	-	5	6	-	2	80
-	-	-	-	-	-	119	119
-	188	33	-	-	1	51	294
186	2,141	23,364	21,278	602	1,211	5,578	91,793
-	136	-	-	-	-	-	136
-	-	-	-	-	-	363	363
-	-	-	-	-	1,359	5,760	7,119
187	-	-	21,437	-	-	-	21,876
-	-	4,441	-	807	-	-	40,790
-	-	11,237	-	-	-	44	13,201
-	-	150	-	-	-	-	150
187	136	15,828	21,437	807	1,359	6,167	83,635
(1)	2,005	7,536	(159)	(205)	(148)	(589)	8,158
-	-	-	-	-	-	-	1,282
-	-	-	-	4	-	10	24
-	-	9,000	-	5	-	-	9,005
-	(2,238)	(850)	-	-	-	-	(3,249)
-	(2,238)	8,150	-	9	-	10	7,062
(1)	(233)	15,686	(159)	(196)	(148)	(579)	15,220
2	1,044	1,976	469	1,023	177	898	6,790
\$ 1	\$ 811	\$ 17,662	\$ 310	\$ 827	\$ 29	\$ 319	\$ 22,010

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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
OTHER FINANCING USES				
Transfers out	(161)	(161)	(161)	-
Fund balances - beginning	161	161	161	-
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
Road Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Gasoline	\$ 7,200	\$ 7,200	\$ 7,052	\$ (148)
Forest reserve yield	497	497	499	2
Intergovernmental	33,014	33,014	29,182	(3,832)
Licenses and permits	75	75	60	(15)
Charges for services	785	785	246	(539)
Interest	75	75	62	(13)
Other:				
Service reimbursements	665	665	-	(665)
Miscellaneous	101	101	21	(80)
Total revenues	42,412	42,412	37,122	(5,290)
EXPENDITURES				
Community services	39,429	39,429	37,438	1,991
Excess (deficiency) of revenues over (under) expenditures	2,983	2,983	(316)	(3,299)
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	1,200	1,200	1,282	82
Proceeds from sale of capital assets	-	-	10	10
Transfers out	(5,668)	(5,668)	-	5,668
Total other financing sources (uses)	(4,468)	(4,468)	1,292	5,760
Net change in fund balances	(1,485)	(1,485)	976	2,461
Fund balances - beginning	1,485	1,485	814	(671)
Fund balances - ending	\$ -	\$ -	\$ 1,790	\$ 1,790

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
REVENUES				
Intergovernmental	\$ 250	\$ 250	\$ 181	\$ (69)
EXPENDITURES				
Sheriff	250	250	181	69
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 65	\$ 65
Interest	2	2	1	(1)
Total revenues	2	2	66	64
EXPENDITURES				
Community services	90	90	31	59
Excess (deficiency) of revenues over (under) expenditures	(88)	(88)	35	123
OTHER FINANCING SOURCES				
Transfers in	68	68	-	(68)
Total other financing sources	68	68	-	(68)
Contingency	(340)	(340)	-	340
Net change in fund balances	(360)	(360)	35	395
Fund balances - beginning	360	360	226	(134)
Fund balances - ending	\$ -	\$ -	\$ 261	\$ 261

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - Gasoline	\$ 102	\$ 102	\$ 64	\$ (38)
EXPENDITURES				
County management	102	102	64	38
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - Forest reserve yield	\$ 170	\$ 170	\$ 166	\$ (4)
Intergovernmental	20	20	19	(1)
Charges for services	-	-	1	1
Interest	1	1	-	(1)
Total revenues	191	191	186	(5)
EXPENDITURES				
Nondepartmental	192	192	187	5
Net change in fund balances	(1)	(1)	(1)	-
Fund balances - beginning	1	1	2	1
Fund balances - ending	\$ -	\$ -	\$ 1	\$ 1

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 65	\$ 65	\$ 73	\$ 8
Licenses and permits	1,720	1,720	1,773	53
Charges for services	140	140	103	(37)
Interest	10	10	4	(6)
Other - Miscellaneous	204	204	188	(16)
Total revenues	2,139	2,139	2,141	2
EXPENDITURES				
Community services	668	668	136	532
Excess of revenues over expenditures	1,471	1,471	2,005	534
OTHER FINANCING USES				
Transfers out	(1,850)	(2,238)	(2,238)	-
Total other financing uses	(1,850)	(2,238)	(2,238)	-
Contingency	(174)	(174)	-	174
Net change in fund balances	(553)	(941)	(233)	708
Fund balances - beginning	553	941	1,044	103
Fund balances - ending	\$ -	\$ -	\$ 811	\$ 811

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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 12,932	\$ 12,932	\$ 15,102	\$ 2,170
Licenses and permits	6,000	6,000	8,224	2,224
Charges for services	-	-	5	5
Interest	424	424	-	(424)
Other:				
Service reimbursements	26	26	-	(26)
Miscellaneous	5	5	33	28
Total revenues	<u>19,387</u>	<u>19,387</u>	<u>23,364</u>	<u>3,977</u>
EXPENDITURES				
Community services	<u>65,957</u>	<u>65,957</u>	<u>15,828</u>	<u>50,129</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,570)</u>	<u>(46,570)</u>	<u>7,536</u>	<u>54,106</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of debt	150,000	150,000	-	(150,000)
Transfers in	5,600	30,600	9,000	(21,600)
Transfers out	<u>(1,000)</u>	<u>(1,000)</u>	<u>(850)</u>	<u>150</u>
Total other financing sources (uses)	154,600	179,600	8,150	(171,450)
Contingency	<u>(8,661)</u>	<u>(8,661)</u>	<u>-</u>	<u>8,661</u>
Net change in fund balances	99,369	124,369	15,686	(108,683)
Fund balances - beginning	876	876	1,976	1,100
Fund balances - ending	<u>\$ 100,245</u>	<u>\$ 125,245</u>	<u>\$ 17,662</u>	<u>\$ (107,583)</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 18,800	\$ 21,300	\$ 21,273	\$ (27)
Interest	4	4	5	1
Total revenues	18,804	21,304	21,278	(26)
EXPENDITURES				
Nondepartmental	19,014	21,514	21,437	77
Net change in fund balances	(210)	(210)	(159)	51
Fund balances - beginning	210	210	469	259
Fund balances - ending	\$ -	\$ -	\$ 310	\$ 310

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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 700	\$ 700	\$ 596	\$ (104)
Interest	30	30	6	(24)
Other - Service reimbursements	135	135	-	(135)
Total revenues	865	865	602	(263)
EXPENDITURES				
Community services	1,238	1,238	807	431
Deficiency of revenues under expenditures	(373)	(373)	(205)	168
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	4	4
Transfers in	-	5	5	-
Total other financing sources	-	5	9	4
Contingency	(447)	(452)	-	452
Net change in fund balances	(820)	(820)	(196)	624
Fund balances - beginning	820	820	1,023	203
Fund balances - ending	\$ -	\$ -	\$ 827	\$ 827

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,272	\$ 1,272	\$ 1,210	\$ (62)
Interest	10	10	-	(10)
Other - Miscellaneous	2	2	1	(1)
Total revenues	1,284	1,284	1,211	(73)
EXPENDITURES				
Community justice	2	2	1	1
Sheriff	1,382	1,459	1,358	101
Total expenditures	1,384	1,461	1,359	102
Net change in fund balances	(100)	(177)	(148)	29
Fund balances - beginning	100	177	177	-
Fund balances - ending	\$ -	\$ -	\$ 29	\$ 29

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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 67	\$ 67	\$ 142	\$ 75
Licenses and permits	4,253	4,253	3,211	(1,042)
Charges for services	2,842	3,490	2,053	(1,437)
Interest	16	16	2	(14)
Other:				
Service reimbursements	211	211	119	(92)
Miscellaneous	2	37	51	14
Total revenues	<u>7,391</u>	<u>8,074</u>	<u>5,578</u>	<u>(2,496)</u>
EXPENDITURES				
Community justice	2,659	2,659	2,389	270
District attorney	159	159	50	109
Health services	1,893	1,910	363	1,547
Sheriff	3,486	4,246	3,365	881
Total expenditures	<u>8,197</u>	<u>8,974</u>	<u>6,167</u>	<u>2,807</u>
Deficiency of revenues under expenditures	<u>(806)</u>	<u>(900)</u>	<u>(589)</u>	<u>311</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	10	10
Net change in fund balances	<u>(806)</u>	<u>(900)</u>	<u>(579)</u>	<u>321</u>
Fund balances - beginning	<u>806</u>	<u>900</u>	<u>898</u>	<u>(2)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 319</u>	<u>\$ 319</u>

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DEBT SERVICE FUNDS

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

Major Fund

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

Nonmajor Funds

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

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2011
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
ASSETS				
Cash and investments	\$ 1,112	\$ 9,585	\$ 7,363	\$ 18,060
Receivables:				
Taxes	-	-	468	468
Contracts	1,616	-	-	1,616
Restricted assets:				
Cash with fiscal agent	-	1,075	-	1,075
Total assets	<u>\$ 2,728</u>	<u>\$ 10,660</u>	<u>\$ 7,831</u>	<u>\$ 21,219</u>
LIABILITIES				
Deferred revenue	\$ 1,616	\$ -	\$ 377	\$ 1,993
Total liabilities	<u>1,616</u>	<u>-</u>	<u>377</u>	<u>1,993</u>
FUND BALANCES				
Restricted	-	-	7,454	7,454
Committed	678	10,660	-	11,338
Assigned	434	-	-	434
Total fund balances	<u>1,112</u>	<u>10,660</u>	<u>7,454</u>	<u>19,226</u>
Total liabilities and fund balances	<u>\$ 2,728</u>	<u>\$ 10,660</u>	<u>\$ 7,831</u>	<u>\$ 21,219</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Revenue Bond	Capital Debt Retirement	General Obligation Bond	Total
REVENUES				
Taxes	\$ -	\$ -	\$ 8,279	\$ 8,279
Payments in lieu of taxes	-	-	3	3
Charges for services	36	-	-	36
Interest	7	43	35	85
Other - service reimbursements	-	8,462	-	8,462
Total revenues	<u>43</u>	<u>8,505</u>	<u>8,317</u>	<u>16,865</u>
EXPENDITURES				
Current:				
General government	5	47	-	52
Debt service:				
Principal	415	7,827	6,555	14,797
Interest	133	3,472	1,919	5,524
Total expenditures	<u>553</u>	<u>11,346</u>	<u>8,474</u>	<u>20,373</u>
Net change in fund balances	(510)	(2,841)	(157)	(3,508)
Fund balances - beginning	1,622	13,501	7,611	22,734
Fund balances - ending	<u>\$ 1,112</u>	<u>\$ 10,660</u>	<u>\$ 7,454</u>	<u>\$ 19,226</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 35	\$ 35	\$ 36	\$ 1
Interest	33	33	7	(26)
Total revenues	68	68	43	(25)
EXPENDITURES				
Nondepartmental	556	556	553	3
Net change in fund balances	(488)	(488)	(510)	(22)
Fund balances - beginning	1,625	1,625	1,622	(3)
Fund balances - ending	\$ 1,137	\$ 1,137	\$ 1,112	\$ (25)

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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 289	\$ 289	\$ 43	\$ (246)
Other - service reimbursements	16,063	16,063	8,462	(7,601)
Total revenues	16,352	16,352	8,505	(7,847)
EXPENDITURES				
Nondepartmental	19,193	19,193	11,346	7,847
Net change in fund balances	(2,841)	(2,841)	(2,841)	-
Fund balances - beginning	14,430	14,430	13,501	(929)
Fund balances - ending	\$ 11,589	\$ 11,589	\$ 10,660	\$ (929)

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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - property	\$ 8,190	\$ 8,190	\$ 8,279	\$ 89
Payments in lieu of taxes	-	-	3	3
Interest	149	149	35	(114)
Total revenues	8,339	8,339	8,317	(22)
EXPENDITURES				
Nondepartmental	9,253	9,253	8,474	779
Net change in fund balances	(914)	(914)	(157)	757
Fund balances - beginning	7,456	7,456	7,611	155
Fund balances - ending	\$ 6,542	\$ 6,542	\$ 7,454	\$ 912

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
PERS Pension Bond Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 840	\$ 840	\$ 258	\$ (582)
Other - service reimbursements	18,000	18,000	28,178	10,178
Total revenues	18,840	18,840	28,436	9,596
EXPENDITURES				
Nondepartmental	15,227	15,227	15,202	25
Net change in fund balances	3,613	3,613	13,234	9,621
Fund balances - beginning	42,000	42,000	41,503	(497)
Fund balances - ending	\$ 45,613	\$ 45,613	\$ 54,737	\$ 9,124

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:

Major Fund

- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property.

Nonmajor Funds

- **Financed Projects Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **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, 2011
(amounts expressed in thousands)

	Financed Projects	Capital Acquisition	Asset Preservation	Total
ASSETS				
Cash and investments	\$ 4,257	\$ 6,003	\$ 5,139	\$ 15,399
Prepaid items	21	-	-	21
Total assets	<u>\$ 4,278</u>	<u>\$ 6,003</u>	<u>\$ 5,139</u>	<u>\$ 15,420</u>
LIABILITIES				
Accounts payable	\$ 521	\$ 1,016	\$ 202	\$ 1,739
Payroll payable	2	-	-	2
Deferred revenue	-	1	-	1
Total liabilities	<u>523</u>	<u>1,017</u>	<u>202</u>	<u>1,742</u>
FUND BALANCES				
Nonspendable	21	-	-	21
Restricted	-	4,920	-	4,920
Committed	3,385	-	3,387	6,772
Assigned	349	66	1,550	1,965
Total fund balances	<u>3,755</u>	<u>4,986</u>	<u>4,937</u>	<u>13,678</u>
Total liabilities and fund balances	<u>\$ 4,278</u>	<u>\$ 6,003</u>	<u>\$ 5,139</u>	<u>\$ 15,420</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Financed Projects	Capital Acquisition	Asset Preservation	Total
REVENUES				
Charges for services	\$ -	\$ 26	\$ 47	\$ 73
Interest	11	32	21	64
Other:				
Service reimbursements	-	-	2,286	2,286
Miscellaneous	-	-	2	2
Total revenues	<u>11</u>	<u>58</u>	<u>2,356</u>	<u>2,425</u>
EXPENDITURES				
Current:				
General government	-	654	-	654
Community services	576	-	1,004	1,580
Capital outlay	<u>539</u>	<u>426</u>	<u>225</u>	<u>1,190</u>
Total expenditures	<u>1,115</u>	<u>1,080</u>	<u>1,229</u>	<u>3,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,104)</u>	<u>(1,022)</u>	<u>1,127</u>	<u>(999)</u>
OTHER FINANCING SOURCES				
Transfers in	<u>4,500</u>	<u>-</u>	<u>635</u>	<u>5,135</u>
Net change in fund balances	3,396	(1,022)	1,762	4,136
Fund balances - beginning	359	6,008	3,175	9,542
Fund balances - ending	<u>\$ 3,755</u>	<u>\$ 4,986</u>	<u>\$ 4,937</u>	<u>\$ 13,678</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 6	\$ 6	\$ 11	\$ 5
EXPENDITURES				
County management	5,100	5,100	1,115	3,985
Deficiency of revenues				
under expenditures	(5,094)	(5,094)	(1,104)	3,990
OTHER FINANCING SOURCES				
Transfers in	4,500	4,500	4,500	-
Total other financing sources	4,500	4,500	4,500	-
Contingency	(6)	(6)	-	6
Net change in fund balances	(600)	(600)	3,396	3,996
Fund balances - beginning	600	600	359	(241)
Fund balances - ending	\$ -	\$ -	\$ 3,755	\$ 3,755

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Acquisition Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 26	\$ 26
Interest	7	7	32	25
Total revenues	7	7	58	51
EXPENDITURES				
Nondepartmental	6,000	6,000	1,080	4,920
Deficiency of revenues				
under expenditures	(5,993)	(5,993)	(1,022)	4,971
Contingency	(7)	(7)	-	7
Net change in fund balances	(6,000)	(6,000)	(1,022)	4,978
Fund balances - beginning	6,000	6,000	6,008	8
Fund balances - ending	\$ -	\$ -	\$ 4,986	\$ 4,986

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 47	\$ 47
Interest	25	25	21	(4)
Other:				
Service reimbursements	-	2,257	2,286	29
Miscellaneous	-	-	2	2
Total revenues	25	2,282	2,356	74
EXPENDITURES				
County management	4,928	5,331	1,229	4,102
Excess (deficiency) of revenues over (under) expenditures	(4,903)	(3,049)	1,127	4,176
OTHER FINANCING SOURCES				
Transfers in	2,489	635	635	-
Net change in fund balances	(2,414)	(2,414)	1,762	4,176
Fund balances - beginning	2,914	2,914	3,175	261
Fund balances - ending	\$ 500	\$ 500	\$ 4,937	\$ 4,437

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 1,700	\$ 1,850	\$ 1,211	\$ (639)
Charges for services	2,281	2,281	379	(1,902)
Interest	260	260	152	(108)
Other:				
Non-governmental grants	-	-	343	343
Service reimbursements	-	3,574	3,413	(161)
Miscellaneous	-	-	31	31
Total revenues	<u>4,241</u>	<u>7,965</u>	<u>5,529</u>	<u>(2,436)</u>
EXPENDITURES				
County management	<u>47,333</u>	<u>48,580</u>	<u>13,190</u>	<u>35,390</u>
Deficiency of revenues				
under expenditures	<u>(43,092)</u>	<u>(40,615)</u>	<u>(7,661)</u>	<u>32,954</u>
OTHER FINANCING SOURCES				
Proceeds from issuance of debt	15,000	15,000	15,000	-
Transfers in	<u>3,516</u>	<u>1,039</u>	<u>1,039</u>	<u>-</u>
Total other financing sources	<u>18,516</u>	<u>16,039</u>	<u>16,039</u>	<u>-</u>
Net change in fund balances	(24,576)	(24,576)	8,378	32,954
Fund balances - beginning	<u>24,576</u>	<u>24,576</u>	<u>22,208</u>	<u>(2,368)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 30,586</u>	<u>\$ 30,586</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	\$ 792	\$ 792	\$ 781	\$ (11)
Prior	10	10	18	8
Charges for services	3	3	16	13
Intergovernmental	-	-	6	6
Interest	8	8	4	(4)
Total revenues	<u>813</u>	<u>813</u>	<u>825</u>	<u>12</u>
EXPENDITURES				
Community services	<u>758</u>	<u>758</u>	<u>540</u>	<u>218</u>
Excess of revenues over expenditures	<u>55</u>	<u>55</u>	<u>285</u>	<u>230</u>
Contingency	<u>(50)</u>	<u>(50)</u>	<u>-</u>	<u>50</u>
Net change in fund balances	<u>5</u>	<u>5</u>	<u>285</u>	<u>280</u>
Fund balances - beginning	<u>345</u>	<u>345</u>	<u>449</u>	<u>104</u>
Fund balances - ending	<u>\$ 350</u>	<u>\$ 350</u>	<u>734</u>	<u>\$ 384</u>
Reconciliation to GAAP basis:				
Invested in capital assets			2,106	
Deferred revenue on assessments			33	
Allowance for uncollectible accounts, assessments			<u>(2)</u>	
Net assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 44			<u>\$ 2,871</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	\$ 358	\$ 358	\$ 354	\$ (4)
Prior	6	6	8	2
Interest	3	3	2	(1)
Total revenues	<u>367</u>	<u>367</u>	<u>364</u>	<u>(3)</u>
EXPENDITURES				
Community services	<u>425</u>	<u>425</u>	<u>362</u>	<u>63</u>
Excess (deficiency) of revenues				
over (under) expenditures	(58)	(58)	2	60
Contingency	<u>(25)</u>	<u>(25)</u>	<u>-</u>	<u>25</u>
Net change in fund balances	(83)	(83)	2	85
Fund balances - beginning	<u>221</u>	<u>221</u>	<u>236</u>	<u>15</u>
Fund balances - ending	<u>\$ 138</u>	<u>\$ 138</u>	<u>238</u>	<u>\$ 100</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,506	
Deferred revenue on assessments			15	
Allowance for uncollectible accounts, assessments			<u>(1)</u>	
Net assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 44			<u>\$ 1,758</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 42,742	\$ 45,931	\$ 46,110	\$ 179
Interest	148	148	109	(39)
Other - miscellaneous	-	-	871	871
Total revenues	<u>42,890</u>	<u>46,079</u>	<u>47,090</u>	<u>1,011</u>
EXPENDITURES				
Human services	<u>42,742</u>	<u>45,931</u>	<u>43,640</u>	<u>2,291</u>
Excess of revenues over				
expenditures	148	148	3,450	3,302
Contingency	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Net change in fund balances	<u>(4,852)</u>	<u>(4,852)</u>	<u>3,450</u>	<u>8,302</u>
Fund balances - beginning	<u>14,825</u>	<u>14,825</u>	<u>12,975</u>	<u>(1,850)</u>
Fund balances - ending	<u><u>\$ 9,973</u></u>	<u><u>\$ 9,973</u></u>	<u><u>\$ 16,425</u></u>	<u><u>\$ 6,452</u></u>

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INTERNAL SERVICE FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Combining Statement of Net Assets
Internal Service Funds
June 30, 2011
(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	\$ 38,024	\$ 3,752	\$ 15,921	\$ 1,599	\$ 6,144	\$ 65,440
Accounts receivable	1	294	73	253	253	874
Inventories	-	516	114	644	172	1,446
Prepaid items	528	-	689	-	35	1,252
Total current assets	<u>38,553</u>	<u>4,562</u>	<u>16,797</u>	<u>2,496</u>	<u>6,604</u>	<u>69,012</u>
Noncurrent assets:						
Contracts receivable	-	-	-	-	364	364
Construction in progress	-	-	796	-	-	796
Capital assets (net of accumulated depreciation)	1	2,738	3,448	6	20	6,213
Total assets	<u>\$ 38,554</u>	<u>\$ 7,300</u>	<u>\$ 21,041</u>	<u>\$ 2,502</u>	<u>\$ 6,988</u>	<u>\$ 76,385</u>
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 1,548	\$ 335	\$ 1,897	\$ 383	\$ 1,853	\$ 6,016
Claims and judgments payable	11,698	-	-	-	-	11,698
Payroll payable	81	48	378	34	206	747
Unearned revenue	40	-	3	-	-	43
Compensated absences	74	47	377	28	145	671
Total current liabilities	<u>13,441</u>	<u>430</u>	<u>2,655</u>	<u>445</u>	<u>2,204</u>	<u>19,175</u>
Noncurrent liabilities:						
Compensated absences	288	126	1,020	77	438	1,949
Incremental leases payable	-	-	-	-	1,622	1,622
Total noncurrent liabilities	<u>288</u>	<u>126</u>	<u>1,020</u>	<u>77</u>	<u>2,060</u>	<u>3,571</u>
Total liabilities	<u>13,729</u>	<u>556</u>	<u>3,675</u>	<u>522</u>	<u>4,264</u>	<u>22,746</u>
NET ASSETS						
Invested in capital assets	1	2,738	4,244	6	20	7,009
Unrestricted	24,824	4,006	13,122	1,974	2,704	46,630
Total net assets	<u>\$ 24,825</u>	<u>\$ 6,744</u>	<u>\$ 17,366</u>	<u>\$ 1,980</u>	<u>\$ 2,724</u>	<u>\$ 53,639</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2011
(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	\$ 80,603	\$ 6,511	\$ 33,076	\$ 5,954	\$ 31,615	\$ 157,759
Insurance premiums	8,440	-	-	-	-	8,440
Experience ratings and other	699	39	2	4	45	789
Total operating revenues	<u>89,742</u>	<u>6,550</u>	<u>33,078</u>	<u>5,958</u>	<u>31,660</u>	<u>166,988</u>
OPERATING EXPENSES						
Cost of sales and services	79,907	5,921	31,520	5,454	30,668	153,470
Administration	882	441	1,279	506	896	4,004
Depreciation	<u>5</u>	<u>1,206</u>	<u>1,115</u>	<u>12</u>	<u>6</u>	<u>2,344</u>
Total operating expenses	<u>80,794</u>	<u>7,568</u>	<u>33,914</u>	<u>5,972</u>	<u>31,570</u>	<u>159,818</u>
Operating income (loss)	<u>8,948</u>	<u>(1,018)</u>	<u>(836)</u>	<u>(14)</u>	<u>90</u>	<u>7,170</u>
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	187	19	96	8	33	343
Gain on disposal of capital assets	-	130	21	-	-	151
Loss on disposal of capital assets	(27)	(2)	-	-	-	(29)
Capital contributions out	<u>-</u>	<u>-</u>	<u>(548)</u>	<u>-</u>	<u>-</u>	<u>(548)</u>
Total nonoperating revenues (expenses)	<u>160</u>	<u>147</u>	<u>(431)</u>	<u>8</u>	<u>33</u>	<u>(83)</u>
Income (loss) before contributions and transfers	9,108	(871)	(1,267)	(6)	123	7,087
Capital contributions in	-	94	-	-	-	94
Transfers in	-	-	-	-	120	120
Transfers out	<u>(9,000)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>(1,523)</u>	<u>(10,529)</u>
Change in net assets	108	(783)	(1,267)	(6)	(1,280)	(3,228)
Total net assets - beginning	<u>24,717</u>	<u>7,527</u>	<u>18,633</u>	<u>1,986</u>	<u>4,004</u>	<u>56,867</u>
Total net assets - ending	<u>\$ 24,825</u>	<u>\$ 6,744</u>	<u>\$ 17,366</u>	<u>\$ 1,980</u>	<u>\$ 2,724</u>	<u>\$ 53,639</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2011
(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	\$ 89,792	\$ 6,521	\$ 33,101	\$ 5,955	\$ 31,959	\$ 167,328
Payments to suppliers	(76,199)	(2,790)	(9,321)	(3,065)	(20,941)	(112,316)
Payments to employees	(6,373)	(2,541)	(20,919)	(1,856)	(8,222)	(39,911)
Internal activity - payments to other funds	(798)	(1,007)	(2,301)	(918)	(3,183)	(8,207)
Net cash provided by (used in) operating activities	6,422	183	560	116	(387)	6,894
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	-	-	120	120
Transfers out	(9,000)	(6)	-	-	(1,523)	(10,529)
Net cash used in noncapital and related financing activities	(9,000)	(6)	-	-	(1,403)	(10,409)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(532)	(3,005)	-	-	(3,537)
Internal loan repayment	103	-	-	-	-	103
Proceeds on sales of capital assets	-	130	21	-	-	151
Net cash provided by (used in) capital and related financing activities	103	(402)	(2,984)	-	-	(3,283)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	187	19	96	8	33	343
Net cash provided by investing activities	187	19	96	8	33	343
Net increase (decrease) in cash and cash equivalents	(2,288)	(206)	(2,328)	124	(1,757)	(6,455)
Balances at beginning of the year	40,312	3,958	18,249	1,475	7,901	71,895
Balances at the end of the year	\$ 38,024	\$ 3,752	\$ 15,921	\$ 1,599	\$ 6,144	\$ 65,440
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	\$ 8,948	\$ (1,019)	\$ (836)	\$ (14)	\$ 90	\$ 7,169
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	5	1,206	1,115	12	6	2,344
Changes in assets and liabilities:						
Receivables	51	(30)	22	(3)	163	203
Inventories	-	(25)	94	(15)	(11)	43
Prepaid items	(15)	-	(38)	-	(1)	(54)
Contracts receivable	-	-	-	-	136	136
Accounts payable	(2,037)	51	116	135	(675)	(2,410)
Claims and judgments payable	(491)	-	-	-	-	(491)
Payroll payable	(4)	(3)	26	2	37	58
Unearned revenue	(2)	-	-	-	-	(2)
Compensated absences	(33)	2	61	(1)	(57)	(28)
Incremental leases payable	-	-	-	-	(75)	(75)
Total adjustments	(2,526)	1,201	1,396	130	(477)	(276)
Net cash provided by (used in) operating activities	\$ 6,422	\$ 182	\$ 560	\$ 116	\$ (387)	\$ 6,893
Noncash financing activities:						
Contributions of capital assets from government funds	\$ -	\$ 94	\$ -	\$ -	\$ -	\$ 94
Contributions of capital assets to governmental funds	-	-	(548)	-	-	(548)

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 6,935	\$ 6,935	\$ 9,252	\$ 2,317
Interest	468	468	187	(281)
Other:				
Service reimbursements	83,483	83,916	79,854	(4,062)
Experience ratings and other	454	454	739	285
Total revenues	<u>91,340</u>	<u>91,773</u>	<u>90,032</u>	<u>(1,741)</u>
EXPENDITURES				
County management	87,299	62,732	77,440	(14,708)
Nondepartmental	3,681	3,681	3,349	332
Total expenditures	<u>90,980</u>	<u>66,413</u>	<u>80,789</u>	<u>(14,376)</u>
Excess (deficiency) of revenues				
over (under) expenditures	<u>360</u>	<u>25,360</u>	<u>9,243</u>	<u>(16,117)</u>
OTHER FINANCING SOURCES (USES)				
Cash transfers out	-	(25,000)	(9,000)	16,000
Total other financing uses	-	(25,000)	(9,000)	16,000
Contingency	(2,000)	(2,000)	-	2,000
Net change in fund balances	(1,640)	(1,640)	243	1,883
Fund balances - beginning	23,508	23,508	24,581	1,073
Fund balances - ending	<u>\$ 21,868</u>	<u>\$ 21,868</u>	<u>24,824</u>	<u>\$ 2,956</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>1</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 119			<u>\$ 24,825</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,021	\$ 1,021	\$ 873	\$ (148)
Interest	50	50	19	(31)
Other:				
Miscellaneous	55	55	39	(16)
Service reimbursements	5,669	5,672	5,638	(34)
Total revenues	<u>6,795</u>	<u>6,798</u>	<u>6,569</u>	<u>(229)</u>
EXPENDITURES				
County management	<u>10,565</u>	<u>10,562</u>	<u>6,893</u>	<u>3,669</u>
Deficiency of revenues				
under expenditures	<u>(3,770)</u>	<u>(3,764)</u>	<u>(324)</u>	<u>3,440</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	130	130	130	-
Transfers out	<u>-</u>	<u>(6)</u>	<u>(6)</u>	<u>-</u>
Total other financing sources (uses)	130	124	124	-
Contingency	<u>(752)</u>	<u>(752)</u>	<u>-</u>	<u>752</u>
Net change in fund balances	<u>(4,392)</u>	<u>(4,392)</u>	<u>(200)</u>	<u>4,192</u>
Fund balances - beginning	<u>4,392</u>	<u>4,392</u>	<u>4,206</u>	<u>(186)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,006</u>	<u>\$ 4,006</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>2,738</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 119			<u>\$ 6,744</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 533	\$ 533	\$ 515	\$ (18)
Interest	125	125	96	(29)
Other:				
Miscellaneous	-	-	2	2
Service reimbursements	32,734	32,743	32,560	(183)
Total revenues	<u>33,392</u>	<u>33,401</u>	<u>33,173</u>	<u>(228)</u>
EXPENDITURES				
Nondepartmental	<u>45,901</u>	<u>45,910</u>	<u>35,803</u>	<u>10,107</u>
Deficiency of revenues				
under expenditures	<u>(12,509)</u>	<u>(12,509)</u>	<u>(2,630)</u>	<u>9,879</u>
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>21</u>	<u>21</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>21</u>	<u>21</u>
Contingency	<u>(1,811)</u>	<u>(1,811)</u>	<u>-</u>	<u>1,811</u>
Net changes in fund balances	<u>(14,320)</u>	<u>(14,320)</u>	<u>(2,609)</u>	<u>11,711</u>
Fund balances - beginning	<u>14,320</u>	<u>14,320</u>	<u>15,731</u>	<u>1,411</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>13,122</u>	<u>\$ 13,122</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>4,244</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 119			<u>\$ 17,366</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, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 3,386	\$ 3,386	\$ 2,741	\$ (645)
Interest	15	15	8	(7)
Other:				
Miscellaneous	35	35	4	(31)
Service reimbursements	3,273	3,272	3,213	(59)
Total revenues	<u>6,709</u>	<u>6,708</u>	<u>5,966</u>	<u>(742)</u>
EXPENDITURES				
County management	<u>7,354</u>	<u>7,353</u>	<u>5,960</u>	<u>1,393</u>
Excess (deficiency) of revenues				
over (under) expenditures	(645)	(645)	6	651
Contingency	<u>(772)</u>	<u>(772)</u>	<u>-</u>	<u>772</u>
Net changes in fund balances	(1,417)	(1,417)	6	1,423
Fund balances - beginning	<u>1,417</u>	<u>1,417</u>	<u>1,968</u>	<u>551</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,974</u>	<u>\$ 1,974</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>6</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 119			<u>\$ 1,980</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				favorable
				(unfavorable)
REVENUES				
Charges for services	\$ 2,966	\$ 2,966	\$ 2,952	\$ (14)
Interest	60	60	33	(27)
Other:				
Miscellaneous	1,229	1,229	53	(1,176)
Service reimbursements	38,280	32,470	28,791	(3,679)
Total revenues	<u>42,535</u>	<u>36,725</u>	<u>31,829</u>	<u>(4,896)</u>
EXPENDITURES				
County management	<u>37,766</u>	<u>36,288</u>	<u>31,564</u>	<u>4,724</u>
Excess of revenues over expenditures	<u>4,769</u>	<u>437</u>	<u>265</u>	<u>(172)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	120	120	120	-
Transfers out	<u>(5,855)</u>	<u>(1,523)</u>	<u>(1,523)</u>	-
Total other financing sources (uses)	<u>(5,735)</u>	<u>(1,403)</u>	<u>(1,403)</u>	-
Contingency	<u>(534)</u>	<u>(534)</u>	-	534
Net change in fund balances	<u>(1,500)</u>	<u>(1,500)</u>	<u>(1,138)</u>	362
Fund balances - beginning	<u>1,500</u>	<u>1,500</u>	<u>3,478</u>	<u>1,978</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,340</u>	<u>\$ 2,340</u>
Reconciliation to GAAP basis:				
Long-term contracts receivable			364	
Invested in capital assets			<u>20</u>	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 119			<u>\$ 2,724</u>	

AGENCY FUNDS

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

- **Sundry Taxing Bodies Fund** – accounts for the collection of property taxes for all governmental entities located in Multnomah County and the disbursement of the collections to such entities.
- **Department and Offices Agency Fund** – accounts for the collection and disbursement of various monies held by Multnomah County in a fiduciary capacity.
- **Public Guardian Fund** – accounts for receipts and disbursements for individuals who are not capable of handling their own financial affairs.
- **Visitors' Facilities Trust Fund** – accounts for collection and disbursement of Motor Vehicle Rental Tax and Transient Lodging Tax used for visitor facilities.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Agency Funds
June 30, 2011
(amounts expressed in thousands)

	Sundry Taxing Bodies	Department and Offices Agency	Public Guardian	Visitors Facilities Trust	Total
ASSETS					
Cash and Investments	\$ 6,227	\$ 9,736	\$ 730	\$ 3,034	\$ 19,727
Taxes receivable	48,026	127	-	2,137	50,290
Restricted cash	-	26	-	-	26
Total assets	<u>\$ 54,253</u>	<u>\$ 9,889</u>	<u>\$ 730</u>	<u>\$ 5,171</u>	<u>\$ 70,043</u>
LIABILITIES					
Accounts payable	\$ 6,221	\$ 2,220	\$ 62	\$ 2,937	\$ 11,440
Due to other governmental units	47,697	-	-	-	47,697
Amounts held in trust	335	7,669	668	2,234	10,906
Total liabilities	<u>\$ 54,253</u>	<u>\$ 9,889</u>	<u>\$ 730</u>	<u>\$ 5,171</u>	<u>\$ 70,043</u>

MULTNOMAH COUNTY, OREGON
Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2011
(amounts expressed in thousands)

	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
SUNDRY TAXING BODIES				
Assets:				
Cash and investments	\$ 5,927	\$ 905,767	\$ 905,467	\$ 6,227
Taxes receivable	49,768	1,723,583	1,725,325	48,026
Total assets	<u>\$ 55,695</u>	<u>\$ 2,629,350</u>	<u>\$ 2,630,792</u>	<u>\$ 54,253</u>
Liabilities:				
Accounts payable	\$ 5,921	\$ 912,438	\$ 912,138	\$ 6,221
Due to other governmental units	49,625	935,481	937,409	47,697
Amounts held in trust	149	907,651	907,465	335
Total liabilities	<u>\$ 55,695</u>	<u>\$ 2,755,570</u>	<u>\$ 2,757,012</u>	<u>\$ 54,253</u>
DEPARTMENT AND OFFICES AGENCY				
Assets:				
Cash and investments	\$ 6,290	\$ 1,261,353	\$ 1,257,907	\$ 9,736
Taxes receivable	311	1,325,487	1,325,671	127
Restricted cash	7	827	808	26
Total assets	<u>\$ 6,608</u>	<u>\$ 2,587,667</u>	<u>\$ 2,584,386</u>	<u>\$ 9,889</u>
Liabilities:				
Accounts payable	\$ 2,475	\$ 41,395	\$ 41,650	\$ 2,220
Amounts held in trust	4,133	1,282,730	1,279,194	7,669
Total liabilities	<u>\$ 6,608</u>	<u>\$ 1,324,125</u>	<u>\$ 1,320,844</u>	<u>\$ 9,889</u>
PUBLIC GUARDIAN				
Assets:				
Cash and investments	\$ 629	\$ 3,178	\$ 3,077	\$ 730
Accounts receivable	-	1,573	1,573	-
Total assets	<u>\$ 629</u>	<u>\$ 4,751</u>	<u>\$ 4,650</u>	<u>\$ 730</u>
Liabilities:				
Accounts payable	\$ 30	\$ 2,734	\$ 2,702	\$ 62
Amounts held in trust	599	1,485	1,416	668
Total liabilities	<u>\$ 629</u>	<u>\$ 4,219</u>	<u>\$ 4,118</u>	<u>\$ 730</u>
VISITORS FACILITIES TRUST				
Assets:				
Cash and investments	\$ 2,957	\$ 14,342	\$ 14,265	\$ 3,034
Taxes receivable	1,624	12,878	12,365	2,137
Total assets	<u>\$ 4,581</u>	<u>\$ 27,220</u>	<u>\$ 26,630</u>	<u>\$ 5,171</u>
Liabilities:				
Accounts payable	\$ 2,611	\$ 11,613	\$ 11,287	\$ 2,937
Amounts held in trust	1,970	11,365	11,101	2,234
Total liabilities	<u>\$ 4,581</u>	<u>\$ 22,978</u>	<u>\$ 22,388</u>	<u>\$ 5,171</u>
TOTAL - ALL AGENCY FUNDS				
Assets:				
Cash and investments	\$ 15,803	\$ 2,184,640	\$ 2,180,716	\$ 19,727
Taxes receivable	51,703	3,061,948	3,063,361	50,290
Accounts receivable	-	1,573	1,573	-
Restricted cash	7	827	808	26
Total assets	<u>\$ 67,513</u>	<u>\$ 5,248,988</u>	<u>\$ 5,246,458</u>	<u>\$ 70,043</u>
Liabilities:				
Accounts payable	\$ 11,037	\$ 968,180	\$ 967,777	\$ 11,440
Due to other governmental units	49,625	935,481	937,409	47,697
Amounts held in trust	6,851	2,203,231	2,199,176	10,906
Total liabilities	<u>\$ 67,513</u>	<u>\$ 4,106,892</u>	<u>\$ 4,104,362</u>	<u>\$ 70,043</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, 2011
(amounts expressed in thousands)

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 15,107	\$ 15,107
Right-of-way	196,922	196,917
Construction in progress	39,542	8,401
Buildings-not in service	51,164	51,164
Buildings	372,900	368,147
Improvements other than buildings	627	461
Machinery and equipment	115,157	112,632
Bridges	155,007	154,855
Infrastructure	366,513	363,525
Total governmental funds capital assets	<u>\$ 1,312,939</u>	<u>\$ 1,271,209</u>
 INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,271,209	\$ 1,263,210
General fund	209	(4,227)
Road fund	1,692	2,941
Bicycle path construction fund	1,131	1,082
Federal and state program fund	1,646	947
Willamette river bridges fund	24,691	1,646
Library fund	129	2,596
Land corner preservation fund	(34)	-
Justice services special operations	22	(231)
Financed projects fund	539	1,441
Capital improvement fund	8,805	3,447
Capital acquisition Fund	974	-
Asset preservation fund	203	85
Risk management fund	(81)	-
Fleet management fund	(546)	(1,704)
Information technology fund	2,364	(1)
Mail distribution fund	-	19
Facilities management fund	(14)	(42)
Total governmental funds capital assets, ending balance	<u>\$ 1,312,939</u>	<u>\$ 1,271,209</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2011
(amounts expressed in thousands)

	<u>Land</u>	<u>Right of Way</u>	<u>Work in Progress</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>
FUNCTION AND ACTIVITY					
General government:					
Legislative	\$ 253	\$ -	\$ 15	\$ 7,736	\$ -
Administrative	6,100	-	12,765	89,558	272
	<u>6,353</u>	<u>-</u>	<u>12,780</u>	<u>97,294</u>	<u>272</u>
Health and social services:					
Health	1,373	-	215	33,095	1
Social	91	-	6	9,229	-
	<u>1,464</u>	<u>-</u>	<u>221</u>	<u>42,324</u>	<u>1</u>
Public safety:					
Law enforcement	957	-	1,641	93,718	99
Justice services	446	-	95	52,711	3
	<u>1,403</u>	<u>-</u>	<u>1,736</u>	<u>146,429</u>	<u>102</u>
Community services:					
Community service development	-	-	-	-	108
Recreation	-	-	-	-	-
Library	4,146	-	167	63,497	140
	<u>4,146</u>	<u>-</u>	<u>167</u>	<u>63,497</u>	<u>248</u>
Roads and bridges:					
Roads and bridges	992	196,922	24,540	-	-
	<u>992</u>	<u>196,922</u>	<u>24,540</u>	<u>-</u>	<u>-</u>
External organizations:					
External use	749	-	98	74,520	4
	<u>\$ 15,107</u>	<u>\$ 196,922</u>	<u>\$ 39,542</u>	<u>\$ 424,064</u>	<u>\$ 627</u>

Machinery and Equipment	Bridges	Infrastructure	Total
\$ 267	\$ -	\$ -	\$ 8,271
30,132	-	-	138,827
<u>30,399</u>	<u>-</u>	<u>-</u>	<u>147,098</u>
1,077	-	-	35,761
1,028	-	-	10,354
<u>2,105</u>	<u>-</u>	<u>-</u>	<u>46,115</u>
8,119	-	-	104,534
2,501	-	-	55,756
<u>10,620</u>	<u>-</u>	<u>-</u>	<u>160,290</u>
14	-	-	122
25	-	-	25
69,447	-	-	137,397
<u>69,486</u>	<u>-</u>	<u>-</u>	<u>137,544</u>
2,547	155,007	366,513	746,521
<u>2,547</u>	<u>155,007</u>	<u>366,513</u>	<u>746,521</u>
-	-	-	75,371
<u>\$ 115,157</u>	<u>\$ 155,007</u>	<u>\$ 366,513</u>	<u>\$ 1,312,939</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, 2011
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2010	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2011
General government:				
Legislative	\$ 7,254	\$ 181	\$ 836	\$ 8,271
Administrative	128,218	11,060	(451)	138,827
	<u>135,472</u>	<u>11,241</u>	<u>385</u>	<u>147,098</u>
Health and social services:				
Health	35,989	1,156	(1,384)	35,761
Social	9,674	155	525	10,354
	<u>45,663</u>	<u>1,311</u>	<u>(859)</u>	<u>46,115</u>
Public safety:				
Law enforcement	102,668	2,616	(750)	104,534
Justice services	56,330	1,001	(1,575)	55,756
	<u>158,998</u>	<u>3,617</u>	<u>(2,325)</u>	<u>160,290</u>
Community services:				
Community service development	122	-	-	122
Recreation	468	-	(443)	25
Library	137,259	7,072	(6,934)	137,397
	<u>137,849</u>	<u>7,072</u>	<u>(7,377)</u>	<u>137,544</u>
Roads and bridges:				
Roads and bridges	718,836	27,852	(167)	746,521
	<u>718,836</u>	<u>27,852</u>	<u>(167)</u>	<u>746,521</u>
External organizations:				
External use	74,391	92	888	75,371
	<u>\$ 1,271,209</u>	<u>\$ 51,185</u>	<u>\$ (9,455)</u>	<u>\$ 1,312,939</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, 2011
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2010	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, 2011
2010-11	\$ -	\$ 1,216,562	\$ (4,124)	\$ 472	\$ (30,252)	\$ (1,148,895)	\$ 33,763
2009-10	37,669	-	(2,636)	1,225	43	(20,604)	15,697
2008-09	16,102	-	(723)	1,228	13	(8,251)	8,369
2007-08 and prior	11,588	-	(311)	2,117	1	(8,635)	4,760
	<u>\$ 65,359</u>	<u>\$ 1,216,562</u>	<u>\$ (7,794)</u>	<u>\$ 5,042</u>	<u>\$ (30,195)</u>	<u>\$ (1,186,385)</u>	<u>\$ 62,589</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2011

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 6,594	\$ 5,677	\$ 12,271	\$ 4,453	\$ 16,724
Special revenue funds:					
Library fund	1,097	1,001	2,098	-	2,098
Land corner preservation fund	-	-	-	1	1
Special excise tax fund	-	-	-	1,786	1,786
Total special revenue funds	<u>1,097</u>	<u>1,001</u>	<u>2,098</u>	<u>1,787</u>	<u>3,885</u>
General obligation bond fund	236	229	465	3	468
Agency funds	25,804	21,893	47,697	2,593	50,290
Sub-total taxes receivable	<u>33,731</u>	<u>28,800</u>	<u>62,531</u>	<u>8,836</u>	<u>71,367</u>
Special assessments collected through taxes	32	26	58	-	58
Total receivables	<u>\$ 33,763</u>	<u>\$ 28,826</u>	<u>\$ 62,589</u>	<u>\$ 8,836</u>	<u>\$ 71,425</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, 2011
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2010		2010-11 Transactions			Outstanding June 30, 2011	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated March 31, 2010	\$ -	\$ 45,175	\$ -	\$ -	\$ 6,555	\$ -	\$ 38,620
	-	45,175	-	-	6,555	-	38,620

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 31, 2010	\$ 1,919
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MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2011
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 2010 Dated 3/31/10 3.00 to 5.00%		Total	
	Principal	Interest	Principal	Interest
2012	\$ 6,825	\$ 1,645	\$ 6,825	\$ 1,645
2013	6,860	1,303	6,860	1,303
2014	7,210	951	7,210	951
2015	6,155	617	6,155	617
2016	5,665	349	5,665	349
2017	5,905	118	5,905	118
	<u>\$ 38,620</u>	<u>\$ 4,983</u>	<u>\$ 38,620</u>	<u>\$ 4,983</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Obligations
June 30, 2011
(amounts expressed in thousands)

CAPITALIZED LEASE OBLIGATIONS

Fiscal Year of Maturity	Sellwood Lofts Dated 01/01/02 10.31%		Sheriff Warehouse Dated 07/01/10 4.00%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 15	\$ 103	\$ 107	\$ 27	\$ 122	\$ 130
2013	17	101	112	22	129	123
2014	19	100	116	18	135	118
2015	21	98	121	13	142	111
2016	23	95	126	8	149	103
2017	25	93	131	3	156	96
2018	28	90	-	-	28	90
2019	31	87	-	-	31	87
2020	34	84	-	-	34	84
2021	38	80	-	-	38	80
2022	42	76	-	-	42	76
2023	47	71	-	-	47	71
2024	52	66	-	-	52	66
2025	57	61	-	-	57	61
2026	64	55	-	-	64	55
2027	70	48	-	-	70	48
2028	78	40	-	-	78	40
2029	86	32	-	-	86	32
2030	96	22	-	-	96	22
2031	106	12	-	-	106	12
2032	57	2	-	-	57	2
	<u>\$ 1,006</u>	<u>\$ 1,416</u>	<u>\$ 713</u>	<u>\$ 91</u>	<u>\$ 1,719</u>	<u>\$ 1,507</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2011
(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
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>\$ 880</u>	<u>\$ 118</u>	<u>\$ 1,550</u>	<u>\$ 207</u>	<u>\$ 2,430</u>	<u>\$ 325</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2011
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2003 Dated 05/15/03 1.50 to 3.25%		Series 2004 Dated 10/01/04 3.00 to 5.00%	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 10,710	\$ 5,388	\$ 1,025	\$ 84	\$ 5,705	\$ 2,190
2013	4,479	12,563	1,060	52	6,010	1,897
2014	4,472	13,565	1,100	19	5,965	1,597
2015	4,469	14,618	-	-	6,185	1,294
2016	6,845	13,341	-	-	4,600	1,027
2017	16,985	4,358	-	-	4,810	794
2018	19,470	3,096	-	-	5,055	560
2019	22,200	1,649	-	-	4,845	338
2020	5,319	19,876	-	-	5,085	114
2021	5,208	21,407	-	-	-	-
2022	5,098	23,012	-	-	-	-
2023	4,989	24,686	-	-	-	-
2024	4,881	26,444	-	-	-	-
2025	4,775	28,285	-	-	-	-
2026	4,670	30,215	-	-	-	-
2027	4,566	32,234	-	-	-	-
2028	4,463	34,347	-	-	-	-
2029	4,362	36,563	-	-	-	-
2030	4,262	38,887	-	-	-	-
	<u>\$ 142,223</u>	<u>\$ 384,534</u>	<u>\$ 3,185</u>	<u>\$ 155</u>	<u>\$ 48,260</u>	<u>\$ 9,811</u>

Series 2010A Dated 03/31/10 2.00 to 3.00%		Series 2010B Dated 12/14/10 4.00 to 4.70%		Total	
Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,365	\$ 255	\$ -	\$ 713	\$ 18,805	\$ 8,630
1,375	214	-	713	12,924	15,439
1,395	172	-	713	12,932	16,066
1,420	131	-	713	12,074	16,756
1,450	88	-	713	12,895	15,169
1,485	45	-	713	23,280	5,910
-	-	-	713	24,525	4,369
-	-	-	713	27,045	2,700
-	-	-	713	10,404	20,703
-	-	1,350	713	6,558	22,120
-	-	1,380	659	6,478	23,671
-	-	1,410	600	6,399	25,286
-	-	1,440	537	6,321	26,981
-	-	1,475	470	6,250	28,755
-	-	1,510	401	6,180	30,616
-	-	1,545	325	6,111	32,559
-	-	1,585	247	6,048	34,594
-	-	1,630	167	5,992	36,730
-	-	1,675	84	5,937	38,971
\$ 8,490	\$ 905	\$ 15,000	\$ 10,620	\$ 217,158	\$ 406,025

MULTNOMAH COUNTY, OREGON**Schedule of Loans Outstanding****June 30, 2011****(amounts expressed in thousands)****GENERAL LONG TERM LOANS**

Fiscal Year of Maturity	OTIB Dated 09/04/08 3.98%		Total	
	Principal	Interest	Principal	Interest
2012	\$ 250	\$ 69	\$ 250	\$ 69
2013	287	126	287	126
2014	299	114	299	114
2015	311	103	311	103
2016	323	90	323	90
2017	336	77	336	77
2018	349	64	349	64
2019	363	50	363	50
2020	377	36	377	36
2021	393	21	393	21
2022	126	5	126	5
	<u>\$ 3,414</u>	<u>\$ 755</u>	<u>\$ 3,414</u>	<u>\$ 755</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.

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 637,922	\$ 620,544	\$ 470,426	\$ 465,079
Restricted	49,806	103,600	98,542	77,979
Unrestricted	<u>81,502</u>	<u>(8,728)</u>	<u>(10,907)</u>	<u>27,954</u>
Total governmental activities net assets	<u><u>\$ 769,230</u></u>	<u><u>\$ 715,416</u></u>	<u><u>\$ 558,061</u></u>	<u><u>\$ 571,012</u></u>
Business-Type Activities:				
Invested in capital assets, net of related debt	\$ 3,612	\$ 3,696	\$ 3,442	\$ 3,424
Unrestricted	<u>17,442</u>	<u>13,600</u>	<u>9,631</u>	<u>2,928</u>
Total business-type activities net assets	<u><u>\$ 21,054</u></u>	<u><u>\$ 17,296</u></u>	<u><u>\$ 13,073</u></u>	<u><u>\$ 6,352</u></u>
Primary Government:				
Invested in capital assets, net of related debt	\$ 641,534	\$ 624,240	\$ 473,868	\$ 468,503
Restricted	49,806	103,600	98,542	77,979
Unrestricted	<u>98,944</u>	<u>4,872</u>	<u>(1,276)</u>	<u>30,882</u>
Total primary government net assets	<u><u>\$ 790,284</u></u>	<u><u>\$ 732,712</u></u>	<u><u>\$ 571,134</u></u>	<u><u>\$ 577,364</u></u>

Source: Current and prior years' financial statements

2007	2006	Restated 2005	2004	2003	2002
\$ 456,502	\$ 434,866	\$ 523,606	\$ 511,277	\$ 475,949	\$ 472,133
76,266	71,388	100,156	62,954	62,535	74,973
17,731	32,205	18,912	(12,431)	(26,225)	(139,086)
<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 642,674</u>	<u>\$ 561,800</u>	<u>\$ 512,259</u>	<u>\$ 408,020</u>
\$ 3,020	\$ 2,985	\$ 2,577	\$ 2,480	\$ 2,474	\$ 2,405
4,612	2,830	2,012	1,915	2,095	3,136
<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$ 4,589</u>	<u>\$ 4,395</u>	<u>\$ 4,569</u>	<u>\$ 5,541</u>
\$ 459,522	\$ 437,851	\$ 526,183	\$ 513,757	\$ 478,423	\$ 474,538
76,266	71,388	100,156	62,954	62,535	74,973
22,343	35,035	20,924	(10,516)	(24,130)	(135,950)
<u>\$ 558,131</u>	<u>\$ 544,274</u>	<u>\$ 647,263</u>	<u>\$ 566,195</u>	<u>\$ 516,828</u>	<u>\$ 413,561</u>

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	\$ 27,789	\$ 22,843	\$ 21,936	\$ 21,721
Health services	77,276	70,455	60,340	52,241
Social services	1,321	1,902	1,125	1,615
Public safety and justice	16,056	17,490	17,597	17,765
Community services	2,325	-	10	10
Library	1,759	1,757	1,754	1,855
Roads and bridges	9,131	1,107	1,227	2,141
Operating grants and contributions	316,218	299,735	291,018	265,271
Capital grants and contributions	16,415	2,885	3,831	10,505
Total governmental activities program revenues	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>	<u>373,124</u>
Business-type activities:				
Charges for services:				
Dunthorpe	816	809	713	627
Mid County	363	341	264	268
Behavioral Health	46,110	42,931	39,027	36,072
Operating grants and contributions	-	-	-	-
Capital grants and contributions	36	133	80	10
Total business-type activities program revenues	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>	<u>36,977</u>
Total primary government program revenues	<u>515,615</u>	<u>462,388</u>	<u>438,922</u>	<u>410,101</u>
Expenses				
Governmental activities:				
General government	58,642	59,572	64,660	75,547
Health services	151,327	137,615	133,751	125,355
Social services	222,515	224,928	210,590	196,537
Public safety and justice	216,403	210,079	217,215	208,253
Community services	26,683	22,796	24,320	26,069
Library	60,343	56,548	55,181	52,087
Roads and bridges	51,772	49,571	53,462	56,716
Interest on long-term debt	11,774	12,800	14,041	16,443
Total governmental activities expenses	<u>799,459</u>	<u>773,909</u>	<u>773,220</u>	<u>757,007</u>
Business-type activities:				
Dunthorpe	486	516	458	476
Mid County	427	403	420	377
Behavioral Health	43,640	39,207	32,720	37,803
Total business-type activities expenses	<u>44,553</u>	<u>40,126</u>	<u>33,598</u>	<u>38,656</u>
Total primary government expenses	<u>844,012</u>	<u>814,035</u>	<u>806,818</u>	<u>795,663</u>

2007	2006	2005	2004	2003	2002
\$ 23,703	\$ 25,531	\$ 20,486	\$ 16,394	\$ 15,976	\$ 12,712
45,765	44,406	44,145	44,006	40,901	13,762
1,309	1,210	1,175	1,805	759	543
17,904	16,600	16,394	15,901	23,216	14,224
31	8	1	4	-	6
1,745	1,641	1,887	2,042	2,537	1,745
1,962	1,784	1,867	1,880	1,250	910
257,810	247,933	256,489	249,079	256,659	277,418
5,594	5,272	34,149	9,809	4,461	86
355,823	344,385	376,593	340,920	345,759	321,406
574	455	423	344	248	249
306	294	289	235	233	235
34,879	34,519	29,472	25,603	32,486	32,781
-	-	-	435	897	337
76	82	238	-	-	-
35,835	35,350	30,422	26,617	33,864	33,602
391,658	379,735	407,015	367,537	379,623	355,008
87,472	114,378	128,871	154,646	36,374	17,673
118,380	112,201	106,551	110,968	110,322	92,109
185,672	177,891	181,194	167,746	169,218	188,043
199,850	196,167	192,005	182,941	180,503	184,213
24,136	23,336	21,795	18,391	17,925	23,877
47,872	43,530	41,357	40,843	43,934	39,529
53,701	54,256	56,781	57,374	58,354	57,478
16,954	21,822	18,058	19,543	20,127	21,139
734,037	743,581	746,612	752,452	636,757	624,061
405	407	487	355	344	306
354	328	495	723	468	419
34,221	33,640	29,480	25,787	33,739	34,951
34,980	34,375	30,462	26,865	34,551	35,676
769,017	777,956	777,074	779,317	671,308	659,737

(continued)

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

(continued)				
	2011	2010	2009	2008
Net Expense				
Governmental activities	\$ (331,169)	\$ (355,735)	\$ (374,382)	\$ (383,883)
Business-type activities	2,772	4,088	6,486	(1,679)
Total primary government net expense	<u>(328,397)</u>	<u>(351,647)</u>	<u>(367,896)</u>	<u>(385,562)</u>
 General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	268,605	266,294	258,200	249,446
Debt service	8,246	9,001	8,227	9,077
Personal income taxes	683	-	(5,341)	2,748
Business income taxes	48,570	44,150	42,900	65,650
Selective excise and use taxes	46,167	42,692	39,161	42,812
Payments in lieu of taxes	1,500	1,305	1,516	1,537
State government shared revenues	7,423	7,768	8,562	9,613
Grants and contributions not restricted to specific programs	1	27	14	10
Interest and investment earnings	2,946	2,589	5,767	11,887
Miscellaneous	667	1,665	1,797	1,410
Gain on sale of capital assets	175	228	628	10,206
Transfers	-	-	-	-
Special items:				
Loss on transfer of County roads	-	-	-	-
Total governmental activities	<u>384,983</u>	<u>375,719</u>	<u>361,431</u>	<u>404,396</u>
Business-type activities:				
Interest and investment earnings	115	128	235	398
Miscellaneous	871	7	-	1
Transfers	-	-	-	-
Total business-type activities	<u>986</u>	<u>135</u>	<u>235</u>	<u>399</u>
Total primary government	<u>385,969</u>	<u>375,854</u>	<u>361,666</u>	<u>404,795</u>
 Change in Net Assets				
Governmental activities	53,814	19,984	(12,951)	20,513
Cumulative effect of change in accounting principle	-	-	-	-
Total governmental activities	<u>53,814</u>	<u>19,984</u>	<u>(12,951)</u>	<u>20,513</u>
Business-type activities	<u>3,758</u>	<u>4,223</u>	<u>6,721</u>	<u>(1,280)</u>
Total primary government change in net assets	<u>\$ 57,572</u>	<u>\$ 24,207</u>	<u>\$ (6,230)</u>	<u>\$ 19,233</u>

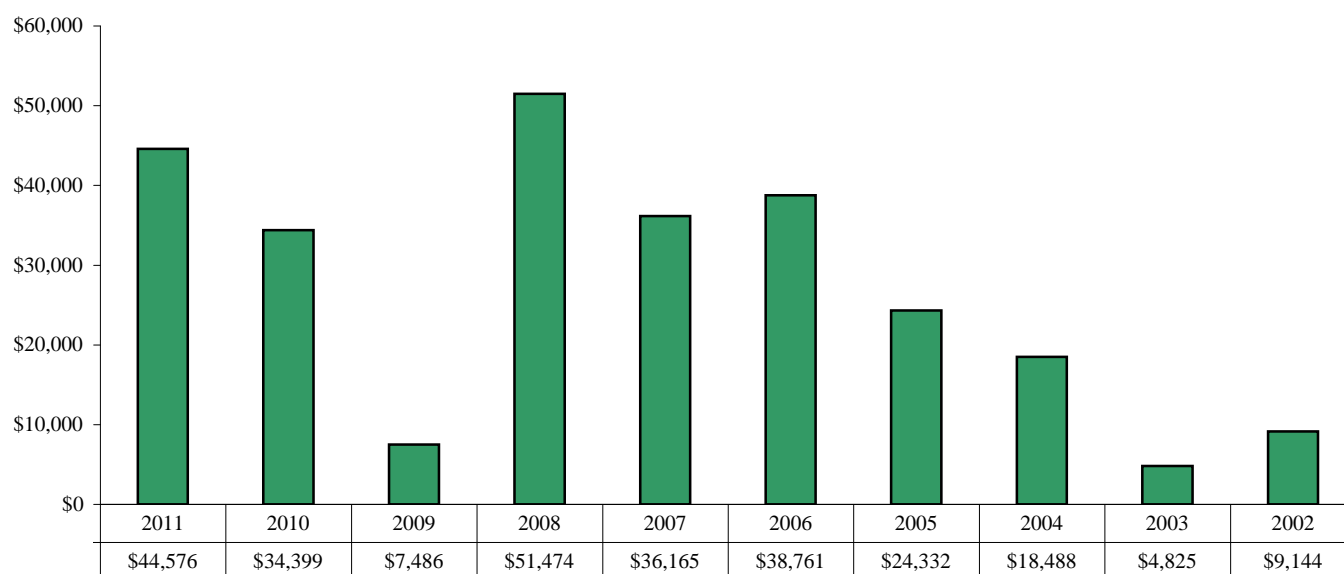
Source: Current and prior years' financial statements

2007	2006	2005	2004	2003	2002
\$ (378,214)	\$ (399,196)	\$ (370,019)	\$ (411,532)	\$ (290,998)	\$ (302,655)
855	975	(40)	(248)	(687)	(2,074)
(377,359)	(398,221)	(370,059)	(411,780)	(291,685)	(304,729)
231,073	219,854	209,056	201,278	193,912	195,130
9,249	9,373	7,815	7,326	9,699	11,114
21,237	59,764	124,577	175,325	-	-
57,399	50,980	36,463	30,286	26,491	26,935
39,582	36,914	33,646	32,404	33,199	32,799
1,738	2,249	3,012	2,184	2,899	1,810
9,517	8,692	6,741	7,584	6,206	-
6	2	1,150	166	70	60
13,454	10,094	4,943	2,443	4,226	7,982
6,771	4,007	2,233	1,877	2,917	4,496
228	1,607	166	200	1,711	-
-	-	-	-	440	(3)
-	(108,555)	-	-	-	-
390,254	294,981	429,802	461,073	281,770	280,323
495	251	121	74	131	339
467	-	113	-	24	6
-	-	-	-	(440)	3
962	251	234	74	(285)	348
391,216	295,232	430,036	461,147	281,485	280,671
12,040	(104,215)	59,783	49,541	(9,228)	(22,332)
-	-	21,091	-	-	-
12,040	(104,215)	80,874	49,541	(9,228)	(22,332)
1,817	1,226	194	(174)	(972)	(1,726)
\$ 13,857	\$ (102,989)	\$ 81,068	\$ 49,367	\$ (10,200)	\$ (24,058)

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

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Fund (2)				
Reserved	\$ -	\$ 25,016	\$ 23,891	\$ 20,139
Unreserved	-	34,399	7,486	51,474
Nonspendable	654	-	-	-
Restricted	487	-	-	-
Unassigned	44,576	-	-	-
Total general fund	<u>45,717</u>	<u>59,415</u>	<u>31,377</u>	<u>71,613</u>
All Other Governmental Funds				
Reserved	-	97,220	91,256	70,605
Unreserved, reported in:				
Special revenue funds	-	30,594	49,718	46,863
Nonspendable	1,237			
Restricted	48,942			
Committed	94,237			
Assigned	20,914			
Unassigned	(312)			
Total all other governmental funds	<u>165,018</u>	<u>127,814</u>	<u>140,974</u>	<u>117,468</u>
Total governmental funds	<u>\$ 210,735</u>	<u>\$ 187,229</u>	<u>\$ 172,351</u>	<u>\$ 189,081</u>

Unassigned or Unreserved General Fund Balance (1)



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

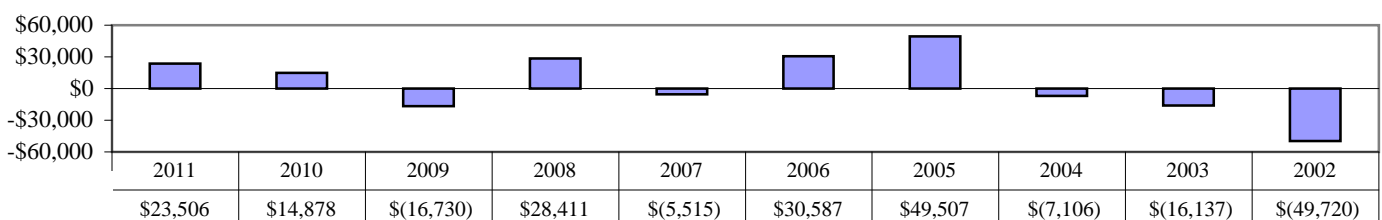
Source: Current and prior years' financial statements

<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
\$ 24,053	\$ 16,203	\$ 18,084	\$ 1,004	\$ 961	\$ -
36,165	38,761	24,332	18,488	4,825	9,144
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>60,218</u>	<u>54,964</u>	<u>42,416</u>	<u>19,492</u>	<u>5,786</u>	<u>9,144</u>
51,317	53,964	37,292	39,224	63,810	75,627
49,135	57,257	55,890	27,375	23,601	24,563
<u>100,452</u>	<u>111,221</u>	<u>93,182</u>	<u>66,599</u>	<u>87,411</u>	<u>100,190</u>
<u>\$ 160,670</u>	<u>\$ 166,185</u>	<u>\$ 135,598</u>	<u>\$ 86,091</u>	<u>\$ 93,197</u>	<u>\$ 109,334</u>

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

	2011	2010	2009	2008
Revenues				
Taxes	\$ 374,935	\$ 365,385	\$ 350,296	\$ 375,044
Intergovernmental	317,944	300,963	292,689	277,099
Licenses and permits	23,535	14,722	14,806	15,441
Charges for services	68,875	85,603	74,827	67,750
Interest	1,486	1,796	4,391	9,557
Miscellaneous	64,335	54,118	43,916	50,342
Total revenues	851,110	822,587	780,925	795,233
Expenditures				
Current:				
General government	62,951	58,971	59,960	69,224
Health services	158,283	145,555	138,941	128,914
Social services	223,815	227,257	211,832	197,210
Public safety and justice	220,279	215,442	219,797	209,119
Community services	26,283	22,458	24,080	25,904
Library	54,223	52,118	50,872	48,051
Roads and bridges	40,790	37,540	38,148	40,723
Capital Outlay	32,804	21,481	20,783	27,367
Debt service:				
Principal	23,947	30,762	23,424	21,522
Interest	11,759	12,997	13,989	16,394
Total expenditures	855,134	824,581	801,826	784,428
Excess (deficiency) of revenues over (under) expenditures	(4,024)	(1,994)	(20,901)	10,805
Other Financing Sources (Uses)				
Proceeds from issuance of debt	16,282	11,309	623	-
Proceeds from issuance of refunding bonds	-	45,175	-	-
Premium on short-term debt	-	-	-	-
Premium on long-term debt	-	5,443	-	-
Issuance of capital lease	815	-	-	-
Proceeds from sale of capital assets	24	10	-	14,219
Payment to escrow agent - refunded debt	-	(49,710)	-	-
Transfers in	33,521	47,360	61,978	29,266
Transfers out	(23,112)	(42,715)	(58,430)	(25,879)
Total other financing sources (uses)	27,530	16,872	4,171	17,606
Net change in fund balances	\$ 23,506	\$ 14,878	\$ (16,730)	\$ 28,411
Debt service as a percentage of noncapital expenditures	4.3%	5.4%	4.8%	5.0%

Net Change in Fund Balance, Governmental Funds



Source: Current and prior years' financial statements

2007	2006	2005	2004	2003	2002
\$ 356,682	\$ 441,579	\$ 422,212	\$ 375,204	\$ 268,225	\$ 267,641
260,549	250,855	284,527	252,978	261,020	290,077
15,934	16,025	14,743	14,760	14,496	8,134
62,791	62,245	61,399	55,180	66,325	18,586
10,837	8,347	4,134	1,960	3,499	6,972
46,880	46,090	51,926	50,385	37,495	58,415
753,673	825,141	838,941	750,467	651,060	649,825
73,559	136,726	146,626	124,459	52,375	53,134
122,029	115,778	112,562	111,745	106,408	95,847
187,256	178,736	184,335	168,648	168,329	186,280
202,477	198,774	198,608	197,251	200,114	190,122
24,040	23,468	22,266	19,318	19,398	21,552
44,411	46,228	44,546	42,753	40,741	42,706
39,875	42,283	39,844	40,454	39,497	36,829
31,589	22,150	9,288	11,968	17,770	31,822
19,861	18,256	16,929	25,179	15,186	18,711
16,958	18,235	17,928	19,543	20,082	21,050
762,055	800,634	792,932	761,318	679,900	698,053
(8,382)	24,507	46,009	(10,851)	(28,840)	(48,228)
-	-	54,235	-	9,615	-
-	-	-	-	-	-
157	-	-	-	-	-
-	-	5,089	-	-	-
33	1,093	-	-	-	-
35	1,988	5	425	-	-
-	-	(58,847)	-	-	-
26,996	47,004	29,907	32,641	39,819	128,682
(24,354)	(44,005)	(26,891)	(29,321)	(36,731)	(130,174)
2,867	6,080	3,498	3,745	12,703	(1,492)
\$ (5,515)	\$ 30,587	\$ 49,507	\$ (7,106)	\$ (16,137)	\$ (49,720)
5.0%	4.7%	4.4%	6.0%	5.3%	6.0%

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

	2011	2010	2009	2008
Function/Program				
Governmental activities:				
General government	\$ 34,230	\$ 27,142	\$ 26,142	\$ 35,044
Health services	113,591	104,070	91,457	81,507
Social services	180,874	180,656	171,782	152,905
Public safety and justice	60,451	60,818	61,855	57,364
Community services	7,184	3,636	3,943	3,196
Library	4,948	5,178	5,306	5,359
Roads and bridges	67,012	36,674	38,353	37,749
Total governmental activities	<u>468,290</u>	<u>418,174</u>	<u>398,838</u>	<u>373,124</u>
Business-type activities:				
Dunthorpe-Riverdale	822	877	713	627
Mid County	393	406	344	278
Behavioral Health	46,110	42,931	39,027	36,072
Total business-type activities	<u>47,325</u>	<u>44,214</u>	<u>40,084</u>	<u>36,977</u>
Total primary government	<u>\$ 515,615</u>	<u>\$ 462,388</u>	<u>\$ 438,922</u>	<u>\$ 410,101</u>

Source: Current and prior years' financial statements

2007	2006	2005	2004	2003	2002
\$ 28,530	\$ 32,587	\$ 33,367	\$ 31,429	\$ 23,463	\$ 24,644
74,024	74,003	71,924	77,315	72,730	63,191
142,100	134,894	139,569	126,534	136,045	140,391
58,188	54,278	62,497	63,534	71,518	57,336
3,278	4,712	4,387	1,830	2,730	2,530
5,302	4,106	4,079	4,018	4,572	3,502
44,401	39,805	60,770	36,260	34,701	29,812
355,823	344,385	376,593	340,920	345,759	321,406
574	455	423	344	256	251
382	376	527	235	484	570
34,879	34,519	29,472	26,038	33,124	32,781
35,835	35,350	30,422	26,617	33,864	33,602
\$ 391,658	\$ 379,735	\$ 407,015	\$ 367,537	\$ 379,623	\$ 355,008

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
2002	\$ 206,097	\$ 26,935	\$ 11,131	\$ 13,717	\$ 7,832	\$ -	\$ 1,929	\$ 267,641
2003	204,447	26,491	12,227	13,429	7,432	-	4,199	268,225
2004	209,018	30,286	12,352	12,930	7,011	100,114	3,493	375,204
2005	217,750	36,463	13,467	13,321	6,744	130,187	4,280	422,212
2006	229,312	50,980	14,794	14,886	7,115	120,919	3,573	441,579
2007	240,710	57,399	16,726	15,644	7,110	16,038	3,055	356,682
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044
2009	263,630	42,900	16,115	16,101	6,878	2,122	2,550	350,296
2010	275,462	44,150	15,441	20,105	7,063	905	2,259	365,385
2011	277,258	48,570	18,208	20,842	7,052	657	2,348	374,935

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
2002	\$ 23,115,866	\$ 13,273,892	\$ 2,799,601	\$ 2,549,782	\$ 41,739,141	\$ 5.09	\$ 61,345,077
2003	24,165,517	13,294,395	2,558,357	2,330,850	42,349,119	4.97	63,391,339
2004	25,057,728	13,606,043	2,392,404	2,352,588	43,408,763	4.96	66,491,001
2005	26,264,819	14,003,443	2,484,887	2,158,073	44,911,222	5.01	70,457,625
2006	27,361,638	14,456,811	2,262,162	2,269,165	46,349,776	5.10	78,109,995
2007	28,695,852	14,825,459	2,376,350	2,328,560	48,226,221	5.12	87,070,081
2008	30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763
2009	32,075,253	15,987,533	2,390,005	2,362,074	52,814,865	5.21	107,381,958
2010	33,268,838	16,437,414	2,545,964	2,297,087	54,549,303	5.20	105,010,710
2011	34,269,351	16,954,346	2,569,318	2,194,393	55,987,408	5.10	101,559,353

(1) See Property Tax Rates - Total Direct on page 155

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
2002	\$	212,329	\$ (7,786)	\$ 204,543	\$ 198,884	93.67 %	\$ 5,630	\$ 204,514	96.32 %
2003		210,411	(7,164)	203,247	197,233	93.74	5,981	203,214	96.58
2004		215,031	(7,217)	207,814	202,692	94.26	5,445	208,137	96.79
2005		224,978	(8,121)	216,857	211,480	94.00	5,329	216,809	96.37
2006		236,631	(7,476)	229,155	223,312	94.37	5,776	229,088	96.81
2007		246,944	(7,315)	239,629	233,608	94.60	5,908	239,516	96.99
2008		265,938	(8,372)	257,566	250,542	94.21	6,328	256,870	96.59
2009		275,133	(8,495)	266,638	257,497	93.59	7,097	264,594	96.17
2010		283,349	(8,738)	274,611	266,292	93.98	4,596	270,888	95.60
2011		285,605	(8,070)	277,535	269,609	94.40	-	269,609	94.40

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	
2002	\$ 4.32	\$ 0.50	\$0.27	\$ 5.09	\$ 5.91	\$ 0.60	\$ 7.58	\$ 0.01	\$ 0.07	\$ 1.15	\$ 20.41
2003	4.25	0.48	0.24	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68
2004	4.22	0.55	0.19	4.96	6.74	0.55	7.73	0.01	0.08	1.32	21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72
2009	4.27	0.78	0.16	5.21	6.35	0.70	7.18	0.01	0.08	1.81	21.34
2010	4.27	0.76	0.17	5.20	6.62	0.75	7.25	0.01	0.07	2.00	21.90
2011	4.24	0.71	0.15	5.10	6.56	0.73	7.23	0.01	0.07	2.02	21.72

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

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2010 and December 31, 2001
(dollar amounts expressed in thousands)

December 31, 2010				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
Port of Portland	\$ 9,929	\$ 474,287	1	0.85 %
Portland General Electric	6,352	395,740	2	0.71
Comcast Corporation	5,406	338,520	3	0.60
Pacificorp (PP&L)	5,076	315,637	4	0.56
Weston Investment Co LLC	4,937	236,682	5	0.42
QWEST Corporation	3,516	217,505	6	0.39
Fred Meyer Stores	3,479	181,524	7	0.32
Evraz Inc NA	2,810	175,714	8	0.31
LC Portland LLC	3,666	168,334	9	0.30
Boeing Co	2,682	165,440	10	0.30
	<u>\$ 47,853</u>	<u>\$ 2,669,383</u>		<u>4.77 %</u>
Total Assessed Valuation		<u>\$ 55,987,408</u>		

December 31, 2001				
Taxpayer	Tax	Real Property Assessed Valuation (1)	Rank	Percentage of Total Assessed Valuation
QWEST Communications	N/A	\$ 424,689	1	1.02 %
Portland General Electric	N/A	322,106	2	0.77
Fujitsu Microelectronics Inc.	N/A	314,477	3	0.75
Pacificorp (PP&L)	N/A	245,345	4	0.59
Wacker Siltronic Corp	N/A	219,400	5	0.53
Alaska Airlines	N/A	178,411	6	0.43
Boeing Co	N/A	177,583	7	0.43
United Airlines	N/A	144,243	8	0.35
Northwest Natural Gas Co	N/A	142,913	9	0.34
I C X Corporation	N/A	131,200	10	0.31
		<u>\$ 2,300,367</u>		<u>5.51 %</u>
Total Assessed Valuation		<u>\$ 41,739,141</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2010-11 and 2001-02 respectively.
Note: Tax amounts not available for year ended December 31, 2001

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			
2002	\$ 96,535	\$ 46,613	\$ 272,833	\$ 8,335	\$ 797	\$ 425,113	1.81 %	\$ 634
2003	91,610	41,501	276,763	7,890	718	418,482	1.75	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.60	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.53	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.32	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.19	477
2008	63,125	13,604	234,688	5,320	242	316,979	1.08	442
2009	56,570	10,757	222,988	3,240	623	294,178	1.00	406
2010	45,175	1,020	219,018	2,845	2,132	270,190	0.92	367
2011	38,620	1,719	217,158	2,430	3,414	263,341	0.89	357

Note: 2010 and 2011 percentages calculated using 2009 personal income data, which is the most recent available.

(1) See population and personal income data on page 163

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)
2002	\$ 96,535	\$ (9,484)	\$ 87,051	0.37 %	0.21 %	\$ 130
2003	91,610	(10,335)	81,275	0.34	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.29	0.16	106
2006	75,340	(7,993)	67,347	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.22	0.13	86
2008	63,125	(8,569)	54,556	0.18	0.11	76
2009	56,570	(7,643)	48,927	0.17	0.09	68
2010	45,175	(7,611)	37,564	0.13	0.07	51
2011	38,620	(7,454)	31,166	0.11	0.06	42

Note: 2010 and 2011 percentages calculated using 2009 personal income data, which is the most recent available.

(1) See taxable assessed value schedule on page 153

(2) See population and personal income data on page 163

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						Coverage
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2002	\$ 420	\$ 5	\$ 415	\$ 165	\$ 389	0.75 %	
2003	2,389	7	2,382	445	376	2.90	
2004	464	5	459	465	357	0.56	
2005	450	247	203	490	336	0.25	
2006	1,152	5	1,147	515	315	1.38	
2007	335	12	323	540	292	0.39	
2008	80	-	80	560	268	0.10	
2009	33	8	25	2,080	208	0.01	
2010	35	-	35	395	152	0.06	
2011	36	5	31	415	133	0.06	

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

Source: Current and prior year financial statements

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

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

	2011	2010	2009	2008
Real market value	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	2,031,187	2,100,214	2,147,639	2,006,055
Less bonded debt at June 30	38,620	45,175	56,570	63,125
Legal debt margin	<u>\$ 1,992,567</u>	<u>\$ 2,055,039</u>	<u>\$ 2,091,069</u>	<u>\$ 1,942,930</u>
Total net debt applicable to the limit as a percentage of debt limit.	1.90%	2.15%	2.63%	3.15%

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	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,015,594	1,050,107	1,073,820	1,003,028
Less bonded debt at June 30	217,158	219,018	222,988	234,688
Legal debt margin	<u>\$ 798,436</u>	<u>\$ 831,089</u>	<u>\$ 850,832</u>	<u>\$ 768,340</u>
Total net debt applicable to the limit as a percentage of debt limit.	21.38%	20.86%	20.77%	23.40%

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	\$ 101,559,353	\$ 105,010,710	\$ 107,381,958	\$ 100,302,763
Debt limit rate	5.00%	5.00%	5.00%	5.00%
Debt limit	5,077,968	5,250,536	5,369,098	5,015,138
Less bonded debt at June 30	142,223	151,373	159,113	165,583
Legal debt margin	<u>\$ 4,935,745</u>	<u>\$ 5,099,163</u>	<u>\$ 5,209,985</u>	<u>\$ 4,849,555</u>
Total net debt applicable to the limit as a percentage of debt limit.	2.80%	2.88%	2.96%	3.30%

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

2007	2006	2005	2004	2003	2002
\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,741,402	1,562,200	1,409,153	1,329,820	1,267,827	1,226,902
69,380	75,340	81,025	86,445	91,610	96,535
\$ 1,672,022	\$ 1,486,860	\$ 1,328,128	\$ 1,243,375	\$ 1,176,217	\$ 1,130,367
3.98%	4.82%	5.75%	6.50%	7.23%	7.87%
\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
870,701	781,100	704,576	664,910	633,913	613,451
246,413	256,833	266,063	270,203	276,763	272,833
\$ 624,288	\$ 524,267	\$ 438,513	\$ 394,707	\$ 357,150	\$ 340,618
28.30%	32.88%	37.76%	40.64%	43.66%	44.48%
\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339	\$ 61,345,077
5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
4,353,504	3,905,500	3,522,881	3,324,550	3,169,567	3,067,254
170,908	175,203	178,568	181,103	182,893	184,018
\$ 4,182,596	\$ 3,730,297	\$ 3,344,313	\$ 3,143,447	\$ 2,986,674	\$ 2,883,236
3.93%	4.49%	5.07%	5.45%	5.77%	6.00%

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2011
(dollar amounts expressed in thousands)
(unaudited)

Overlapping District (1)	Gross (2) Property-tax Backed Debt	Net (3) Property-tax Backed Debt	Percent (4) Overlapping	Total Direct and Overlapping
City of Fairview	\$ 485	\$ -	100.00 %	\$ -
City of Gresham	63,847	21,824	100.00	21,824
City of Lake Oswego	113,580	18,580	5.46	1,014
City of Milwaukie	4,195	-	0.73	-
City of Portland	709,648	142,065	99.64	141,551
City of Troutdale	15,185	15,185	100.00	15,185
Metro	209,140	158,020	50.96	80,533
Port of Portland	70,416	-	47.05	-
Tri-Metropolitan Transport District	9,800	9,800	51.18	5,016
Clackamas County ESD	26,075	-	0.06	-
Multnomah ESD	35,560	-	98.23	-
Northwest Regional ESD	6,180	-	0.57	-
Multnomah County SD 1 (Portland)	476,917	476,917	99.37	473,894
Multnomah County SD 3 (Parkrose)	2,885	2,885	100.00	2,885
Multnomah County SD 7 (Reynolds)	150,970	150,970	100.00	150,970
Multnomah County SD 10J (Gresham-Barlow)	99,825	99,825	84.54	84,393
Multnomah County SD 28J (Centennial)	31,788	31,788	93.45	29,706
Multnomah County SD 39 (Corbett)	2,250	2,250	100.00	2,250
Multnomah County SD 40 (David Douglas)	64,670	64,670	100.00	64,670
Multnomah County SD 51J (Riverdale)	28,833	28,833	95.45	27,522
Mt Hood Community College	71,286	22,615	83.17	18,809
Portland Community College	385,255	199,390	47.92	95,538
Clackamas County SD 7J (Lake Oswego)	114,094	114,094	0.32	370
Columbia County SD 1J (Scappoose)	32,825	32,825	19.49	6,398
Washington County SD 48J (Beaverton)	539,485	539,485	0.47	2,542
Washington County SD 1J (Hillsboro)	341,403	341,403	0.00	13
Clackamas County RFPD #1	23,410	3,500	0.11	4
Sauvie Island RFPD 30	110	110	95.87	105
Sunrise Water Authority	250	250	100.00	250
Tualatin Valley Fire & Rescue Dist	65,865	49,865	1.71	853
East Multnomah Soil & Water Conservation	870	870	100.00	870
Lusted Water District	895	895	100.00	895
Multnomah County Drainage Dist No 1	3,710	140	100.00	140
Subtotal, overlapping debt	3,701,707	2,529,054		\$ 1,228,200
Multnomah County direct debt	297,303	104,660	100.00	104,660
Total direct and overlapping debt				<u><u>\$ 1,332,860</u></u>

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2011

(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 (1)	Personal Income (2) (thousands)	Per Capita Income (2)	PMSA* Unemployment Rate (3)
2002	670,250	\$ 23,499,244	\$ 34,741	7.8 %
2003	677,850	23,890,048	35,208	8.3
2004	685,950	24,484,971	36,452	7.0
2005	692,825	25,011,925	37,119	5.8
2006	701,545	27,043,127	39,610	5.0
2007	710,025	28,234,192	40,505	4.8
2008	717,880	29,654,879	41,619	6.0
2009	724,680	29,430,654	40,490	10.8
2010	736,785 (1)	N/A	N/A	10.6
2011	736,785 (4)	N/A	N/A	9.2 (5)

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

(1) Population Research Center, PSU

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

(3) OLMIS, Oregon Labor Market Information System

(4) Population data for July 1, 2011 is not available at this time.

(5) As of June 30, 2011

* Portland Metropolitan Statistical Area

MULTNOMAH COUNTY, OREGON

Principal Employers

Current Year and Nine Years Ago

2010-11			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
State of Oregon	22,600	1	1.90 %
U.S. Government	17,500	2	1.47
Intel Corporation	15,636	3	1.31
Providence Health System	14,089	4	1.18
Oregon Health and Science University	13,636	5	1.14
Fred Meyer Stores	9,858	6	0.83
Legacy Health System	9,732	7	0.82
Kaiser Foundation Health Plan	9,039	8	0.76
City of Portland	8,876	9	0.74
Nike, Inc.	7,000	10	0.59
	<u>127,966</u>		<u>10.74 %</u>
Total PMSA* employment	<u>1,191,821</u> (1)		

2001-2002			
Employer	Employees	Rank	Percentage of Total PMSA* Employment
U.S. Government	18,700	1	1.71 %
Intel Corporation	15,000	2	1.37
Providence Health System	12,800	3	1.17
Oregon Health Sciences University	11,000	4	1.01
Fred Meyer Stores	10,744	5	0.98
Portland Public Schools	8,656	6	0.79
City of Portland	8,302	7	0.76
Legacy Health System	7,158	8	0.65
State of Oregon	6,883	9	0.63
Kaiser Foundation	6,725	10	0.61
	<u>105,968</u>		<u>9.68 %</u>
Total PMSA* employment	<u>1,093,526</u>		

* Portland Metropolitan Statistical Area

(1) As of June 30, 2011

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

	2011	2010	2009	2008
Function/Program				
Governmental activities:				
General government	637.0	613.5	622.5	614.5
Health services	966.5	916.0	914.0	874.5
Social services	650.0	661.5	677.0	621.0
Public safety and justice	1,476.0	1,503.5	1,531.0	1,561.5
Community services	62.5	61.0	60.5	69.5
Library	480.0	477.0	467.5	440.5
Roads and bridges	146.0	138.0	143.0	149.0
Total governmental activities	4,418.0	4,370.5	4,415.5	4,330.5
Business-type activities:				
Behavioral Health	6.0	6.0	7.0	8.0
Total business-type activities	6.0	6.0	7.0	8.0
Total primary government budgeted FTE	4,424.0	4,376.5	4,422.5	4,338.5
 MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	764	716	716	704
Bargaining units:				
General employees (Local 88)	2,771	2,740	2,724	2,664
Electricians (Local 48)	19	18	19	18
Operating engineers (Local 701)	13	13	13	10
Paint makers (Local 1094)	1	1	2	2
Corrections (Teamsters 223)	411	420	429	437
Deputy sheriffs association	87	92	88	88
Oregon nurses association	199	216	220	221
Juvenile group workers (Local 86)	52	52	56	59
Prosecuting attorneys association	68	78	81	88
Parole and Probation Officers	121	123	131	134
Total bargaining units	3,742	3,753	3,763	3,721
Temporary County employees	128	100	72	103
Total actual County employees	4,634	4,569	4,551	4,528

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

Source: Multnomah County payroll records

2007	2006	2005	2004	2003	2002
603.5	665.5	676.0	695.0	657.5	658.5
864.5	841.5	802.5	832.5	892.5	884.5
582.5	573.0	596.0	538.5	565.5	754.0
1,538.5	1,559.0	1,585.0	1,584.5	1,596.0	1,740.5
75.0	81.0	73.0	73.0	72.0	96.0
423.0	411.0	413.5	487.5	465.5	462.0
150.0	139.0	159.5	164.0	176.0	184.0
4,237.0	4,270.0	4,305.5	4,375.0	4,425.0	4,779.5
7.0	11.0	17.0	45.5	34.5	38.0
7.0	11.0	17.0	45.5	34.5	38.0
4,244.0	4,281.0	4,322.5	4,420.5	4,459.5	4,817.5
659	668	669	654	668	735
2,602	2,623	2,648	2,785	2,792	3,012
19	17	21	21	22	22
11	12	14	13	12	13
2	2	2	2	3	3
432	449	450	454	467	497
91	98	96	97	93	89
228	238	239	256	269	263
60	58	56	58	65	69
83	85	86	86	79	85
133	133	133	0	0	0
3,661	3,715	3,745	3,772	3,802	4,053
114	91	109	92	100	481
4,434	4,474	4,523	4,518	4,570	5,269

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

FUNCTION/PROGRAM	2011	2010	2009
Governmental Activities:			
General Government			
Number of property tax accounts - residential	242,210	241,771	240,212
Number of property tax accounts - personal	62,125	63,075	63,086
Number of property tax accounts - commercial	34,063	34,161	34,226
Number of marriage licenses issued	6,201	6,276	6,257
Health Services			
Total clinic visits	362,546	384,762	358,692
County residents who rate their health good or better	85%	90%	89%
Environmental health inspections	13,371	12,572	11,873
Women, infants, and children (WIC) served in the WIC program	32,107	31,542	31,179
Flu vaccinations at health clinics	20,982	15,597	13,140
Social Services			
Households that have received assistance with energy bills	17,383	19,292	22,129
Clients with developmental disabilities served	4,336	4,465	4,270
Senior and physically disabled clients served	39,136	37,470	N/A
Alcohol and drug treatment clients / episodes (e)	N/A	6,824	4,617
Early childhood mental health clients	4,025	4,511	4,869
Families served in early childhood programs	505	615	693
Students enrolled in extended day school activities	19,127	17,669	14,773
Public Safety and Justice			
Sheriff			
Responses to calls for services	40,655	40,835	36,848
Number of arrests (parts 1, 2 and 3 crimes)	2,776	2,850	3,037
Corrections			
Number of inmates booked	36,557	38,634	32,992
Average daily jail population	1,187	1,274	1,378
Average length of jail stay in days	13	13	17
Inmates held for court at Courthouse	17,536	16,748	10,898
Juvenile			
Youth admitted to detention center	1,638	1,758	2,112
Average length of stay in days in youth detention center	8.7	7.8	7.9
Community service hours completed	3,277	4,353	6,521
Average number of youth on probation per month	378	478	567
(continued)			

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

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

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

2008	2007	2006	2005	2004	2003	2002
234,567	225,597	225,445	224,367	219,682	218,911	217,041
63,279	64,126	58,082	63,497	62,171	60,999	60,140
34,210	34,152	34,199	33,173	33,182	33,410	33,683
6,383	6,542	6,203	9,037	6,297	5,878	6,270
330,105	312,661	301,263	277,736	288,201	348,619	340,639
89%	87%	86%	85%	82%	84%	86%
11,672	10,130	9,126	9,039	9,978	9,204	10,245
30,850	30,339	30,672	31,144	31,471	24,810	25,158
9,600	6,148	5,084	3,283	3,629	3,666	2,640
14,606	13,676	12,482	12,450	10,868	11,787	15,813
3,950	3,780	3,613	3,477	3,417	3,300	3,336
N/A	N/A	44,664	45,241	41,454	44,055	47,678
10,503	10,829	9,391	8,478	8,284	7,508	22,386
4,726	7,700	7,737	7,708	7,899	7,053	7,226
718	768	887	848	687	956	1,004
15,041	17,052	16,315	14,384	9,721	3,863	3,798
N/A	41,601	43,327	41,260	35,500	36,972	36,063
2,938	2,708	3,204	3,548	3,383	3,714	3,165
35,533	37,113	38,726	37,577	36,260	35,532	37,658
1,559	1,641	1,612	1,577	1,654	1,682	1,871
18	18	17	17	18	19	20
11,737	11,632	13,905	12,506	14,144	13,545	13,558
2,021	1,992	2,161	2,161	2,207	2,357	2,611
8.3	11.7	9.0	9.0	10.0	10.3	11.1
6,623	10,894	5,531	5,531	6,733	7,672	10,117
533	523	582	582	573	606	704

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

FUNCTION/PROGRAM	2011	2010	2009
Public Safety and Justice (continued)			
Adult			
Community service hours completed	101,392	141,732	123,442
Adults participating in educational classes	710	705	639
Clients receiving GED's	78	79	60
Average no. adults on probation & post-prison supervision/month	8,278	7,896	8,793
District Attorney			
Cases of adult criminal activity prosecuted	24,241	25,932	27,149
Juvenile delinquency cases prosecuted	476	651	869
Hours of Community Court community service completed	13,869	17,552	17,004
Community Services			
Number of registered voters	409,872	407,541	426,567
Number of votes cast in last general election (a)	284,104	367,540	367,540
Percent of registered voters who voted in last general election	70%	86%	86%
Animal Control - Total Intake - Dogs and Cats	8,606	8,320	8,096
Library			
New library cards issued annually	73,566	71,809	74,677
Books circulated	23,939,091	22,715,292	21,513,255
Borrowers who used their cards in last three years	436,949	425,749	421,199
Library satisfaction (b)	91.5%	90.1%	90.4%
Web site visits/hits (c)	N/A	7,858,192	6,810,872
External website & catalog visits	7,158,805	6,710,594	5,709,967
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	592	591	590
Mid County Service District			
Lighting - number of accounts	7,985	7,987	7,885

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.

2008	2007	2006	2005	2004	2003	2002
82,429	80,131	84,818	91,886	109,349	122,391	127,439
588	481	584	630	554	596	567
38	62	67	99	50	73	95
9,261	9,619	9,763	9,118	9,347	9,171	9,042
27,377	21,415	22,563	21,936	22,008	22,530	20,436
1,064	817	946	944	1,013	947	1,127
16,742	15,477	16,984	18,123	4,668	8,464	11,403
380,298	380,298	430,693	430,693	363,589	363,843	383,915
262,628	262,628	365,530	365,530	245,238	245,238	300,065
69%	69%	85%	85%	*67%	67%	*82%
8,886	9,879	9,808	9,597	8,939	8,448	7,739
71,843	67,379	69,973	74,805	76,161	73,012	70,219
20,394,496	19,900,816	19,589,530	19,462,344	18,762,556	17,854,110	16,133,945
440,311	431,429	455,296	474,292	465,223	436,104	509,949
91.3%	92.4%	92.5%	92.5%	86.5%	96.8%	96.1%
6,695,693	6,647,087	6,410,053	111,433,518	93,764,392	66,650,158	44,568,574
5,366,879	5,313,210	N/A	N/A	N/A	N/A	N/A
583	582	579	578	578	575	570
7,800	7,391	7,392	7,373	7,127	7,106	7,140

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

FUNCTION/PROGRAM	2011	2010	2009	2008
Governmental Activities:				
General Government				
Buildings owned	78	74	79	79
Buildings leased	54	51	52	53
Automobiles	310	316	325	328
Vehicles (excluding automobiles)	253	263	298	300
Heavy equipment	100	93	122	141
Health Services				
Health & dental centers	7	7	7	7
School based health centers	14	14	13	13
Social Services				
Aging & Disability offices	5	5	7	7
Public Safety and Justice				
Sheriff				
Vehicular patrol units	65	66	50	45
Number of employees (sworn and civilian)	763	785	786	786
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	2	2	3	3
Population	1,310	1,367	1,539	1,633
Community Justice				
Adult probation & parole offices	7	6	6	6
Adult housing program offices	4	4	4	4
Juvenile counseling offices	4	4	4	4
Library				
Regional	2	2	2	2
Neighborhood	11	11	11	11
Leased	6	6	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	270	270	271	271
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	19	19	18
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,507	4,499	4,525	4,484
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2007	2006	2005	2004	2003	2002
83	84	87	88	86	86
59	59	59	62	67	71
301	311	302	311	322	339
292	295	292	300	272	289
132	136	135	139	140	138
7	7	7	7	7	7
13	13	14	14	14	13
7	7	9	9	11	13
47	43	48	44	35	36
798	794	814	847	835	896
3	3	3	3	3	3
3	3	4	4	3	5
1,690	1,690	1,537	1,651	1,531	1,775
6	6	6	6	7	8
4	4	5	5	5	6
4	4	4	5	6	6
2	2	2	2	2	2
11	11	11	11	10	10
4	4	4	4	4	4
273	273	326	326	326	365
24	24	24	24	24	11
6	6	6	6	6	6
18	18	23	23	23	23
4,439	4,400	4,219	3,974	3,710	3,837
1	1	1	1	1	1
15	15	15	15	15	15

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AUDIT COMMENTS AND FEDERAL GRANT PROGRAMS SECTION

AUDIT COMMENTS

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

FEDERAL GRANT PROGRAMS

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

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

Board of Commissioners
 Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County ("the County") as of and for the year ended June 30, 2011 and have issued our report thereon dated November 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

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

- The use of approved depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2011 and 2012.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed one instance of noncompliance that is required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. The County experienced a budgetary over-expenditure in the Risk Management Fund which is disclosed in the notes to the financial statements.



Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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.

A handwritten signature in black ink, reading "James C. Laganotto". The signature is written in a cursive, flowing style.

For Moss Adams LLP
Eugene, Oregon
November 22, 2011

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

The Board of County Commissioners
Multnomah County, Oregon

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the respective budgetary comparisons for the General Fund, the Federal, State Program Fund, and the Library Fund of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 22, 2011. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



COMPLIANCE AND OTHER MATTERS

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

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

A handwritten signature in black ink that reads "Moss Adams, LLP".

Eugene, Oregon
November 22, 2011

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

The Board of County Commissioners
Multnomah County, Oregon

COMPLIANCE

We have audited the Multnomah County's (the County) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

INTERNAL CONTROL OVER COMPLIANCE

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

MOSS-ADAMS_{LLP}

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Moss Adams, LLP

Eugene, Oregon
November 22, 2011

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Education:			
School Breakfast Program	10.553	2613007	\$ 52,812
National School Lunch Program	10.555	2613007	117,369
<i>Total Child and Nutrition Cluster</i>			<u>170,181</u>
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	* 10.557	1936002309	3,113,717
Passed Through State of Oregon Senior & Disabled Services Division:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		8,178
Passed Through State Department of Agriculture:			
Schools and Roads - Grants to States	* 10.665	PI 106-393	717,840
Total U.S. Department of Agriculture			<u>4,009,916</u>
<u>U.S. Department of Defense</u>			
Passed Through Oregon Department of Administrative Services:			
Payments to States in Lieu of Real Estate Taxes	12.112	1936002309	1,125
Total Department of Defense			<u>1,125</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		373,281
Passed Through City of Portland:			
Community Development Block Grants/Entitlement Grants	14.218	30000598	315,716
<i>Total Community Development Block Grants/Entitlement Grants</i>			<u>688,997</u>
Supportive Housing Program	14.235		2,077,508
Healthy Homes Demonstration Grants	14.901		303,095
Passed Through Housing Authority of Portland:			
Home Investment Partnerships Program	14.239	7multn02	6,068
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	7multn02	27,156
Total Department of Housing and Urban Development			<u>3,102,824</u>
<u>U.S. Department of Interior</u>			
Direct Programs:			
Payments in Lieu of Taxes	15.226		26,486
Distribution of Receipts to State and Local Governments	* 15.227		849,849
Total Department of Interior			<u>876,335</u>

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice</u>			
Direct Programs:			
Comprehensive Approaches to Sex Offender Management			
Discretionary Grant (CASOM)	16.203		65,357
Services for Trafficking Victims	16.320		100,909
Supervised Visitation, Safe Havens for Children	16.527		50,001
Missing Children's Assistance	16.543		158,550
Edward Byrne Memorial State and Local Law Enforcement			
Assistance Discretionary Grants Program	16.580		8,901
Drug Court Discretionary Grant Program	16.585		52,845
Grants to Encourage Arrest Policies and Enforcement of Protection			
Orders Program	16.590		230,831
State Criminal Alien Assistance Program	* 16.606		443,102
Bulletproof Vest Partnership Program	16.607		38,734
Project Safe Neighborhoods	16.609		148,337
Public Safety Partnership and Community Policing Grants	16.710		183,473
Reduction and Prevention of Children's Exposure to Violence	16.730		145,478
Transitional Housing Assistance for Victims of Domestic			
Violence, Dating Violence, Stalking, or Sexual Assault	16.736		94,891
Anti-Gang Initiative	16.744		605
Congressionally Recommended Awards	16.753		247,096
ARRA - Recovery Act Transitional Housing	16.805		208,217
ARRA - Recovery Act - Edward Byrne Memorial Competitive			
Grant Program	16.808		147,878
Second Chance Act Prisoner Reentry Initiative	16.812		96,655
Passed Through Oregon Commission on Children and Families:			
Juvenile Accountability Block Grants	16.523	2008-6362	143,242
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	FG2008/FG2008-11	97,430
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	08-3205/09-3437	177,609
ARRA - Violence Against Women Formula Grants	16.588	09-ARRA-VAWA-3530	7,518
Violence Against Women Formula Grants	16.588	09-VAWA-3229	78,750
<i>Total Violence Against Women Formula Grants</i>			<u>86,268</u>
Passed Through State Department of Criminal Justice:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	1936002309	778,433
Passed Through City of Portland:			
Edward Byrne Memorial Justice Assistance Grant Program	* 16.738	2009-0552	326,250
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance			
Grant (JAG) Program/ Grants to States and Territories	* 16.803	1936002309	951,180

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Justice (continued)</u>			
Passed Through City of Portland:			
ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program / Grants To Units Of Local Government *	16.804	2009-SB-B9-0977	962,299
<i>Total Edward Byrne Memorial Justice Assistance Grant Program Cluster</i>			3,018,162
Total Department of Justice			5,944,571
<u>U.S. Department of Labor</u>			
Passed Through Special Mobility Services Inc.:			
Senior Community Service Employment Program	17.235		1,800
Total Department of Labor			1,800
<u>U.S. Department of Transportation</u>			
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	1936002309	109,638
Highway Planning and Construction	20.205	1936002309	9,385,172
<i>Total Highway Planning and Construction</i>			9,494,810
Total Department of Transportation			9,494,810
<u>Institute of Museum and Library Services</u>			
Direct Programs:			
National Leadership Grants	45.312		7,356
Passed Through National Endowment for the Humanities:			
Promotion of the Humanities_Public Programs	45.164	LS-50107-07	5,000
Passed Through Oregon State Library:			
Grants to States	45.310	09-04-3P	11,377
Grants to States	45.310	10-03-1P	41,713
Grants to States	45.310	10-04-3P/10-04-3Z	43,233
Grants to States	45.310	LNET 01-09	4,650
Grants to States	45.310	LNET 01-10	305,000
<i>Total Grants to States</i>			405,973
Passed Through Oregon Museum Science and Industry:			
National Leadership Grants	45.312	D09-05	1,865
Total Institute of Museum and Library Services			420,194
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Environmental Justice Small Grant Program	66.604		5,396

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Environmental Protection Agency</u> (continued)			
Passed Through Oregon Department of Environmental Quality:			
ARRA - State Clean Diesel Grant Program	66.040	066-10	54,174
Passed Through State Department of Human Services:			
State Public Water System Supervision	66.432	1936002309	9,084
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1936002309	11,270
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	2,000
Total U.S. Environmental Protection Agency			81,924
<u>U.S. Department of Energy</u>			
Direct Program:			
Renewable Energy Research and Development	81.087		15,948
Passed Through Oregon Department of Energy:			
ARRA - State Energy Program	* 81.041	1936002309	1,046,697
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	1936002309	49,910
ARRA Weatherization Assistance for Low-Income Persons	81.042	1936002309	1,616,117
<i>Total Weatherization Assistance for Low-Income Persons</i>			1,666,027
ARRA - Energy Efficient Appliances Rebate Program (EEARP)	81.127	1936002309	159,803
Total Department of Energy			2,888,475
<u>Federal Emergency Management</u>			
Direct Program:			
Disaster Assistance - FEMA Flood	83.516		210
Total Federal Emergency Management			210
<u>U.S. Department of Education</u>			
Passed Through Portland Community College:			
Adult Education - Basic Grants to States	84.002	045-09	30,723
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	4128	99,839
Passed Through Portland Public Schools:			
Voluntary Public School Choice	84.361	57973	11,433
Title I Grants to Local Educational Agencies, Recovery Act	84.389	SAE 1011095	117,950
Total Department of Education			259,945

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Election Assistance Commission</u>			
Passed Through State Department:			
Help America Vote Act Requirements Payments	90.401		174,995
Total Election Assistance Commission			174,995
<u>U.S. Department of Health & Human Services</u>			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		106,896
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	1936002309	29,029
Passed Through State Department of Human Services:			
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	1936002309	252,370
<i>Total Special Programs for the Aging_Title IV_and Title II_Discretionary Projects</i>			281,399
Passed Through State Department:			
Medicare Enrollment Assistance Program	93.071	MIPPA 09-11-12	17,562
Direct Programs:			
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087		656,261
Injury Prevention and Control Research and State and Community Based Programs	93.136		104,160
Passed Through Portland State University:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	CDC sub050139 MCHD	53,231
Passed Through State Division of Public Health:			
Injury Prevention and Control Research and State and Community Based Programs	93.136		2,350
<i>Total Injury Prevention and Control Research and State and Community Based Programs</i>			159,741
Direct Programs:			
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153		338,865
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224		6,822,885
State Capacity Building	93.240		44,560
Refugee and Entrant Assistance_Discretionary Grants	93.576		43,056
ARRA – Grants to Health Center Programs	* 93.703		1,791,290
ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	* 93.724		3,064,681

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Direct Programs (continued):			
HIV Emergency Relief Project Grants	93.914		3,705,690
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		891,169
Healthy Start Initiative	93.926		905,402
Passed Through Oregon Health Sciences University:			
Special Projects of National Significance	93.928	GINTR0027EN MULT	343
Passed Through National Association of City and County Health Officials:			
Medical Reserve Corps Small Grant Program	93.008	MRC090141	4,993
Passed Through State Department of Human Services:			
Special Programs for the Aging Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1936002309	13,688
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1936002309	47,408
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	1936002309	919,514
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	1936002309	1,194,992
Nutrition Services Incentive Program	93.053	1936002309	526,982
<i>Total Aging Cluster</i>			<u>2,641,488</u>
Alzheimer's Disease Demonstration Grants to States	93.051	1936002309	94,494
National Family Caregiver Support, Title III, Part E	93.052	1936002309	350,346
Public Health Emergency Preparedness	93.069	1936002309	459,270
Environmental Public Health and Emergency Response	93.070	1936002309	7,184
Passed Through NW Family Services:			
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90AE0160	323,747
Passed Through State Department of Human Services:			
Maternal and Child Health Federal Consolidated Programs	93.110	1936002309	34,200
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	77,369
Passed Through University of Washington:			
AIDS Education and Training Centers	93.145	654951	110,500
Passed Through State Department of Human Services:			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	1936002309	264,196
Family Planning_Services	93.217	1936002309	364,494
Substance Abuse and Mental Health Services-Access to Recovery	93.275		40,866

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Passed Through State Division of Public Health:			
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	1936002309	22,368
Passed Through State Department of Human Services:			
Immunization Grants	93.268	1936002309	2,781,976
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	1936002309	335,884
Passed Through Washington County Public Health:			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	CA 09-0978	22,246
Passed Through Washington State Department of Health:			
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	#N17703	50,000
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	2010-100101	415,889
<i>Total Centers for Disease Control and Prevention_Investigations and Technical Assistance</i>			<u>824,019</u>
Passed Through State Division Public Health:			
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	132027	17,820
Passed Through Oregon Commission on Children And Families:			
Promoting Safe and Stable Families	93.556	MUL0911	312,731
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	1936002309	115,832
Passed Through Oregon Department of Justice:			
Child Support Enforcement	93.563	1936002309	1,656,231
ARRA Child Support Enforcement	93.563	1936002309	196,676
<i>Total Child Support Enforcement</i>			<u>1,852,907</u>
Passed Through Oregon Housing and Community Services:			
Low-Income Home Energy Assistance	93.568	0310559	7,270,427
Passed Through Oregon Housing and Community Services:			
Community Services Block Grant	* 93.569	0310559	793,876
ARRA - Community Services Block Grant	* 93.710	0310559	261,883
<i>Total CSBG Cluster</i>			<u>1,055,759</u>

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Passed Through Oregon Department of Justice:			
Grants to States for Access and Visitation Programs	93.597	Multnomah	44,142
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	0210115-6	62,084
Passed Through Oregon Secretary of State:			
Voting Access for Individuals with Disabilities_Grants to States	93.617	110087	12,541
Passed Through Oregon Commission on Children And Families:			
Social Services Block Grant	93.667	MUL0911	766,716
Passed Through Oregon Health Sciences University:			
ARRA _ Trans-NIH Recovery Act Research Support	93.701	APHPM0167ST-MC	295,110
Passed Through State Department of Human Services:			
ARRA_Health Information Technology Regional Extension Centers Program	93.718	LPHA 132027	48,655
Passed Through Washington State Department of Health:			
ARRA - Prevention and Wellness-State, Territories and Pacific Islands	93.723	#N17703	1,250
Passed Through State Dept of Consumer Business Svc./Dep. Human Services:			
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	SHIBA 1011-15 / 130183	46,364
Passed Through Kaiser Foundation Research Institute:			
Cardiovascular Diseases Research	93.837	#R18HL095481-01A1	46,124
Passed Through State Department of Human Services:			
National Bioterrorism Hospital Preparedness Program	93.889	1936002309	361,160
Passed Through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements Community Based Dental Partnership	93.924	GPBHD0014A MULT	12,116
Passed Through State Department of Human Services:			
HIV Prevention Activites_Health Department Based	93.940	1936002309	858,822
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1936002309	317,032
Passed Through National Association of Chronic Disease Directors:			
Assistance Programs for Chronic Disease Prevention and Control	93.945	4CA128-01 1 MCHD#0809147	25,740

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2011

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Health & Human Services</u> (continued)			
Passed Through State Department of Human Services:			
Block Grants for Community Mental Health Services	93.958	1936002309	516,329
Block Grants for Prevention and Treatment of Substance Abuse	* 93.959	1936002309	3,836,132
Preventative Health and Health Services Block Grant	93.991	1936002309	3,700
Passed Through Oregon Health Sciences University:			
Maternal and Child Health Services Block Grant to the States	93.994	4 B04MC06604-01-04	125,991
Passed Through State Department of Human Services:			
Maternal and Child Health Services Block Grant to the States	93.994	1936002309	407,408
<i>Total Maternal and Child Health Services Block Grant to the States</i>			<u>533,399</u>
Total Department of Health and Human Services			<u>45,705,298</u>
<u>Corporation for National and Community Service</u>			
Foster Grandparent Program	94.011		137,045
Total Corporation for National and Community Services			<u>137,045</u>
<u>US Department of Homeland Security</u>			
Passed Through City of Portland-Department of Emergency Communications:			
Non-Profit Security Program	97.008	UASIO8	303,907
Passed Through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	1936002309	714,423
Passed Through Oregon Emergency Management:			
Flood Mitigation Assistance	97.029	EMS-200X-FM-E00X	12,782
Emergency Management Performance Grants	97.042	EMPG09	317,720
Citizen Corps	97.053	07-111	11,687
State Homeland Security Program (SHSP)	97.073	07-225	277,420
State Homeland Security Program (SHSP)	97.073	08-243	67,364
State Homeland Security Program (SHSP)	97.073	09	115,009
<i>Total State Homeland Security Program (SHSP)</i>			<u>459,793</u>
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	07-169	57,536
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	LETPP 05	37,923
<i>Total Law Enforcement Terrorism Prevention Program</i>			<u>95,459</u>
Total Department of Homeland Security			<u>1,915,771</u>
Total Federal Expenditure			<u>\$ 75,015,238</u>

* Indicates a Major Program

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2011. The County's reporting entity is defined in Note 1 to the County's June 30, 2011 basic financial statements.

Note B – Basis of Accounting

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

Note C – Relationship to Basic Financial Statements

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

Note D – Non-cash Awards

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

An award from the State Department of Education provides food donations (CFDA #10.555 - Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the grantor; \$10,544. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$117,369.

An award from the U.S. General Election Assistance Commission provided a ballot sorter (CFDA #90.401 – Help America Vote Act Requirements Payments). The value of the ballot sorter was determined by the granting agency; \$174,995.

An additional award from the Department of Health and Human Services is in the form of immunization vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2011 is calculated on a proportionate basis; \$2,726,476. This amount is included in the total program value reported on the Schedule of Expenditures of Federal Awards of \$2,781,976.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2011

Note E - Subrecipients

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

Program Title	Federal CFDA number	Amount provided to subrecipients
Community Development Block Grants/Entitlement Grants	14.218	596,311
Supportive Housing Program	14.235	1,688,604
Missing Children's Assistance	16.543	44,078
Drug Court Discretionary Grant Program	16.585	48,710
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	79,466
Project Safe Neighborhoods	16.609	25,340
Reduction and Prevention of Children's Exposure to Violence	16.730	43,932
Transitional Housing Assistance for Victims of Domestic Violence, Dating Violence, Stalking, or Sexual Assault	16.736	37,635
Edward Byrne Memorial Justice Assistance Grant Program	16.738	616,069
Congressionally Recommended Awards	16.753	90,582
<i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories</i>	16.803	359,214
<i>ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Programs/Grants to Units of Local Government</i>	16.804	227,346
<i>ARRA - Recovery Act Transitional Housing</i>	16.805	82,491
Second Chance Act Prisoner Reentry Initiative	16.812	89,091
Highway Planning and Construction	20.205	3,150
Twenty-First Century Community Learning Centers	84.287	99,839
Voluntary Public School Choice	84.361	10,922
Title I Grants to Local Educational Agencies, Recovery Act	84.389	112,677
Community-Based Abstinence Education (CBAE)	93.010	11,663
Special Programs for the Aging Title III, Part D_Disease Prevention and Health Promotion Services	93.043	38,474
Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	289,063
Special Programs for the Aging Title III, Part C_Nutrition Services	93.045	1,194,992
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	10,686
National Family Caregiver Support, Title III, Part E	93.052	143,521
Nutrition Services Incentive Program	93.053	526,982
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	435,123
Injury Prevention and Control Research and State and Community Based Programs	93.136	54,039
Projects for Assistance in Transition from Homelessness (PATH)	93.150	235,196
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	277,635
Promoting Safe and Stable Families	93.556	103,844
Low-Income Home Energy Assistance	93.568	535,304
Community Services Block Grant	93.569	625,333
Social Services Block Grant	93.667	652,361
<i>ARRA - Grants to Health Center Programs</i>	93.703	296,269
<i>ARRA - Community Services Block Grant</i>	93.710	247,638
<i>ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)</i>	93.724	1,415,942
HIV Emergency Relief Project Grants	93.914	2,388,738
HIV Prevention Activities_Health Department Based	93.940	326,470
Block Grants for Community Mental Health Services	93.958	265,502
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,463,720
Non-Profit Security Program	97.008	33,958
Citizen Corps	97.053	3,100
Total Subrecipient pass-through		17,831,009

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.665	Schools and Roads, Grants to States
15.227	Distribution of Receipts to State and Local Governments
16.606	State Criminal Alien Assistance Program
81.041	State Energy Program
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.703	ARRA – Grants to Health Center Programs
93.724	ARRA – Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement
 <u>JAG Cluster</u>	
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.803	Recovery Act – Edward Byrne Memorial Justice Assistance Grants (JAG) Program / Grants to States and Territories
16.804	Recovery Act – Edward Byrne memorial Justice Assistance Grant (JAG) Program / Grants to Units of Local Government
 <u>Community Services Block Grant Cluster</u>	
93.569	Community Service Block Grant
93.710	ARRA – Community Services Block Grant

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

Section I - Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish
between type A and type B programs: \$ 2,250,457

Auditee qualified as low-risk auditee? X yes no

Section II - Financial Statement Findings

None reported

Section III - Federal Award Findings and Questioned Costs

None reported



MULTNOMAH COUNTY OREGON

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**Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2010**

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

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

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

Status of Finding: Management made the appropriate corrections in the fiscal year 2010 financial statements and provided the auditors with accurate year-end reports and supporting schedules. In addition, management revised the County's capital asset policy to state that right-of-ways are non-depreciable assets. The County is no longer depreciating right-of-ways and has implemented controls in place to ensure proper capital asset accounting and reporting.

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

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

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

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

Status of Finding: Management has implemented procedures to ensure an annual payroll reconciliation is performed comparing budgeted personnel expenditures charged to federal awards to actual personnel costs incurred.

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

Federal Programs: Consolidated Health Centers, CFDA 93.224

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

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

Status of Finding: During the preparation of the County's 2011 Indirect Cost Allocation Plan (CAP), General Ledger noted the 2010 plan did not include the proper disclosures for internal service funds. Our procedures to prepare the County's CAP now include information on disclosing relevant internal service fund financial statements and other information. Management did prepare the 2011 and 2012 CAPs with the required internal service fund disclosures.

In fiscal year 2011, General Ledger coordinated with the Information Technology division (IT) and the County's cognizant agency, Department of Health and Human Services (HHS), to repay HHS the \$120,000 of questioned internal IT charges on the Health Department's grant, Consolidated Health Centers, CFDA 93.224. This payment was made in fiscal year 2011 and the County received a confirmation letter from HHS. Management has further evaluated the requirements of OMB A-87 and has developed controls to review internal service charges recorded to our Federal programs to ensure grants are not overcharged by any one internal service provider.

IT has also taken a number of steps during the fiscal year 2012 planning and budget process in order to address the accumulation of working capital in its internal service fund. One significant step in fiscal year 2012 has been the change in allocating the monthly IT charges from budgeted amounts to allocating the actual monthly expenses to each department. IT management believes this change in the billing process will prevent the accumulation of working capital in the internal service data processing fund. In addition, IT has developed a process to review year-end revenue charges/billings and make any necessary adjustments prior to year-end close.

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

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

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

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

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

A management review found no indication that the Eligibility unit did not perform the required financial screenings. Management confirmed proper procedural controls are in place to ensure patient income levels are adequately supported. The unit follows well established policies for insurance eligibility verification and has procedures in place to collect and retain financial documentation provided to them, including the clients financial data used to calculate FPL level. In fiscal year 2011, the Eligibility unit changed its retention record requirement from one fiscal year to three fiscal years to comply with Federal OMB requirements. During the October 2010 Eligibility staff meeting clinical leadership confirmed the process change. The retention procedural change along with periodic reviews from the Health Department Business Services ensures the retention of FPL documentation complies with Federal grant requirements.