



Multnomah County Oregon

Board of Commissioners & Agenda

connecting citizens with information and services

BOARD OF COMMISSIONERS

Ted Wheeler, Chair

501 SE Hawthorne Boulevard, Suite 600
Portland, Or 97214

Phone: (503) 988-3308 FAX (503) 988-3093

Email: mult.chair@co.multnomah.or.us

Maria Rojo de Steffey, Commission Dist. 1

501 SE Hawthorne Boulevard, Suite 600
Portland, Or 97214

Phone: (503) 988-5220 FAX (503) 988-5440

Email: district1@co.multnomah.or.us

Jeff Cogen, Commission Dist. 2

501 SE Hawthorne Boulevard, Suite 600
Portland, Or 97214

Phone: (503) 988-5219 FAX (503) 988-5440

Email: district2@co.multnomah.or.us

Lisa Naito, Commission Dist. 3

501 SE Hawthorne Boulevard, Suite 600
Portland, Or 97214

Phone: (503) 988-5217 FAX (503) 988-5262

Email: district3@co.multnomah.or.us

Lonnie Roberts, Commission Dist. 4

501 SE Hawthorne Boulevard, Suite 600
Portland, Or 97214

Phone: (503) 988-5213 FAX (503) 988-5262

Email: lonnie.j.roberts@co.multnomah.or.us

On-line Streaming Media, View Board Meetings
www.co.multnomah.or.us/cc/live_broadcast.shtml

On-line Agendas & Agenda Packet Material
www.co.multnomah.or.us/cc/agenda.shtml

Americans with Disabilities Act Notice: If you need this agenda in an alternate format, or wish to participate in a Board Meeting, please call the Board Clerk (503) 988-3277, or the City/County Information Center TDD number (503) 823-6868, for information on available services and accessibility.

MARCH 13 & 15, 2007 BOARD MEETINGS AGENDA FASTLOOK

Pg 2	8:30 a.m. Tuesday Executive Session
Pg 2	9:30 a.m. and 1:30 p.m. Tuesday Budget Work Sessions
Pg 3	9:30 a.m. Thursday Public Comment
Pg 4	9:30 a.m. Thursday Presentation of County's Comprehensive Annual Financial Report, Component Unit Financial Reports, Schedule of Expenditures of Federal Awards and Management Advisory Comment Letter
Pg 4	10:00 a.m. Thursday Mental Health System of Care Briefing
Pg 4	11:00 a.m. Thursday Resolution Urging Congress to Authorize Federal Financial Participation for Medical Benefits to Incarcerated Individuals
Pg 5	11:52 a.m. Thursday Board Comment

Thursday meetings of the Multnomah County Board of Commissioners are cable-cast live and taped and may be seen by Cable subscribers in Multnomah County at the following times:

Thursday, 9:30 AM, (LIVE) Channel 30
Saturday, 10:00 AM, Channel 29
Sunday, 11:00 AM, Channel 30
Tuesday, 8:00 PM, Channel 29

Produced through MetroEast Community Media
(503) 667-8848, ext. 332 for further info
or: <http://www.mctv.org>

Tuesday, March 13, 2007 - **8:30 AM**
Multnomah Building, Sixth Floor Commissioners Conference Room 635
501 SE Hawthorne Boulevard, Portland

EXECUTIVE SESSION

- E-1 The Multnomah County Board of Commissioners will meet in Executive Session Pursuant to ORS 192.660(2)(d),(e)and/or(h). Only Representatives of the News Media and Designated Staff are allowed to attend. News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Session. No Final Decision will be made in the Session. Presented by County Attorney Agnes Sowle. 1 HOUR REQUESTED.
-

Tuesday, March 13, 2007 - **9:30 AM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

BUDGET WORK SESSION

- WS-1 Multnomah County 2007-2008 Budget Work Session on Fiscal Year 2008 Budget Process – Step 5 Preparing the Board to Rank Program Offers. This meeting is open to the public however no public testimony will be taken. 2.5 HOURS REQUESTED.

CABLE PLAYBACK INFO:

Tuesday, March 13 - 9:30 AM LIVE Channel 29

Friday, March 16 - 8:00 PM Channel 29

Saturday, March 17 - 2:00 PM Channel 29

Sunday, March 18 - 11:00 AM Channel 29

Tuesday, March 13, 2007 - **1:30 PM**
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

BUDGET WORK SESSION

- WS-2 Multnomah County 2007-2008 Budget Work Session on Fiscal Year 2008 Budget Process – Step 5 Preparing the Board to Rank Program Offers. This

meeting is open to the public however no public testimony will be taken. 2.5 HOURS REQUESTED.

CABLE PLAYBACK INFO:

Tuesday, March 13 - 1:30 PM LIVE Channel 29

Friday, March 16 - 10:30 PM Channel 29

Saturday, March 17 - 4:30 PM Channel 29

Sunday, March 18 - 1:30 PM Channel 29

Thursday, March 15, 2007 - 9:30 AM
Multnomah Building, First Floor Commissioners Boardroom 100
501 SE Hawthorne Boulevard, Portland

REGULAR MEETING

CONSENT CALENDAR - 9:30 AM

NON-DEPARTMENTAL

- C-1 Appointment of David Kunkel to the Multnomah County AGRICULTURAL BOARD OF REVIEW
- C-2 Reappointment of Joe Markunas to the BUSINESS LICENSE APPEALS BOARD
- C-3 Appointment of Abby Kennedy to the Multnomah County CITIZEN INVOLVEMENT COMMITTEE
- C-4 Reappointment of May Lynn Chu and Sandy Spiegel to the COMMUNITY HEALTH COUNCIL
- C-5 Appointment of Michael Eagan, Dean Gibbons and Karen Slack to the ELDERS IN ACTION COMMISSION

REGULAR AGENDA

PUBLIC COMMENT - 9:30 AM

Opportunity for Public Comment on non-agenda matters. Testimony is limited to three minutes per person. Fill out a speaker form available in the Boardroom and turn it into the Board Clerk.

AUDITOR'S OFFICE - 9:30 AM

- B-1 **9:30 Time Certain:** Presentation of Multnomah County's Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards and Management Advisory Comment Letter for the Year Ending June 30, 2006. Presented by Brad McLean, Citizen Representative, Audit Committee, Mindy Harris, Chief Financial Officer, Cara Fitzpatrick, General Ledger Manager, Jim Lanzarotta, Assurance Partner Moss Adams, Debbie Smith-Wagar, Assurance Manager Moss Adams and LaVonne Griffin-Valade, Multnomah County Auditor. 30 MINUTES REQUESTED.

DEPARTMENT OF COUNTY HUMAN SERVICES - 10:00 AM

- B-2 **10:00 Time Certain:** Briefing on Mental Health System of Care, Including Verity, Services for the Uninsured and Update on the Mayor's Mental Health Task Force. Presented by Joanne Fuller, Karl Brimner and Lillian Shirley. 60 MINUTES REQUESTED.

NON-DEPARTMENTAL - 11:00 AM

- R-3 **11:00 Time Certain:** RESOLUTION Urging Congress to Authorize Federal Financial Participation for Medical and Disability Benefits to Incarcerated Individuals in Local Jails and Detention Facilities. Presented by Commissioner Lisa Naito and Invited Guests. 30 MINUTES REQUESTED.
- R-4 First Reading and Possible Adoption of a Special ORDINANCE Approving Intergovernmental Agreement with Washington County Creating the Multnomah-Washington Regional Investment Board, and Declaring an Emergency

DEPARTMENT OF COMMUNITY JUSTICE - 11:35 AM

- R-5 Budget Modification DCJ-14 Reclassifying 1.00 FTE Management Assistant Position to Public Relations Coordinator, as Determined by the Class/Comp Unit of Central Human Resources

DEPARTMENT OF COUNTY HUMAN SERVICES - 11:37 AM

- R-6 Intergovernmental Agreement 4600006489 with Portland Development Commission to Provide Weatherization Funding to Harriet Court/Pisgah Colony Project of Cascadia Behavioral HealthCare

DEPARTMENT OF COUNTY MANAGEMENT - 11:45 AM

R-7 Budget Modification DCM-08 Reclassifying a Position in Facilities and Property Management, as Determined by the Class Comp Unit of Central Human Resources

R-8 NOTICE OF INTENT to Apply for an Americorps Volunteer to Support County's *Waste Prevention & Recycling Plan*

DEPARTMENT OF HEALTH - 11:50 AM

R-9 NOTICE OF INTENT to Apply for Grant Funding from the United Way to Support Access to Health Care and Other Services for Somali Women

BOARD COMMENT - 11:52 AM

Opportunity (as time allows) for Commissioners to provide informational comments to Board and public on non-agenda items of interest or to discuss legislative issues.



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: C-1
Est. Start Time: 9:30 AM
Date Submitted: 03/07/07

Agenda Title: **Appointment of David Kunkel to the Multnomah County Agricultural Board of Review**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: 3/15/07 **Amount of Time Needed:** Consent Agenda
Department: Non-Departmental **Division:** Chair's Office
Contact(s): Ted Wheeler, Tara Bowen-Biggs
Phone: (503) 988-3308 **Ext.** 83953 **I/O Address:** 503/600
Presenter(s): N/A

General Information

1. What action are you requesting from the Board?

Request board approval of appointment of David Kunkel to the Multnomah County Agricultural Board of Review.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Agricultural Board of Review meets annually to advise the County Assessor as to whether the figures and factors used to assess values of agricultural land are proper under ORS 308.345. This Board is comprised of five members. Two members are appointed for two-year terms by the Chair with the approval of the Board of County Commissioners. Two members are appointed for two year terms by the County Assessor. One member is appointed by the other four members for a one-year term. Alan Anderchuk is the staff liaison to the Board of Agricultural Review.

3. Explain the fiscal impact (current year and ongoing).

No fiscal impact

4. Explain any legal and/or policy issues involved.

No legal and/or policy issues involved.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

Elected Official or
Department/
Agency Director:

TED WHEELER

Date: 2/22/07



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: C-2
Est. Start Time: 9:30 AM
Date Submitted: 03/07/07

Agenda Title: **Reappointment of Joe Markunas, CPA, to the Business License Appeals Board**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date:	<u>3/15/07</u>	Amount of Time Needed:	<u>Consent Agenda</u>
Department:	<u>Non-Departmental</u>	Division:	<u>Chair's Office</u>
Contact(s):	<u>Ted Wheeler, Tara Bowen-Biggs</u>		
Phone:	<u>(503) 988-3308</u>	Ext.	<u>83953</u>
Presenter(s):	<u>N/A</u>	I/O Address:	<u>503/600</u>

General Information

1. What action are you requesting from the Board?

Recommend approval of reappointment of Joe Markunas, CPA, to he Business License Appeals Board.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Business License Law creates an appeals body, known as the Business License Appeals Board, to hear and decide appeals of Business License Bureau determinations on Code issues. As part of the City Code conformity and joint administration, County Code has designated this body to hear appeals of Bureau determination on County Code issues. As a part of the joint administration of the City and County programs, the Intergovernmental Agreement between the City and County requires that one of the public members must be appointed by the Mayor of the City of Portland from a list of candidates provided by the County Chair. Criteria for appointees to this Board include an appropriate level of expertise in accounting methods and tax regulations. Mr. Markunas, as a CPA, meets this criteria.

3. Explain the fiscal impact (current year and ongoing).

No fiscal impact

4. Explain any legal and/or policy issues involved.

No legal and/or policy issues involved.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

**Elected Official or
Department/
Agency Director:**

TED WHEELER

Date: 2/22/07



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
 Agenda Item #: C-3
 Est. Start Time: 9:30 AM
 Date Submitted: 03/07/07

Agenda Title: Appointment of Abby Kennedy to the Multnomah County Citizen Involvement Committee

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: 3/15/07 Amount of Time Needed: Consent Agenda
 Department: Non-Departmental Division: Chair's Office
 Contact(s): Ted Wheeler, Tara Bowen-Biggs
 Phone: (503)988-3308 Ext. 83953 I/O Address: 503/600
 Presenter(s): N/A

General Information

1. What action are you requesting from the Board?

Request approval of appointment of Abby Kennedy to the Multnomah County Citizen Involvement Committee.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The purpose of the Citizen Involvement Committee (CIC) is to inform residents of their opportunities and rights in the decision making process of all branches of County government. The CIC creates meaningful citizen involvement opportunities and integrates citizens into the decision making process. There are 15 volunteer members – 12 from specific commission districts and 3 recommended from County Boards and/or civic groups (at large). Nominees are passed forward by the Citizen Involvement Committee and appointed to 3-year terms by the County Chair with approval of the Board of County Commissioners. Citizen Involvement Committee members have a 2-term limit. Kathleen Todd is the Executive Director of the Multnomah County Office of Citizen Involvement.

3. Explain the fiscal impact (current year and ongoing).

No current year/ongoing fiscal impact

4. Explain any legal and/or policy issues involved.

No legal and/or policy issues involved.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

Elected Official or
Department/
Agency Director:

TED WHEELER

Date: 02/27/07



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
 Agenda Item #: C-4
 Est. Start Time: 9:30 AM
 Date Submitted: 03/07/07

Agenda Title: Reappointment of May Lynn Chu and Sandy Spiegel to the Community Health Council

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: 3/15/07 Amount of Time Needed: Consent Agenda
 Department: Non-Departmental Division: Chair's Office
 Contact(s): Ted Wheeler, Tara Bowen-Biggs
 Phone: (503)988-3308 Ext. 83953 I/O Address: 503/600
 Presenter(s): N/A

General Information

1. What action are you requesting from the Board?

Request approval of reappointment of May Lynn Chu and Sandy Spiegel to the Multnomah County Community Health Council.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The county is required under federal guidelines and County Code to have a Community Health Council (CHC). The CHC assists and advises the County Health Department in promoting its vision of health people in healthy communities. The CCHC supports and guides the Health Department in its mission to provide comprehensive health care that is quality driven, affordable and culturally competent to the people of Multnomah County. It provides input and feedback for development, implementation and evaluation of Health Department programs including, but not limited to all programs funded through the Federal Bureau of Primary Health Care. The CHC also serves as the Citizen Budget Advisory Committee for the County Health Department. Members can range from 9 to 25 members: consumers of County health programs constitute the majority; remaining members are health care providers and representatives of the community. Members are appointed to three year terms by the County Chair from nominees selected by the current Council with approval of the

Board of County Commissioners. Kate Yen is the manager of the Community Health Council.

3. Explain the fiscal impact (current year and ongoing).

No current year/ongoing fiscal impact

4. Explain any legal and/or policy issues involved.

No legal and/or policy issues involved.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

Elected Official or
Department/
Agency Director:



Date: 02/27/07



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: C-5
Est. Start Time: 9:30 AM
Date Submitted: 02/22/07

Agenda Title: **Appointment of Michael Eagan, Dean Gibbons and Karen Slack to the ELDERS IN ACTION COMMISSION**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: March 15, 2007 **Amount of Time Needed:** N/A
Department: Non-Departmental **Division:** Chair's Office
Contact(s): Ted Wheeler, Tara Bowen-Biggs
Phone: (503) 988-3308 **Ext.** 83953 **I/O Address:** 503/600
Presenter(s): Consent Calendar

General Information

1. What action are you requesting from the Board?

Recommend board approval of appointments of Michael Eagan, Dean Gibbons, and Karen Slack to the Elders in Action Commission.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Chair appoints, with approval of the Board of County Commissioners: 1 consumer from each of the District Advisory Councils (East County, Southwest, Northeast and Southeast, Mid-County); 3 representatives from retired persons organizations; 6 at-large members; 1 consumer representing the disabled. Other members, not appointed by the County Chair include 1 consumer from each of the 4 District Advisory Councils; 1 elected official; 5 representatives from retired persons' organizations; 6 at-large members. Membership includes at least 51% of persons over the age of 60, low income persons, racial minorities and adult disabled, at least proportionate to their numbers county-wide, and persons from urban and rural areas of the County. Members are appointed to 3-year terms. The seniors being requested for approval today have unique backgrounds and interests and will contribute greatly to the work of Elders in Action Commission.

3. Explain the fiscal impact (current year and ongoing).

No fiscal impact

4. Explain any legal and/or policy issues involved.

No legal and/or policy issues involved.

5. Explain any citizen and/or other government participation that has or will take place.

N/A

Required Signature

Elected Official or
Department/
Agency Director:



Date: 02/22/07



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
 Agenda Item #: B-1
 Est. Start Time: 9:30 AM
 Date Submitted: 02/28/07

Presentation of Multnomah County's Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards and Mangement Advisory Comment Letter for the year ending June 30, 2006

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: March 15, 2007 **Amount of Time Needed:** 30 minutes
Department: Non Departmental **Division:** Auditors Office
Contact(s): Judy Rosenberger
Phone: 503 988-3320 **Ext.** 83320 **I/O Address:** 503/601
 Brad McLean, Citizen Representative Audit Committee, Mindy Harris, Chief Financial Officer, Cara Fitzpatrick, General Ledger Manager, Jim Lanzarotta, Assurance Partner Moss Adams, Debbie Smith-Wagar, Assurance Manager Moss Adams, LaVonne Griffin-Valade, Multnomah County Auditor

General Information

1. What action are you requesting from the Board?

Board briefing of Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards for the year ending June 30, 2006. Review of the County's Management Advisory Comment Letter for fiscal year 2006. Financial reports can be accessed via the internet at the following URL:

<http://www.co.multnomah.or.us/reports>

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The County's Comprehensive Annual Financial Report provides a summary of the County's overall financial condition, as well as the status of each fund managed by the County. The component unit reports summarize the financial activities of the Dunthorpe Riverdale and Mid County Service

Districts. The Schedule of Expenditures of Federal Awards describes the County's level of compliance with federal requirements for grant funded programs.

The highlights of the reports are:

a. The County received an unqualified opinion from the auditors, indicating that the financial statements fairly represent the financial position of Multnomah County.

b. The auditors and management did not encounter any disagreements.

c. The financial reports were prepared according to generally accepted accounting principles.

d. The auditors did not note any audit adjustments.

e. Compliance testing related to provisions of Oregon Revised Statutes per the Oregon Administrative Rules resulted in:

i. Compliance with the legal requirements related to debt.

ii. The appropriate laws pertaining to programs funded by other governmental agencies.

iii. Compliance pertaining to awarding of public contracts and the construction of public improvements.

iv. Compliance with insurance and fidelity bond coverage.

v. Compliance with statutory requirements pertaining to investment of public funds

vi. There were two areas of non-compliance:

1. One instance of non-compliance relating to collateral pledged by depositories to secure the deposit of public funds.

2. Instances of interfund borrowings that were not approved by a resolution or ordinance as required per ORS 294.460.

f. There was one reportable condition noted: In the County's Library system bank deposits are not being reconciled with the Library's circulation and patron account tracking system, Millennium, nor is the Millennium system being reconciled with SAP. In addition, the fines and fees due from library patrons are recorded in the library's software, but have not been recorded in the financial accounting system.

g. The County did not have any budgetary overexpenditures.

h. The County did not have any instances of non-compliance with the Federal Government's OMB Circular A-133 relating to grant monies.

i. In the Auditor's Advisory Comment Letter to Management a number of deficiencies are noted and management's response addressing the resolution of the deficiencies is described.

3. Explain the fiscal impact (current year and ongoing).

No fiscal impact.

4. Explain any legal and/or policy issues involved.

N/A - none

5. Explain any citizen and/or other government participation that has or will take place.

N/A - none

Required Signature

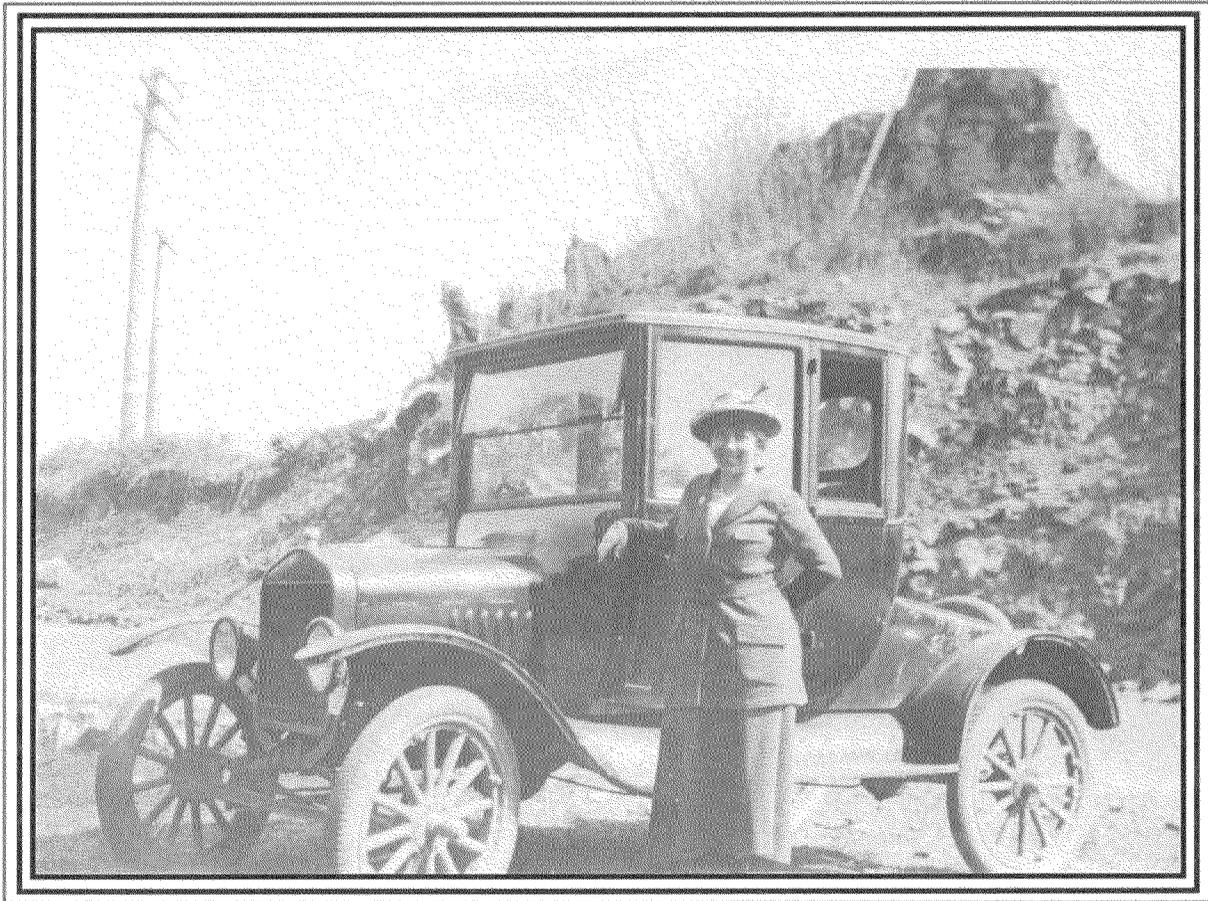
**Elected Official or
Department/
Agency Director:**

A handwritten signature in cursive script, appearing to read "Lavonne Gifford", written over a horizontal line.

Date: Feb. 28, 2007



MULTNOMAH COUNTY OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2006



About the Cover

Pictured on the cover is the first Multnomah County Public Health Nurse, Ruth Young Gould. The Oregon Legislature authorized the appointment of County Health Nurses in 1917 and Multnomah County appointed Gould in late 1920. According to the February (1921) Rural Public Health Nurses' Monthly Report, Ruth drove her car 898 miles throughout rural east Multnomah County, visiting "Gresham, Park Rose, Troutdale, Pleasant Valley, Multnomah, Riverdale and Latourell, and school districts #3, 15, Jt. and 51." During the month she managed 73 cases, made 109 visits, gave 2 talks, and distributed 227 pieces of literature. The activities of the County Public Health Nurse continue today in a variety of Department of Health programs.

Source of photo: Multnomah County Archives accession 2003-000855.

MULTNOMAH COUNTY, OREGON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2006



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



DIANE LINN
Chair



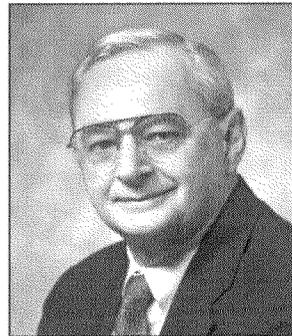
MARIA ROJO DE STEFFEY
Commissioner District 1



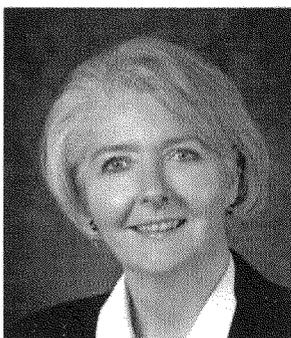
SERENA CRUZ
Commissioner District 2



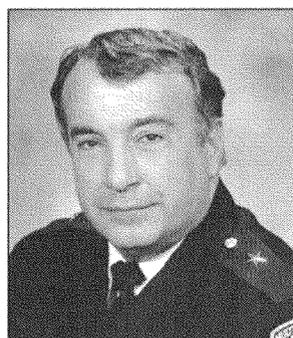
LISA NAITO
Commissioner District 3



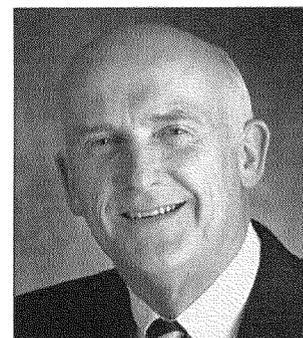
LONNIE ROBERTS
Commissioner District 4



SUZANNE FLYNN
Auditor



BERNIE GIUSTO
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2006
Table of Contents

INTRODUCTORY SECTION

Letter of Transmittal	1
GFOA Certificate of Achievement	7
Organizational Charts	8
List of Principal Officers.....	11

FINANCIAL SECTION

Independent Auditor's Report	12
Management's Discussion and Analysis	14

Basic Financial Statements:

Government-wide Financial Statements:	
Statement of Net Assets	28
Statement of Activities	29

Fund Financial Statements:

Balance Sheet – Governmental Funds.....	31
Reconciliation of the Balance Sheet to the Statement of Net Assets	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	33
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	34
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund.....	35
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Federal and State Program Fund.....	36
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Willamette River Bridges Fund	37
Statement of Net Assets – Proprietary Funds.....	38
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40
Statement of Fiduciary Net Assets – Fiduciary Funds	41
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	42

Notes to Basic Financial Statements	43
Required Supplementary Information	79

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

Combining Balance Sheet – Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	81

Nonmajor Special Revenue Funds:

Combining Balance Sheet.....	82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	84
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Strategic Investment Program Fund	86
Road Fund.....	87
Emergency Communications Fund.....	88
Bicycle Path Construction Fund	89
County School Fund	90
General Reserve Fund.....	91
Land Corner Preservation Fund.....	92
Tax Title Land Sales Fund.....	93
Animal Control Fund.....	94
Recreation Fund.....	95
Library Fund.....	96
Justice Services Special Operations Fund	97
Inmate Welfare Fund	98
Special Excise Tax Fund	99

Nonmajor Debt Service Funds:

Combining Balance Sheet.....	100
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	101
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual: Capital Debt Retirement Fund	102
General Obligation Bond Fund.....	103
PERS Pension Bond Fund	104
Revenue Bond Fund	105

MULTNOMAH COUNTY, OREGON
Table of Contents (continued)

Nonmajor Capital Projects Funds:

Combining Balance Sheet 106

Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances 108

Schedule of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual:

Justice Bond Fund..... 110

Building Project Fund..... 111

Library Construction / 1996 Bonds Fund 112

Capital Improvement Fund 113

Capital Acquisition Fund..... 114

Asset Preservation Fund..... 115

Enterprise Funds:

Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual:

Dunthorpe-Riverdale Service District No. 1
Fund..... 116

Mid County Service District No. 14 Fund..... 117

Behavioral Health Managed Care Fund..... 118

Internal Service Funds:

Combining Statement of Net Assets 119

Combining Statement of Revenues, Expenses, and
Changes in Fund Net Assets 121

Combining Statement of Cash Flows..... 123

Schedule of Revenues, Expenditures, and Changes
in Fund Balances - Budget and Actual:

Risk Management Fund..... 125

Fleet Management Fund..... 126

Information Technology Fund..... 127

Mail/Distribution Fund 128

Facilities Management Fund..... 129

Business Services Fund 130

Agency Funds:

Combining Balance 131

Combining Statement of Changes in Assets and
Liabilities 132

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

Schedule by Source 133

Schedule by Function and Activity 134

Schedule of Changes by Function and Activity 135

Other Schedules:

Schedule of Property Tax Collections and
Outstanding Balances..... 136

Schedule of General Obligation Bonds and Bond
Interest Coupon Transactions..... 137

Schedule of Revenue Bonds Outstanding..... 138

Schedule of General Obligation Bonds
Outstanding 139

Schedule of General Long-Term Lease
Obligations 140

Schedule of Loans Outstanding 141

Schedule of Full Faith and Credit Bonds
Outstanding 143

Schedule of Expenditures of Federal Awards and
Related Notes 145

STATISTICAL INFORMATION SECTION

Net Assets by Component -

Last Five Fiscal Years 155

Changes in Net Assets -

Last Five Fiscal Years..... 156

Fund Balances, Governmental Funds -

Last Ten Fiscal Years..... 158

Changes in Fund Balances, Governmental Funds -

Last Ten Fiscal Years..... 160

Program Revenues by Function/Program -

Last Five Fiscal Years..... 162

Tax Revenues by Source, Governmental Funds -

Last Ten Fiscal Years..... 163

Assessed Valuation and Actual Values of Taxable
Property - Last Ten Fiscal Years..... 164

Property Tax Levies And Collections -

Last Ten Fiscal Years..... 165

Property Tax Rates - Direct and Overlapping
Governments - Last Ten Fiscal Years..... 166

Principal Taxpayers -

Current Year and Nine Years Ago 167

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years..... 168

Ratios of General Bonded Debt Outstanding -

Last Ten Fiscal Years..... 169

Computation of Direct and Overlapping Debt..... 170

Pledged-Revenue Coverage

Last Eight Fiscal Years 171

MULTNOMAH COUNTY, OREGON
Table of Contents (continued)

Legal Debt Margin Information -
 Last Ten Fiscal Years..... 172

Demographic and Economic Statistics -
 Last Ten Calendar Years..... 174

Principal Employers -
 Current Year and Nine Years Ago 175

Full Time Equivalent County Employees by
 Function/Program and Bargaining Unit -
 Last Ten Fiscal Years..... 176

Operating Indicators by Function/Program -
 Last Ten Fiscal Years..... 178

Capital Asset and Infrastructure Statistics by
 Function/Program – Last Ten Fiscal Years..... 182

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

Report of Independent Certified Public Accountants
on the County's Compliance and Certain Items
Based on an Audit of Basic Financial Statements
Performed In Accordance with Federal and
Oregon Auditing Standards..... 184

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 Government Auditing
Standards 186

Report of Independent Certified Public Accountants
on the County's Compliance with Requirements
Applicable to Each Major Program and on Internal
Control Over Compliance in Accordance with
OMB Circular A-133 188

Schedule of Findings and Questioned Costs..... 190

(This page intentionally left blank.)

INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON

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

December 15, 2006

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

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2006, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by State law, 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 188.

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, 2006, 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 692,825 citizens. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

Multnomah County provides a full range of services, including public safety protection; corrections and probation; construction and maintenance of roads, highways, bridges and other infrastructure; health and social services; library and community enhancement; and internal business support. Certain sanitary and lighting services are provided as legally separate Service District Authorities, which function, in essence, as departments of the County and therefore are included in the County's financial statements as component units. 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.

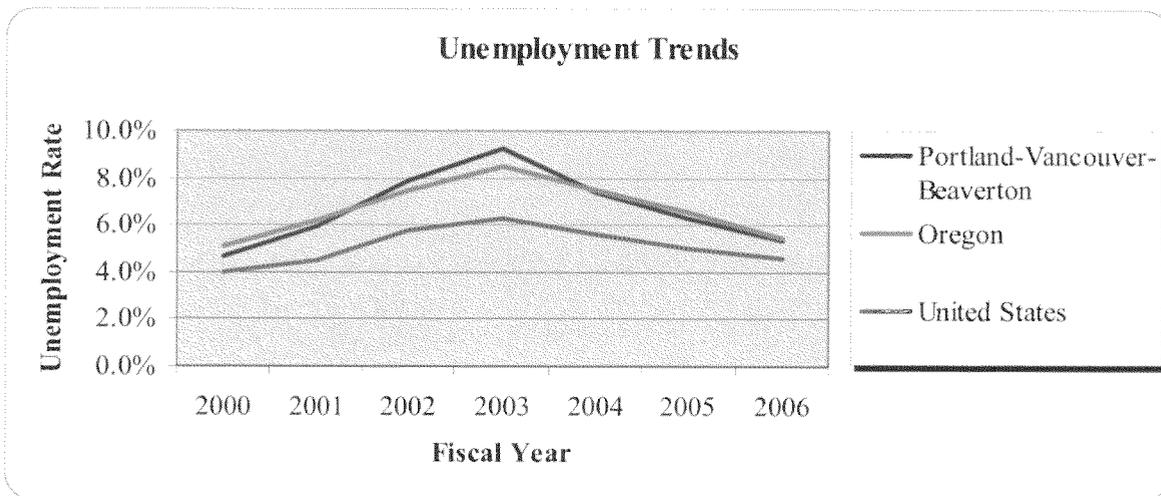
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse 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, two supplemental budgets were adopted.

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund, the Federal State Program special revenue fund and the Willamette River Bridges fund the budget to actual comparisons are provided on pages 35-37 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 80.

FACTORS AFFECTING FINANCIAL CONDITION

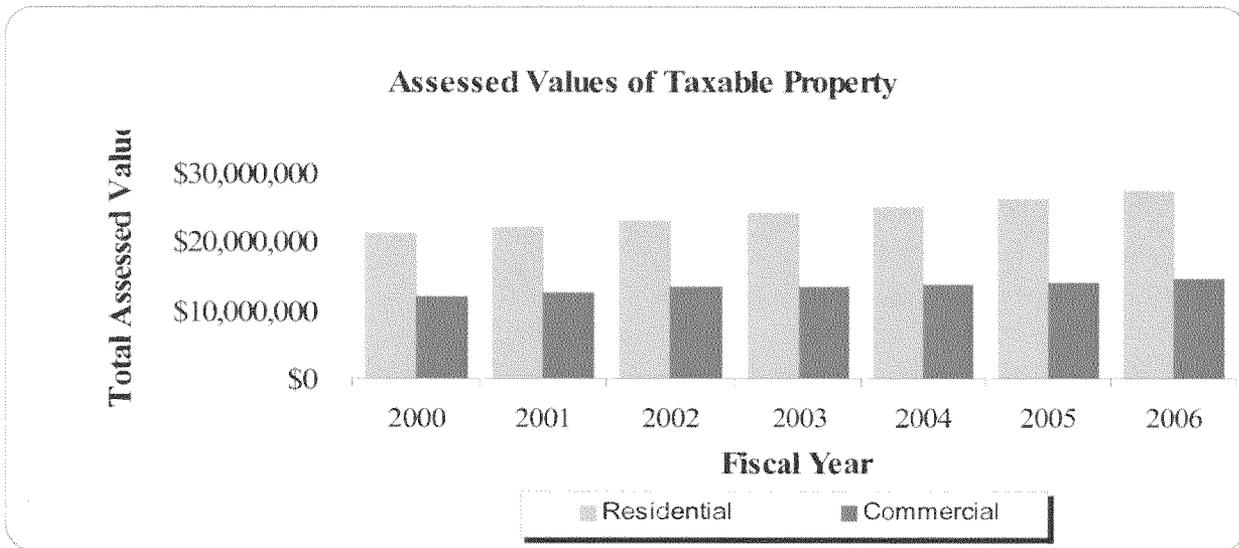
Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy improved throughout fiscal year 2006. The area's unemployment rate had improved to 5.3% at June 30, 2006, compared to a rate of 6.2% at June 30, 2005. However the unemployment rate for the area is still higher than the national average of 4.6% for June of 2006 compared to 5.0% for June 2005. The chart below compares the area's unemployment rate to the State's and the Nation's.



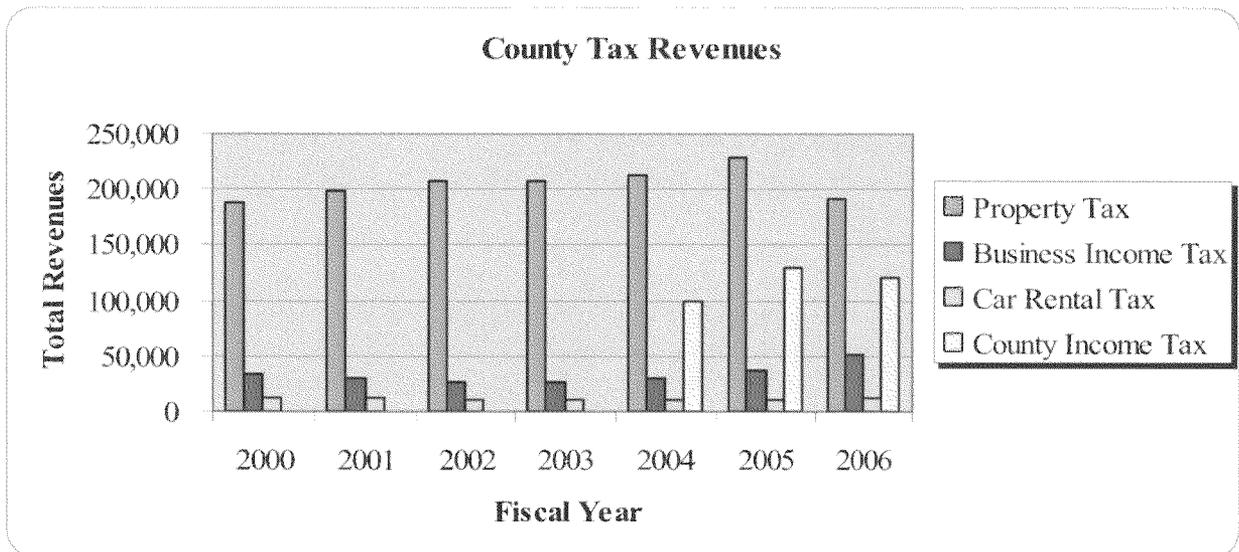
Financial outlook: The financial outlook for the County's general fund over the next five years is somewhat stronger than previous forecasts primarily due to gradual increases in economic conditions in the area. The regional economy is approaching a period of sustainable growth, but given the depth of our recession it will take longer for the region to experience a sizable employment and revenue growth. The State of Oregon has been making a strong push for recovery, but in order to catch up with the nation this trend must continue.

The region's slow but steady growth will impact the County's revenue stream. Property taxes are expected to grow at 2.8% over the next year and new residential and commercial construction will continue to have a major impact on the County in upcoming years. The following chart measures the County's total residential and commercial assessed property tax values over the past seven years. Residential properties have experienced a 29% increase in taxable property values over a seven year period compared to a 22% increase for commercial property values over the same period. The steady increase in residential property is primarily due to new construction in the Portland area, but this increase is expected to level off somewhat due to the slowdown of the housing market.



Business income tax is the second largest source of revenue for the County and it has been set at a rate of 1.45% of net income. Business income tax collections parallel the business cycle. Increased business income tax collections in fiscal year 2006 suggest that we are seeing continued growth after four years of declining revenues, and we expect this trend to continue in the upcoming years. In addition, motor vehicle rental taxes which have decreased over the past three years are expected to grow by 2.5% as travelers gain confidence and we see an increase in air traffic and car rentals in Portland. Overall revenue growth is forecast between 2.5% to 3.5% over the next five years. Expenditures are expected to grow between 4.5% and 6.0% annually, taking into account the normal rate of inflation, employee benefits and long term fixed costs.

During 2003 Multnomah County voters approved a temporary personal income tax of 1.25% for residents to fund services for fiscal years 2004, 2005, and 2006. The tax primarily provides support to the schools in the County but also provides support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax would be imposed, and the County's general fund recognized \$120,919 as compared to \$130,187 in tax revenue in fiscal year 2005. In fiscal year 2006 the County began planning for the end of the three year personal income tax. The graph below highlights the County's major tax revenues sources.



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

The County's adopted financial and budget policies include the use of one-time only resources because in the short run it appears more beneficial to allocate such resources to the highest priority public service that would otherwise be unfunded than to restrict them to costs that will not recur in following years. However, the result of this practice is to expand operational levels and public expectations beyond the capacity of the organization to generate continuing funding which can lead to future budget shortfalls. As mentioned earlier, fiscal year 2006 was the last year of the three year temporary personal income tax measure and the County has begun to establish necessary general fund reserves to lessen the impact of the sunset of the personal income tax revenues. The 2007 adopted budget includes approximately \$16,000 of one-time only funds. These one-time only funds include \$6,000 for public safety programs, \$2,755 for health and social services programs, and \$2,474 for programs offered in the schools. In preparing the 2008 budget, the County will be in the position of identifying programs that will no longer receive funding due to a lack of ongoing resources.

The County's financial and budget policies also state the Board acknowledges that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain two general fund reserves designated as unappropriated fund balance and funded at approximately 5% each of total budgeted revenues of the general fund. These reserves are to be used for periods where revenues experience significant declines or used for non-recurring extreme emergencies such as disaster relief. Maintaining an appropriate reserve also helps the County maintain its favorable bond rating, which is currently Aa1 from Moody's Investors Services.

Long-term financial planning. The County Chair has an Executive Committee that includes the Board Chair's Chief Operating Officer, Department Directors, and the Chief Financial Officer. The Executive Committee holds ongoing planning sessions to develop short-term and long-term goals and to address the financial stability of the County. The County's Chief Financial Officer also meets with City of Portland Financial and Budget Officers and with representatives from the City of Gresham to confer on financial issues that either overlap or impact each entity.

Major initiatives. The construction on the County's new 525-bed Wapato jail and secure alcohol and drug treatment facility was completed during fiscal year 2005. Currently there are insufficient funds to operate this facility and as a result the jail remains empty. The Chair and the Sheriff are in discussions with State of Oregon corrections officials about leasing the facility or renting jail beds to the State or to other jurisdictions. Other capital project initiatives include addressing the County's bridge rehabilitation and replacement needs. Thus far the County has been successful in obtaining \$25,000 in State and Federal awards for current bridge projects but an estimated long-term shortfall of \$215,000 still exists between identified needs and identified funds over the next twenty years. The County is currently engaged in a project to replace the Sauvie Island bridge. The total cost for the Sauvie Island bridge project is estimated to be \$45,500 and the project is estimated to be completed in 2009.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its comprehensive annual financial report (CAFR) for the year ended June 30, 2005. This was the twenty-first year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

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

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

Respectfully Submitted,



Mindy Harris
Chief Financial Officer



Cara Fitzpatrick
Accounting Manager

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, 2005

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.



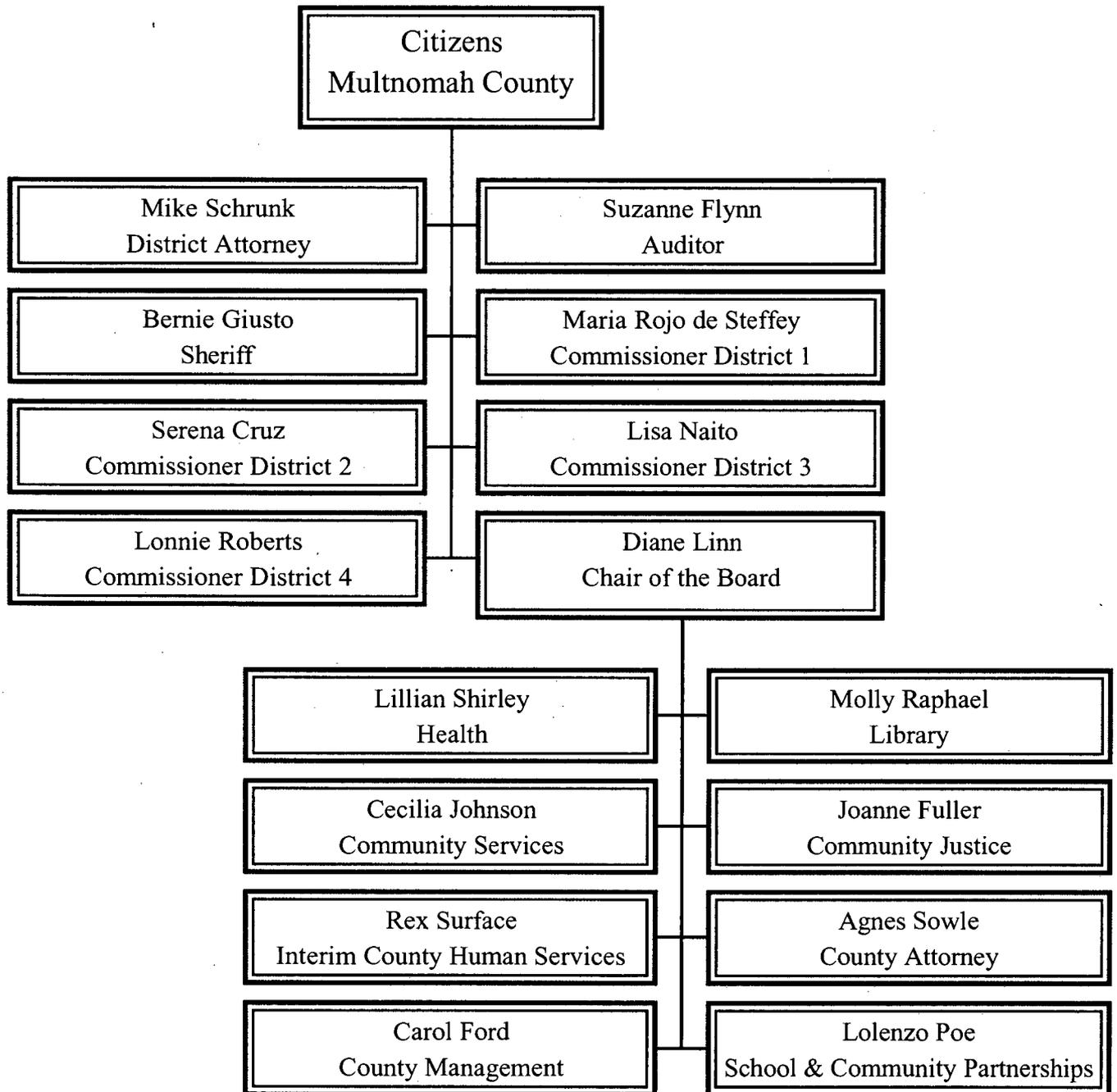
Carla E. Perry

President

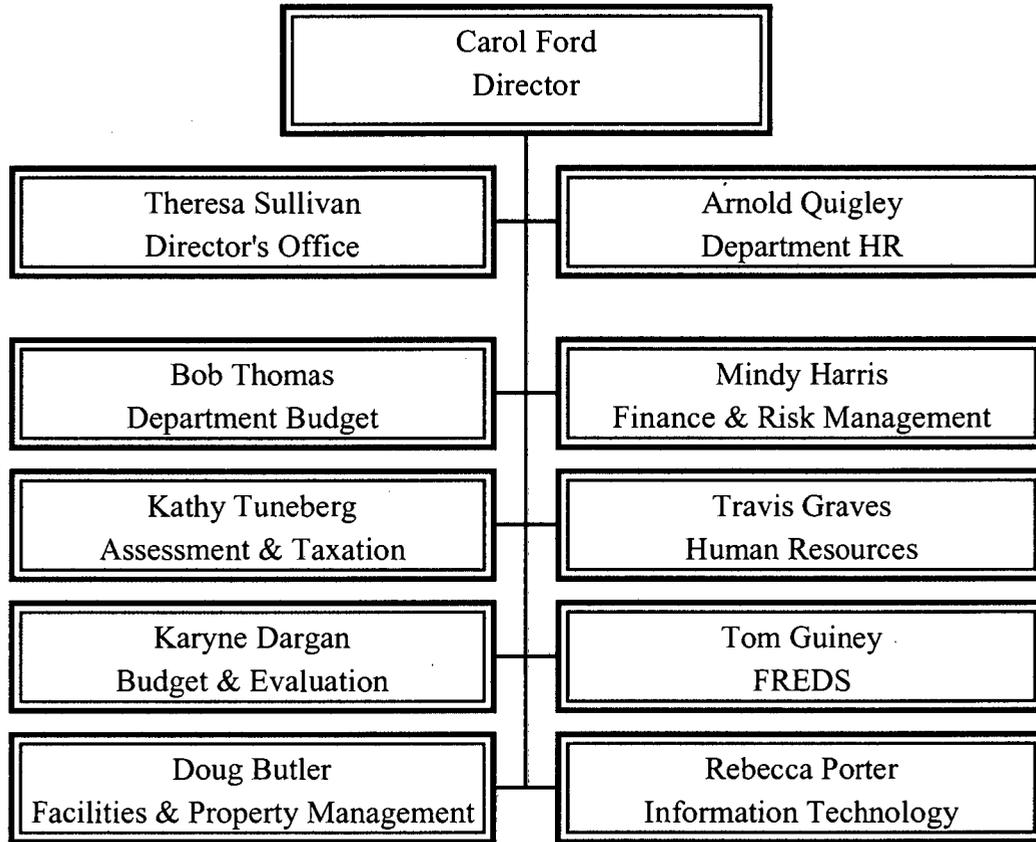
Jeffrey R. Emmer

Executive Director

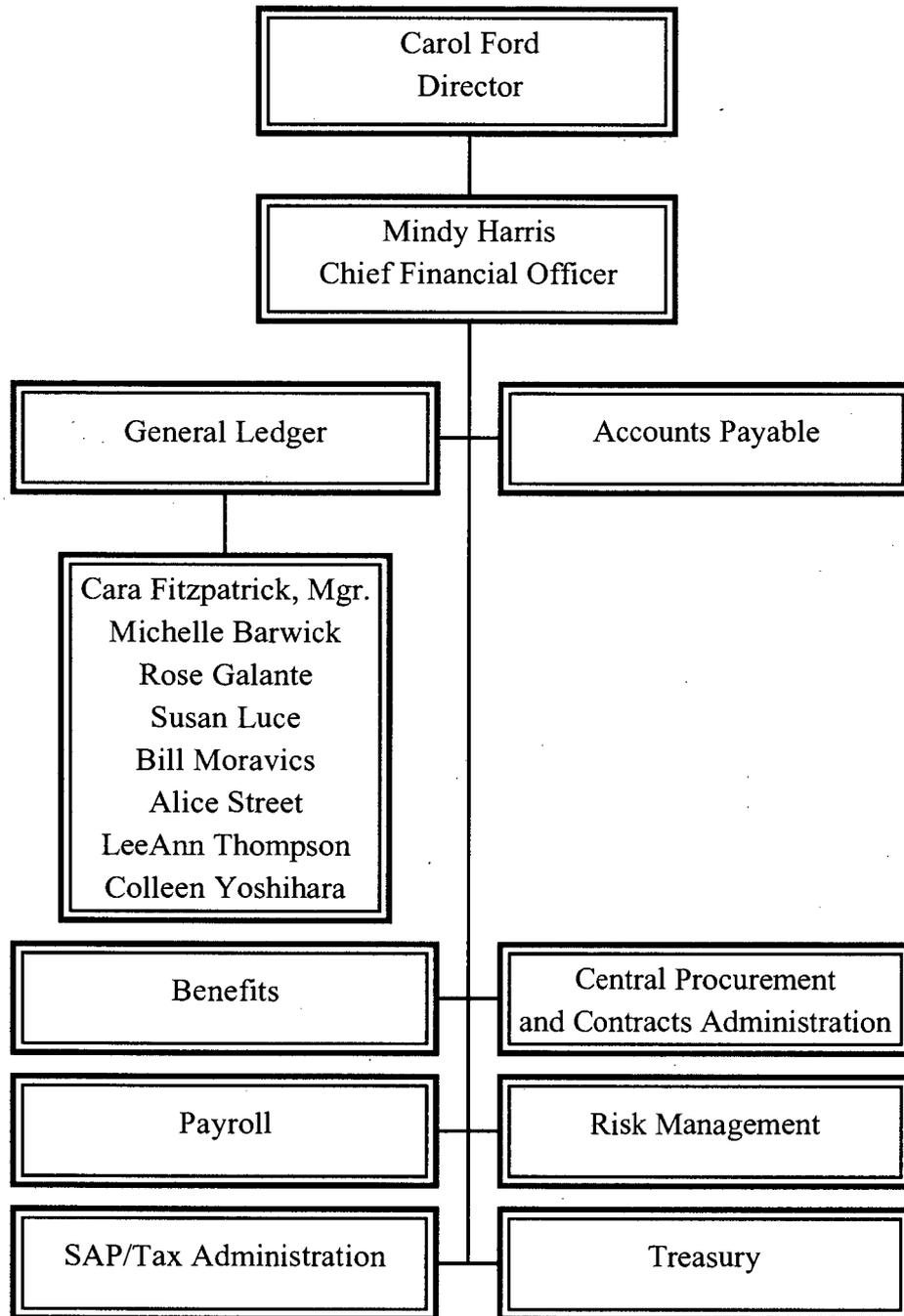
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



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



MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2006
Principal Officers

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
<u>Board of County Commissioners</u>		
Chair of Board	Diane Linn 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2006
District No. 1	Maria Rojo de Steffey 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2008
District No. 2	Serena Cruz 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2006
District No. 3	Lisa Naito 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2008
District No. 4	Lonnie Roberts 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2008
<u>Other Elected Officers</u>		
County Auditor	Suzanne Flynn 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2006
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2008
County Sheriff	Bernie Giusto 501 SE Hawthorne, 3 rd Floor Portland, OR 97214	12/31/2006
<u>Other Appointed Officers</u>		
Chief Financial Officer	Mindy Harris	Not elected
County Attorney	Agnes Sowle	Not elected

(This page intentionally left blank.)

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Multnomah County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit. The financial statements of Multnomah County, Oregon as of June 30, 2005, were audited by other auditors whose report dated November 4, 2005, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of Multnomah County, Oregon'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, budgetary comparison, and OPERS information on pages 14 through 27, 35 through 37, and 79 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 the management's discussion and analysis on pages 14 through 27 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. The schedules of revenues, expenditures, and changes in fund balance – budget and actual, on pages 35 through 37 and the schedule of OPERS funding progress on page 79, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Multnomah County, Oregon's, basic financial statements. The introductory section, combining and individual fund statements and schedules, other schedules, 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 the 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
December 8, 2006



Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne, Suite 531
Portland, Oregon 97214
(503) 988-3903 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, 2006. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report. All dollar amounts, unless otherwise indicated, are expressed in thousands.

Financial Highlights

- Multnomah County's assets exceeded its liabilities at June 30, 2006, by \$544,274 (*net assets*). Of this amount, \$4,244 is restricted for bridge rehabilitation projects, \$8,797 is restricted for capital improvement projects, \$7,293 is restricted for various community support programs and \$51,054 is restricted for future years' debt service.
- Total net assets decreased by \$102,989 or 16% in fiscal year 2006. The primary reason for the decrease is the recording of a loss on the transfer of approximately 50 miles of County roads to a neighboring jurisdiction, the City of Gresham. The total loss recognized in the Statement of Activities on the road transfer agreement was \$108,555.
- In fiscal year 2006, the County early implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Early adoption of this accounting standard had a cumulative effect to increase beginning of the year net assets by \$21,091. The current year's expense for the net other postemployment benefits obligation was \$10,643 recorded in the governmental activities general government line item and the related long-term liability at June 30, 2006 is recorded in the amount of \$44,742 in the Statement of Net Assets.
- In governmental activities, business income tax revenues increased by \$14,517 or 40% over the prior year. The County's business income tax revenues are directly linked to the increase in the local economy. Also in recent years County management have made collection efforts on business income taxes a higher priority leading to increased revenues.
- Property tax revenues continue to increase steadily each year and were up by 6% or \$12,356 over the prior year due to new construction and a stronger overall economy.
- The County's capital grants and contributions for governmental activities decreased by \$28,887 or 85% due to the one time \$25,000 grant revenue recognized in fiscal year 2005 from the Oregon Transportation Investment Act to help revitalize the County's aging bridges.
- General government expenses for governmental activities decreased by \$14,493 or 11% from fiscal year 2005. The decrease in expenses is directly related to the decrease in the County's distribution of personal income tax collections. The temporary personal income tax ended with calendar year 2005 and as a result the County's revenues and distributions related to the temporary tax decreased during fiscal year 2006.
- The overall decrease in net assets is also directly affected by the County's three-year 1.25% personal income tax for residents of Multnomah County. The County's personal income tax revenues and related distributions have significantly decreased in 2006 as compared to 2005. Calendar year 2005 was the last year for the three year temporary personal income tax. In fiscal year 2006 personal income tax revenues are down by \$64,813 or 52% from 2005 with related distributions down by \$34,907 or 40%. In 2006, only the remaining half of calendar year 2005 personal income tax revenues were recognized resulting in lower overall revenues during fiscal year 2006.

- Business-type activities net assets increased by \$1,226 or 27% in fiscal year 2006. The increase is primarily recorded in the net assets of the Behavioral Health Managed Care fund. This increase is a direct result of the State's redesign of the population served by the Oregon Health Plan. During 2006 children's intensive mental health services which were previously administered by the State were transferred to the County's Verity member plan, a mental health organization, recorded in the Behavioral Health Managed Care fund. This change in the Verity population increased the per-member premium resulting in increased revenues and related expenses in the Behavioral Health Managed Care fund.
- Business-type activities total assets increased by \$3,617 or 56% over the prior year and total liabilities increased by \$2,391 or 125% from fiscal year 2005. The increase is in the Behavioral Health Managed Care fund. The fund's incurred but not reported liability increased significantly over the prior year due to a change in the Verity plan members as discussed previously along with a change in the process to provide mental health services on a fee for service basis rather than a capitated services model.
- Total assets of the County decreased by \$142,039 or approximately 12%. Most of this decrease is noted in capital assets, net of accumulated depreciation for governmental activities. In fiscal year 2006, capital assets net of accumulated depreciation for governmental activities reported \$534,008 which was a decrease of \$128,141 or 19% from prior year as a result of the transfer of approximately 50 miles of County roads to the City of Gresham.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$166,185, an increase of \$30,587 in comparison with the prior year's increase of \$49,507. The decrease in the net change in governmental fund balances is primarily due to the \$25,000 grant revenue recognized in fiscal year 2005 from the Oregon Transportation Investment Act to help revitalize the County's aging bridges. The County did not receive any additional capital grant contributions in fiscal year 2006 from the Oregon Transportation Investment Act.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$54,441, or approximately 14% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, health and social services,

public safety and justice, community services, roads and bridges, and libraries. The business-type activities of the County include sanitary sewer and street lighting districts, and a behavioral health managed care operation.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also a legally separate sanitary sewer district and a legally separate street lighting district, for which the County is financially accountable. Financial information for these two *blended component units* is reported separately from the financial information presented for the County itself.

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

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

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

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

The County maintains 27 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, Federal State Program Fund, and the Willamette River Bridges Fund, all of which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

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

Proprietary funds. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for its sewer and lighting operations, and for behavioral health managed care services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses *internal service funds* to account for its risk management activities, fleet operations, telephone and data processing systems, mail distribution, facilities management operations, and business services 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 38-40 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 pages 41-42 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 131-132 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 43 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 80 of this report.

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 \$544,274 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2006	2005 (Restated)	2006	2005	2006	2005 (Restated)
Current and other assets	\$ 457,974	\$ 493,898	\$7,136	\$3,927	\$ 465,110	\$ 497,825
Capital assets	617,298	727,030	2,985	2,577	620,283	729,607
Total assets	1,075,272	1,220,928	10,121	6,504	1,085,393	1,227,432
Long-term liabilities outstanding	399,447	412,055	38	10	399,485	412,065
Other liabilities	137,366	166,199	4,268	1,905	141,634	168,104
Total liabilities	536,813	578,254	4,306	1,915	541,119	580,169
Net assets:						
Invested in capital assets, net of related debt	434,866	523,606	2,985	2,577	437,851	526,183
Restricted	71,388	100,156	-	-	71,388	100,156
Unrestricted	32,205	18,912	2,830	2,012	35,035	20,924
Total net assets	\$ 538,459	\$ 642,674	\$5,815	\$4,589	\$ 544,274	\$ 647,263

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 \$437,851 as compared to \$526,183 a year ago. The decrease in the investment in capital assets net of related debt is related

to the transfer of approximately 50 miles of County roads to the City of Gresham. During fiscal year 2006 the County paid approximately \$14,280 in debt related to capital assets. The County uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The County's restricted net assets in the amount of \$71,388 or approximately 13% are restricted for capital projects, debt service, various community support programs and bridge rehabilitation. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$35,035 or approximately 6%. At the end of the current year, the County is able to report positive balances in all categories of net assets for the government as a whole.

Total net assets decreased by \$102,989 during the current fiscal year. This decrease is primarily attributable to the transfer of approximately 50 miles of County roads to the City of Gresham, resulting in a loss of \$108,555 on disposal of capital noted as a special line item in Statement of Activities.

The following is a summary of the County's changes in net assets for fiscal years 2005 and 2006.

Multnomah County's Changes in Net Assets

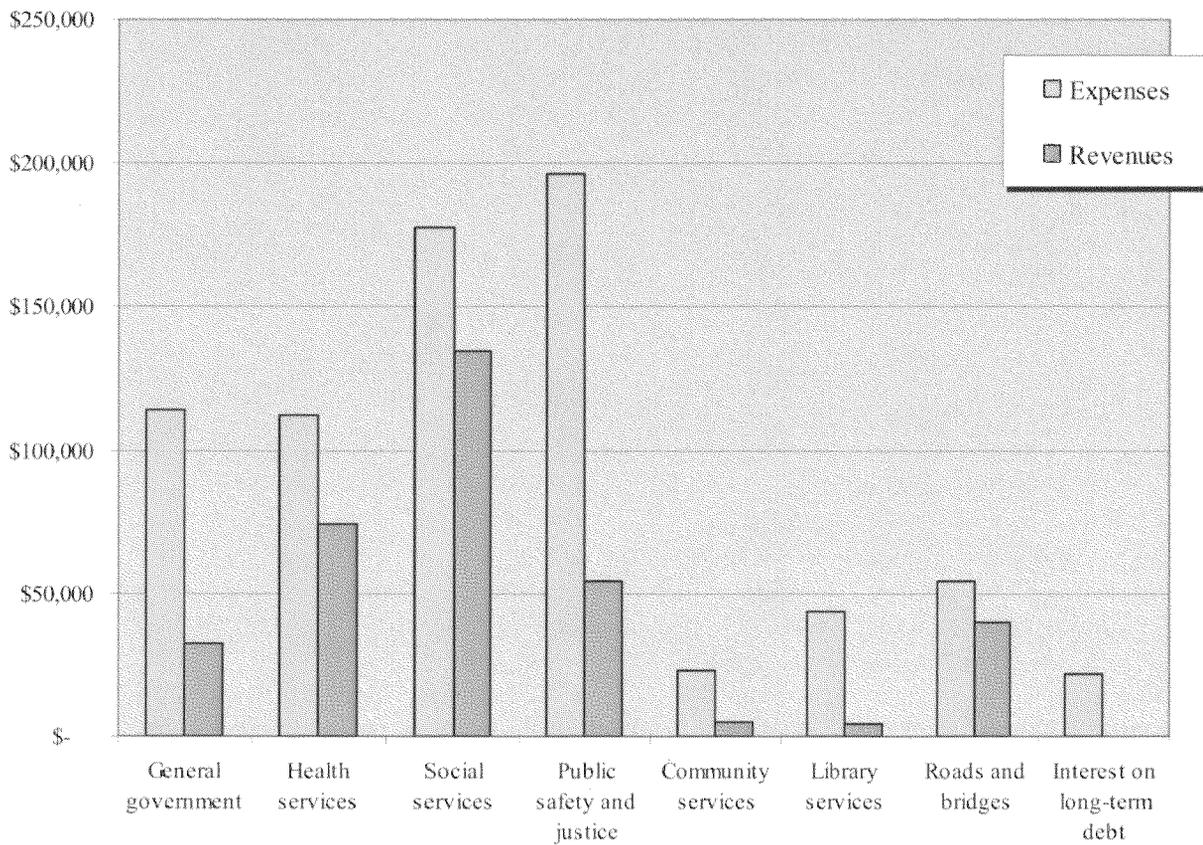
	Governmental Activities		Business-type Activities		Total	
	2006	2005 (Restated)	2006	2005	2006	2005 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 91,180	\$ 85,955	\$35,268	\$30,184	\$126,448	\$116,139
Operating grants and contributions	247,933	256,489	-	-	247,933	256,489
Capital grants and contributions	5,272	34,149	82	238	5,354	34,387
General revenues:						
Taxes:						
Property taxes	229,227	216,871	-	-	229,227	216,871
Personal income taxes	59,764	124,577	-	-	59,764	124,577
Business income taxes	50,980	36,463	-	-	50,980	36,463
Other taxes	39,163	36,658	-	-	39,163	36,658
State government shared revenues	8,692	6,741	-	-	8,692	6,741
Grants and contributions not restricted to specific programs	2	1,150	-	-	2	1,150
Interest and investment earnings	10,094	4,943	251	121	10,345	5,064
Miscellaneous	4,007	2,233	-	113	4,007	2,346
Gain on sale of capital assets	1,607	166	-	-	1,607	166
Total revenues	747,921	806,395	35,601	30,656	783,522	837,051
Expenses:						
General government	114,378	128,871	-	-	114,378	128,871
Health services	112,201	106,551	-	-	112,201	106,551
Social services	177,891	181,194	-	-	177,891	181,194
Public safety and justice	196,167	192,005	-	-	196,167	192,005
Community services	23,336	21,795	-	-	23,336	21,795
Library services	43,530	41,357	-	-	43,530	41,357
Roads and bridges	54,256	56,781	-	-	54,256	56,781
Interest on long-term debt	21,822	18,058	-	-	21,822	18,058
Dunthorpe-Riverdale Service District Number 1	-	-	407	487	407	487
Mid County Service District Number 14	-	-	328	495	328	495
Behavioral Health Managed Care	-	-	33,640	29,480	33,640	29,480
Total expenses	743,581	746,612	34,375	30,462	777,956	777,074
Special items:						
Loss on transfer of County roads	(108,555)	-	-	-	(108,555)	-
Increase (decrease) in net assets	(104,215)	59,783	1,226	194	(102,989)	59,977
Cumulative effect of change in accounting principle	-	21,091	-	-	-	21,091
Beginning net assets	642,674	561,800	4,589	4,395	647,263	566,195
Ending net assets	\$538,459	\$642,674	\$ 5,815	\$ 4,589	\$544,274	\$647,263

Governmental activities. Governmental activities decreased the County's net assets by \$104,215; key elements of this decrease are highlighted below:

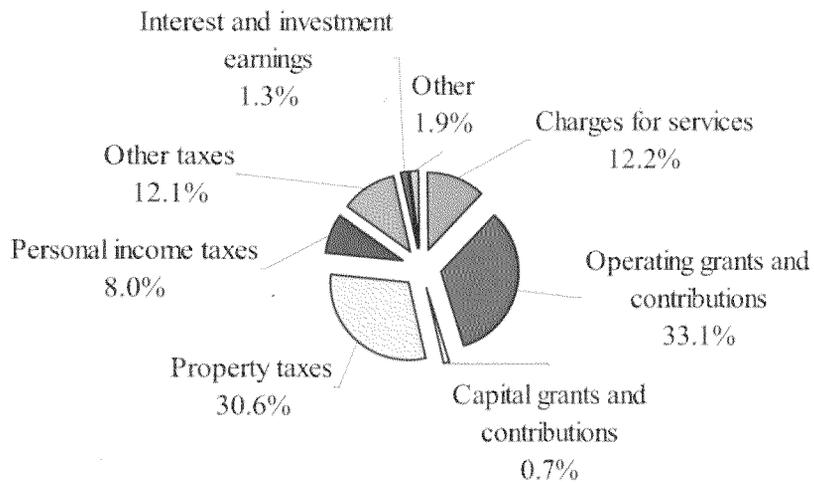
- Included in special items is the loss on disposal of capital assets of \$108,555 as a result of transferring ownership of County roads within to the City of Gresham. In January 2006, the County transferred approximately 50 miles of County roads to the City of Gresham. A feasibility study determined that due to flat revenues, binding intergovernmental agreements and rising costs of maintenance, the County Road fund was no longer in a position to continue providing financial resources or a specific service level to roads transferred to another jurisdiction without compromising service levels to other County transportation responsibilities. Therefore, the partners agreed that it was in the best interest of the County and the City of Gresham to transfer jurisdiction of County roads within the City of Gresham to the City.
- General government expenses decreased by \$14,493 or approximately 11%, due to a decrease in the County's distributions for personal income tax collections. Total distributions were down by \$34,907 in 2006 compared to 2005. Personal income tax distributions also parallel personal income tax revenues. The decrease from 2005 in personal income taxes is due to the sunset of the temporary tax, with calendar year 2005 being the final year of the tax. Half of the income tax revenues for calendar year 2005 were recorded in fiscal year 2005, resulting in only the remaining half of the revenues recorded in fiscal year 2006. This resulted in a decrease of \$64,813 or 52% from the prior year.
- Also included in the general government activities line item is \$10,643 representing the current year effect to record the net other postemployment benefits obligation as a result of early implementing GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.
- Capital grants and contributions decreased by \$28,877 or 85% from 2005 due to the \$25,000 one-time capital grant award recorded in fiscal year 2005 from the Oregon Transportation Investment Act to help fund repair and replacement of deteriorating County bridges.
- General County revenues for business income taxes were higher by \$14,517 or 40% in 2006 compared to 2005 due to a significant commercial real estate transaction. In 2006 a building in the County sold for approximately \$123,000, resulting in a significant increase in business income tax due by the commercial real estate firm handling the transaction.

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source, Governmental Activities



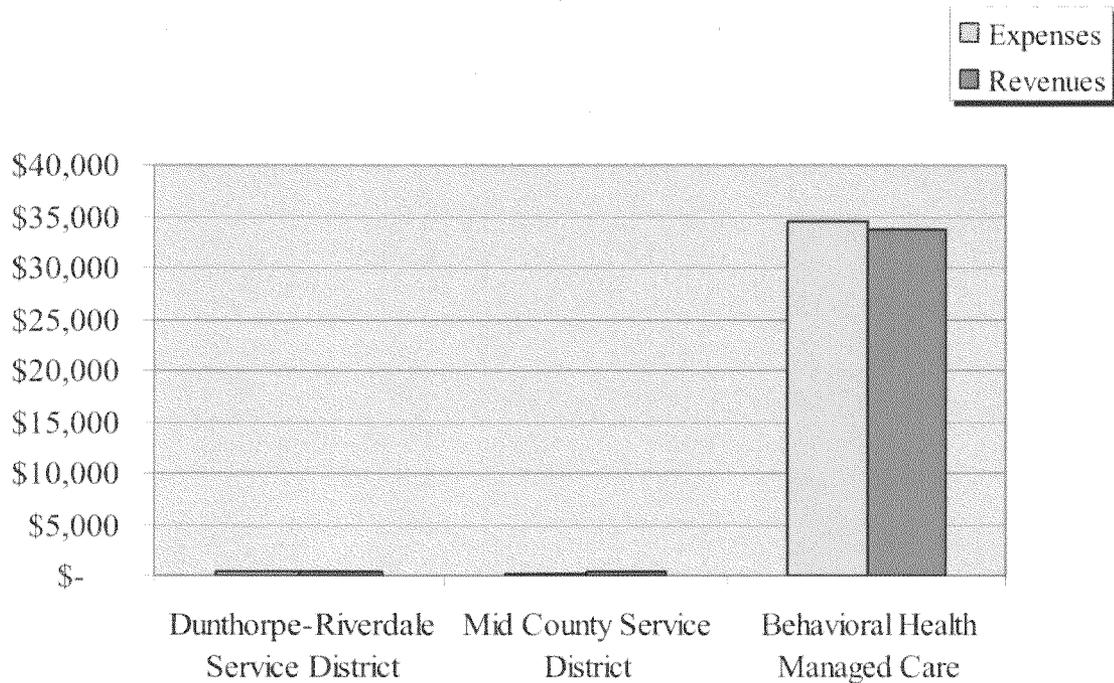
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

Business-type activities. Business-type activities increased the County's net assets by \$1,226, compared to an increase of \$194 in the prior year. The primary reasons for the current year's increase are:

- Interest revenue increased by \$130, or approximately 107% from the prior year due to improved economic conditions and higher cash balances in 2006.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2006 the District collected \$294 in fines, fees and charges for services which is an increase over the prior year by \$5 or 2%.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2006 the District collected \$455 in fines, fees and charges for services which is an increase over the prior year by \$32 or 8%.
- The Behavioral Health Managed Care fund manages the insurance for Medicaid and Oregon Health plan enrolled members within Multnomah County. Revenues in the Behavioral Health Managed Care fund are up by \$5,047 or 17% from 2005 and expenses increased by \$4,160 or 14% over 2005 as a result the State's redesign of the population served by the Oregon Health Plan. During 2006 children's intensive mental health services which were previously administered by the State were transferred to the County's Verity member plan, a mental health organization. This change in the Verity population increased the per-member premium resulting in increased revenues and related expenses in the Behavioral Health Managed Care fund.

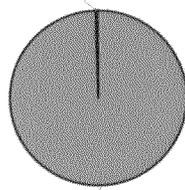
The following graphs show the County's Business-type Activities expenses and revenues by program area and revenue by sources.

Expenses and Revenues - Business-type Activities



Revenues by Source - Business-type Activities

Capital grants
and
contributions
0.2%



Charges for
services
99.8%

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 \$166,185, an increase of \$30,587 over the prior year. Approximately 67% or \$111,698 of this total amount constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for discretionary spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$6,049), 2) to pay debt service (\$37,172), or 3) to pay for ongoing capital projects (\$11,266).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$54,441 in the General Fund or approximately 99% of the total fund balance of \$54,964. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund increased by \$12,548 during the current fiscal year. The primary factors for this increase can be attributed to increased business income tax revenues combined with additional property tax revenues as a result of a stronger economy and additional urban growth.

The Federal and State Program Special Revenue Fund has a total fund balance of \$4,544, of which \$4,480 is reserved for prepaid items and inventories. The remaining \$64 is unreserved. The fund balance increased over the prior year by \$4,544 primarily due to the biennium settlement for the State Mental Health Grant for mental health services. Settlement funds from the State Mental Health Grant can be carried forward for use in future fiscal years.

The Willamette River Bridges Special Revenue Fund has a total fund balance of \$28,277, all of which is unreserved. The fund balance decreased from the prior year by \$2,441 as a result of planning and design construction costs for future County bridge rehabilitation and replacement.

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, \$65
- Mid County Service District Fund, \$357
- Behavioral Health Managed Care Fund, \$2,408

The total change in net assets for all proprietary funds was \$1,226. 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 significant differences between the original budget and the final amended General Fund budget related to business income tax and personal income tax revenues. Budget modifications to the original budget included adjustments to increase the budget for personal income tax revenues and business income tax revenues. The budget for business income tax revenue was increased to reflect the stronger economy and higher collections realized throughout fiscal year 2006. Personal income tax was increased as calendar year 2005 was the final

year for the temporary tax and fiscal year 2006 noted stronger collections in the final year of the tax. Also, budgeted expenditures in Nondepartmental agencies were increased to allow for distributions related to these increases in budgeted revenues. Additionally, the County aggressively managed expenditures during the year in all program areas.

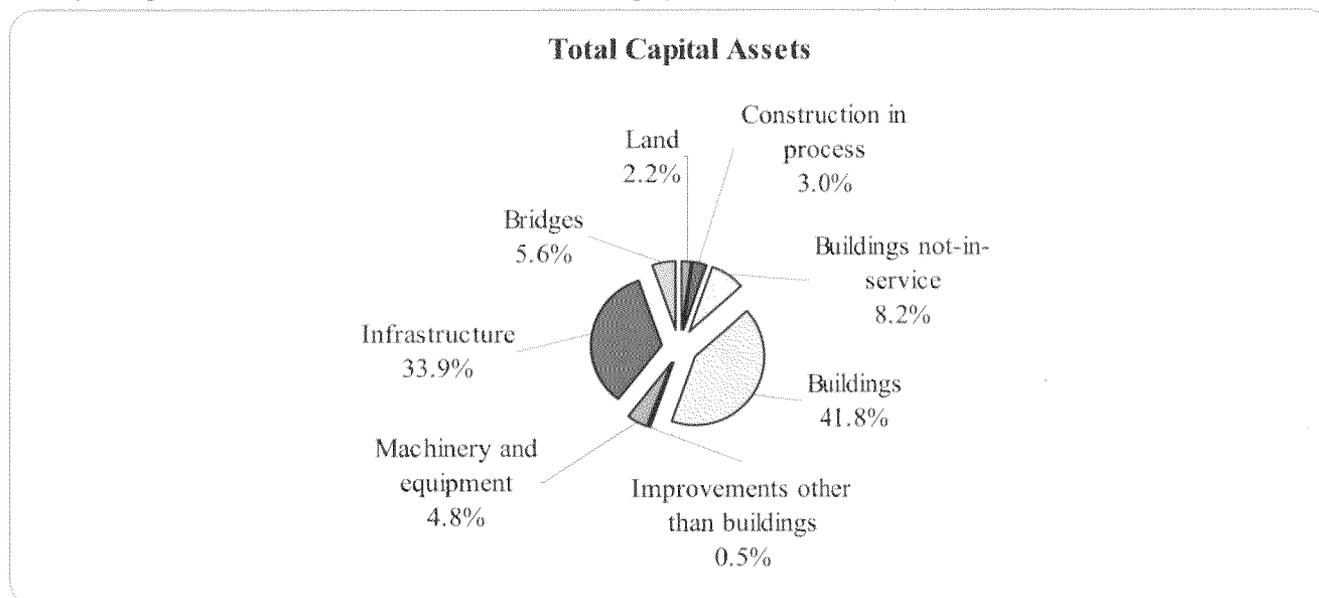
Capital Projects and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$620,283 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County's investment in capital assets for the current fiscal year was a decrease of \$109,324 or approximately 15%. The primary reason for the decrease in capital assets during the year is the transfer of approximately 50 miles of County roads to the City of Gresham. The road disposition removed \$108,555 of net book value in infrastructure from the County's capital assets.

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

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$ 13,787	\$ 13,717	\$ -	\$ -	\$ 13,787	\$ 13,717
Construction in process	18,339	-	-	-	18,339	-
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	259,051	264,045	-	-	259,051	264,045
Improvements other than buildings	206	215	2,985	2,577	3,191	2,792
Machinery and equipment	29,708	27,859	-	-	29,708	27,859
Bridges	34,466	36,062	-	-	34,466	36,062
Infrastructure	210,577	333,968	-	-	210,577	333,968
Total capital assets	\$ 617,298	\$ 727,030	\$ 2,985	\$ 2,577	\$ 620,283	\$ 729,607

The following chart indicates the County's capital assets as of June, 30, 2006. Additional information on the County's capital assets can be found in note 4.C on pages 60-61 of this report.



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$359,568. Of this amount, \$75,340 comprises debt backed by the general obligation bonds; \$257,915 represents debt backed by the full faith and credit bonds; \$449 comprises long term lease 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	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 75,340	\$ 81,025	\$ -	\$ -	\$ 75,340	\$ 81,025
Revenue bonds	6,420	6,935	-	-	6,420	6,935
Full faith and credit bonds	257,915	267,225	-	-	257,915	267,225
Capital leases	19,444	27,971	-	-	19,444	27,971
Loans	449	542	-	-	449	542
Total outstanding debt	\$ 359,568	\$ 383,698	\$ -	\$ -	\$ 359,568	\$ 383,698

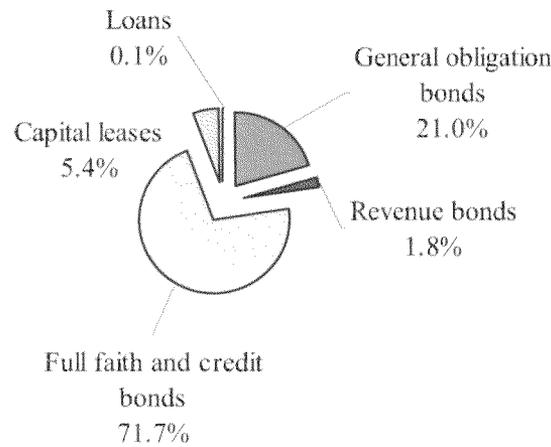
The County's total debt decreased by \$24,130 or approximately 6% during the current fiscal year. Significant changes to the County's long-term debt during 2006 include recording a capital lease in the amount of \$1,093 and reclassifying a capital lease in the amount of \$6,890 to an operating lease.

The County maintains an "Aa1" rating 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 \$1,561,961, 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 \$780,980, which is in excess of the County's outstanding full faith and credit debt.

The following chart indicates the County's long-term liabilities as of June 30, 2006. Additional information on the County's long-term liabilities can be found in note 4.G on pages 63-71 of this report.

Total Outstanding Long-Term Debt



Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 5.3% which is an improvement over the unemployment rate of 6.2% a year ago. The rate is not expected to change significantly before the end of the next fiscal year.
- In 2003 Multnomah County voters approved a three year temporary income tax of 1.25%. The tax generated \$100,114, \$130,187 and \$120,919 in fiscal years 2004, 2005, and 2006, respectively. As the temporary income tax effectively ended in calendar year 2005, future collections will be significantly lower and efforts will be concentrated on non-filers.
- It is anticipated that business income tax revenues will be approximately \$8,000 or 15% higher in the coming year than the 2007 budgeted amount due to continuously improving economic conditions in the region.
- Property tax revenues are not expected to be significantly different than the original budget estimates.

All of these factors were considered in preparing the County's budget for fiscal year 2006-2007.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$54,441. This increase should also enable the County to maintain fully funded reserves at the levels recommended by bond rating agencies.

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON

Statement of Net Assets

June 30, 2006

(amounts expressed in thousands)

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Current assets:			
Cash and investments	\$ 200,423	\$ 7,104	\$ 207,527
Receivables (net of allowance for uncollectibles):			
Taxes	27,363	-	27,363
Accounts	66,660	3	66,663
Loans	800	-	800
Interest	836	-	836
Special assessments	10	29	39
Contracts	7,308	-	7,308
Inventories	3,201	-	3,201
Prepaid items	5,188	-	5,188
Restricted cash and investments	1,709	-	1,709
Non-current assets:			
Capital assets:			
Land and construction in progress	32,126	-	32,126
Buildings-not in service, not depreciating	51,164	-	51,164
Other capital assets (net of accumulated depreciation)	534,008	2,985	536,993
Other assets, net of amortization	144,476	-	144,476
Total assets	<u>1,075,272</u>	<u>10,121</u>	<u>1,085,393</u>
LIABILITIES			
Accounts payable	73,024	4,245	77,269
Claims and judgments payable	10,627	-	10,627
Accrued salaries and benefits	6,994	15	7,009
Accrued interest payable	3,328	-	3,328
Unearned revenue	16,975	-	16,975
Due within one year:			
Compensated absences	6,086	8	6,094
Note payable	400	-	400
Bonds payable	17,000	-	17,000
Capital leases payable	2,845	-	2,845
Loans payable	87	-	87
Noncurrent liabilities:			
Due in more than one year:			
Compensated absences	13,518	38	13,556
Bonds payable	322,675	-	322,675
Capital leases payable	16,599	-	16,599
Loans payable	362	-	362
Deferred lease obligation	1,551	-	1,551
Net other postemployment benefits obligation	44,742	-	44,742
Total liabilities	<u>536,813</u>	<u>4,306</u>	<u>541,119</u>
NET ASSETS			
Invested in capital assets, net of related debt	434,866	2,985	437,851
Restricted for:			
Bridge rehabilitation	4,244	-	4,244
Capital projects	8,797	-	8,797
Community support programs	7,293	-	7,293
Debt service	51,054	-	51,054
Unrestricted	32,205	2,830	35,035
Total net assets	<u>\$ 538,459</u>	<u>\$ 5,815</u>	<u>\$ 544,274</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, 2006
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 114,378	\$ 25,531	\$ 6,912	\$ 144
Health services	112,201	44,406	29,597	-
Social services	177,891	1,210	133,684	-
Public safety and justice	196,167	16,600	37,678	-
Community services	23,336	8	4,704	-
Library	43,530	1,641	2,298	167
Roads and bridges	54,256	1,784	33,060	4,961
Interest on long-term debt	21,822	-	-	-
Total governmental activities	743,581	91,180	247,933	5,272
Business-type activities:				
Dunthorpe-Riverdale Service				
District Number 1	407	455	-	-
Mid County Service				
District Number 14	328	294	-	82
Behavioral health managed care	33,640	34,519	-	-
Total business-type activities	34,375	35,268	-	82
Total primary government	\$ 777,956	\$ 126,448	\$ 247,933	\$ 5,354

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

Transfers

Special items:

Loss on transfer of County roads

Total general revenues and special items

Change in net assets

Net assets - as previously reported

Cumulative effect of change in accounting principle

Net assets - beginning, restated

Net assets - ending

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

**Net (Expenses) Revenues and
Changes in Net Assets**

Governmental Activities	Business-type Activities	Total
\$ (81,791)	\$ -	\$ (81,791)
(38,198)	-	(38,198)
(42,997)	-	(42,997)
(141,889)	-	(141,889)
(18,624)	-	(18,624)
(39,424)	-	(39,424)
(14,451)	-	(14,451)
(21,822)	-	(21,822)
<u>(399,196)</u>	<u>-</u>	<u>(399,196)</u>
-	48	48
-	48	48
-	879	879
-	975	975
<u>\$ (399,196)</u>	<u>\$ 975</u>	<u>\$ (398,221)</u>
\$ 219,854	\$ -	\$ 219,854
9,373	-	9,373
59,764	-	59,764
50,980	-	50,980
36,914	-	36,914
2,249	-	2,249
8,692	-	8,692
2	-	2
10,094	251	10,345
4,007	-	4,007
1,607	-	1,607
-	-	-
<u>(108,555)</u>	<u>-</u>	<u>(108,555)</u>
<u>294,981</u>	<u>251</u>	<u>295,232</u>
<u>(104,215)</u>	<u>1,226</u>	<u>(102,989)</u>
621,583	4,589	626,172
21,091	-	21,091
<u>642,674</u>	<u>4,589</u>	<u>647,263</u>
<u>\$ 538,459</u>	<u>\$ 5,815</u>	<u>\$ 544,274</u>

MULTNOMAH COUNTY, OREGON
Balance Sheet
Governmental Funds
June 30, 2006
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Federal and State Program Special Revenue Fund</u>	<u>Willamette River Bridges Special Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 47,875	\$ 111	\$ 29,862	\$ 79,974	\$ 157,822
Receivables:					
Taxes	23,529	-	-	3,834	27,363
Accounts	8,606	48,507	446	7,830	65,389
Loans	-	800	-	-	800
Interest	836	-	-	-	836
Special assessments	10	-	-	-	10
Contracts	1,690	-	-	5,618	7,308
Due from other funds	15,680	-	1,350	-	17,030
Inventories	309	370	-	800	1,479
Prepays and deposits	214	4,110	-	246	4,570
Restricted cash and investments	-	280	-	1,429	1,709
Total assets	<u>\$ 98,749</u>	<u>\$ 54,178</u>	<u>\$ 31,658</u>	<u>\$ 99,731</u>	<u>\$ 284,316</u>
LIABILITIES					
Accounts payable	\$ 22,570	\$ 22,759	\$ 3,302	\$ 11,420	\$ 60,051
Payroll payable	3,154	2,377	79	808	6,418
Due to other funds	-	15,630	-	1,400	17,030
Deferred revenue	17,661	8,868	-	7,703	34,232
Notes payable	400	-	-	-	400
Total liabilities	<u>43,785</u>	<u>49,634</u>	<u>3,381</u>	<u>21,331</u>	<u>118,131</u>
FUND BALANCES					
Reserved for capital projects	-	-	-	11,266	11,266
Reserved for debt service	-	-	-	37,172	37,172
Reserved for inventories	309	370	-	800	1,479
Reserved for prepaid items	214	4,110	-	246	4,570
Unreserved, reported in:					
General fund	54,441	-	-	-	54,441
Special revenue funds	-	64	28,277	28,916	57,257
Total fund balances	<u>54,964</u>	<u>4,544</u>	<u>28,277</u>	<u>78,400</u>	<u>166,185</u>
Total liabilities and fund balances	<u>\$ 98,749</u>	<u>\$ 54,178</u>	<u>\$ 31,658</u>	<u>\$ 99,731</u>	<u>\$ 284,316</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
As of June 30, 2006
(amounts expressed in thousands)

Fund Balances - Governmental Funds		\$	166,185
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	1,187,906		
Less accumulated depreciation	<u>(575,371)</u>		612,535
Other long-term assets			
Negative net pension asset	144,050		
Bond issuance costs	<u>426</u>		144,476
Accrued interest payable			(3,328)
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	(339,675)		
Capital leases payable	(19,444)		
Loans payable	<u>(449)</u>		(359,568)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.			(17,574)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.			(7,902)
Net other post-employment benefits obligation			(44,742)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.			
Property taxes	8,917		
Personal income taxes	<u>8,447</u>		17,364
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>31,013</u>
Net Assets of Governmental Activities		<u>\$</u>	<u>538,459</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, 2006
(amounts expressed in thousands)

	General Fund	Federal and State Program Special Fund	Willamette River Bridges Special Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 377,220	\$ -	\$ -	\$ 64,359	\$ 441,579
Intergovernmental	16,899	198,331	583	35,042	250,855
Licenses and permits	10,154	2,160	1	3,710	16,025
Charges for services	8,747	43,019	-	10,479	62,245
Interest	3,930	12	1,036	3,369	8,347
Other	10,473	3,696	26	31,895	46,090
Total revenues	<u>427,423</u>	<u>247,218</u>	<u>1,646</u>	<u>148,854</u>	<u>825,141</u>
EXPENDITURES					
Current:					
General government	131,113	-	-	5,613	136,726
Health services	45,312	69,221	-	1,245	115,778
Social services	45,879	132,809	-	48	178,736
Public safety and justice	155,175	36,113	-	7,486	198,774
Community services	-	4,165	-	19,303	23,468
Library services	-	-	-	46,228	46,228
Roads and bridges	-	-	5,691	36,592	42,283
Capital outlay	558	366	11,691	9,535	22,150
Debt service:					
Principal	-	-	-	18,256	18,256
Interest	894	-	-	17,341	18,235
Total expenditures	<u>378,931</u>	<u>242,674</u>	<u>17,382</u>	<u>161,647</u>	<u>800,634</u>
Excess (deficiency) of revenues over (under) expenditures	<u>48,492</u>	<u>4,544</u>	<u>(15,736)</u>	<u>(12,793)</u>	<u>24,507</u>
OTHER FINANCING SOURCES (USES)					
Issuance of capital lease	-	-	-	1,093	1,093
Proceeds from sale of capital assets	-	-	-	1,988	1,988
Transfers in	1,352	-	13,295	32,357	47,004
Transfers out	(37,296)	-	-	(6,709)	(44,005)
Total other financing sources (uses)	<u>(35,944)</u>	<u>-</u>	<u>13,295</u>	<u>28,729</u>	<u>6,080</u>
Net change in fund balances	12,548	4,544	(2,441)	15,936	30,587
Fund balances - beginning	42,416	-	30,718	62,464	135,598
Fund balances - ending	<u>\$ 54,964</u>	<u>\$ 4,544</u>	<u>\$ 28,277</u>	<u>\$ 78,400</u>	<u>\$ 166,185</u>

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

MULTNOMAH COUNTY, OREGON
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
Governmental Funds
For the Year Ended June 30, 2006
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds		\$ 30,587
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlay as expenditures. However in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.		
Expenditures for capital assets	36,177	
Current year depreciation expense	<u>(33,241)</u>	2,936
Contributed and donated capital assets	5,123	
Proceeds on sale of capital assets	(1,988)	
Gain on disposal of capital assets	1,200	
Loss on disposal of capital assets	<u>(109,567)</u>	(105,232)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Decrease in deferred revenues - property taxes	(86)	
Decrease in deferred revenues - personal income taxes	<u>(61,155)</u>	(61,241)
Proceeds for capital lease provide current financial resources to governmental funds, but an increase of long-term liabilities in the statement of net assets.		
		(1,093)
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net assets.		
The premium is amortized to interest income in the statement of activities.		
Current year premium amortization		339
Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Current year amortization expense		(32)
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(259)
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.		
		18,256
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(1,022)	
Increase in accrued interest expense	(3,328)	
Decrease in personal income tax distribution liability	<u>31,309</u>	26,959
Amortization expense on the net pension asset.		
		(6,152)
Current year expense for net other post-employment benefits obligation		
		(10,643)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities.		
		<u>1,360</u>
Change in net assets of Governmental Activities		<u>\$ (104,215)</u>

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

(This page intentionally left blank.)

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.
- **Willamette River Bridges Fund** – a special revenue fund that 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.

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes				
Property:				
Current	\$ 184,088	\$ 184,088	\$ 186,875	\$ 2,787
Prior	4,670	4,670	3,511	(1,159)
Penalties and interest	1,408	1,408	1,621	213
Payments in lieu of taxes	1,305	1,305	1,401	96
Transient lodging	-	-	4	4
Business income	26,949	34,854	50,980	16,126
Personal income	125,586	138,006	120,919	(17,087)
Motor vehicle rental	11,242	11,242	11,909	667
Intergovernmental:				
Federal	97	388	299	(89)
State	11,455	11,504	12,942	1,438
Local	3,595	3,935	3,658	(277)
Licenses and permits	8,102	8,102	10,154	2,052
Charges for services	8,199	8,262	8,747	485
Interest	1,469	1,469	3,930	2,461
Other:				
Service reimbursements	9,060	9,334	8,470	(864)
Miscellaneous	957	957	2,003	1,046
Total revenues	398,182	419,524	427,423	7,899
EXPENDITURES				
Community justice	51,090	50,981	50,216	765
Community services	9,785	9,785	9,236	549
County management	23,066	23,066	21,582	1,484
District attorney	17,939	17,994	17,650	344
Health services	44,950	45,980	45,394	586
Human services	29,919	30,920	30,044	876
Nondepartmental	131,522	143,884	101,217	42,667
School and community partnerships	15,684	16,002	15,835	167
Sheriff	84,639	87,774	87,757	17
Total expenditures	408,594	426,386	378,931	47,455
Excess (deficiency) of revenues over expenditures	(10,412)	(6,862)	48,492	55,354
OTHER FINANCING SOURCES (USES)				
Transfers in	1,673	1,673	1,352	(321)
Transfers out	(18,047)	(37,297)	(37,296)	1
Total other financing sources (uses)	(16,374)	(35,624)	(35,944)	(320)
Net change in fund balances	(26,786)	(42,486)	12,548	55,034
Fund balances - beginning	26,786	42,486	42,416	(70)
Fund balances - ending	\$ -	\$ -	\$ 54,964	\$ 54,964

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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 199,830	\$ 204,734	\$ 198,331	\$ (6,403)
Licenses and permits	1,935	2,045	2,160	115
Charges for services	44,120	45,306	43,019	(2,287)
Interest	4	4	12	8
Other:				
Non-governmental grants	1,387	2,171	2,219	48
Service reimbursements	63	63	85	22
Miscellaneous	455	455	1,392	937
Total revenues	<u>247,794</u>	<u>254,778</u>	<u>247,218</u>	<u>(7,560)</u>
EXPENDITURES				
Community justice	25,528	24,951	22,513	2,438
Community services	3,986	4,360	2,403	1,957
County management	580	332	209	123
District attorney	4,954	5,149	4,808	341
Health services	69,456	72,733	69,476	3,257
Human services	116,546	118,580	117,020	1,560
Nondepartmental	2,939	2,934	1,605	1,329
School and community partnerships	15,675	17,248	15,789	1,459
Sheriff	8,730	9,091	8,851	240
Total expenditures	<u>248,394</u>	<u>255,378</u>	<u>242,674</u>	<u>12,704</u>
Excess (deficiency) of revenues over (under) expenditures	(600)	(600)	4,544	5,144
Fund balances - beginning	600	600	-	(600)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,544</u>	<u>\$ 4,544</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
Willamette River Bridges Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 1,400	\$ 1,400	\$ 583	\$ (817)
Licenses and permits	-	-	1	1
Interest	-	-	1,036	1,036
Other:				
Miscellaneous	10	10	26	16
Total revenues	<u>1,410</u>	<u>1,410</u>	<u>1,646</u>	<u>236</u>
EXPENDITURES				
Community services	<u>37,498</u>	<u>45,498</u>	<u>17,382</u>	<u>28,116</u>
Total expenditures	<u>37,498</u>	<u>45,498</u>	<u>17,382</u>	<u>28,116</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,088)</u>	<u>(44,088)</u>	<u>(15,736)</u>	<u>28,352</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,325</u>	<u>13,325</u>	<u>13,295</u>	<u>(30)</u>
Net change in fund balances	<u>(30,763)</u>	<u>(30,763)</u>	<u>(2,441)</u>	<u>28,322</u>
Fund balances - beginning	<u>30,763</u>	<u>30,763</u>	<u>30,718</u>	<u>(45)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,277</u>	<u>\$ 28,277</u>

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

(This page intentionally left blank.)

PROPRIETARY FUNDS

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

Enterprise Funds:

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

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

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
Proprietary Funds
June 30, 2006
(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	\$ 254	\$ 373	\$ 6,477	\$ 7,104	\$ 42,601
Receivables (net of allowances for uncollectibles:					
Accounts	3	-	-	3	1,271
Special assessments	17	12	-	29	-
Inventories	-	-	-	-	1,722
Prepaid items	-	-	-	-	618
Total current assets	<u>274</u>	<u>385</u>	<u>6,477</u>	<u>7,136</u>	<u>46,212</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	1,464	1,521	-	2,985	4,763
Total assets	<u>1,738</u>	<u>1,906</u>	<u>6,477</u>	<u>10,121</u>	<u>50,975</u>
LIABILITIES					
Current liabilities:					
Accounts payable	209	28	4,008	4,245	5,071
Claims and judgments payable	-	-	-	-	10,627
Payroll payable	-	-	15	15	576
Deferred revenue	-	-	-	-	107
Compensated absences	-	-	8	8	582
Total current liabilities	<u>209</u>	<u>28</u>	<u>4,031</u>	<u>4,268</u>	<u>16,963</u>
Noncurrent liabilities:					
Compensated absences	-	-	38	38	1,448
Incremental leases payable	-	-	-	-	1,551
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>38</u>	<u>38</u>	<u>2,999</u>
Total liabilities	<u>209</u>	<u>28</u>	<u>4,069</u>	<u>4,306</u>	<u>19,962</u>
NET ASSETS					
Invested in capital assets	1,464	1,521	-	2,985	4,763
Unrestricted	65	357	2,408	2,830	26,250
Total net assets	<u>\$ 1,529</u>	<u>\$ 1,878</u>	<u>\$ 2,408</u>	<u>5,815</u>	<u>\$ 31,013</u>

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended June 30, 2006
(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	
OPERATING REVENUES					
Charges for sales and services	\$ 455	\$ 294	\$ 34,519	\$ 35,268	\$ 145,213
Insurance premiums	-	-	-	-	5,720
Experience ratings and other	-	-	-	-	784
Total operating revenues	<u>455</u>	<u>294</u>	<u>34,519</u>	<u>35,268</u>	<u>151,717</u>
OPERATING EXPENSES					
Cost of sales and services	322	221	31,240	31,783	144,015
Administration	37	53	2,400	2,490	2,443
Depreciation	48	54	-	102	2,594
Total operating expenses	<u>407</u>	<u>328</u>	<u>33,640</u>	<u>34,375</u>	<u>149,052</u>
Operating income (loss)	<u>48</u>	<u>(34)</u>	<u>879</u>	<u>893</u>	<u>2,665</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	21	16	214	251	1,408
Gain on disposal of capital assets	-	-	-	-	407
Loss on disposal of capital assets	-	-	-	-	(121)
Total nonoperating revenues	<u>21</u>	<u>16</u>	<u>214</u>	<u>251</u>	<u>1,694</u>
Income (loss) before contributions and transfers	69	(18)	1,093	1,144	4,359
Capital contributions in	-	82	-	82	30
Capital contributions out	-	-	-	-	(30)
Transfers in	-	-	-	-	642
Transfers out	-	-	-	-	(3,641)
Change in net assets	<u>69</u>	<u>64</u>	<u>1,093</u>	<u>1,226</u>	<u>1,360</u>
Total net assets - beginning	<u>1,460</u>	<u>1,814</u>	<u>1,315</u>	<u>4,589</u>	<u>29,653</u>
Total net assets - ending	<u>\$ 1,529</u>	<u>\$ 1,878</u>	<u>\$ 2,408</u>	<u>\$ 5,815</u>	<u>\$ 31,013</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, 2006
(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	\$ 458	\$ 294	\$ 34,520	\$ 35,272	\$ 151,705
Payments to suppliers	(227)	(213)	(28,259)	(28,699)	(73,561)
Payments to employees	(23)	(24)	(2,400)	(2,447)	(42,199)
Internal activity - payments to other funds	(14)	(26)	(697)	(737)	(25,190)
Net cash provided by operating activities	<u>194</u>	<u>31</u>	<u>3,164</u>	<u>3,389</u>	<u>10,755</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	642
Transfers out	-	-	-	-	(3,641)
Net cash used in noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,999)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(403)	(25)	-	(428)	(1,913)
Proceeds on sales of capital assets	-	-	-	-	150
Net cash used in capital and related financing activities	<u>(403)</u>	<u>(25)</u>	<u>-</u>	<u>(428)</u>	<u>(1,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	21	16	214	251	1,408
Net cash provided by investing activities	<u>21</u>	<u>16</u>	<u>214</u>	<u>251</u>	<u>1,408</u>
Net increase (decrease) in cash and cash equivalents	(188)	22	3,378	3,212	7,401
Balances at beginning of the year	442	351	3,099	3,892	35,200
Balances at end of the year	<u>\$ 254</u>	<u>\$ 373</u>	<u>\$ 6,477</u>	<u>\$ 7,104</u>	<u>\$ 42,601</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 48	\$ (34)	\$ 879	\$ 893	\$ 2,665
Adjustments to reconcile operating income (loss) to net cash used in					
Cash flows reported in other categories:					
Depreciation	48	54	-	102	2,594
Changes in assets and liabilities:					
Receivables, net	2	1	-	3	(94)
Inventories	-	-	-	-	(564)
Due from other funds	-	-	-	-	5,250
Prepaid items	-	-	-	-	321
Accounts payable	96	10	2,256	2,362	(522)
Claims and judgments payable	-	-	-	-	387
Deferred revenue	-	-	-	-	107
Compensated absences	-	-	27	27	(37)
Due to other funds	-	-	-	-	(642)
Incremental leases payable	-	-	-	-	1,551
Payroll payable	-	-	2	2	(261)
Total adjustments	<u>146</u>	<u>65</u>	<u>2,285</u>	<u>2,496</u>	<u>8,090</u>
Net cash provided by operating activities	<u>\$ 194</u>	<u>\$ 31</u>	<u>\$ 3,164</u>	<u>\$ 3,389</u>	<u>\$ 10,755</u>
Noncash financing activities:					
Contributions of capital assets from government	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ -</u>	<u>\$ 82</u>	<u>\$ -</u>

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

(This page intentionally left blank.)

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 accrual basis of accounting is used in the Library Retirement Pension Trust Fund. The funds included are:

- **Agency Funds** – account for resources held by the County in a purely custodial capacity (assets equal liabilities).
- **Library Retirement Pension Trust Fund** – provides pension benefits for former employees of the Library Association of Portland.

MULTNOMAH COUNTY, OREGON
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006
(amounts expressed in thousands)

	Agency Funds	Library Retirement Pension Trust Fund
ASSETS		
Cash and investments	\$ 14,267	\$ -
Taxes receivable	35,596	-
Restricted cash	849	-
Total assets	50,712	-
LIABILITIES		
Accounts payable	8,038	-
Due to other governmental units	33,062	-
Amounts held in trust	9,612	-
Total liabilities	50,712	-
NET ASSETS		
Held in trust for pension benefits and other purposes	\$ -	\$ -

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

MULTNOMAH COUNTY, OREGON
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Library Retirement Pension Trust Fund
ADDITIONS	
Investment earnings:	
Interest	\$ -
Total investment earnings	-
Total additions	-
DEDUCTIONS	
Benefits	247
Administrative expenses	6
Decrease in fair value of investments	162
Terminating distributions on behalf of participants	13,767
Total deductions	14,182
Change in net assets	(14,182)
Net assets - beginning	14,182
Net assets - ending	\$ -

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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.

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.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

The County reports the following major governmental funds:

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

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

The *Willamette River Bridges Fund* accounts for motor vehicle fees, gasoline tax proceeds transferred from the Road Fund and other intergovernmental grant revenues and expenditures related to inspection, maintenance and construction projects for various bridges along the Willamette River.

The County reports the following major proprietary funds:

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

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

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

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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 six internal service funds: Risk Management Fund, Fleet Management Fund, Information Technology Fund, Mail/Distribution Fund, Facilities Management Fund and the Business Services 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. The County maintains a Library Retirement Pension Trust Fund that accounts for the pension benefits for former employees of the Library Association of Portland. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. The County's agency funds are primarily established to account for the collection and disbursement of various taxes and to account for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

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

2. Receivables and payables

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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 is a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax has generated an estimated \$120,000 for each calendar year the tax is in effect. The revenues generated from the tax provide 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. Included in the financial statements is an allowance for uncollectible accounts of \$6,981 for personal income taxes. This amount is shown net with taxes receivable on both the fund financial statements and the statement of net assets. In the statement of activities the reduction is recorded to the related income tax revenues, and on the fund financial statements the offset is recorded in deferred revenues.

3. *Inventories and prepaid items*

Inventories of materials and supplies in the governmental funds are valued at average cost and are offset by a reservation of fund balance. Inventories of materials and supplies in the internal service funds are valued at the lower of average cost or market. All inventories are recorded as expenditures when consumed rather than when purchased.

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

4. *Fund balances and net assets*

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

On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved balances are generally unavailable for appropriation by segregating them for a specific use. However management may also make designations of unreserved fund balance that define management's intent that certain fund balance

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

amounts are currently unavailable for appropriation. Designated unreserved fund balances are not legally segregated.

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

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

5. *Capital assets*

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

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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

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

6. *Other assets*

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

7. *Unearned / Deferred revenues*

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

8. *Compensated absences*

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

recorded in the General, Special Revenue, Capital Projects, Enterprise, and Internal Service Funds.

9. Long-term obligations

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

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

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

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

The County has early implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. 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. Contributions

Contributions of cash, property or equipment received from other governments are credited directly to the contribution accounts recorded in the government wide financial statements.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

12. Estimates

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

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 two supplemental budgets and several other budgetary appropriations throughout the year.

Note 3. Accounting changes

A. Change in accounting principle

During fiscal year 2006, the County early implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes standards for the measurement, recognition, and display of other postemployment benefits expenses and related liabilities (assets) in financial reports of state and local governmental employers. These accounting policies represent a change to those applied in prior years. GASB Statement No. 34, paragraph 17 addresses changes in accounting principles. The County adhered to the relevant GASB guidance in adopting GASB Statement No. 45. Previous policy was to recognize a liability in relation to the unfunded

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

accumulated pension benefit obligation based on actuarial reports. The new policy more closely recognizes the cost of other postemployment benefits in periods when the related services are received by the County. In addition, the new guidance provides information about the actuarial accrued liabilities for promised postemployment benefits associated with past services and whether and to what extent those benefits have been funded.

The cumulative effect of the change in accounting principle on fiscal year 2006 was to increase the County's beginning net assets for governmental activities in the Statement of Activities by \$21,091. The effect of implementing GASB Statement No. 45 is also reflected in the restatement of net assets in Note 3.B. below.

B. Restatement of net assets

During fiscal year 2006, the County implemented GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation*. This statement is an amendment of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one that a party external to the government, such as citizens or public interest groups, can compel a government to honor.

As a result of implementing this statement, the following restrictions were identified for the County's governmental activities beginning of the year net assets, June 30, 2005.

	As Previously Reported	Restated, June 30, 2005
Net Assets:		
Invested in capital assets, net of related debt	\$ 523,606	\$ 523,606
Restricted for:		
Bridge rehabilitation	-	21,043
Capital projects	8,701	8,701
Community support programs	-	2,501
Debt service	67,911	67,911
Unrestricted	21,365	18,912
Total net assets	\$ 621,583	\$ 642,674

Note 4. Detailed notes on all funds

A. Cash and investments

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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

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

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

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

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

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

At year-end, the carrying amount of the County's deposits was \$53,618 and the bank balance was \$53,584. The bank balance was covered by federal depository insurance or

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

by collateral held by one or more of the State's authorized collateral pool managers in the name of the County as the County's agent. The remaining balance of \$34 represents petty cash accounts that were uninsured and uncollateralized.

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

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

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

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service, or the equivalent rating by any nationally recognized statistical rating organization.
2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its permanent workforce in Oregon, or has more than 50% of its tangible assets in Oregon.
3. Purchase of commercial paper and other corporate debt up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.

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

Multnomah County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. Deposits of public funds are collateralized at 25% of balances above federal deposit insurance

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

pursuant to ORS 295. As of June 30, 2006, \$4,084 of the County's bank balance of \$53,584 was exposed to custodial credit risk because it was uninsured and uncollateralized.

As of June 30, 2006, 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	\$ 67,339	4.95%	30%	2
Corporate Debt	16,916	4.57%	8%	< 1
Commercial Paper	37,758	5.15%	17%	< 1
US Treasuries	4,971	4.68%	2%	< 1
Local Government				
Investment Pool	42,041	4.90%	19%	< 1
Cash and Equivalents	52,769	4.70%	24%	< 1
Total unrestricted cash and investments	<u>\$ 221,794</u>		<u>100%</u>	
			Portfolio weighted average maturity	3

As of June 30, 2006, the County had the following restricted cash and investments. All restricted cash and investments maintained a weighted average maturity of less than one month.

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration
Cash with Fiscal Agent	<u>\$ 2,558</u>	4.90%	<u>100%</u>

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

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

	Unrestricted	Restricted	Total
Governmental Activities	\$ 200,423	\$ 1,709	\$ 202,132
Business-type Activities	7,104	-	7,104
Fiduciary Funds	14,267	849	15,116
Total Cash and Investments	<u>\$ 221,794</u>	<u>\$ 2,558</u>	<u>\$ 224,352</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

B. Receivables

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

MULTNOMAH COUNTY
Accounts Receivable

	Governmental Activities					Total Governmental Activities	Business- type Activities	Total
	General Fund	Federal State Program Fund	Willamette River Bridge Fund	Internal Service Funds	Nonmajor Funds			
Receivables:								
Taxes:								
Income	\$ 18,225	\$ -	\$ -	\$ -	\$ -	\$ 18,225	\$ -	\$ 18,225
Property	9,088	-	-	-	1,702	10,790	-	10,790
Other	3,197	-	-	-	2,132	5,329	-	5,329
Accounts	8,606	49,783	446	1,271	7,830	67,936	3	67,939
Loans	-	800	-	-	-	800	-	800
Interest	836	-	-	-	-	836	-	836
Special assessments	10	-	-	-	-	10	33	43
Contracts	1,690	-	-	-	5,618	7,308	-	7,308
Gross receivables	41,652	50,583	446	1,271	17,282	111,234	36	111,270
Less: allowance for discounts/uncollectibles	(6,981)	(1,276)	-	-	-	(8,257)	(4)	(8,261)
Net total receivables	<u>\$ 34,671</u>	<u>\$ 49,307</u>	<u>\$ 446</u>	<u>\$ 1,271</u>	<u>\$ 17,282</u>	<u>\$102,977</u>	<u>\$ 32</u>	<u>\$103,009</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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

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

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
Personal income tax receivable	\$ 15,428	\$ -	\$ 15,428
Allowance for doubtful accounts – personal income tax	(6,981)	-	(6,981)
Property taxes receivable (General Fund)	7,510	-	7,510
Property taxes receivable (other governmental funds)	1,407	-	1,407
Grant draws prior to meeting all eligibility requirements	-	8,072	8,072
Contracts receivable	-	7,308	7,308
Contract revenue received in advance	-	467	467
Loans receivable	-	800	800
Tax title land sales inventory	-	211	211
Special assessments receivable	-	10	10
Total deferred revenue for governmental funds	<u>\$ 17,364</u>	<u>\$ 16,868</u>	<u>\$ 34,232</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 \$107 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$16,975.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

C. Capital assets

Capital asset activity for the year ended June 30, 2006 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,717	\$ 434	\$ (364)	\$ 13,787
Construction in process	-	18,339	-	18,339
Buildings-not in service	51,164	-	-	51,164
Total capital assets, not being depreciated	<u>64,881</u>	<u>18,773</u>	<u>(364)</u>	<u>83,290</u>
Capital assets, being depreciated:				
Buildings	363,019	12,099	(9,312)	365,806
Improvements other than buildings	343	-	-	343
Machinery and equipment	123,209	9,961	(6,638)	126,532
Bridges	94,729	3,235	(3,290)	94,674
Infrastructure	818,539	2,369	(270,939)	549,969
Total capital assets being depreciated	<u>1,399,839</u>	<u>27,664</u>	<u>(290,179)</u>	<u>1,137,324</u>
Less accumulated depreciation for:				
Buildings	(98,974)	(8,825)	1,044	(106,755)
Improvements other than buildings	(128)	(9)	-	(137)
Machinery and equipment	(95,350)	(8,247)	6,773	(96,824)
Bridges	(58,667)	(1,648)	107	(60,208)
Infrastructure	(484,571)	(17,106)	162,285	(339,392)
Total accumulated depreciation	<u>(737,690)</u>	<u>(35,835)</u>	<u>170,209</u>	<u>(603,316)</u>
Total capital assets being depreciated, net	<u>662,149</u>	<u>(8,171)</u>	<u>(119,970)</u>	<u>534,008</u>
Governmental activities capital assets, net	<u>\$ 727,030</u>	<u>\$ 10,602</u>	<u>\$ (120,334)</u>	<u>\$ 617,298</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 4,582	\$ 510	\$ -	\$ 5,092
Machinery and equipment	41	-	-	41
Total capital assets being depreciated	<u>4,623</u>	<u>510</u>	<u>-</u>	<u>5,133</u>
Less accumulated depreciation for:				
Improvements other than buildings	(2,005)	(102)	-	(2,107)
Machinery and equipment	(41)	-	-	(41)
Total accumulated depreciation	<u>(2,046)</u>	<u>(102)</u>	<u>-</u>	<u>(2,148)</u>
Business-type activities capital assets, net	<u>\$ 2,577</u>	<u>\$ 408</u>	<u>\$ -</u>	<u>\$ 2,985</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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

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

Governmental activities:	
General government	\$ 14,170
Health services	47
Public safety & justice	1,044
Community services	64
Library	3,306
Roads and bridges	<u>17,204</u>
Total depreciation expense – governmental activities	<u>\$ 35,835</u>
Business-type activities:	
Sewer	\$ 48
Lighting	<u>54</u>
Total depreciation expense – business-type activities	<u>\$ 102</u>

D. Other assets

Other assets, net of accumulated amortization at June 30, 2006 consist of the following:

Bond issuance costs	\$ 426
Negative net pension asset	<u>144,050</u>
	<u>\$ 144,476</u>

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were \$32 and \$6,152, respectively for the year ended June 30, 2006.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

E. Interfund receivables, payables, and transfers

The County records "due to" and "due from" 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 composition of interfund balances as of June 30, 2006 is as follows:

Due to / from other funds:

Receivable Funds	Payable Funds	Amount
General Fund	Federal State Fund	\$ 15,630
General Fund	Emergency Communications Fund	50
Bridge Fund	Road Fund	1,350
		<u>\$ 17,030</u>

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2006. The general fund transfers to nonmajor governmental funds include transfers for various construction projects in the capital project funds in addition to a large transfer to the Library special revenue fund to provide for various County Library upgrades and projects.

	Transfers in:				Total
	General Fund	Willamette River Bridges Fund	Nonmajor Governmental Funds	Internal Service Funds	
Transfers out:					
General Fund	\$ -	\$ 8,000	\$ 28,654	\$ 642	\$37,296
Nonmajor Governmental Funds	1,352	5,295	62	-	6,709
Internal Service Funds	-	-	3,641	-	3,641
Total transfers out:	<u>\$1,352</u>	<u>\$ 13,295</u>	<u>\$ 32,357</u>	<u>\$ 642</u>	<u>\$47,646</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

F. Short-term debt

Tax Revenue Anticipation Note

The County issues short-term debt in order to meet current operational needs during months when property tax collections are slow. On July 1, 2005 the County issued \$20,000 in short-term debt, Series 2005. The County received \$300 in June 2005 as a good faith deposit and the remaining \$19,700 in tax revenue anticipation notes were issued on July 1, 2005. The notes carried an interest rate of 4.0% and were due at June 30, 2006. On July 1, 2006 the County issued short-term debt Series 2006 in the amount of \$20,000 with \$400 received prior to year-end as a good faith deposit. The remaining funds were received on July 1, subsequent to year-end. The 2006 Series debt has an interest rate of 4.5%. Short-term liability activity for the year-ended June 30, 2006 was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Tax revenue anticipation note, Series 2005	\$ 300	\$ 19,700	\$ 20,000	\$ -	\$ -
Tax revenue anticipation note, Series 2006	-	400	-	400	400
Totals	<u>\$ 300</u>	<u>\$ 20,100</u>	<u>\$ 20,000</u>	<u>\$ 400</u>	<u>\$ 400</u>

G. Long-term debt

General Obligation Bonds

The County issues general obligation bonds to provide funds for the rehabilitation, construction and acquisition of various library and public safety facilities and related equipment. General obligation bonds have been issued for these governmental activities. The original amount of general obligation bonds issued in prior years was \$139,700. The 1996 general obligation issue in the amount of \$108,700 is subject to Federal arbitrage regulations. In February 1999, the County advance refunded a portion of these general obligation bonds by issuing \$66,115 in new general obligation bonds.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.70-5.65%	<u>\$ 75,340</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>
2007	\$ 5,960	\$ 3,256
2008	6,255	2,972
2009	6,555	2,677
2010	6,860	2,387
2011	7,160	2,093
2012 – 2016	35,905	5,576
2017	6,645	158
Total	<u>\$ 75,340</u>	<u>\$ 19,119</u>

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In October 1998, the County issued \$3,155 of revenue bonds to finance constructing, renovating, improving and equipping County-owned facilities, and entered into a public / private partnership with the Regional Children's Campus (RCC), a 501(c)(3) non profit agency. 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 with Port City Development, a 501(c)(3) non profit agency. 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. The total original amount of bonds issued in prior years was \$8,655.

Revenue bonds outstanding at year-end are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.00-5.20%	<u>\$ 6,420</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 540	\$ 291
2008	560	267
2009	585	243
2010	620	215
2011	645	186
2012 – 2016	3,470	424
Total	<u>\$ 6,420</u>	<u>\$ 1,626</u>

Full Faith and Credit Bonds

On April 1, 1999, the County issued \$36,125 in Certificates of Participation with interest rates from 4.00% to 4.75% to finance the costs of acquiring land and facilities. In October 2004, the County advance refunded \$22,015 of the 1999 Certificates of Participation by issuing \$54,235 in full faith and credit bonds. Certificates of Participation are direct obligations and pledge the full faith and credit of the County. At June 30, 2006, \$6,340 of the 1999 Certificates of Participation were outstanding.

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds with interest rates from 6.49% to 7.74% to fund the County's unfunded accrued actuarial liability (UAAL). The County estimates that by funding the actuarial liability, the County will receive a present value savings of about \$35,776 between the amount calculated by the Oregon Public Employees Retirement System (PERS) to retire the UAAL and the amount of the debt repayment. Payment of principal and interest, except for a term bond, will be guaranteed by MBIA. At June 30, 2006, \$175,203 of these bonds were outstanding.

On April 1, 2000, the County issued \$61,215 in Full Faith and Credit Bonds with interest rates from 5.00% to 5.50% to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. In October 2004, the County advance refunded \$27,985 of these full faith and credit bonds by issuing \$54,235 in full faith and credit bonds. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2006, \$13,165 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, 2006, \$7,890 of these bonds were outstanding.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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, 2006 the unamortized premium on the debt was \$4,580. This issue was used to refund \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50%, \$22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and \$4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is a deferred charge of \$3,887, which is amortized as a component of interest expense over the life of the new debt. At June 30, 2006 the deferred charge was \$3,498. The entire amount of this debt issue was outstanding at June 30, 2006.

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

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	\$ 256,833

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

Year Ending June 30	Principal	Interest
2007	\$ 10,420	\$ 11,490
2008	11,725	10,914
2009	11,700	10,246
2010	13,770	9,535
2011	15,550	8,633
2012 – 2016	62,625	67,635
2017 – 2021	88,977	52,192
2022 – 2026	24,413	132,642
2027 – 2030	17,653	142,031
Total, before deferred charge	256,833	\$ 445,318
Deferred charge, net	(3,498)	
Premium on long-term debt, net	4,580	
Total	\$ 257,915	

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. On June 30, 2005 the County entered into a new building lease which met the criteria for a capital lease. The

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

building was capitalized at \$6,890 and the related debt was recorded to capital leases at June 30, 2005. During 2006 the County reevaluated this capital lease as more accurate property values and related information became available and management determined the lease should be accounted for as an operating lease. Accordingly, during 2006 the County appropriately reclassified the lease from a capital to an operating lease. Also, during 2006 the County noted an existing building lease for residential and commercial properties which had been recorded as an operating lease but upon further review, the lease was determined to be a capital lease. The building and capital lease were recorded during 2006 at a value of \$1,093. Total assets acquired through capital leases are as follows:

Asset	Governmental Activities
Buildings	\$ 68,086
Less: Accumulated depreciation	(21,095)
Total	\$ 46,991

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

Purpose	Interest Rates	Amount
Governmental activities	2.50-7.25%	\$ 19,444

Future minimum lease payments are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2007	\$ 2,845	\$ 948
2008	3,006	792
2009	2,836	743
2010	2,277	723
2011	2,384	584
2012 – 2016	5,185	1,005
2017 – 2021	156	434
2022 – 2026	262	329
2027 – 2031	436	154
2032	57	2
Total	\$ 19,444	\$ 5,714

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

Loans Payable

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	5.65-7.20%	\$ 449

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>
2007	\$ 87	\$ 27
2008	83	22
2009	90	15
2010	67	10
2011	66	7
2012 - 2016	56	6
Total	<u>\$ 449</u>	<u>\$ 87</u>

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2006 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Adjustments & Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 81,025	\$ -	\$ 5,685	\$ 75,340	\$ 5,960
Revenue Bonds	6,935	-	515	6,420	540
Full Faith and Credit Bonds	267,225	-	9,310	257,915	10,500
Capital Leases	27,971	1,093	9,620	19,444	2,845
Loans Payable	542	-	93	449	87
Long-term debt before other long-term liabilities	<u>383,698</u>	<u>1,093</u>	<u>25,223</u>	<u>359,568</u>	<u>19,932</u>
Compensated Absences	18,619	22,832	21,847	19,604	6,086
Governmental activity long-term liabilities:	<u>\$ 402,317</u>	<u>\$ 23,925</u>	<u>\$ 47,070</u>	<u>\$ 379,172</u>	<u>\$ 26,018</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 19</u>	<u>\$ 74</u>	<u>\$ 47</u>	<u>\$ 46</u>	<u>\$ 8</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

Defeased General Obligation Bonds

On February 1, 1999, the County defeased certain general obligation bond issues by placing the proceeds of the new bonds in irrevocable trusts to provide for all future debt service on the old bonds. Accordingly, the trust account assets and related liability for the defeased bonds are not included in the County's financial statements. At June 30, 2006, the amount of these bonds outstanding totaled \$62,180.

Defeased Full Faith and Credit Bonds

On October 1, 2004 the County defeased certain full faith and credit bonds by placing the proceeds of the new bonds in irrevocable trusts to provide for all future service on the old bonds. Accordingly, the trust account assets and related liability for the defeased bonds are not included in the County's financial statements. At June 30, 2006, Series 2000A and Series 1999A were outstanding in the amount of \$27,985 and \$22,015, respectively.

Defeased Certificates of Participation

On October 1, 2004 the County defeased certain Certificates of Participation by placing the proceeds of the new Full Faith and Credit bonds in irrevocable trusts to provide for all future service on the old debt. Accordingly, the trust account assets and related liability for the defeased debt are not included in the County's financial statements. At June 30, 2006, the amount of these bonds outstanding totaled \$4,960.

Conduit Financing

Multnomah County Conduit Financing

On November 1, 1997, the County issued \$31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements. The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund \$17,750 of the Series 1994 issue. On April 1, 2000, the County issued an additional \$17,160 in Conduit Educational Revenue Bonds for the University to finance the construction of a student housing facility, parking garage and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds. Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2006, \$36,590 of Educational Facilities Revenue Bonds were outstanding.

On December 1, 1999, the County issued \$9,830 in Higher Education Variable Rate Demand Revenue Bonds. The proceeds of these bonds were used to provide funds to reimburse Concordia University for the costs of acquiring, constructing and improving the educational facilities of the University (the Project), fund a debt service reserve fund and pay the costs of issuing the bonds. The Higher Education Revenue Bonds have not been recognized as a liability of the County because the bonds are secured solely by the provisions of the Bond indenture and payments are made by Concordia University. As the County does not own any of the assets constructed or assume any liabilities associated with the Project, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2006, \$8,695 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2006 was \$45,285. 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). On March 1, 1999, the Authority issued \$26,000 in Hospital Revenue Bonds (Terwilliger Plaza). On December 4, 2003, the Authority issued an additional \$17,200 in Hospital Revenue Bonds (Holladay Park Plaza). On July 13, 2004, the Authority issued an additional \$100,000 in Hospital Revenue Bonds (Providence Health Systems). The proceeds of these bonds were used by health care facilities to finance various capital projects and refund outstanding bonds. The Hospital Revenue Bonds have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems. Since neither the County nor the Authority own any

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

assets or assume any liabilities associated with the repayment, there is no balance sheet disclosure or recognition of revenues within the County's financial statements. As of June 30, 2006, \$140,685 of these bonds were outstanding.

Note 5. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2006, interfund premiums exceeded reimbursable expenditures.

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

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

	Fiscal Year Ended 6/30/06	Fiscal Year Ended 6/30/05
Unpaid claims, beginning of fiscal year	\$ 10,240	\$ 10,590
Incurred claims (including IBNRs)	17,559	15,522
Claim payments	(17,172)	(15,872)
Unpaid claims, end of fiscal year	<u>\$ 10,627</u>	<u>\$ 10,240</u>

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

B. Special Item

The County classifies special items as significant transactions or events within the control of management that are either unusual in nature or infrequent. The County has recorded the loss on the transfer of County roads in the amount of \$108,555 as a special item in the Statement of Activities. This loss is the result of an intergovernmental agreement to transfer approximately 50 miles of County roads to the City of Gresham.

C. Subsequent events

On July 1, 2006, the County issued \$20,000 in Tax and Revenue Anticipation Notes to meet current cash flow needs of the County, prior to the receipt of property tax revenues in November. The County received \$400 of these notes in June prior to year-end as a good faith deposit. This amount has been included in short-term debt; see note 4.F on page 60 for further detail. The interest rate on the notes is 4.5% and the yield is 3.7%. The notes mature on June 30, 2007.

On December 19, 2006, the Hospital Facilities Authority of Multnomah County issued \$39,765 in Hospital Revenue Bonds. The Hospital Revenue Bonds have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facility.

D. 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, 2006:

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

<u>Year ended June 30</u>	
2007	1,899
2008	1,687
2009	1,501
2010	1,028
2011	915
2012 - 2016	3,851
2017 - 2021	21
2022 - 2026	15
Total minimum payments	<u>\$ 10,917</u>

The County recorded \$2,855 in rent expense for the year ended June 30, 2006.

E. Post employment benefits other than pensions

Plan description. The County administers a single-employer defined benefit healthcare plan per the requirements of collective bargaining agreements. The plan provides postretirement healthcare insurance for eligible retirees and their spouses through the County's group health insurance plans, which cover both active and retired participants. Benefit provisions are established through negotiations between the County and representatives of collective bargaining units. The County's post employment medical plan does not issue a publicly available financial report. The County has adopted early implementation (*effective June 30, 2006*) of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. At the June 30, 2006 implementation date an initial net OPEB obligation was established based on the estimated cumulative effect if GASB 45 had been in effect for the previous five fiscal years.

Funding policy. The County has not established a trust fund to supplement the costs for the net OPEB obligation. Contribution requirements also are negotiated between the County and union representatives. In general, the County pays 50% of the premiums of health care coverage for retirees from age 58 to age 65. The County's regular health care benefit providers underwrite the retirees' policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans. The County is contractually obligated by collective bargaining agreements to contribute 0.9% of annual covered payroll. At June 30, 2006, there were 528 retirees that were receiving the post employment healthcare benefit. The required contribution is based on projected pay-as-you-go financing requirements. For fiscal year 2006, the County contributed \$2,073 to the plan or approximately 43% of total premiums. Plan members receiving benefits contributed \$2,778 or approximately 57% of the total premiums during fiscal year 2006.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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, 2006, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 13,412
Interest on net OPEB obligation	1,193
Adjustment to annual required contribution	<u>(1,889)</u>
Annual OPEB cost (expense)	12,716
Contributions made	<u>(2,073)</u>
Increase in net OPEB obligation	10,643
Net OPEB obligation - beginning of year	<u>34,099</u>
Net OPEB obligation - end of year	<u><u>\$ 44,742</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2006 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/04	\$ 9,165	20%	\$ 23,335
6/30/05	12,438	18%	34,099
6/30/06	12,716	16%	44,742

Funded status and funding progress. As of January 1, 2005, the actuarial accrued liability for benefits was \$109,895, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$109,895. The covered payroll (annual payroll of active employees covered by the plan) was \$228,597 for fiscal year 2006 and the ratio of the UAAL to the covered payroll was 48%.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

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, 2005), the unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 3.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending down from 10.0% in 2005 to 5.25% in 2012 for the major medical component, which is representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is being amortized using the level-dollar method with a closed group rolling 30 year amortization methodology. The remaining amortization period at June 30, 2006 is 30 years.

F. 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; maintains a single employer defined benefit plan for employees transferred to the County from the former Library Association of Portland; and maintains a defined contribution plan for substantially all County employees for the purpose of individual retirement savings.
Oregon Public Employees Retirement System (PERS)

Plan description. The County participates in PERS, a cost-sharing, multiple-employer defined benefit pension plan administered by the PERS Pension board. PERS provides retirement, disability, and death benefits to plan members and their beneficiaries. State statutes authorize the State to establish and amend all plan

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

provisions. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The reports may be obtained by writing:

PERS
PO Box 23700
Tigard, OR 97281-3700

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

Funding policy. The contribution requirements of the County are established and may be amended by the State. The County is contractually obligated by collective bargaining agreements to pay the required employee contribution of 6.0% of annual covered payroll. The County is also required to contribute at an actuarially determined rate; the current rate is 6.78% of annual covered payroll. In addition to the funding requirements, the County also charges an internal rate of 5.25% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

Annual pension cost. For 2006, the County's annual pension cost of \$41,616 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age normal 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 3.5% per year, and (c) projected wage growth, excluding seniority / merit raises, of 4.25% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2003, was 24 years.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

Three Year Trend Information for PERS

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/04	\$ 27,388	100%	\$ -
6/30/05	22,935	100%	-
6/30/06	41,616	100%	-

Following is a Schedule of Funding Progress for PERS:

Public Employees Retirement System Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/93	\$ 147,577	\$ 249,433	\$ 101,856	59%	\$122,873	83%
12/31/95	201,614	330,154	128,540	61%	142,614	90%
12/31/97	291,095	449,588	158,493	65%	155,915	102%
12/31/99	935,746	859,337	(76,409)	109%	191,152	(40)%
12/31/01	1,292,287	1,088,583	(203,703)	119%	207,148	(98)%
12/31/03	1,237,061	1,287,860	50,799	96%	209,437	24%

The actuarial information included in the above table was prepared using the recently enacted amendments to PERS. The amendments made changes to the actuarial equivalency factors affecting retirement benefit amounts and calculation methods.

Multnomah County Library Retirement Plan

Plan description, summary of significant accounting policies, and funding requirements. The Multnomah County Library Retirement Plan was a single employer defined contribution plan. Prior to July 1, 1990, the Plan was administered by the Library Association of Portland (the Association), a not-for-profit association. Effective July 1, 1990, the Association was transferred to the County, and the County Board of Commissioners became responsible for amending Plan provisions. The Principal Financial Group was contracted by the County to be the trustee of the Plan, and the County's Chief Financial Officer was the Plan administrator. The Plan was closed upon transfer of the Association and all employees transferred are covered by PERS. The Plan did not issue a stand alone financial report. Effective April 7, 2006, the Plan was liquidated and all assets

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2006
(dollar amounts expressed in thousands)

were transferred to individual retirement accounts or annuities. The County has no further liability for this plan.

Deferred Compensation Plan

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

At June 30, 2006, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$142,839. 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, 2006
(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]
01/01/02	\$ -	\$ 61,290	\$ 61,290	0%	\$212,833	29%
01/01/05	-	109,895	109,895	0%	228,597	48%

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

(This page intentionally left blank.)

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

- Justice Bond Project
- Building Project Fund
- Library Construction / 1996 Bonds Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006
(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.	\$ 32,572	\$ 35,354	\$ 12,048	\$ 79,974
Receivables:				
Taxes	3,398	436	-	3,834
Accounts	6,716	310	804	7,830
Contracts	514	3,791	1,313	5,618
Inventories	800	-	-	800
Prepaid items	246	-	-	246
Restricted assets:				
Cash with fiscal agent	-	1,429	-	1,429
Total assets and other debits	<u>\$ 44,246</u>	<u>\$ 41,320</u>	<u>\$ 14,165</u>	<u>\$ 99,731</u>
LIABILITIES				
Accounts payable	\$ 10,099	\$ -	\$ 1,321	\$ 11,420
Payrolls payable	806	-	2	808
Due to other funds	1,400	-	-	1,400
Deferred revenue	1,979	4,148	1,576	7,703
Total liabilities	<u>14,284</u>	<u>4,148</u>	<u>2,899</u>	<u>21,331</u>
FUND BALANCES				
Reserved for capital projects	-	-	11,266	11,266
Reserved for debt service	-	37,172	-	37,172
Reserved for inventories	800	-	-	800
Reserved for prepaid items	246	-	-	246
Unreserved, undesignated	28,916	-	-	28,916
Total fund balances	<u>29,962</u>	<u>37,172</u>	<u>11,266</u>	<u>78,400</u>
Total liabilities and fund balances	<u>\$ 44,246</u>	<u>\$ 41,320</u>	<u>\$ 14,165</u>	<u>\$ 99,731</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006
(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	\$ 54,995	\$ 9,364	\$ -	\$ 64,359
Intergovernmental	33,296	-	1,746	35,042
Licenses and permits	3,710	-	-	3,710
Charges for services	8,272	1,152	1,055	10,479
Interest	1,531	1,239	599	3,369
Other	3,123	26,454	2,318	31,895
Total revenues	<u>104,927</u>	<u>38,209</u>	<u>5,718</u>	<u>148,854</u>
EXPENDITURES				
Current:				
General government	1,064	59	4,490	5,613
Health services	1,245	-	-	1,245
Social services	48	-	-	48
Public safety and justice	5,269	-	2,217	7,486
Community services	18,373	-	930	19,303
Library services	46,023	-	205	46,228
Roads and bridges	36,592	-	-	36,592
Capital outlay	1,447	-	8,088	9,535
Debt service:				
Principal	-	18,256	-	18,256
Interest	-	17,341	-	17,341
Total expenditures	<u>110,061</u>	<u>35,656</u>	<u>15,930</u>	<u>161,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,134)</u>	<u>2,553</u>	<u>(10,212)</u>	<u>(12,793)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	1,093	1,093
Proceeds from sale of capital assets	-	570	1,418	1,988
Transfers in	15,522	7,944	8,891	32,357
Transfers out	(6,709)	-	-	(6,709)
Total other financing sources	<u>8,813</u>	<u>8,514</u>	<u>11,402</u>	<u>28,729</u>
Net change in fund balances	3,679	11,067	1,190	15,936
Fund balances - beginning	26,283	26,105	10,076	62,464
Fund balances - ending	<u>\$ 29,962</u>	<u>\$ 37,172</u>	<u>\$ 11,266</u>	<u>\$ 78,400</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.
- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school districts.
- **General Reserve Fund** - accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.
- **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.
- **Tax Title Land Sales Fund** - accounts for the receipt and sale of real property foreclosed upon by the County because of unpaid property taxes. Proceeds are subsequently distributed to all taxing districts.
- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.
- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.
- **Library Fund** - accounts for the public library operations.
- **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.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2006
(amounts expressed in thousands)

	<u>Strategic Investment Program</u>	<u>Road</u>	<u>Emergency Communications</u>	<u>Bicycle Path Construction</u>	<u>County School</u>	<u>General Reserve</u>
ASSETS						
Cash and investments	\$ 1,083	\$ 4,477	\$ 21	\$ 396	\$ -	\$ 13,709
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	4,755	58	-	-	-
Contracts	-	-	-	-	-	-
Inventories	-	589	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 1,083</u>	<u>\$ 9,821</u>	<u>\$ 79</u>	<u>\$ 396</u>	<u>\$ -</u>	<u>\$ 13,709</u>
LIABILITIES						
Accounts payable	\$ 63	\$ 6,260	\$ -	\$ -	\$ -	\$ -
Payroll Payable	-	139	-	-	-	-
Due to other funds	-	1,350	50	-	-	-
Deferred revenue	-	204	-	-	-	-
Total liabilities	<u>63</u>	<u>7,953</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Reserved for inventories	-	589	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	1,020	1,279	29	396	-	13,709
Total fund balances	<u>1,020</u>	<u>1,868</u>	<u>29</u>	<u>396</u>	<u>-</u>	<u>13,709</u>
Total liabilities and fund balances	<u>\$ 1,083</u>	<u>\$ 9,821</u>	<u>\$ 79</u>	<u>\$ 396</u>	<u>\$ -</u>	<u>\$ 13,709</u>

<u>Land Corner Preservation</u>	<u>Tax Title Land Sales</u>	<u>Animal Control</u>	<u>Recreation</u>	<u>Library</u>	<u>Justice Services Special Operations</u>	<u>Inmate Welfare</u>	<u>Special Excise Tax</u>	<u>Total</u>
\$ 1,441	\$ 396	\$ 327	\$ 8	\$ 9,042	\$ 24	\$ 1,203	\$ 445	\$ 28,145
7	-	-	-	1,266	-	-	2,125	3,398
-	-	5	18	1,042	793	45	-	6,716
-	514	-	-	-	-	-	-	514
-	211	-	-	-	-	-	-	800
-	-	-	-	246	-	-	-	246
-	-	-	-	-	-	-	-	4,427
<u>\$ 1,448</u>	<u>\$ 1,121</u>	<u>\$ 332</u>	<u>\$ 26</u>	<u>\$ 11,596</u>	<u>\$ 817</u>	<u>\$ 1,248</u>	<u>\$ 2,570</u>	<u>\$ 44,246</u>
\$ 47	\$ 93	\$ -	\$ 26	\$ 1,014	\$ 326	\$ 73	\$ 2,197	\$ 10,099
11	3	-	-	576	64	13	-	806
-	-	-	-	-	-	-	-	1,400
-	725	-	-	1,050	-	-	-	1,979
<u>58</u>	<u>821</u>	<u>-</u>	<u>26</u>	<u>2,640</u>	<u>390</u>	<u>86</u>	<u>2,197</u>	<u>14,284</u>
-	211	-	-	-	-	-	-	800
-	-	-	-	246	-	-	-	246
1,390	89	332	-	8,710	427	1,162	373	28,916
1,390	300	332	-	8,956	427	1,162	373	29,962
<u>\$ 1,448</u>	<u>\$ 1,121</u>	<u>\$ 332</u>	<u>\$ 26</u>	<u>\$ 11,596</u>	<u>\$ 817</u>	<u>\$ 1,248</u>	<u>\$ 2,570</u>	<u>\$ 44,246</u>

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction	County School	General Reserve
REVENUES						
Taxes	\$ 955	\$ 7,791	\$ -	\$ -	\$ 225	\$ -
Intergovernmental	-	32,264	187	-	15	-
Licenses and permits	-	69	-	-	-	-
Charges for services	-	689	-	-	-	1,242
Interest	-	355	6	13	-	506
Other:						
Non-governmental grants	-	-	-	-	-	-
Service reimbursements	-	-	-	-	-	-
Miscellaneous	-	240	-	-	-	-
Total revenues	955	41,408	193	13	240	1,748
EXPENDITURES						
Current:						
General government	657	-	-	-	-	-
Health services	-	-	-	-	-	-
Social services	48	-	-	-	-	-
Public safety and justice	38	-	-	-	-	-
Community services	-	-	258	18	240	-
Library services	-	-	-	-	-	-
Roads and bridges	-	35,917	-	-	-	-
Capital outlay	22	1,425	-	-	-	-
Total expenditures	765	37,342	258	18	240	-
Excess of revenues over (under) expenditures	190	4,066	(65)	(5)	-	1,748
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	62	-	-
Transfers out	(259)	(5,357)	-	-	-	-
Total other financing sources (uses)	(259)	(5,357)	-	62	-	-
Net change in fund balances	(69)	(1,291)	(65)	57	-	1,748
Fund balance - beginning	1,089	3,159	94	339	-	11,961
Fund balance - ending	\$ 1,020	\$ 1,868	\$ 29	\$ 396	\$ -	\$ 13,709

Land Corner Preservation	Tax Title Land Sales	Animal Control	Recreation	Library	Justice Services Special Operations	Inmate Welfare	Special Excise Tax	Total
\$ -	\$ 193	\$ -	\$ 119	\$ 27,945	\$ -	\$ -	\$ 17,767	\$ 54,995
-	-	100	-	612	118	-	-	33,296
-	-	918	-	68	2,655	-	-	3,710
1,024	183	117	-	1,573	2,020	1,424	-	8,272
-	31	-	-	543	9	42	26	1,531
-	-	-	-	1,629	-	-	-	1,629
-	-	-	-	-	112	-	-	112
-	-	278	-	832	8	24	-	1,382
<u>1,024</u>	<u>407</u>	<u>1,413</u>	<u>119</u>	<u>33,202</u>	<u>4,922</u>	<u>1,490</u>	<u>17,793</u>	<u>104,927</u>
-	407	-	-	-	-	-	-	1,064
-	-	-	-	-	1,245	-	-	1,245
-	-	-	-	-	-	-	-	48
-	-	-	-	-	3,544	1,687	-	5,269
-	-	-	119	-	-	-	17,738	18,373
-	-	-	-	46,023	-	-	-	46,023
675	-	-	-	-	-	-	-	36,592
-	-	-	-	-	-	-	-	1,447
<u>675</u>	<u>407</u>	<u>-</u>	<u>119</u>	<u>46,023</u>	<u>4,789</u>	<u>1,687</u>	<u>17,738</u>	<u>110,061</u>
<u>349</u>	<u>-</u>	<u>1,413</u>	<u>-</u>	<u>(12,821)</u>	<u>133</u>	<u>(197)</u>	<u>55</u>	<u>(5,134)</u>
-	-	-	-	15,460	-	-	-	15,522
-	-	(1,093)	-	-	-	-	-	(6,709)
-	-	(1,093)	-	15,460	-	-	-	8,813
349	-	320	-	2,639	133	(197)	55	3,679
1,041	300	12	-	6,317	294	1,359	318	26,283
<u>\$ 1,390</u>	<u>\$ 300</u>	<u>\$ 332</u>	<u>\$ -</u>	<u>\$ 8,956</u>	<u>\$ 427</u>	<u>\$ 1,162</u>	<u>\$ 373</u>	<u>\$ 29,962</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Strategic Investment Program Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,462	\$ 1,462	\$ 955	\$ (507)
Total revenues	<u>1,462</u>	<u>1,462</u>	<u>955</u>	<u>(507)</u>
EXPENDITURES				
Community justice	-	52	38	14
Nondepartmental	1,675	1,675	679	996
School and community	302	250	48	202
Total expenditures	<u>1,977</u>	<u>1,977</u>	<u>765</u>	<u>1,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(515)</u>	<u>(515)</u>	<u>190</u>	<u>705</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(579)	(579)	(259)	320
Net change in fund balances	(1,094)	(1,094)	(69)	1,025
Fund balances - beginning	1,094	1,094	1,089	(5)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,020</u>	<u>\$ 1,020</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Gasoline	\$ 7,381	\$ 7,381	\$ 7,115	\$ (266)
Forest reserve yield	650	650	676	26
Intergovernmental	36,327	36,327	32,264	(4,063)
Licenses and permits	65	65	69	4
Charges for services	686	686	689	3
Interest	162	162	355	193
Other:				
Service reimbursements	186	186	-	(186)
Miscellaneous	868	868	240	(628)
Total revenues	<u>46,325</u>	<u>46,325</u>	<u>41,408</u>	<u>(4,917)</u>
EXPENDITURES				
Community services	<u>43,200</u>	<u>43,200</u>	<u>37,342</u>	<u>5,858</u>
Total expenditures	<u>43,200</u>	<u>43,200</u>	<u>37,342</u>	<u>5,858</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,125</u>	<u>3,125</u>	<u>4,066</u>	<u>941</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(5,389)</u>	<u>(5,389)</u>	<u>(5,357)</u>	<u>32</u>
Net change in fund balances	<u>(2,264)</u>	<u>(2,264)</u>	<u>(1,291)</u>	<u>973</u>
Fund balances - beginning	2,264	2,264	3,159	895
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,868</u>	<u>\$ 1,868</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 200	\$ 200	\$ 187	\$ (13)
Interest	-	-	6	6
Total revenues	<u>200</u>	<u>200</u>	<u>193</u>	<u>(7)</u>
EXPENDITURES				
Sheriff	<u>258</u>	<u>258</u>	<u>258</u>	<u>-</u>
Deficiency of revenues under expenditures	(58)	(58)	(65)	(7)
Fund balances - beginning	<u>58</u>	<u>58</u>	<u>94</u>	<u>36</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29</u>	<u>\$ 29</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 4	\$ 4	\$ 13	\$ 9
Total revenues	<u>4</u>	<u>4</u>	<u>13</u>	<u>9</u>
EXPENDITURES				
Community services	358	358	18	340
Total expenditures	<u>358</u>	<u>358</u>	<u>18</u>	<u>340</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(354)</u>	<u>(354)</u>	<u>(5)</u>	<u>349</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	64	64	62	(2)
Net change in fund balances	(290)	(290)	57	347
Fund balances - beginning	290	290	339	49
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 396</u>	<u>\$ 396</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Forest reserve yield	\$ 225	\$ 225	\$ 225	\$ -
Intergovernmental	-	25	15	(10)
Interest	1	1	-	(1)
Total revenues	<u>226</u>	<u>251</u>	<u>240</u>	<u>(11)</u>
EXPENDITURES				
Nondepartmental	<u>226</u>	<u>251</u>	<u>240</u>	<u>11</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
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
General Reserve Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 150	\$ 150	\$ 1,242	\$ 1,092
Interest	150	150	506	356
Proceeds from sale of capital assets	1,000	1,000	-	(1,000)
Total revenues	<u>1,300</u>	<u>1,300</u>	<u>1,748</u>	<u>448</u>
EXPENDITURES				
Nondepartmental	<u>13,008</u>	<u>13,008</u>	<u>-</u>	<u>13,008</u>
Excess (deficiency) of revenues over (under) expenditures	(11,708)	(11,708)	1,748	13,456
Fund balances - beginning	<u>11,708</u>	<u>11,708</u>	<u>11,961</u>	<u>253</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,709</u>	<u>\$ 13,709</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,100	\$ 1,100	\$ 1,024	\$ (76)
Total revenues	<u>1,100</u>	<u>1,100</u>	<u>1,024</u>	<u>(76)</u>
EXPENDITURES				
Community services	1,156	1,156	675	481
Nondepartmental	824	824	-	824
Total expenditures	<u>1,980</u>	<u>1,980</u>	<u>675</u>	<u>1,305</u>
Excess (deficiency) of revenues over (under) expenditures	(880)	(880)	349	1,229
Fund balances - beginning	880	880	1,041	161
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,390</u>	<u>\$ 1,390</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Title Land Sales Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	42	42	193	151
Licenses and permits	1	1	-	(1)
Charges for services	314	314	183	(131)
Interest	39	39	31	(8)
Total revenues	<u>396</u>	<u>396</u>	<u>407</u>	<u>11</u>
EXPENDITURES				
Community services	696	696	407	289
Total expenditures	<u>696</u>	<u>696</u>	<u>407</u>	<u>289</u>
Excess (deficiency) of revenues over (under) expenditures	(300)	(300)	-	300
Fund balances - beginning	300	300	300	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 300</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 100	\$ 100	\$ 100	\$ -
Licenses and permits	856	856	918	62
Charges for services	137	137	117	(20)
Other:				
Miscellaneous	-	-	278	278
Total revenues	<u>1,093</u>	<u>1,093</u>	<u>1,413</u>	<u>320</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,093)</u>	<u>(1,093)</u>	<u>(1,093)</u>	<u>-</u>
Net change in fund balances	-	-	320	320
Fund balances - beginning	-	-	12	12
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 332</u>	<u>\$ 332</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - Gasoline	\$ 116	\$ 126	\$ 119	\$ (7)
EXPENDITURES				
County management	116	126	119	7
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
Library Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes - property	\$ 25,834	\$ 25,834	\$ 27,942	\$ 2,108
Payments in lieu of taxes	-	-	3	3
Intergovernmental	510	510	612	102
Licenses and permits	85	85	68	(17)
Charges for services	1,535	1,535	1,573	38
Interest	70	70	543	473
Other:				
Non-governmental grants	600	1,428	1,629	201
Service reimbursements	63	63	-	(63)
Miscellaneous	32	35	832	797
Total revenues	<u>28,729</u>	<u>29,560</u>	<u>33,202</u>	<u>3,642</u>
EXPENDITURES				
Library	<u>47,189</u>	<u>48,020</u>	<u>46,023</u>	<u>1,997</u>
Deficiency of revenues under expenditures	<u>(18,460)</u>	<u>(18,460)</u>	<u>(12,821)</u>	<u>5,639</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>15,460</u>	<u>15,460</u>	<u>15,460</u>	<u>-</u>
Net change in fund balances	<u>(3,000)</u>	<u>(3,000)</u>	<u>2,639</u>	<u>5,639</u>
Fund balances - beginning	<u>3,000</u>	<u>3,000</u>	<u>6,317</u>	<u>3,317</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,956</u>	<u>\$ 8,956</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Services Special Operations Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 86	\$ 86	\$ 118	\$ 32
Licenses and permits	2,549	2,549	2,655	106
Charges for services	1,170	1,170	2,020	850
Interest	1	1	9	8
Other:				
Service reimbursements	226	226	112	(114)
Miscellaneous	453	453	8	(445)
Total revenues	<u>4,485</u>	<u>4,485</u>	<u>4,922</u>	<u>437</u>
EXPENDITURES				
Community justice	860	860	860	-
Health services	1,265	1,265	1,245	20
District attorney	85	85	26	59
Sheriff	2,663	2,663	2,658	5
Total expenditures	<u>4,873</u>	<u>4,873</u>	<u>4,789</u>	<u>84</u>
Excess (deficiency) of revenues over (under) expenditures	(388)	(388)	133	521
Fund balances - beginning	388	388	294	(94)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 427</u>	<u>\$ 427</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,470	\$ 1,470	\$ 1,424	\$ (46)
Interest	-	-	42	42
Other:				
Miscellaneous	19	19	24	5
Total revenues	<u>1,489</u>	<u>1,489</u>	<u>1,490</u>	<u>1</u>
EXPENDITURES				
Community justice	19	19	19	-
Sheriff	2,926	2,926	1,668	1,258
Total expenditures	<u>2,945</u>	<u>2,945</u>	<u>1,687</u>	<u>1,258</u>
Deficiency of revenues under expenditures	(1,456)	(1,456)	(197)	1,259
Fund balances - beginning	1,456	1,456	1,359	(97)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,162</u>	<u>\$ 1,162</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 16,125	\$ 17,767	\$ 17,767	\$ -
Interest	13	13	26	13
Total revenues	<u>16,138</u>	<u>17,780</u>	<u>17,793</u>	<u>13</u>
EXPENDITURES				
Nondepartmental	<u>16,463</u>	<u>18,105</u>	<u>17,738</u>	<u>367</u>
Excess (deficiency) of revenues over (under) expenditures	(325)	(325)	55	380
Fund balances - beginning	325	325	318	(7)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 373</u>	<u>\$ 373</u>

(This page intentionally left blank.)

NONMAJOR DEBT SERVICE FUNDS

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

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

MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Balance Sheet
June 30, 2006
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
ASSETS					
Cash and investments	\$ 8,919	\$ 7,914	\$ 16,101	\$ 2,420	\$ 35,354
Receivables:					
Taxes	-	436	-	-	436
Accounts	-	-	-	310	310
Contracts	-	-	-	3,791	3,791
Restricted assets:					
Cash with fiscal agent	1,001	-	-	428	1,429
Total assets	<u>\$ 9,920</u>	<u>\$ 8,350</u>	<u>\$ 16,101</u>	<u>\$ 6,949</u>	<u>\$ 41,320</u>
LIABILITIES					
Deferred revenue	<u>\$ -</u>	<u>\$ 357</u>	<u>\$ -</u>	<u>\$ 3,791</u>	<u>\$ 4,148</u>
Total liabilities	<u>-</u>	<u>357</u>	<u>-</u>	<u>3,791</u>	<u>4,148</u>
FUND BALANCES					
Reserved for debt service	9,920	7,993	16,101	3,158	37,172
Total liabilities and fund balances	<u>\$ 9,920</u>	<u>\$ 8,350</u>	<u>\$ 16,101</u>	<u>\$ 6,949</u>	<u>\$ 41,320</u>

MULTNOMAH COUNTY, OREGON
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
REVENUES					
Taxes	\$ -	\$ 9,364	\$ -	\$ -	\$ 9,364
Charges for services	-	-	-	1,152	1,152
Interest	143	283	700	113	1,239
Other - service reimbursements	14,460	1	11,993	-	26,454
Total revenues	<u>14,603</u>	<u>9,648</u>	<u>12,693</u>	<u>1,265</u>	<u>38,209</u>
EXPENDITURES					
Current:					
General government	5	1	48	5	59
Debt service:					
Principal	8,691	5,685	3,365	515	18,256
Interest	5,512	3,526	7,988	315	17,341
Total expenditures	<u>14,208</u>	<u>9,212</u>	<u>11,401</u>	<u>835</u>	<u>35,656</u>
expenditures	<u>395</u>	<u>436</u>	<u>1,292</u>	<u>430</u>	<u>2,553</u>
OTHER FINANCING SOURCES					
Proceeds from sale of capital assets	570	-	-	-	570
Transfers in	7,494	-	-	450	7,944
Total other financing sources	<u>8,064</u>	<u>-</u>	<u>-</u>	<u>450</u>	<u>8,514</u>
Net change in fund balances	8,459	436	1,292	880	11,067
Fund balances - beginning	1,461	7,557	14,809	2,278	26,105
Fund balances - ending	<u>\$ 9,920</u>	<u>\$ 7,993</u>	<u>\$ 16,101</u>	<u>\$ 3,158</u>	<u>\$ 37,172</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Debt Retirement Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 143	\$ 143
Other - service reimbursements	14,603	15,428	14,460	(968)
Proceeds from sale of capital assets	-	-	570	570
Total revenues	<u>14,603</u>	<u>15,428</u>	<u>15,173</u>	<u>(255)</u>
EXPENDITURES				
Nondepartmental	<u>16,397</u>	<u>23,222</u>	<u>14,208</u>	<u>9,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,794)</u>	<u>(7,794)</u>	<u>965</u>	<u>8,759</u>
OTHER FINANCING SOURCES				
Transfers in	<u>1,494</u>	<u>7,494</u>	<u>7,494</u>	<u>-</u>
Net change in fund balances	<u>(300)</u>	<u>(300)</u>	<u>8,459</u>	<u>8,759</u>
Fund balances - beginning	<u>300</u>	<u>300</u>	<u>1,461</u>	<u>1,161</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,920</u>	<u>\$ 9,920</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Obligation Bond Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property:				
Current year	\$ 9,068	\$ 9,068	\$ 9,163	\$ 95
Prior years'	159	159	160	1
Penalties and interest	-	-	41	41
Sales on foreclosures	-	-	1	1
Interest	80	80	283	203
Total revenues	<u>9,307</u>	<u>9,307</u>	<u>9,648</u>	<u>341</u>
EXPENDITURES				
Nondepartmental	<u>16,866</u>	<u>16,866</u>	<u>9,212</u>	<u>7,654</u>
Excess (deficiency) of revenues over (under) expenditures	(7,559)	(7,559)	436	7,995
Fund balances - beginning	<u>7,559</u>	<u>7,559</u>	<u>7,557</u>	<u>(2)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,993</u>	<u>\$ 7,993</u>

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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 200	\$ 200	\$ 700	\$ 500
Other - service reimbursements	13,000	13,000	11,993	(1,007)
Total revenues	<u>13,200</u>	<u>13,200</u>	<u>12,693</u>	<u>(507)</u>
EXPENDITURES				
Nondepartmental	<u>26,200</u>	<u>26,200</u>	<u>11,401</u>	<u>14,799</u>
Excess (deficiency) of revenues over (under) expenditures	(13,000)	(13,000)	1,292	14,292
Fund balances - beginning	<u>13,000</u>	<u>13,000</u>	<u>14,809</u>	<u>1,809</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,101</u>	<u>\$ 16,101</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 513	\$ 513	\$ 1,152	\$ 639
Interest	44	44	113	69
Total revenues	<u>557</u>	<u>557</u>	<u>1,265</u>	<u>708</u>
EXPENDITURES				
Nondepartmental	<u>3,308</u>	<u>3,308</u>	<u>835</u>	<u>2,473</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,751)</u>	<u>(2,751)</u>	<u>430</u>	<u>3,181</u>
OTHER FINANCING SOURCES				
Transfers in	<u>450</u>	<u>450</u>	<u>450</u>	<u>-</u>
Net change in fund balances	<u>(2,301)</u>	<u>(2,301)</u>	<u>880</u>	<u>3,181</u>
Fund balances - beginning	<u>2,301</u>	<u>2,301</u>	<u>2,278</u>	<u>(23)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,158</u>	<u>\$ 3,158</u>

NONMAJOR CAPITAL PROJECTS FUNDS

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

- **Justice Bond Project Fund** – accounts for projects to expand Inverness Jail, construct new jail facilities, upgrade other jail facilities and pay for data processing linkages in the Corrections system.
- **Building Project Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **Library Construction / 1996 Bonds Fund** - accounts for the renovation of branch libraries and upgrades to Library computer systems and linkages.
- **Capital Improvement Fund** - accounts for the proceeds from the sale of County property and expenditures made to improve County property.
- **Capital Acquisition Fund** - accounts for purchase of personal computers and capital purchases with economic payoffs of less than five years.
- **Asset Preservation Fund** – accounts for the expenditures for building scheduled maintenance projects such as boiler replacement, carpet replacement, roof replacement, etc. Resources are derived from an asset preservation fee that is part of the facilities charges assessed to building tenants.

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Balance Sheet
June 30, 2006
(amounts expressed in thousands)

	<u>Justice Bond Project</u>	<u>Building Project</u>	<u>Library Construction / 1996 Bonds</u>
ASSETS			
Cash and investments	\$ 1,019	\$ 326	\$ 92
Receivables:			
Accounts	589	-	181
Contracts	-	-	-
Prepaid items	-	-	-
Due from other funds	-	-	-
Total assets	<u>\$ 1,608</u>	<u>\$ 326</u>	<u>\$ 273</u>
LIABILITIES			
Accounts payable	\$ 653	\$ 1	\$ 76
Payroll payable	-	-	-
Deferred revenue	-	-	-
Total liabilities	<u>653</u>	<u>1</u>	<u>76</u>
FUND BALANCES			
Reserved for capital projects	955	325	197
Total liabilities and fund balances	<u>\$ 1,608</u>	<u>\$ 326</u>	<u>\$ 273</u>

<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
\$ 4,924	\$ 3,142	\$ 2,545	\$ 12,048
34	-	-	804
719	594	-	1,313
-	-	-	-
-	-	-	-
<u>\$ 5,677</u>	<u>\$ 3,736</u>	<u>\$ 2,545</u>	<u>\$ 14,165</u>
\$ 489	\$ 31	\$ 71	\$ 1,321
1	1	-	2
982	594	-	1,576
<u>1,472</u>	<u>626</u>	<u>71</u>	<u>2,899</u>
4,205	3,110	2,474	11,266
<u>\$ 5,677</u>	<u>\$ 3,736</u>	<u>\$ 2,545</u>	<u>\$ 14,165</u>

MULTNOMAH COUNTY, OREGON
Nonmajor Capital Projects Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Justice Bond Project</u>	<u>Building Project</u>	<u>Library Construction / 1996 Bonds</u>
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	15	-	-
Interest	131	13	14
Other:			
Non-governmental grants	-	-	5
Service reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>146</u>	<u>13</u>	<u>19</u>
EXPENDITURES			
Current:			
General government	-	-	-
Public safety and justice	2,217	-	-
Community services	-	17	-
Library services	-	-	205
Capital outlay	3,019	-	502
Total expenditures	<u>5,236</u>	<u>17</u>	<u>707</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,090)</u>	<u>(4)</u>	<u>(688)</u>
OTHER FINANCING SOURCES (USES)			
Issuance of capital lease	-	-	-
Proceeds from sale of capital assets	-	-	-
Transfers in	4,085	1,165	-
Total other financing sources (uses)	<u>4,085</u>	<u>1,165</u>	<u>-</u>
Net change in fund balances	<u>(1,005)</u>	<u>1,161</u>	<u>(688)</u>
Fund balances - beginning	1,960	(836)	885
Fund balances - ending	<u>\$ 955</u>	<u>\$ 325</u>	<u>\$ 197</u>

<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
\$ 1,746	\$ -	\$ -	\$ 1,746
1,021	19	-	1,055
192	112	137	599
-	-	-	5
-	2,244	-	2,244
69	-	-	69
<u>3,028</u>	<u>2,375</u>	<u>137</u>	<u>5,718</u>
2,737	1,753	-	4,490
-	-	-	2,217
-	-	913	930
-	-	-	205
3,154	6	1,407	8,088
<u>5,891</u>	<u>1,759</u>	<u>2,320</u>	<u>15,930</u>
<u>(2,863)</u>	<u>616</u>	<u>(2,183)</u>	<u>(10,212)</u>
1,093	-	-	1,093
1,418	-	-	1,418
2,344	-	1,297	8,891
<u>4,855</u>	<u>-</u>	<u>1,297</u>	<u>11,402</u>
1,992	616	(886)	1,190
2,213	2,494	3,360	10,076
<u>\$ 4,205</u>	<u>\$ 3,110</u>	<u>\$ 2,474</u>	<u>\$ 11,266</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Bond Capital Project Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	-	-	15	15
Interest	-	-	131	131
Total revenues	-	-	146	146
EXPENDITURES				
County management	6,340	6,340	5,236	1,104
Nondepartmental	-	4,085	-	4,085
Total expenditures	6,340	10,425	5,236	5,189
Deficiency of revenues under expenditures	(6,340)	(10,425)	(5,090)	5,335
OTHER FINANCING SOURCES				
Transfers in	-	4,085	4,085	-
Net change in fund balances	(6,340)	(6,340)	(1,005)	5,335
Fund balances - beginning	6,340	6,340	1,960	(4,380)
Fund balances - ending	\$ -	\$ -	\$ 955	\$ 955

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Building Project Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 13	\$ 13
EXPENDITURES				
County management	452	452	17	435
Nondepartmental	-	1,165	-	1,165
Total expenditures	<u>452</u>	<u>1,617</u>	<u>17</u>	<u>1,600</u>
Deficiency of revenues under expenditures	(452)	(1,617)	(4)	1,613
OTHER FINANCING SOURCES				
Transfers in	-	1,165	1,165	-
Net change in fund balances	(452)	(452)	1,161	1,613
Fund balances - beginning	452	452	(836)	(1,288)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325</u>	<u>\$ 325</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Construction / 1996 Bonds Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 14	\$ 14
Other - grants and contributions	-	-	5	5
Total revenues	-	-	19	19
EXPENDITURES				
Library	885	885	707	178
Deficiency of revenues under expenditures	(885)	(885)	(688)	197
Fund balances - beginning	885	885	885	-
Fund balances - ending	\$ -	\$ -	\$ 197	\$ 197

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 883	\$ 883	\$ 1,746	\$ 863
Charges for services	918	918	1,021	103
Interest	100	100	192	92
Proceeds from sale of capital assets	18,300	18,300	1,418	(16,882)
Other - miscellaneous	134	134	69	(65)
Total revenues	<u>20,335</u>	<u>20,335</u>	<u>4,446</u>	<u>(15,889)</u>
EXPENDITURES				
County management	<u>26,641</u>	<u>25,941</u>	<u>4,798</u>	<u>21,143</u>
Deficiency of revenues under expenditures	<u>(6,306)</u>	<u>(5,606)</u>	<u>(352)</u>	<u>5,254</u>
OTHER FINANCING SOURCES				
Transfers in	<u>3,044</u>	<u>2,344</u>	<u>2,344</u>	<u>-</u>
Net change in fund balances	<u>(3,262)</u>	<u>(3,262)</u>	<u>1,992</u>	<u>5,254</u>
Fund balances - beginning	<u>3,262</u>	<u>3,262</u>	<u>2,213</u>	<u>(1,049)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,205</u>	<u>\$ 4,205</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Acquisition Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 1,633	\$ -	\$ (1,633)
Charges for services	14	14	19	5
Interest	25	25	112	87
Other - service reimbursements	2,361	2,176	2,244	68
Total revenues	<u>2,400</u>	<u>3,848</u>	<u>2,375</u>	<u>(1,473)</u>
EXPENDITURES				
Health services	-	1,633	-	1,633
Nondepartmental	221	221	-	221
County management	5,803	5,618	1,759	3,859
Total expenditures	<u>6,024</u>	<u>7,472</u>	<u>1,759</u>	<u>5,713</u>
Excess (deficiency) of revenues over (under) expenditures	(3,624)	(3,624)	616	4,240
Fund balances - beginning	3,624	3,624	2,494	(1,130)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,110</u>	<u>\$ 3,110</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Asset Preservation Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ 2,000	\$ 2,000	\$ -	\$ (2,000)
Interest	75	75	137	62
Total revenues	<u>2,075</u>	<u>2,075</u>	<u>137</u>	<u>(1,938)</u>
EXPENDITURES				
County management	7,750	7,350	2,320	5,030
Deficiency of revenues under expenditures	(5,675)	(5,275)	(2,183)	3,092
OTHER FINANCING SOURCES				
Transfers in	1,966	1,566	1,297	(269)
Net change in fund balances	(3,709)	(3,709)	(886)	2,823
Fund balances - beginning	3,709	3,709	3,360	(349)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,474</u>	<u>\$ 2,474</u>

(This page intentionally left blank.)

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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments - sewer:				
Current	\$ 437	\$ 437	\$ 440	\$ 3
Prior	-	-	7	7
Charges for services	-	-	7	7
Interest	8	8	21	13
Other	2	2	-	(2)
Total revenues	<u>447</u>	<u>447</u>	<u>475</u>	<u>28</u>
EXPENDITURES				
Community services	<u>934</u>	<u>934</u>	<u>762</u>	<u>172</u>
Excess (deficiency) of revenues over (under) expenditures	(487)	(487)	(287)	200
OTHER FINANCING SOURCES				
Proceeds from long-term debt	<u>200</u>	<u>200</u>	<u>-</u>	<u>(200)</u>
Net change in fund balances	(287)	(287)	(287)	-
Fund balances - beginning	<u>287</u>	<u>287</u>	<u>339</u>	<u>52</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>52</u>	<u>\$ 52</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,464	
Deferred revenue			16	
Allowance for uncollectible accounts, assessments			<u>(3)</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 39			<u>\$ 1,529</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments - street lighting:				
Current	\$ 275	\$ 275	\$ 289	\$ 14
Prior	-	-	5	5
Interest	7	7	16	9
Total revenues	<u>282</u>	<u>282</u>	<u>310</u>	<u>28</u>
EXPENDITURES				
Community services	542	542	300	242
Excess (deficiency) of revenues over (under) expenditures	(260)	(260)	10	270
Fund balances - beginning	<u>260</u>	<u>260</u>	<u>336</u>	<u>76</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>346</u>	<u>\$ 346</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,521	
Deferred revenue on assessments			12	
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 39			<u>\$ 1,878</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 39,270	\$ 39,270	\$ 34,519	\$ (4,751)
Interest	95	95	214	119
Total revenues	<u>39,365</u>	<u>39,365</u>	<u>34,733</u>	<u>(4,632)</u>
EXPENDITURES				
Human services	39,270	39,270	33,640	5,630
Nondepartmental	1,654	1,654	-	1,654
Total expenditures	<u>40,924</u>	<u>40,924</u>	<u>33,640</u>	<u>7,284</u>
Excess (deficiency) of revenues over (under) expenditures	(1,559)	(1,559)	1,093	2,652
Fund balances - beginning	1,559	1,559	1,315	(244)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>2,408</u>	<u>\$ 2,408</u>
Reconciliation to GAAP basis:				
Invested in capital assets			-	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 39			<u>\$ 2,408</u>	

(This page intentionally left blank.)

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 operations.
- **Mail / Distribution Fund** - accounts for the County's mail / distribution operations.
- **Facilities Management Fund** - accounts for the management of all County owned and leased property.
- **Business Services Fund** – accounts for the internal service reimbursements, revenues and expenses associated with the administration and operation of the County's human resource operations, financial operations and enterprise support system.

(This page intentionally left blank.)

MULTNOMAH COUNTY, OREGON
Internal Service Funds
Combining Statement of Net Assets
June 30, 2006
(amounts expressed in thousands)

	Government Activities - Internal Service Funds		
	<u>Risk Management</u>	<u>Fleet Management</u>	<u>Information Technology</u>
ASSETS			
Current assets:			
Cash and investments	\$ 25,990	\$ 4,001	\$ 8,619
Accounts receivable	2	256	125
Inventories	-	512	695
Prepaid items	285	-	333
Total current assets	<u>26,277</u>	<u>4,769</u>	<u>9,772</u>
Noncurrent assets:			
Capital assets (net of accumulated depreciation)	52	3,141	1,569
Total assets	<u>\$ 26,329</u>	<u>\$ 7,910</u>	<u>\$ 11,341</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 1,397	\$ 242	\$ 1,699
Claims and judgments payable	10,627	-	-
Payroll payable	66	45	290
Deferred revenue	-	-	-
Compensated absences	84	30	264
Total current liabilities	<u>12,174</u>	<u>317</u>	<u>2,253</u>
Noncurrent liabilities:			
Compensated absences	147	71	780
Incremental leases payable	-	-	-
Total noncurrent liabilities	<u>147</u>	<u>71</u>	<u>780</u>
Total liabilities	<u>12,321</u>	<u>388</u>	<u>3,033</u>
NET ASSETS			
Invested in capital assets	52	3,141	1,569
Unrestricted	13,956	4,381	6,739
Total net assets	<u>\$ 14,008</u>	<u>\$ 7,522</u>	<u>\$ 8,308</u>

<u>Mail / Distribution</u>	<u>Facilities Management</u>	<u>Business Services</u>	<u>Total Internal Service Funds</u>
\$ 831	\$ 3,160	\$ -	\$ 42,601
176	712	-	1,271
515	-	-	1,722
-	-	-	618
<u>1,522</u>	<u>3,872</u>	<u>-</u>	<u>46,212</u>
1	-	-	4,763
<u>\$ 1,523</u>	<u>\$ 3,872</u>	<u>\$ -</u>	<u>\$ 50,975</u>
\$ 303	\$ 1,430	\$ -	\$ 5,071
-	-	-	10,627
27	148	-	576
-	107	-	107
30	174	-	582
<u>360</u>	<u>1,859</u>	<u>-</u>	<u>16,963</u>
59	391	-	1,448
-	1,551	-	1,551
<u>59</u>	<u>1,942</u>	<u>-</u>	<u>2,999</u>
<u>419</u>	<u>3,801</u>	<u>-</u>	<u>19,962</u>
1	-	-	4,763
1,103	71	-	26,250
<u>\$ 1,104</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 31,013</u>

MULTNOMAH COUNTY, OREGON
Internal Service Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Government Activities - Internal Service Funds		
	Risk Management	Fleet Management	Information Technology
OPERATING REVENUES			
Charges for services	\$ 53,643	\$ 6,078	\$ 27,892
Insurance premiums	5,720	-	-
Experience ratings and other	676	71	-
Total operating revenues	<u>60,039</u>	<u>6,149</u>	<u>27,892</u>
OPERATING EXPENSES			
Cost of sales and services	60,211	4,597	25,943
Administration	476	403	419
Depreciation	3	942	1,642
Total operating expenses	<u>60,690</u>	<u>5,942</u>	<u>28,004</u>
Operating income (loss)	<u>(651)</u>	<u>207</u>	<u>(112)</u>
NONOPERATING REVENUES			
Interest revenue	957	143	286
Gain on disposal of capital assets	-	377	30
Loss on disposal of capital assets	-	(121)	-
Total nonoperating revenues	<u>957</u>	<u>399</u>	<u>316</u>
Income before contributions and transfers	306	606	204
Capital contributions in	-	-	30
Capital contributions out	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
Change in net assets	<u>306</u>	<u>606</u>	<u>234</u>
Total net assets - beginning	<u>13,702</u>	<u>6,916</u>	<u>8,074</u>
Total net assets - ending	<u>\$ 14,008</u>	<u>\$ 7,522</u>	<u>\$ 8,308</u>

<u>Mail / Distribution</u>	<u>Facilities Management</u>	<u>Business Services</u>	<u>Total Internal Service Funds</u>
\$ 5,378	\$ 36,698	\$ 15,524	\$ 145,213
-	-	-	5,720
3	-	34	784
<u>5,381</u>	<u>36,698</u>	<u>15,558</u>	<u>151,717</u>
4,789	33,436	15,039	144,015
398	253	494	2,443
2	5	-	2,594
<u>5,189</u>	<u>33,694</u>	<u>15,533</u>	<u>149,052</u>
<u>192</u>	<u>3,004</u>	<u>25</u>	<u>2,665</u>
17	-	5	1,408
-	-	-	407
-	-	-	(121)
<u>17</u>	<u>-</u>	<u>5</u>	<u>1,694</u>
209	3,004	30	4,359
-	-	-	30
-	-	(30)	(30)
642	-	-	642
-	(3,641)	-	(3,641)
<u>851</u>	<u>(637)</u>	<u>-</u>	<u>1,360</u>
<u>253</u>	<u>708</u>	<u>-</u>	<u>29,653</u>
<u>\$ 1,104</u>	<u>\$ 71</u>	<u>\$ -</u>	<u>\$ 31,013</u>

MULTNOMAH COUNTY, OREGON
Internal Service Funds
Combining Statement of Cash Flows
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds		
	Risk Management	Fleet Management	Information Technology
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 60,038	\$ 6,047	\$ 28,387
Payments to suppliers	(47,977)	(2,050)	(9,013)
Payments to employees	(5,954)	(2,127)	(15,548)
Internal activity - payments to other funds	(973)	(865)	(2,307)
Net cash provided by (used in) operating activities	<u>5,134</u>	<u>1,005</u>	<u>1,519</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers in	-	-	-
Transfers out	-	-	-
Net cash provided by (used in) noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchases of capital assets	(55)	(1,110)	(718)
Proceeds on sales of capital assets	-	120	30
Net cash used in capital and related financing activities	<u>(55)</u>	<u>(990)</u>	<u>(688)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	957	143	286
Net cash provided by investing activities	<u>957</u>	<u>143</u>	<u>286</u>
Net increase (decrease) in cash and cash equivalents	6,036	158	1,117
Balances at beginning of the year	19,954	3,843	7,502
Balances at the end of the year	<u>\$ 25,990</u>	<u>\$ 4,001</u>	<u>\$ 8,619</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	\$ (651)	\$ 207	\$ (112)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation	3	942	1,642
Changes in assets and liabilities:			
Receivables	(2)	(102)	509
Inventories	-	(23)	(593)
Due from other funds	5,250	-	-
Prepaid items	113	-	208
Accounts payable	58	10	(143)
Claims and judgments payable	387	-	-
Deferred revenue	-	-	-
Compensated absences	4	(29)	10
Due to other funds	-	-	-
Incremental leases payable	-	-	-
Payroll payable	(28)	-	(2)
Total adjustments	<u>5,785</u>	<u>798</u>	<u>1,631</u>
Net cash provided by (used in) operating activities	<u>\$ 5,134</u>	<u>\$ 1,005</u>	<u>\$ 1,519</u>
Noncash financing activities:			
Contributions of capital assets	\$ -	\$ -	\$ 30

<u>Mail / Distribution</u>	<u>Facilities Management</u>	<u>Business Services</u>	<u>Total Internal Service Funds</u>
\$ 5,366	\$ 36,309	\$ 15,558	\$ 151,705
(3,291)	(9,836)	(1,394)	(73,561)
(1,553)	(6,638)	(10,379)	(42,199)
(853)	(15,706)	(4,486)	(25,190)
<u>(331)</u>	<u>4,129</u>	<u>(701)</u>	<u>10,755</u>
642	-	-	642
-	(3,641)	-	(3,641)
<u>642</u>	<u>(3,641)</u>	<u>-</u>	<u>(2,999)</u>
-	-	(30)	(1,913)
-	-	-	150
-	-	(30)	(1,763)
17	-	5	1,408
<u>17</u>	<u>-</u>	<u>5</u>	<u>1,408</u>
328	488	(726)	7,401
503	2,672	726	35,200
<u>\$ 831</u>	<u>\$ 3,160</u>	<u>\$ -</u>	<u>\$ 42,601</u>
\$ 192	\$ 3,004	\$ 25	\$ 2,665
2	5	-	2,594
(15)	(484)	-	(94)
52	-	-	(564)
-	-	-	5,250
-	-	-	321
80	(116)	(411)	(522)
-	-	-	387
-	107	-	107
3	57	(82)	(37)
(642)	-	-	(642)
-	1,551	-	1,551
(3)	5	(233)	(261)
<u>(523)</u>	<u>1,125</u>	<u>(726)</u>	<u>8,090</u>
<u>\$ (331)</u>	<u>\$ 4,129</u>	<u>\$ (701)</u>	<u>\$ 10,755</u>
\$ -	\$ -	\$ (30)	\$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 4,915	\$ 4,915	\$ 5,800	\$ 885
Interest	400	400	957	557
Other:				
Service reimbursements	55,530	55,954	53,632	(2,322)
Experience ratings and other	202	202	607	405
Total revenues	<u>61,047</u>	<u>61,471</u>	<u>60,996</u>	<u>(475)</u>
EXPENDITURES				
County management	72,281	72,705	58,346	14,359
Nondepartmental	<u>2,604</u>	<u>2,604</u>	<u>2,396</u>	<u>208</u>
Total expenditures	<u>74,885</u>	<u>75,309</u>	<u>60,742</u>	<u>14,567</u>
Excess (deficiency) of revenues over (under) expenditures	(13,838)	(13,838)	254	14,092
Fund balances - beginning	<u>13,838</u>	<u>13,838</u>	<u>13,702</u>	<u>(136)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>13,956</u>	<u>\$ 13,956</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>52</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 121			<u>\$ 14,008</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 941	\$ 941	\$ 1,054	\$ 113
Interest	60	60	143	83
Other:				
Miscellaneous	57	57	71	14
Service reimbursements	5,110	5,115	5,024	(91)
Total revenues	<u>6,168</u>	<u>6,173</u>	<u>6,292</u>	<u>119</u>
EXPENDITURES				
County management	7,476	7,481	6,110	1,371
Nondepartmental	2,718	2,718	-	2,718
Total expenditures	<u>10,194</u>	<u>10,199</u>	<u>6,110</u>	<u>4,089</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,026)</u>	<u>(4,026)</u>	<u>182</u>	<u>4,208</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	120	120
Net change in fund balances	(4,026)	(4,026)	302	4,328
Fund balances - beginning	4,026	4,026	4,079	53
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>4,381</u>	<u>\$ 4,381</u>
Reconciliation to GAAP basis:				
Invested in capital assets			3,141	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 121			<u>\$ 7,522</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 1,491	\$ 1,491	\$ 873	\$ (618)
Interest	100	100	286	186
Other:				
Service reimbursements	25,933	25,948	27,019	1,071
Total revenues	<u>27,524</u>	<u>27,539</u>	<u>28,178</u>	<u>639</u>
EXPENDITURES				
County management	31,157	31,172	27,080	4,092
Excess (deficiency) of revenues over (under) expenditures	<u>(3,633)</u>	<u>(3,633)</u>	<u>1,098</u>	<u>4,731</u>
OTHER FINANCING SOURCES				
Proceeds from sale of assets	-	-	30	30
Net changes in fund balances	(3,633)	(3,633)	1,128	4,761
Fund balances - beginning	3,633	3,633	5,611	1,978
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>6,739</u>	<u>\$ 6,739</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,569	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 121			<u>\$ 8,308</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental:				
Federal, state, and local	\$ 236	\$ 236	\$ 299	\$ 63
Interest	2	2	17	15
Other - service reimbursements	3,342	5,841	5,082	(759)
Total revenues	<u>3,580</u>	<u>6,079</u>	<u>5,398</u>	<u>(681)</u>
EXPENDITURES				
County management	4,283	6,782	5,187	1,595
Nondepartmental	249	249	-	249
Total expenditures	<u>4,532</u>	<u>7,031</u>	<u>5,187</u>	<u>1,844</u>
Excess (deficiency) of revenues over (under) expenditures	(952)	(952)	211	1,163
OTHER FINANCING SOURCES				
Transfers in	642	642	642	-
Net changes in fund balances	(310)	(310)	853	1,163
Fund balances - beginning	310	310	250	(60)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	1,103	<u>\$ 1,103</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 122			<u>\$ 1,104</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, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 2,270	\$ 2,270	\$ 2,772	\$ 502
Intergovernmental - Federal	-	-	27	27
Other:				
Miscellaneous	3,333	3,058	-	(3,058)
Service reimbursements	35,296	35,663	33,899	(1,764)
Total revenues	<u>40,899</u>	<u>40,991</u>	<u>36,698</u>	<u>(4,293)</u>
EXPENDITURES				
County management	35,889	37,081	33,689	3,392
Excess of revenues over expenditures	5,010	3,910	3,009	(901)
OTHER FINANCING USES				
Transfers out	(5,010)	(3,910)	(3,641)	269
Net change in fund balances	-	-	(632)	(632)
Fund balances - beginning	-	-	703	703
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>71</u>	<u>\$ 71</u>
Reconciliation to GAAP basis:				
Invested in capital assets			-	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 122			<u>\$ 71</u>	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Business Services Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ -	\$ -	\$ 5	\$ 5
Other:				
Miscellaneous	-	-	41	41
Service reimbursements	15,974	16,118	15,517	(601)
Total revenues	<u>15,974</u>	<u>16,118</u>	<u>15,563</u>	<u>(555)</u>
EXPENDITURES				
County management	<u>15,974</u>	<u>16,118</u>	<u>15,563</u>	<u>555</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>-</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 122			<u>\$ -</u>	

(This page intentionally left blank.)

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
Agency Funds
Combining Balance Sheet
June 30, 2006
(amounts expressed in thousands)

	<u>Sundry Taxing Bodies</u>	<u>Department and Offices Agency</u>	<u>Public Guardian</u>	<u>Visitors' Facilities Trust</u>	<u>Total</u>
ASSETS:					
Cash and Investments	\$ 5,204	\$ 8,073	\$ 789	\$ 201	\$ 14,267
Taxes receivable	33,124	72	-	2,400	35,596
Restricted cash	-	849	-	-	849
Total assets	<u>\$ 38,328</u>	<u>\$ 8,994</u>	<u>\$ 789</u>	<u>\$ 2,601</u>	<u>\$ 50,712</u>
LIABILITIES:					
Accounts payable	\$ 5,152	\$ 426	\$ 66	\$ 2,394	\$ 8,038
Due to other governmental units	33,062	-	-	-	33,062
Amounts held in trust	114	8,568	723	207	9,612
Total liabilities	<u>\$ 38,328</u>	<u>\$ 8,994</u>	<u>\$ 789</u>	<u>\$ 2,601</u>	<u>\$ 50,712</u>

MULTNOMAH COUNTY, OREGON
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the Year Ended June 30, 2006
(amounts expressed in thousands)

	Balance June 30, 2005	Additions	Deletions	Balance June 30, 2006
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 9,531	\$ 1,723,127	\$ 1,727,454	\$ 5,204
Taxes receivable	36,718	5,500,575	5,504,169	33,124
Total assets	<u>\$ 46,249</u>	<u>\$ 7,223,702</u>	<u>\$ 7,231,623</u>	<u>\$ 38,328</u>
Liabilities:				
Accounts payable	\$ 6,028	\$ 689,665	\$ 690,541	\$ 5,152
Due to other governmental units	36,358	696,480	699,776	33,062
Amounts held in trust	3,863	1,040,707	1,044,456	114
Total liabilities	<u>\$ 46,249</u>	<u>\$ 2,426,852</u>	<u>\$ 2,434,773</u>	<u>\$ 38,328</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 9,393	\$ 1,469,234	\$ 1,470,554	\$ 8,073
Taxes receivable	66	927,359	927,353	72
Accounts receivable	46	336	382	-
Restricted cash	1	6,098	5,250	849
Total assets	<u>\$ 9,506</u>	<u>\$ 2,403,027</u>	<u>\$ 2,403,539</u>	<u>\$ 8,994</u>
Liabilities:				
Accounts payable	\$ 716	\$ 43,300	\$ 43,590	\$ 426
Amounts held in trust	8,790	1,437,488	1,437,710	8,568
Total liabilities	<u>\$ 9,506</u>	<u>\$ 1,480,788</u>	<u>\$ 1,481,300</u>	<u>\$ 8,994</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 590	\$ 3,430	\$ 3,231	\$ 789
Accounts receivable	-	1,702	1,702	-
Total assets	<u>\$ 590</u>	<u>\$ 5,132</u>	<u>\$ 4,933</u>	<u>\$ 789</u>
Liabilities:				
Accounts payable	\$ 60	\$ 2,893	\$ 2,887	\$ 66
Amounts held in trust	530	1,623	1,430	723
Total liabilities	<u>\$ 590</u>	<u>\$ 4,516</u>	<u>\$ 4,317</u>	<u>\$ 789</u>
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	\$ 205	\$ 18,374	\$ 18,378	\$ 201
Taxes receivable	2,209	12,089	11,898	2,400
Accounts receivable	-	-	-	-
Total assets	<u>\$ 2,414</u>	<u>\$ 30,463</u>	<u>\$ 30,276</u>	<u>\$ 2,601</u>
Liabilities:				
Accounts payable	\$ 936	\$ 6,288	\$ 4,830	\$ 2,394
Amounts held in trust	1,478	9,735	11,006	207
Total liabilities	<u>\$ 2,414</u>	<u>\$ 16,023</u>	<u>\$ 15,836</u>	<u>\$ 2,601</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 19,719	\$ 3,214,165	\$ 3,219,617	\$ 14,267
Taxes receivable	38,993	6,440,023	6,443,420	35,596
Accounts receivable	46	2,038	2,084	-
Restricted cash	1	6,098	5,250	849
Total assets	<u>\$ 58,759</u>	<u>\$ 9,662,324</u>	<u>\$ 9,670,371</u>	<u>\$ 50,712</u>
Liabilities:				
Accounts payable	\$ 7,740	\$ 742,146	\$ 741,848	\$ 8,038
Due to other governmental units	36,358	696,480	699,776	33,062
Amounts held in trust	14,661	2,489,553	2,494,602	9,612
Total liabilities	<u>\$ 58,759</u>	<u>\$ 3,928,179</u>	<u>\$ 3,936,226</u>	<u>\$ 50,712</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, 2006
(amounts expressed in thousands)

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 13,787	\$ 13,717
Construction in progress	18,339	-
Buildings-not in service	51,164	51,164
Buildings	365,806	363,019
Improvements other than buildings	343	343
Machinery and equipment	126,532	123,209
Bridges	94,674	94,729
Infrastructure	549,969	818,539
Total governmental funds capital assets	<u>\$ 1,220,614</u>	<u>\$ 1,464,720</u>
 INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Beginning balance	\$ 1,464,720	\$ 1,431,660
General fund	(3,416)	7,355
Road fund	(268,601)	4,687
Bicycle path construction fund	-	42
Federal and state program fund	(19)	247
Willamette river bridges fund	20,878	2,066
Library fund	2,785	(766)
Land corner preservation fund	24	-
Inmate welfare fund	(59)	-
Justice services special operations	(7)	86
Justice bond capital project fund	4,627	5,550
Building project fund	-	117
Library construction fund/1996	1,143	626
Capital improvement fund	(1,796)	11,936
Capital acquisition fund	6	75
Asset preservation fund	1,651	902
Risk management fund	55	-
Fleet management fund	54	(312)
Information technology fund	(1,472)	449
Mail distribution fund	(7)	-
Facilities management fund	48	-
Total governmental funds capital assets, ending balance	<u>\$ 1,220,614</u>	<u>\$ 1,464,720</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2006
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	<u>Land</u>	<u>Work in Progress</u>	<u>Buildings</u>	<u>Improvements Other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Bridges</u>	<u>Infrastructure</u>	<u>Total</u>
General government:								
Legislative -	\$ 143	\$ -	\$ 4,314	\$ -	\$ -	\$ -	\$ -	\$ 4,457
Administrative	1,683	-	65,767	-	43,995	-	-	111,445
	<u>1,826</u>	<u>-</u>	<u>70,081</u>	<u>-</u>	<u>43,995</u>	<u>-</u>	<u>-</u>	<u>115,902</u>
Health and social services:								
Health	2,540	-	28,994	-	363	-	-	31,897
Social	3,592	-	30,029	-	955	-	-	34,576
	<u>6,132</u>	<u>-</u>	<u>59,023</u>	<u>-</u>	<u>1,318</u>	<u>-</u>	<u>-</u>	<u>66,473</u>
Public safety:								
Law enforcement	1,075	-	143,092	37	5,225	-	-	149,429
Justice services	819	-	48,258	-	842	-	-	49,919
	<u>1,894</u>	<u>-</u>	<u>191,350</u>	<u>37</u>	<u>6,067</u>	<u>-</u>	<u>-</u>	<u>199,348</u>
Community services:								
Community service development	12	-	2,087	108	14	-	-	2,221
Recreation	203	-	-	-	-	-	-	203
Library	2,983	-	59,987	140	73,922	-	-	137,032
	<u>3,198</u>	<u>-</u>	<u>62,074</u>	<u>248</u>	<u>73,936</u>	<u>-</u>	<u>-</u>	<u>139,456</u>
Roads and bridges:								
Roads and bridges	558	18,339	11,891	58	1,216	94,674	549,969	676,705
	<u>558</u>	<u>18,339</u>	<u>11,891</u>	<u>58</u>	<u>1,216</u>	<u>94,674</u>	<u>549,969</u>	<u>676,705</u>
External organizations:								
External use	179	-	22,551	-	-	-	-	22,730
	<u>\$ 13,787</u>	<u>\$ 18,339</u>	<u>\$ 416,970</u>	<u>\$ 343</u>	<u>\$ 126,532</u>	<u>\$ 94,674</u>	<u>\$ 549,969</u>	<u>\$ 1,220,614</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, 2006
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2005	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2006
General government:				
Legislative	\$ 3,336	\$ 9	\$ 1,112	\$ 4,457
Administrative	107,707	8,192	(4,454)	111,445
	<u>111,043</u>	<u>8,201</u>	<u>(3,342)</u>	<u>115,902</u>
Health and social services:				
Health	32,105	447	(655)	31,897
Social	83,299	475	(49,198)	34,576
	<u>115,404</u>	<u>922</u>	<u>(49,853)</u>	<u>66,473</u>
Public safety:				
Law enforcement	148,632	3,463	(2,666)	149,429
Justice services	6,621	887	42,411	49,919
	<u>155,253</u>	<u>4,350</u>	<u>39,745</u>	<u>199,348</u>
Community services:				
Community service development	1,783	66	372	2,221
Recreation	203	-	-	203
Library	132,483	8,288	(3739)	137,032
	<u>134,469</u>	<u>8,354</u>	<u>(3367)</u>	<u>139,456</u>
Roads and bridges:				
Roads and bridges	926,896	5,737	(255,928)	676,705
	<u>926,896</u>	<u>5,737</u>	<u>(255,928)</u>	<u>676,705</u>
External organizations:				
External use	21,655	535	540	22,730
	<u>\$ 1,464,720</u>	<u>\$ 28,099</u>	<u>\$ (272,205)</u>	<u>\$ 1,220,614</u>

(This page intentionally left blank.)

OTHER SCHEDULES

- Schedule of Property Tax Collections and Outstanding Balances
- Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
- Schedule of Revenue Bonds Outstanding
- Schedule of General Obligation Bonds Outstanding
- Schedule of General Long-Term Lease Obligations
- Schedule of Loans Outstanding
- Schedule of Full Faith and Credit Bonds Outstanding
- Schedule of Expenditures of Federal Awards and Related Notes

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2006
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2005	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, 2006
2005-06	\$ -	\$ 932,428	\$ (3,648)	\$ 483	\$ (22,723)	\$ (880,430)	\$ 26,110
2004-05	27,899	-	(3,083)	951	52	(16,658)	9,161
2003-04	10,435	-	(1,635)	672	42	(4,613)	4,901
2002-03 and prior	9,216	-	(1,713)	1,215	40	(5,046)	3,712
	<u>\$ 47,550</u>	<u>\$ 932,428</u>	<u>\$ (10,079)</u>	<u>\$ 3,321</u>	<u>\$ (22,589)</u>	<u>\$ (906,747)</u>	<u>\$ 43,884</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2006

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	\$ 5,547	\$ 3,541	\$ 9,088	\$ 14,441	\$ 23,529
Special revenue funds:					
Library fund	808	458	1,266	-	1,266
Land corner preservation fund	-	-	-	7	7
Special excise tax fund	-	-	-	2,125	2,125
Total special revenue funds	808	458	1,266	2,132	3,398
General obligation bond fund	271	164	435	1	436
Agency funds	19,463	13,599	33,062	2,534	35,596
Sub-total taxes receivable	26,089	17,762	43,851	19,108	62,959
Special assessments collected through taxes	21	12	33	-	33
Total receivables	<u>\$ 26,110</u>	<u>\$ 17,774</u>	<u>\$ 43,884</u>	<u>\$ 19,108</u>	<u>\$ 62,992</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, 2006
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2005		2005-06 Transactions			Outstanding June 30, 2006	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated March 1, 1994	\$ -	\$ 1,125	\$ -	\$ 1,125	\$ 1,125	\$ -	\$ -
Dated October 1, 1996	-	15,520	-	3,750	3,750	-	11,770
Dated February 1, 1999	-	64,380	-	810	810	-	63,570
	<u>\$ -</u>	<u>\$ 81,025</u>	<u>\$ -</u>	<u>\$ 5,685</u>	<u>\$ 5,685</u>	<u>\$ -</u>	<u>\$ 75,340</u>

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 1, 1994	\$ 28
Dated October 1, 1996	674
Dated February 1, 1999	2,823
	<u>\$ 3,525</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2006
(amounts expressed in thousands)

REVENUE BONDS

Fiscal Year of Maturity	Series 1998 Dated 10/01/98 4.00 to 4.75%		Series 2000A Dated 11/01/00 4.45 to 5.20%		Series 2000B Dated 11/01/00 4.45 to 5.20%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 200	\$ 88	\$ 125	\$ 74	\$ 215	\$ 129	\$ 540	\$ 291
2008	205	80	130	68	225	119	560	267
2009	215	72	135	62	235	109	585	243
2010	225	63	145	55	250	97	620	215
2011	230	53	150	48	265	85	645	186
2012	245	42	160	41	275	72	680	155
2013	255	31	165	33	295	58	715	122
2014	265	19	175	24	310	42	750	85
2015	275	7	185	15	325	26	785	48
2016	-	-	195	5	345	9	540	14
	<u>\$ 2,115</u>	<u>\$ 455</u>	<u>\$ 1,565</u>	<u>\$ 425</u>	<u>\$ 2,740</u>	<u>\$ 746</u>	<u>\$ 6,420</u>	<u>\$ 1,626</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2006
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 1996A Dated 10/01/96 3.90 to 5.65%		Series 1996B Dated 10/01/96 3.90 to 5.65%		Series 1999 Dated 2/01/99 3.90 to 5.65%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 620	\$ 48	\$ 3,320	\$ 440	\$ 2,020	\$ 2,768	\$ 5,960	\$ 3,256
2008	655	16	3,495	271	2,105	2,685	6,255	2,972
2009	-	-	3,680	92	2,875	2,585	6,555	2,677
2010	-	-	-	-	6,860	2,387	6,860	2,387
2011	-	-	-	-	7,160	2,093	7,160	2,093
2012	-	-	-	-	7,470	1,780	7,470	1,780
2013	-	-	-	-	7,490	1,451	7,490	1,451
2014	-	-	-	-	7,835	1,106	7,835	1,106
2015	-	-	-	-	6,780	773	6,780	773
2016	-	-	-	-	6,330	466	6,330	466
2017	-	-	-	-	6,645	158	6,645	158
	<u>\$ 1,275</u>	<u>\$ 64</u>	<u>\$ 10,495</u>	<u>\$ 803</u>	<u>\$ 63,570</u>	<u>\$ 18,252</u>	<u>\$ 75,340</u>	<u>\$ 19,119</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Long-Term Lease Obligations
June 30, 2006
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 01/22/81 6.00% to 7.25%		Dated 02/01/98 3.75 to 4.90%		Dated 01/01/02 2.50%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 281	\$ 50	\$ 2,555	\$ 789	\$ 9	\$ 109	\$ 2,845	\$ 948
2008	306	26	2,690	658	10	108	3,006	792
2009	-	-	2,825	636	11	107	2,836	743
2010	-	-	2,265	617	12	106	2,277	723
2011	-	-	2,370	480	14	104	2,384	584
2012	-	-	2,485	333	15	103	2,500	436
2013	-	-	2,605	175	17	101	2,622	276
2014	-	-	-	-	19	100	19	100
2015	-	-	-	-	21	98	21	98
2016	-	-	-	-	23	95	23	95
2017	-	-	-	-	25	93	25	93
2018	-	-	-	-	28	90	28	90
2019	-	-	-	-	31	87	31	87
2020	-	-	-	-	34	84	34	84
2021	-	-	-	-	38	80	38	80
2022	-	-	-	-	42	76	42	76
2023	-	-	-	-	47	71	47	71
2024	-	-	-	-	52	66	52	66
2025	-	-	-	-	57	61	57	61
2026	-	-	-	-	64	55	64	55
2027	-	-	-	-	70	48	70	48
2028	-	-	-	-	78	40	78	40
2029	-	-	-	-	86	32	86	32
2030	-	-	-	-	96	22	96	22
2031	-	-	-	-	106	12	106	12
2032	-	-	-	-	57	2	57	2
	<u>\$ 587</u>	<u>\$ 76</u>	<u>\$ 17,795</u>	<u>\$ 3,688</u>	<u>\$ 1,062</u>	<u>\$ 1,950</u>	<u>\$ 19,444</u>	<u>\$ 5,714</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2006
(amounts expressed in thousands)

GENERAL LONG-TERM LOANS

Fiscal Year of Maturity	Dated 02/15/96 7.2%		Dated 07/05/96 5.65%		Dated 10/01/96 7.2%		Dated 12/01/96 7.2%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 42	\$ 16	\$ 2	\$ 2	\$ 3	\$ -	\$ 2	\$ -
2008	45	13	2	1	-	-	-	-
2009	48	9	2	1	-	-	-	-
2010	52	6	2	1	-	-	-	-
2011	52	3	3	1	-	-	-	-
2012	-	-	3	1	-	-	-	-
2013	-	-	3	1	-	-	-	-
2014	-	-	3	-	-	-	-	-
2015	-	-	3	-	-	-	-	-
2016	-	-	3	-	-	-	-	-
	<u>\$ 239</u>	<u>\$ 47</u>	<u>\$ 26</u>	<u>\$ 8</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ 2</u>	<u>\$ -</u>

Dated 01/15/97 7.2%		Dated 08/01/99 5.9%		Dated 10/11/99 5.9%		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 4	\$ -	\$ 18	\$ 3	\$ 16	\$ 6	\$ 87	\$ 27
-	-	19	2	17	6	83	22
-	-	21	1	19	4	90	15
-	-	-	-	13	3	67	10
-	-	-	-	11	3	66	7
-	-	-	-	10	2	13	3
-	-	-	-	12	1	15	2
-	-	-	-	13	1	16	1
-	-	-	-	6	-	9	-
-	-	-	-	-	-	3	-
<u>\$ 4</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 6</u>	<u>\$ 117</u>	<u>\$ 26</u>	<u>\$ 449</u>	<u>\$ 87</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2006
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999A Dated 04/01/99 4.00 to 4.75%		Series 2000A Dated 04/01/00 5.00 to 5.50%		Series 1999 Dated 12/01/99 6.49 to 7.74%		Series 2003 Dated 05/15/03 1.50 to 3.25%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$ 1,490	\$ 233	\$ 3,735	\$ 691	\$ 4,295	\$ 7,753	\$ 900	\$ 193
2008	1,550	171	3,935	495	5,325	7,450	915	178
2009	1,615	106	2,675	288	6,470	7,072	940	160
2010	1,685	36	2,820	141	7,740	6,609	960	138
2011	-	-	-	-	9,150	6,052	990	113
2012	-	-	-	-	10,710	5,388	1,025	84
2013	-	-	-	-	4,479	12,563	1,060	52
2014	-	-	-	-	4,472	13,565	1,100	19
2015	-	-	-	-	4,469	14,618	-	-
2016	-	-	-	-	6,845	13,341	-	-
2017	-	-	-	-	16,985	4,358	-	-
2018	-	-	-	-	19,470	3,096	-	-
2019	-	-	-	-	22,200	1,649	-	-
2020	-	-	-	-	5,319	19,876	-	-
2021	-	-	-	-	5,208	21,407	-	-
2022	-	-	-	-	5,098	23,012	-	-
2023	-	-	-	-	4,989	24,686	-	-
2024	-	-	-	-	4,881	26,444	-	-
2025	-	-	-	-	4,775	28,285	-	-
2026	-	-	-	-	4,670	30,215	-	-
2027	-	-	-	-	4,566	32,234	-	-
2028	-	-	-	-	4,463	34,347	-	-
2029	-	-	-	-	4,362	36,563	-	-
2030	-	-	-	-	4,262	38,887	-	-
	<u>\$ 6,340</u>	<u>\$ 546</u>	<u>\$ 13,165</u>	<u>\$ 1,615</u>	<u>\$ 175,203</u>	<u>\$ 419,470</u>	<u>\$ 7,890</u>	<u>\$ 937</u>

Series 2004
Dated 10/01/04
3.00 to 5.00%

		Total	
Principal	Interest	Principal	Interest
\$ -	\$ 2,620	\$ 10,420	\$ 11,490
-	2,620	11,725	10,914
-	2,620	11,700	10,246
565	2,611	13,770	9,535
5,410	2,468	15,550	8,633
5,705	2,190	17,440	7,662
6,010	1,897	11,549	14,512
5,965	1,597	11,537	15,181
6,185	1,294	10,654	15,912
4,600	1,027	11,445	14,368
4,810	794	21,795	5,152
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
<u>\$ 54,235</u>	<u>\$ 22,750</u>	<u>\$ 256,833</u>	<u>\$ 445,318</u>

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2006

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed through State Department of Administrative Services:			
Schools and Roads Grants to States	10.665	PL 106-393	\$ 1,032,942
Passed Through State Department of Education:			
Food Donation	10.550	2613007	4,281
School Breakfast Program	10.553	2613007	53,057
National School Lunch Program	10.555	2613007	95,063
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1936002309	<u>2,317,501</u>
Total Department of Agriculture			<u>3,502,844</u>
 <u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		327,434
Supportive Housing Program	14.235		2,072,021
Healthy Homes Demonstration Grants	14.901		115,463
Passed Through City of Portland-Bureau of Community Development:			
Community Development Block Grants/Entitlement Grants	14.218	36242	203,841
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	310480	11,725
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	36382	2,000
Passed Through City of Portland-Water Bureau:			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	36056	133,000
Passed Through Housing Authority of Portland:			
HOME Investment Partnerships Program	14.239	RA07ACJ	14,624
HOME Investment Partnerships Program	14.239	936002309	8,296
Passed Through State Department of Human Resources:			
Housing Opportunities for Persons with AIDS	14.241	1936002309	<u>17,458</u>
Total Department of Housing and Urban Development			<u>2,905,862</u>
 <u>U.S. Department of Interior</u>			
Direct Programs:			
Payment in Lieu of Taxes	15.226		80,506
Distribution of Receipts to State and Local Governments	15.227		<u>1,235,881</u>
Total Department of Interior			<u>1,316,387</u>
 <u>U.S. Department of Justice</u>			
Direct Programs:			
Services for Trafficking Victims	16.320		109,759
Supervised Visitation, Safe Havens for Children	16.527		162,945

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
(continued)

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Corrections and Law Enforcement Family Support	16.563		14,737
Local Law Enforcement Block Grant Program	16.592		40,759
Community Capacity Development Office	16.595		368,715
State Criminal Alien Assistance Program	16.606		290,987
Bulletproof Vest Partnership Program	16.607		7,150
Community Prosecution and Project Safe Neighborhoods	16.609		277,994
Reduction and Prevention of Children's Exposure to Violence	16.730		22,977
Passed Through City of Portland - Bureau of Police:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-F3851-OR-DJ	291,942
Passed Through SE Uplift:			
Community Capacity Development Office	16.595	Multnomah County	5,625
Passed Through State Department of Human Services:			
Enforcing Underage Drinking Laws Program	16.727	1936002309	100,296
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	04-2266/05-2440	137,630
Passed Through Oregon Health Sciences University:			
Education and Training to End Violence Against and Abuse of Women with Disabilities	16.529	GCDRCO109AC	5,471
Passed Through State Police:			
Prisoner Reentry Initiative Demonstration (Offender Reentry Program)	16.202	2848	307,373
Juvenile Accountability Incentive Block Grants	16.523	03-659/04-625	274,150
Violence Against Women Formula Grants	16.588	04-761/05-761	48,300
Byrne Memorial Formula Grant Program	16.579	03-049	25,416
Byrne Memorial Formula Grant Program	16.579	03-034	28,502
Byrne Memorial Formula Grant Program	16.579	03-053	94,500
Byrne Memorial Formula Grant Program	16.579	01-05/10-02	33,264
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	* 16.586	96-316/96-323	1,737,407
Total Department of Justice			<u>4,385,899</u>
 <u>U.S. Department of Labor</u>			
Passed Through Worksystems, Inc.:			
WIA Pilots, Demonstrations, and Research Projects	17.261	FY-14836-05-06	63,896
Total Department of Labor			<u>63,896</u>
 <u>U.S. Department of Transportation</u>			
Passed Through Oregon Sheriff's Association, Inc.:			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	Multnomah County	3,334
Occupant Protection	20.602	Multnomah County	18,090

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
(continued)

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Safety Incentive Grants for Use of Seatbelts	20.604	Multnomah County	16,062
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Multnomah County	12,180
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	1936002309	583,135
Highway Planning and Construction	20.205	1936002309	157,639
Total Department of Transportation			<u>790,440</u>
 <u>Federal Mediation and Conciliation Services</u>			
Direct Programs:			
Labor Management Cooperation	34.002		42,289
Total Federal Mediation and Conciliation Services			<u>42,289</u>
 <u>Institute of Museum and Library Services</u>			
Passed Through Oregon State Library:			
Grants to States	45.310	05-5-6P	55,180
Grants to States	45.310	04-0-1/05-01-1	164,069
Total Institute of Museum and Library Services			<u>219,249</u>
 <u>National Endowment for the Humanities</u>			
Passed Through People and Stories/Gentes Y Euentos:			
Promotion of the Humanities Public Programs	45.164	GL-50228-03	1,600
Total National Endowment for the Humanities			<u>1,600</u>
 <u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034		6,837
Passed Through State Department of Human Resources:			
State Public Water System Supervision	66.432	1936002309	5,700
Capitalization Grants for Drinking Water State Revolving Funds	66.468	1936002309	6,060
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	10,500
Surveys, Studies, Training Demonstrations and Educational Outreach	66.716	1936002309	6,367
Total U.S. Environmental Protection Agency			<u>35,464</u>
 <u>U.S. Department of Energy</u>			
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	210009	359,063
Total Department of Energy			<u>359,063</u>

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
(continued)

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Education</u>			
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	02-21CCLC	551,773
Passed Through Oregon Department of Human Resources:			
Safe and Drug Free Schools and Communities State Grants	84.186	1936002309	100,000
Passed Through Portland Community College:			
Adult Education_State Grant Program	84.002	0410557-2	38,760
Total Department of Education			<u>690,533</u>
<u>U.S. Department of Health & Human Services</u>			
Direct Programs:			
Medical Reserve Corps Small Grant Program	93.008		36,974
Special Programs for the Aging_Title IV_and Title II_ Discretionary Projects	93.048		40,000
Injury Prevention and Control Research and State and Community Based Programs	93.136		179,693
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		6,306,370
Consolidated Knowledge Development and Application (KD&A) Program	93.230		63,177
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	* 93.243		663,279
Drug Abuse and Addiction Research Programs	93.279		94,007
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283		374,401
Refugee and Entrant Assistance_Discretionary Grants	93.576		135,000
Health Care and Other Facilities	93.887		96,862
HIV Emergency Relief Project Grants	* 93.914		3,744,125
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	* 93.918		816,147
Healthy Start Initiative	93.926		877,229
Special Projects of National Significance	93.928		411,631
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	464812	54,312
Passed Through NW Family Services:			
Maternal and Child Health Federal Consolidated Programs	93.110	90AE0057	357,226
Passed Through Oregon Association of Hospitals Health Systems:			
National Bioterrorism Hospital Preparedness Program	93.889	Multnomah	97,008
Passed Through Oregon Commission on Children And Families:			
Promoting Safe and Stable Families	93.556	1936002309	155,046

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
(continued)

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Child Care and Development Block Grant	93.575	1936002309	243,087
Social Services Block Grant	93.667	1936002309	783,883
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	0310559	84,036
Low-Income Home Energy Assistance	93.568	0310559	4,058,885
Community Services Block Grant	* 93.569	0310559	838,960
Passed Through Oregon Health Sciences University:			
Health Education and Training Centers	93.189	GALHE008AC	4,550
Nursing Research	93.361	1936002309	10,952
Nursing Research	93.361	GPBHD0012A(C)	12,830
Maternal and Child Health Services Block Grant to the States	93.994	6 B04MC04246-01-01	61,836
Passed Through State Department of Human Resources:			
Special Programs for the Aging_ Title VII, Chapter 3_Programs for Prevention of Elder Abuse, Neglect and Exploitation	93.041	1936002309	17,370
Special Programs for the Aging_ Title III, Part D_Disease Prevention and Health Promotion Services	93.043	1936002309	43,300
Special Programs for the Aging_ Title III, Part B_Grants for Supportive Services & Senior Centers	93.044	1936002309	628,565
Special Programs for the Aging_ Title III, Part C_Nutrition Services	93.045	1936002309	868,377
National Family Caregiver Support	93.052	1936002309	392,815
Nutrition Services Incentive Program	93.053	1936002309	317,438
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	157,861
Projects for Assistance in Transition From Homelessness (PATH)	93.150	1936002309	234,333
Surveillance of Hazardous Substance Emergency Kits	93.204	1936002309	4,085
Family Planning_Services	93.217	1936002309	271,237
Abstinence Education Program	93.235	1936002309	63,570
Occupational Safety and Health Program	93.262	1936002309	1,000
Immunization Grants	93.268	1936002309	1,405,459
Centers for Disease Control and Prevention_investigations and Technical Assistance	93.283	1936002309	1,386,829
National Bioterrorism Hospital Preparedness Program	93.889	1936002309	270,592
Temporary Assistance for Needy Families	93.558	1936002309	329,039
Community-Based Child Abuse Prevention Grants	93.590	1936002309	25,819
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1936002309	62,265
HIV Care Formula Grants	93.917	1936002309	62,986
HIV Prevention Activites_Health Department Based	93.940	1936002309	896,159

(continued)

* Indicates a Major Program

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
(continued)

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Human Immunodeficiency Virus (HIV) / Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	1936002309	11,467
Block Grants for Community Mental Health Services	93.958	1936002309	465,005
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1936002309	3,480,873
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	1936002309	10,082
Maternal and Child Health Services Block Grant to the States	93.994	1936002309	523,297
Passed Through Oregon Department of Justice: Child Support Enforcement	93.563	102324	1,567,568
Passed Through Oregon Research Institute: Alcohol Research Programs	93.273	R01AA11510	207,843
Passed Through Oregon Secretary of State: Voting Access for Individuals With Disabilities Grants to States	93.617	1936002309	46,044
Passed Through University of California: Drug Abuse and Addiction Research Programs	93.279	2000 G FN565	140,484
Passed Through University of Washington: AIDS Education and Training Centers	93.145	128064	98,737
Total Department of Health and Human Services			<u>34,592,005</u>
 <u>US Department of Homeland Security</u>			
Passed Through City of Portland-Bureau of Community Development: Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	36339	284,468
Passed Through City of Portland-Department of Emergency Communications: Urban Area Security Initiative	97.008	52304	9,755
Passed Through City of Portland-Department of Fiscal Administration: State Homeland Security Program (SHSP)	97.073	52151	5,280
Passed Through Oregon Emergency Management: Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	1936002309	316,469
Passed Through Oregon State Police: State Homeland Security Program (SHSP)	97.073	03-155	2,585,246
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	1936002309	56,216
Emergency Management Performance Grants	97.042	1936002309	126,122
Passed Through Oregon State Marine Board: Boating Safety Financial Assistance	97.012	1936002309	568,442

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
(continued)

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Passed Through United Way:			
Emergency Food and Shelter National Board Program	97.024	708000-009	645,299
Total Department of Homeland Security			4,597,297
<u>Other Federal Assistance (No CFDA)</u>			
<u>Department of Agriculture</u>			
Direct Programs:			
U.S. Forest Service Patrol Contract	10-01-LE-110600-498		25,634
Total Other Federal Assistance			25,634
Total Federal Assistance			\$ 53,528,462

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

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, 2006. The County's reporting entity is defined in Note 1 to the County's June 30, 2006 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using a basis of accounting which is consistent with the basic financial statements, as described in Note 1 to the County's basic financial statements.

Note C – Relationship to Basic Financial Statements

As described in Note 2 to the County's basic financial statements, federal financial assistance revenues reported in the County's basic financial statements are included with intergovernmental revenues.

Note D – Noncash Awards

The accompanying Schedule of Expenditures of Federal Awards includes two noncash awards.

An award from the State Department of Education provides food donations (CFDA 10.550 – Food Donation) for the Juvenile Detention Center. The value of the food is determined by the Grantor.

An award from the Department of Health and Human Resources is in the form of 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, 2006 is calculated on a proportionate basis.

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

NOTE E - SUBRECIPIENTS

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

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Community Development Block Grants/Entitlement Grants	14.218	\$ 499,078
Supportive Housing Program	14.235	1,702,184
Supervised Visitation, Safe Havens for Children	16.527	98,163
Corrections and Law Enforcement Family Support	16.563	7,896
Byrne Memorial Formula Grant Program	16.579	16,946
Community Capacity Development Office	16.595	289,346
Community Prosecution and Project Safe Neighborhoods	16.609	71,537
Enforcing Underage Drinking Laws Program	16.727	49,277
Reduction and Prevention of Children's Exposure to Violence	16.730	8,330
Safe and Drug Free Schools and Communities - State Grants	84.186	49,129
Twenty-First Century Community Learning Centers	84.287	515,812
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	112,870
Special Programs for the Aging _Title III, Part C_ Nutrition Services	93.045	868,377
Special Programs for the Aging _Title IV_ and Title II _Discretionary_ Projects	93.048	15,000
National Family Caregiver Support	93.052	121,586
Nutrician Services Incentive Program	93.053	317,438
Injury Prevention and Control Research and State and Community Based Programs	93.136	15,000
Projects for Assistance in Transition From Homelessness (PATH)	93.150	206,250
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	199,316
Consolidated Knowledge Development and Application (KD&A) Program	93.230	58,904
Substance Abuse and Mental Health Services _Projects of Regional and National Significance	93.243	326,409
Alcohol Research Programs	93.273	3,898
Drug Abuse and Addiction Research Programs	93.279	52,571
Centers for Disease Control and Prevention _Investigations and Technical Assistance	93.283	70,166
Temporary Assistance for Needy Families	93.558	339,235
Low-Income Home Energy Assistance	93.568	344,511
Community Services Block Grant	93.569	667,205
Social Services Block Grant	93.667	727,896
HIV Emergency Relief Project Grants	93.914	2,669,847
Healthy Start Initiative	93.926	2,707

(continued)

MULTNOMAH COUNTY, OREGON
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2006

NOTE E - SUBRECIPIENTS

(continued)

<u>Program Title</u>	<u>Federal CFDA number</u>	<u>Amount provided to subrecipients</u>
Special Programs of National Significance	93.928	182,854
HIV Prevention Activities_Health Department Based	93.940	314,461
Block Grants for Community Mental Health Services	93.958	336,273
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2,997,051
Maternal and Child Health Services Block Grant to the States	93.994	1,148
Urban Area Security Initiative	97.008	9,755
Emergency Food and Shelter National Board Program	97.024	335,389
State Homeland Security Program (SHSP)	97.073	2,102,959
Total subrecipient pass through		<u>\$ 16,745,248</u>

(This page intentionally left blank.)

STATISTICAL INFORMATION SECTION (UNAUDITED)

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

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

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

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

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

Source: Current and prior years' financial statements

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Program Revenues					
Governmental activities:					
Fees, fines and charges for services:					
General government	\$ 25,531	\$ 20,486	\$ 16,394	\$ 15,976	\$ 12,712
Health services	44,406	44,145	44,006	40,901	13,762
Social services	1,210	1,175	1,805	759	543
Public safety and justice	16,600	16,394	15,901	23,216	14,224
Community services	8	1	4	-	6
Library	1,641	1,887	2,042	2,537	1,745
Roads and bridges	1,784	1,867	1,880	1,250	910
Operating grants and contributions	247,933	256,489	249,079	256,659	277,418
Capital grants and contributions	5,272	34,149	9,809	4,461	86
Total governmental activities program revenues	<u>344,385</u>	<u>376,593</u>	<u>340,920</u>	<u>345,759</u>	<u>321,406</u>
Business-type activities:					
Charges for services:					
Dunthorpe	455	423	344	248	249
Mid County	294	289	235	233	235
Behavioral Health	34,519	29,472	25,603	32,486	32,781
Operating grants and contributions	-	-	435	897	337
Capital grants and contributions	82	238	-	-	-
Total business-type activities program revenues	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>	<u>33,864</u>	<u>33,602</u>
Total primary government program revenues	<u>379,735</u>	<u>407,015</u>	<u>367,537</u>	<u>379,623</u>	<u>355,008</u>
Expenses					
Governmental activities:					
General government	114,378	128,871	154,646	36,374	17,673
Health services	112,201	106,551	110,968	110,322	92,109
Social services	177,891	181,194	167,746	169,218	188,043
Public safety and justice	196,167	192,005	182,941	180,503	184,213
Community services	23,336	21,795	18,391	17,925	23,877
Library	43,530	41,357	40,843	43,934	39,529
Roads and bridges	54,256	56,781	57,374	58,354	57,478
Interest on long-term debt	21,822	18,058	19,543	20,127	21,139
Total governmental activities expenses	<u>743,581</u>	<u>746,612</u>	<u>752,452</u>	<u>636,757</u>	<u>624,061</u>
Business-type activities:					
Dunthorpe	407	487	355	344	306
Mid County	328	495	723	468	419
Behavioral Health	33,640	29,480	25,787	33,739	34,951
Total business-type activities expenses	<u>34,375</u>	<u>30,462</u>	<u>26,865</u>	<u>34,551</u>	<u>35,676</u>
Total primary government expenses	<u>777,956</u>	<u>777,074</u>	<u>779,317</u>	<u>671,308</u>	<u>659,737</u>

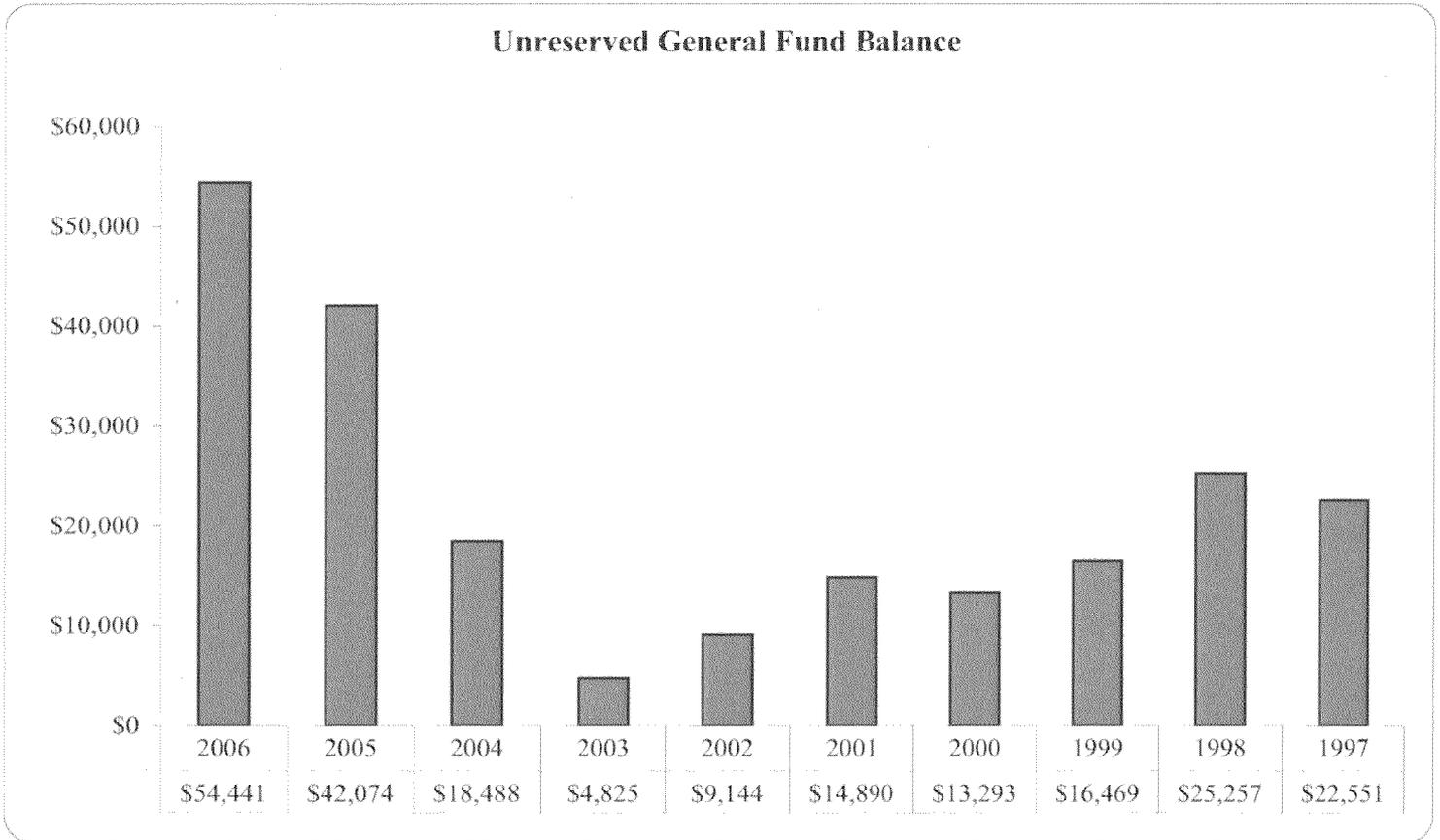
(continued)

(continued)					
	2006	2005	2004	2003	2002
Net Expense					
Governmental activities	\$(399,196)	\$(370,019)	\$(411,532)	\$(290,998)	\$(302,655)
Business-type activities	975	(40)	(248)	(687)	(2,074)
Total primary government net expense	<u>(398,221)</u>	<u>(370,059)</u>	<u>(411,780)</u>	<u>(291,685)</u>	<u>(304,729)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property and other local taxes levied for:					
General purposes	219,854	209,056	201,278	193,912	195,130
Debt service	9,373	7,815	7,326	9,699	11,114
Personal income taxes	59,764	124,577	175,325	-	-
Business income taxes	50,980	36,463	30,286	26,491	26,935
Selective excise and use taxes	36,914	33,646	32,404	33,199	32,799
Payments in lieu of taxes	2,249	3,012	2,184	2,899	1,810
State government shared revenues	8,692	6,741	7,584	6,206	-
Grants and contributions not restricted to specific programs	2	1,150	166	70	60
Interest and investment earnings	10,094	4,943	2,443	4,226	7,982
Gain on sale of capital assets	1,607	166	200	1,711	-
Miscellaneous	4,007	2,233	1,877	2,917	4,496
Transfers	-	-	-	440	(3)
Special items:					
Loss on transfer of County roads	(108,555)	-	-	-	-
Total governmental activities	<u>294,981</u>	<u>429,802</u>	<u>461,073</u>	<u>281,770</u>	<u>280,323</u>
Business-type activities:					
Interest and investment earnings	251	121	74	131	339
Miscellaneous	-	113	-	24	6
Transfers	-	-	-	(440)	3
Total business-type activities	<u>251</u>	<u>234</u>	<u>74</u>	<u>(285)</u>	<u>348</u>
Total primary government	<u>295,232</u>	<u>430,036</u>	<u>461,147</u>	<u>281,485</u>	<u>280,671</u>
Change in Net Assets					
Governmental activities	(104,215)	59,783	49,541	(9,228)	(22,332)
Cumulative effect of change in accounting principle	-	21,091	-	-	-
Total governmental activities	<u>(104,215)</u>	<u>80,874</u>	<u>49,541</u>	<u>(9,228)</u>	<u>(22,332)</u>
Business-type activities	1,226	194	(174)	(972)	(1,726)
Total primary government change in net assets	<u>\$(102,989)</u>	<u>\$ 81,068</u>	<u>\$ 49,367</u>	<u>\$ (10,200)</u>	<u>\$ (24,058)</u>

Source: Current and prior years' financial statements

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

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
General Fund				
Reserved	\$ 523	\$ 342	\$ 1,004	\$ 961
Unreserved	54,441	42,074	18,488	4,825
Total general fund	<u>54,964</u>	<u>42,416</u>	<u>19,492</u>	<u>5,786</u>
All Other Governmental Funds				
Reserved	53,964	37,292	39,224	63,810
Unreserved, reported in:				
Special revenue funds	57,257	55,890	27,375	23,601
Total all other governmental funds	<u>111,221</u>	<u>93,182</u>	<u>66,599</u>	<u>87,411</u>
Total governmental funds	<u>\$ 166,185</u>	<u>\$ 135,598</u>	<u>\$ 86,091</u>	<u>\$ 93,197</u>



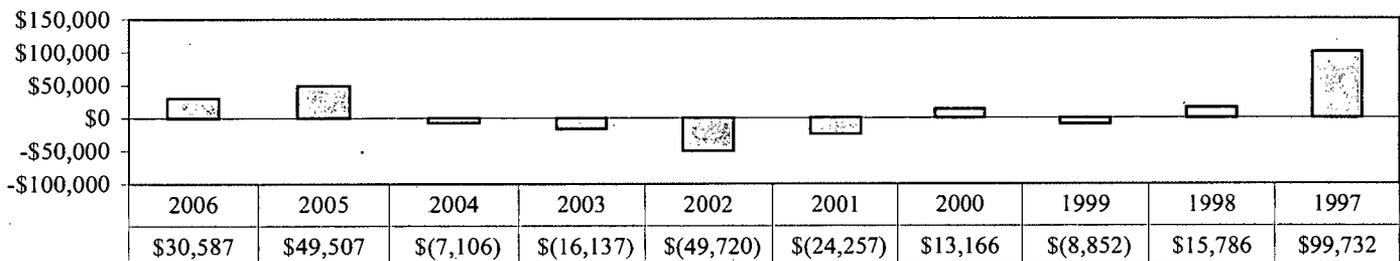
Source: Current and prior years' financial statements

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ -	\$ 869	\$ 969	\$ 605	\$ 616	\$ 748
9,144	14,890	13,293	16,469	25,257	22,551
<u>9,144</u>	<u>15,759</u>	<u>14,262</u>	<u>17,074</u>	<u>25,873</u>	<u>23,299</u>
75,627	123,342	145,418	126,815	125,499	118,972
24,563	19,953	23,625	26,250	27,619	20,934
<u>100,190</u>	<u>143,295</u>	<u>169,043</u>	<u>153,065</u>	<u>153,118</u>	<u>139,906</u>
<u>\$ 109,334</u>	<u>\$ 159,054</u>	<u>\$ 183,305</u>	<u>\$ 170,139</u>	<u>\$ 178,991</u>	<u>\$ 163,205</u>

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

	2006	2005	2004	2003
Revenues				
Taxes	\$ 441,579	\$ 422,212	\$ 375,204	\$ 268,225
Intergovernmental	250,855	284,527	252,978	261,020
Licenses and permits	16,025	14,743	14,760	14,496
Charges for services	62,245	61,399	55,180	66,325
Interest	8,347	4,134	1,960	3,499
Miscellaneous	46,090	51,926	50,385	37,495
Total revenues	825,141	838,941	750,467	651,060
Expenditures				
Current:				
General government	136,726	146,626	124,459	52,375
Health services	115,778	112,562	111,745	106,408
Social services	178,736	184,335	168,648	168,329
Public safety and justice	198,774	198,608	197,251	200,114
Community services	23,468	22,266	19,318	19,398
Library	46,228	44,546	42,753	40,741
Roads and bridges	42,283	39,844	40,454	39,497
Capital Outlay	22,150	9,288	11,968	17,770
Debt service:				
Principal	18,256	16,929	25,179	15,186
Interest	18,235	17,928	19,543	20,082
Total expenditures	800,634	792,932	761,318	679,900
Excess (deficiency) of revenues over (under) expenditures	24,507	46,009	(10,851)	(28,840)
Other Financing Sources (Uses)				
Certificates of participation proceeds	-	-	-	-
Proceeds from sale of capital assets	1,988	5	425	-
Proceeds of refunding certificates of participation	-	-	-	-
Proceeds for lease	1,093	-	-	-
Bond proceeds	-	-	-	-
Proceeds from refunding bonds	-	54,235	-	9,615
Loan proceeds	-	-	-	-
Payment to escrow agent - refunded debt	-	(58,847)	-	-
Premium on long-term debt	-	5,089	-	-
Transfers in	47,004	29,907	32,641	39,819
Transfers out	(44,005)	(26,891)	(29,321)	(36,731)
Total other financing sources (uses)	6,080	3,498	3,745	12,703
Net change in fund balances	\$ 30,587	\$ 49,507	\$ (7,106)	\$ (16,137)
Debt service as a percentage of noncapital expenditures	4.9%	4.7%	6.3%	5.6%

Net Change in Fund Balance, Governmental Funds



Source: Current and prior years' financial statements

	2002	2001	2000	1999	1998	1997
\$	267,641	\$ 266,466	\$ 254,514	\$ 250,416	\$ 215,100	\$ 217,295
	290,077	308,993	242,966	232,715	223,962	184,697
	8,134	5,037	2,734	3,026	2,934	2,751
	18,586	20,234	15,008	15,515	14,471	14,882
	6,972	14,760	12,201	11,688	12,080	9,691
	58,415	51,994	49,575	42,337	37,190	37,244
	<u>649,825</u>	<u>667,484</u>	<u>576,998</u>	<u>555,697</u>	<u>505,737</u>	<u>466,560</u>
	53,134	36,612	219,323	35,786	28,474	28,298
	95,847	285,999	237,566	209,788	190,941	190,540
	186,280	-	-	-	-	-
	190,122	183,897	179,799	165,792	140,510	113,263
	21,552	85,143	72,429	75,996	47,764	56,913
	42,706	-	-	-	-	-
	36,829	35,110	35,969	37,604	35,197	34,052
	31,822	30,517	37,141	59,425	36,773	33,717
	18,711	17,863	13,695	11,540	14,071	10,403
	21,050	22,069	14,857	9,953	10,206	7,960
	<u>698,053</u>	<u>697,210</u>	<u>810,779</u>	<u>605,884</u>	<u>503,936</u>	<u>475,146</u>
	<u>(48,228)</u>	<u>(29,726)</u>	<u>(233,781)</u>	<u>(50,187)</u>	<u>1,801</u>	<u>(8,586)</u>
	-	-	60,835	36,125	15,694	-
	-	-	-	-	-	-
	-	-	-	-	28,621	-
	-	-	-	-	-	-
	-	5,499	184,548	3,155	-	108,700
	-	-	-	66,115	-	-
	-	-	204	154	-	1,672
	-	-	-	(67,057)	(28,886)	-
	-	-	-	-	-	-
	128,682	124,819	131,026	126,334	77,814	74,133
	<u>(130,174)</u>	<u>(124,849)</u>	<u>(129,666)</u>	<u>(123,491)</u>	<u>(79,258)</u>	<u>(76,187)</u>
	<u>(1,492)</u>	<u>5,469</u>	<u>246,947</u>	<u>41,335</u>	<u>13,985</u>	<u>108,318</u>
\$	<u>(49,720)</u>	<u>(24,257)</u>	<u>\$ 13,166</u>	<u>\$ (8,852)</u>	<u>\$ 15,786</u>	<u>\$ 99,732</u>
	<u>6.3%</u>	<u>6.4%</u>	<u>3.8%</u>	<u>4.1%</u>	<u>5.5%</u>	<u>4.3%</u>

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

Function/Program	2006	2005	2004	2003	2002
Governmental activities:					
General government	\$ 32,587	\$ 33,367	\$ 31,429	\$ 23,463	\$ 24,644
Health services	74,003	71,924	77,315	72,730	63,191
Social services	134,894	139,569	126,534	136,045	140,391
Public safety and justice	54,278	62,497	63,534	71,518	57,336
Community services	4,712	4,387	1,830	2,730	2,530
Library	4,106	4,079	4,018	4,572	3,502
Roads and bridges	39,805	60,770	36,260	34,701	29,812
Total governmental activities	344,385	376,593	340,920	345,759	321,406
Business-type activities:					
Dunthorpe-Riverdale	455	423	344	256	251
Mid County	376	527	235	484	570
Behavioral Health	34,519	29,472	26,038	33,124	32,781
Total business-type activities	35,350	30,422	26,617	33,864	33,602
Total primary government	\$ 379,735	\$ 407,015	\$ 367,537	\$ 379,623	\$ 355,008

Source: Current and prior years' financial statements

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

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
1997	\$158,878	\$ 33,255	\$ 6,162	\$ 9,589	\$ 7,288	\$ -	\$ 2,123	\$217,295
1998	157,886	32,524	5,842	10,205	7,272	-	1,371	215,100
1999	183,157	40,904	6,192	10,782	7,358	-	2,023	250,416
2000	187,255	39,934	5,956	12,445	7,111	-	1,813	254,514
2001	197,724	30,377	15,228	14,593	7,262	-	1,282	266,466
2002	206,097	26,935	11,131	13,717	7,832	-	1,929	267,641
2003	204,447	26,491	12,227	13,429	7,432	-	4,199	268,225
2004	209,018	30,286	12,352	12,930	7,011	100,114	3,493	375,204
2005	217,750	36,463	13,467	13,321	6,744	130,187	4,280	422,212
2006	229,312	50,980	14,794	14,887	7,115	121,556	3,572	442,216

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Assessed Valuation and Actual Values of Taxable Property (1)
Last Ten Fiscal Years
(dollar amounts expressed in thousands, except total direct tax rate)

<u>Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Public Utility Property</u>	<u>Personal Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Real Market Value</u>
1997	\$22,380,651	\$12,705,874	\$ 1,849,993	\$1,524,420	\$38,460,938	\$ 4.24	\$38,460,938
1998	(2) 18,771,490	9,966,389	1,865,805	2,053,477	32,657,161	4.86	42,432,442
1999	20,156,020	11,350,597	2,107,164	2,169,234	35,783,015	5.28	45,532,239
2000	(3) 21,177,768	11,853,881	2,401,538	2,167,686	37,600,873	5.13	52,268,770
2001	22,163,841	12,407,629	2,709,063	2,315,045	39,595,578	5.19	56,377,119
2002	23,115,866	13,273,892	2,799,601	2,549,782	41,739,141	5.09	61,345,077
2003	24,165,517	13,294,395	2,558,357	2,330,850	42,349,119	4.97	63,391,339
2004	25,057,728	13,606,043	2,392,404	2,352,588	43,408,763	4.96	66,491,001
2005	26,264,819	14,003,443	2,484,887	2,158,073	44,911,222	5.01	70,457,625
2006	27,390,705	14,422,930	2,264,565	2,271,576	46,349,776	5.10	78,098,032

- (1) Prior to the passage of Measure # 50 in 1997, assessed value equaled real market value.
(2) Under Measure #50, assessed value is used for computation of taxes.
(3) Prior to 2000 amounts did not include urban renewal excess in taxable real market value.

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

<u>Fiscal Year Ended June 30</u>	<u>Taxes Levied for the Fiscal Year (Original Levy)</u>		<u>Total Adjusted Levy</u>	<u>Collected within the Fiscal Year of the Levy</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Adjustments</u>		<u>Amount</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
1997	\$ 162,985	\$ (3,385)	\$159,600	\$154,195	94.61 %	\$ 5,394	\$159,589	97.92 %
1998	158,856	(1,064)	157,792	152,342	95.90	5,423	157,765	99.31
1999	188,837	(5,119)	183,718	178,736	94.65	4,958	183,694	97.28
2000	193,076	(5,744)	187,332	181,772	94.15	5,525	187,297	97.01
2001	205,468	(5,890)	199,578	192,777	93.82	6,697	199,474	97.08
2002	212,329	(7,727)	204,602	198,884	93.67	5,582	204,466	96.30
2003	210,411	(7,050)	203,361	197,233	93.74	5,638	202,871	96.42
2004	215,031	(6,693)	208,338	202,692	94.26	4,510	207,202	96.36
2005	224,978	(7,694)	217,284	211,480	94.00	3,666	215,146	95.63
2006	236,631	(6,692)	229,939	223,312	94.37	-	223,312	94.37

Source: Current and prior years' financial statements

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						
	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
1997	\$2.83	\$1.09	\$0.32	\$4.24	\$5.47	\$0.55	\$6.20	\$-	\$0.07	\$0.47	\$17.00
1998 (2)	3.01	1.31	0.54	4.86	6.03	0.68	7.27	-	0.07	1.08	19.99
1999	4.32	0.50	0.46	5.28	5.98	0.67	6.95	-	0.07	1.00	19.95
2000	4.31	0.51	0.31	5.13	5.97	0.61	6.93	-	0.07	0.97	19.68
2001	4.32	0.50	0.37	5.19	6.06	0.62	7.21	0.01	0.07	1.06	20.22
2002	4.32	0.50	0.27	5.09	5.91	0.60	7.58	0.01	0.07	1.15	20.41
2003	4.25	0.48	0.24	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68
2004	4.22	0.55	0.19	4.96	6.74	0.55	7.73	0.01	0.08	1.32	21.39
2005	4.25	0.58	0.18	5.01	6.68	0.55	7.75	0.01	0.08	1.40	21.48
2006	4.27	0.62	0.21	5.10	6.66	0.58	6.25	0.01	0.08	1.44	20.12

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

(2) Measure #50 went into effect which decreases the assessed valuation and results in an increase in tax rates.

MULTNOMAH COUNTY, OREGON
Principal Taxpayers
December 31, 2005 and December 31, 1996
(dollar amounts expressed in thousands)

<u>Taxpayer</u>	<u>December 31, 2005</u>		
	<u>Real Property Assessed Valuation (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Portland General Electric	\$ 368,267	1	0.47 %
QWEST Corporation	327,881	2	0.42
Port of Portland	277,482	3	0.36
Pacificorp (PP&L)	240,647	4	0.31
Wacker Siltronic Corp	178,238	5	0.23
Oregon Steel Mills	154,011	6	0.20
Boeing Co	157,469	7	0.20
Northwest Natural Gas	156,249	8	0.20
LC Portland LLC	139,252	9	0.18
United Airlines	132,867	10	0.17
	<u>\$ 2,132,363</u>		<u>2.73 %</u>
Total Assessed Valuation	<u>\$ 78,098,031</u>		

<u>Taxpayer</u>	<u>December 31, 1996</u>		
	<u>Real Property Assessed Valuation (1)</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
US West Communications	\$ 420,259	1	1.09 %
Portland General Electric	216,552	2	0.56
Pacificorp (PP&L)	186,336	3	0.49
Boeing Co	181,384	4	0.47
Oregon Arena Corporation	124,000	5	0.32
Alaska Airlines	121,041	6	0.32
United Airlines	118,286	7	0.31
SI - Lloyd Associates	108,702	8	0.28
Delta Airlines	95,270	9	0.25
US Bancorp	81,019	10	0.21
	<u>\$ 1,652,849</u>		<u>4.30 %</u>
Total Assessed Valuation	<u>\$ 38,460,938</u>		

(1) Assessed valuation based on the valuation of property for tax collection years 2005-2006 and 1996-1997 respectively.

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			
1997	\$ 136,375	\$ 54,920	\$ -	\$ -	\$ 715	\$ 192,010	1.08 %	\$ 297
1998	128,470	65,058	-	-	4,977	198,505	1.05	304
1999	124,170	100,480	-	3,155	792	228,597	1.16	348
2000	115,555	57,705	281,888	3,155	939	459,242	2.15	694
2001	106,260	51,942	277,713	8,500	870	445,285	1.97	666
2002	96,535	46,613	272,833	8,335	797	425,113	1.84	629
2003	91,610	41,501	276,763	7,890	718	418,482	1.81	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.62	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.58	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.48	517

Note: 2005 and 2006 percentages calculated using 2004 personal income data, which is the most recent available.

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)
1997	\$ 136,375	\$ (8,854)	\$ 127,521	0.71 %	0.33 %	\$ 197
1998	128,470	(11,977)	116,493	0.61	0.36	179
1999	124,170	(14,014)	110,156	0.56	0.31	167
2000	115,555	(11,775)	103,780	0.49	0.28	157
2001	106,260	(12,223)	94,037	0.42	0.24	141
2002	96,535	(9,484)	87,051	0.38	0.21	129
2003	91,610	(10,335)	81,275	0.35	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.30	0.16	106
2006	75,340	(7,993)	67,347	0.28	0.15	97

(1) See taxable assessed value schedule on page 160

(2) See population and personal income data on page 170

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2006
(dollar amounts expressed in thousands)
(unaudited)

<u>Overlapping District (1)</u>	<u>Percent Overlapping</u>	<u>Overlapping</u>	
		<u>Gross (2) Direct Debt</u>	<u>Net (3) Direct Debt</u>
Clackamas County RFPD #1	0.04 %	\$ 3	\$ 3
Clackamas County SD 7J (Lake Oswego)	0.33	269	269
City of Milwaukie	0.68	16	16
Columbia County SD 1J (Scappoose)	20.49	405	405
Metro	49.20	64,764	56,005
Tri-Metropolitan Transport District	49.50	38,325	38,325
Sauvie Island RFPD 30	95.40	196	196
Multnomah County SD 3 (Parkrose)	100.00	16,725	16,725
Multnomah County SD 7 (Reynolds)	100.00	51,435	51,435
Multnomah County SD 28J (Centennial)	92.84	29,583	29,583
Multnomah County SD 39 (Corbett)	100.00	4,945	4,945
Multnomah County SD 40 (David Douglas)	100.00	49,745	49,745
Multnomah County SD 51J (Riverdale)	94.90	7,525	7,525
Multnomah County SD 10J (Gresham-Barlow)	82.77	56,983	56,983
Multnomah County SD 10J (Orient 6 Bond)	57.42	438	438
Portland Community College	46.48	77,653	36,830
City of Fairview	100.00	3,726	2,085
City of Gresham	100.00	3,000	2,795
City of Portland	99.58	96,404	48,194
City of Troutdale	100.00	12,490	12,490
City of Wood Village	100.00	620	220
Tualatin Valley Fire & Rescue Dist	1.83	76	76
Washington County SD 48J (Beaverton)	0.48	1,319	1,319
Washington County SD 1J (Hillsboro)	0.01	6	6
Sunrise Water Authority	100.00	985	985
		<u>\$ 517,636</u>	<u>\$ 417,598</u>

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of May 1, 2006.

(2) Gross Direct Debt includes all Unlimited General Obligation bonds and Limited Tax General Obligation bonds.

(3) Net Direct Debt includes Gross Direct Debt less self-supporting General Obligation and Limited Tax debt.

Note: Full faith and credit obligations (such as pension obligations), revenue bonds, urban renewal and special assessment bonds, certificates of participation and short-term obligations are not included in the calculation of overlapping debt by the Oregon State Treasury. Overlapping debt amounts may differ significantly from previous reports due to changes in calculations because overlapping debt reports prepared prior to July 2005 included pension obligations in Gross and Net Debt calculations.

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON
Pledged-Revenue Coverage
Last Eight 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			
1999	\$ -	\$ -	\$ -	\$ -	\$ 67	-	%	
2000	217	-	217	-	134	1.62		
2001	292	-	292	155	263	0.70		
2002	420	5	415	165	389	0.75		
2003	2,389	7	2,382	445	376	2.90		
2004	464	5	459	465	357	0.56		
2005	450	247	203	490	336	0.25		
2006	1,152	5	1,147	515	315	1.38		

Note: The County did not have any Revenue Bonds before fiscal year 1999. 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 287.054 provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's boundaries.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Real market value	\$ 78,098,032	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	1,561,961	1,409,153	1,329,820	1,267,827
Less bonded debt at June 30	75,340	81,025	86,445	91,610
Legal debt margin	<u>\$ 1,486,621</u>	<u>\$ 1,328,128</u>	<u>\$ 1,243,375</u>	<u>\$ 1,176,217</u>
 Total net debt applicable to the limit as a percentage of debt limit.	 0.10%	 0.11%	 0.13%	 0.14%

ORS 287.053 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.

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Real market value	\$ 78,098,032	\$ 70,457,625	\$ 66,491,001	\$ 63,391,339
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	780,980	704,576	664,910	633,913
Less bonded debt at June 30	256,833	266,063	270,203	276,763
Legal debt margin	<u>\$ 524,147</u>	<u>\$ 438,513</u>	<u>\$ 394,707</u>	<u>\$ 357,150</u>
 Total net debt applicable to the limit as a percentage of debt limit.	 0.33%	 0.38%	 0.41%	 0.44%

Note: The County did not have any full faith and credit bonds prior to 2000.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$ 61,345,077	\$ 56,377,119	\$ 52,268,770	\$ 45,532,239	\$ 42,432,442	\$ 38,460,938
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,226,902	1,127,542	1,045,375	910,645	848,649	769,219
96,535	106,260	115,555	124,170	128,470	136,375
<u>\$ 1,130,367</u>	<u>\$ 1,021,282</u>	<u>\$ 929,820</u>	<u>\$ 786,475</u>	<u>\$ 720,179</u>	<u>\$ 632,844</u>

0.16%

0.19%

0.22%

0.27%

0.30%

0.35%

\$ 61,345,077	\$ 56,377,119	\$ 52,268,770
1.00%	1.00%	1.00%
613,451	563,771	522,688
272,833	277,713	281,888
<u>\$ 340,618</u>	<u>\$ 286,058</u>	<u>\$ 240,800</u>

0.44%

0.49%

0.54%

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>PMSA* Unemployment Rate</u>
1997	647,083	\$ 17,851,213	\$ 27,587	4.1 %
1998	652,416	18,949,705	29,045	4.2
1999	657,740	19,735,801	30,005	4.3
2000	661,392	21,384,426	32,329	4.5
2001	668,969	22,589,707	33,792	6.1
2002	675,438	23,078,170	34,196	7.8
2003	677,850	23,174,380	34,203	8.3
2004	685,950	24,247,657	36,117	7.1
2005	692,825	N/A	N/A	5.8
2006	692,825 (1)	N/A	N/A	5.6 (2)

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

(1) Population data for July 1, 2006 is not available at this time.

(2) As of June 30, 2006

* Portland Metropolitan Statistical Area

MULTNOMAH COUNTY, OREGON
Principal Employers
Current Year and Nine Years Ago

<u>Employer</u>	<u>2005-06</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total PMSA* Employment</u>
Oregon Health and Science University	18,000	1	1.71 %
State of Oregon	17,004	2	1.62
U.S. Government	15,220	3	1.45
Intel Corporation	14,890	4	1.42
Providence Health System	13,496	5	1.28
Fred Meyer Stores	10,500	6	1.00
City of Portland	8,104	7	0.77
Kaiser Foundation Health Plan	8,000	9	0.76
Legacy Health System	7,972	8	0.76
Safeway Inc.	6,000	10	0.57
	<u>119,186</u>		<u>11.34 %</u>
Total PMSA* employment	<u>1,052,015</u> (1)		

<u>Employer</u>	<u>1996-97</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total PMSA* Employment</u>
U.S. Government	17,600	1	1.76 %
State of Oregon	12,700	2	1.27
Intel Corporation	9,500	3	0.95
Fred Meyer Stores	8,905	4	0.89
Kaiser Foundation Health Plan	7,663	5	0.77
Providence Health System	7,250	6	0.72
Portland School District	6,600	7	0.66
U.S. Bancorp	6,242	8	0.62
City of Portland	5,172	9	0.52
Legacy Health System	4,900	10	0.49
	<u>86,532</u>		<u>8.65 %</u>
Total PMSA* employment	<u>1,000,745</u>		

* Portland Metropolitan Statistical Area
(1) As of June 30, 2006

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

Function/Program	2006	2005	2004	2003
Governmental activities:				
General government	665.5	676.0	695.0	657.5
Health services	841.5	802.5	832.5	892.5
Social services	573.0	596.0	538.5	565.5
Public safety and justice	1,559.0	1,585.0	1,584.5	1,596.0
Community services	81.0	73.0	73.0	72.0
Library	411.0	413.5	487.5	465.5
Roads and bridges	139.0	159.5	164.0	176.0
Total governmental activities	4,270.0	4,305.5	4,375.0	4,425.0
Business-type activities:				
Behavioral Health	11.0	17.0	45.5	34.5
Total business-type activities	11.0	17.0	45.5	34.5
Total primary government budgeted FTE	4,281.0	4,322.5	4,420.5	4,459.5
 MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	668	669	654	668
Bargaining units:				
General employees (Local 88)	2,623	2,648	2,785	2,792
Electricians (Local 48)	17	21	21	22
Operating engineers (Local 701)	12	14	13	12
Paint makers (Local 1094)	2	2	2	3
Corrections (Teamsters 223)	449	450	454	467
Deputy sheriffs association	98	96	97	93
Oregon nurses association	238	239	256	269
Juvenile group workers (Local 86)	58	56	58	65
Prosecuting attorneys association	85	86	86	79
Parole and Probation Officers	133	133	0	0
Total bargaining units	3,715	3,745	3,772	3,802
Temporary County employees	91	109	92	100
Total actual County employees	4,474	4,523	4,518	4,570

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

Source: Multnomah County payroll records

2002	2001	2000	1999	1998	1997
658.5	565.0	583.0	593.0	731.0	749.0
884.5	864.5	820.5	853.0	1,268.0	1,145.0
754.0	788.5	783.0	692.0	700.0	676.0
1,740.5	1,803.0	1,863.0	1,740.0	1,819.0	1,585.0
96.0	93.0	91.0	N/A	N/A	N/A
462.0	491.5	456.0	494.0	551.0	461.0
184.0	182.0	186.0	190.0	185.0	185.0
<u>4,779.5</u>	<u>4,787.5</u>	<u>4,782.5</u>	<u>4,562.0</u>	<u>5,254.0</u>	<u>4,801.0</u>
38.0	32.0	35.0	32.0	30.0	28.0
<u>38.0</u>	<u>32.0</u>	<u>35.0</u>	<u>32.0</u>	<u>30.0</u>	<u>28.0</u>
<u>4,817.5</u>	<u>4,819.5</u>	<u>4,817.5</u>	<u>4,594.0</u>	<u>5,284.0</u>	<u>4,829.0</u>
<u>735</u>	<u>794</u>	<u>742</u>	N/A	N/A	N/A
3,012	N/A	N/A			
22	N/A	N/A			
13	N/A	N/A			
3	N/A	N/A			
497	N/A	N/A			
89	N/A	N/A			
263	N/A	N/A			
69	N/A	N/A			
85	N/A	N/A			
0	N/A	N/A			
<u>4,053</u>	<u>4,033</u>	<u>4,068</u>			
<u>481</u>	<u>N/A</u>	<u>N/A</u>			
<u>5,269</u>	<u>N/A</u>	<u>N/A</u>			

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

FUNCTION/PROGRAM	2006	2005	2004
Governmental Activities:			
General Government			
Number of property tax accounts - residential	225,597	225,445	224,367
Number of property tax accounts - personal	64,126	58,082	63,497
Number of property tax accounts - commercial	34,152	34,199	33,173
Number of marriage licenses issued	6,542	6,203	9,037
Health Services			
Total clinic visits	293,917	277,736	288,201
County residents who rate their health good or better	84%	84%	82%
Environmental health inspections	9,126	9,039	9,978
Women, infants, and children (WIC) served in the WIC program	30,672	31,144	31,471
Flu vaccinations at health clinics	5,084	3,283	3,629
Social Services			
Households that have received assistance with energy bills	12,482	12,450	10,868
Clients with developmental disabilities served	3,613	3,477	3,417
Senior and physically disabled clients served	43,034	44,598	42,781
Alcohol and drug treatment clients (c) / episodes (e)	N/A	N/A	(c) 17902
Early childhood mental health clients	7,737	7,708	7,899
Public Safety and Justice			
Sheriff			
Responses to calls for services	43,327	41,260	35,500
Number of arrests (parts 1, 2 and 3 crimes)	3,204	3,548	3,383
Corrections			
Number of inmates booked	38,726	37,577	36,260
Average daily jail population	1,612	1,577	1,654
Average length of jail stay in days	17	17	18
Inmates held for court at Courthouse	13,905	12,506	14,144
Juvenile			
Youth admitted to detention center	2,018	2,161	2,207
Average length of stay in days in youth detention center	16	9	10
Community service hours completed	7,424	5,531	6,733
Average number of youth on probation per month	556	582	573
Adult			
Community service hours completed	84,818	91,886	109,349
Adults participating in educational classes	584	630	554
Clients receiving GED's	67	99	50
Average no. adults on probation & post-prison supervision/month	9,763	9,118	9,347

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

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

2003	2002	2001	2000	1999	1998	1997
219,682	218,911	217,041	214,770	213,138	206,862	206,438
62,171	60,999	60,140	39,346	36,626	60,163	53,874
33,182	33,410	33,683	31,744	33,488	32,681	32,938
6,297	5,878	6,270	6,078	6,006	6,044	6,428
348,619	340,639	342,869	339,478	327,571	302,573	220,496
84%	86%	88%	N/A	N/A	N/A	N/A
9,204	10,245	9,847	10,503	8,757	N/A	N/A
24,810	25,158	24,091	22,337	23,589	24,112	23,599
3,666	2,640	2,251	3,017	3,197	3,158	2,805
11,787	15,813	15,733	11,754	12,432	N/A	N/A
3,300	3,336	2,577	3,050	2,975	2,779	2,763
44,037	47,678	43,562	N/A	33,688	32,625	N/A
(c) 19463	(c) 18142	(c) 17983	(e) 27,114	(e) 24,806	(e) 24,877	N/A
7,053	7,226	7,000	3,038	1,523	1,400	N/A
36,972	36,063	37,414	36,346	N/A	N/A	N/A
3,714	3,165	3,634	3,311	2,412	1,925	2,523
35,532	37,658	40,120	43,078	N/A	N/A	N/A
1,682	1,871	2,054	2,036	N/A	N/A	N/A
19	20	20	18	18	N/A	N/A
13,545	13,558	14,334	14,133	14,319	11,573	11,609
2,357	2,611	2,816	2,913	3,940	4,116	3,668
10	11	11	9	11	12	11
7,672	10,117	9,606	11,754	14,142	N/A	N/A
606	704	735	850	946	N/A	N/A
122,391	127,439	117,890	N/A	105,774	101,382	N/A
596	567	531	446	519	545	420
73	95	66	49	64	N/A	N/A
9,171	9,042	10,603	10,674	10,198	9,454	9,619

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

FUNCTION/PROGRAM	2006	2005	2004
(continued)			
Public Safety and Justice			
District Attorney			
Cases of adult criminal activity prosecuted	N/A	21,936	22,008
Juvenile delinquency cases prosecuted	N/A	944	1,013
Hours of community service completed	16,984	18,123	4,668
Community Services			
Number of registered voters	430,693	430,693	363,589
Number of votes cast in last general election	365,530	365,530	245,238
Percent of registered voters who voted in last general election	*85%	85%	*67%
Animal Control - Total Intake - Dogs and Cats	9,808	9,597	8,939
Library			
New library cards issued annually	69,973	74,805	76,161
Books circulated	19,589,530	19,462,344	18,762,556
Borrowers who used their cards in last three years	455,296	474,292	465,223
Library Satisfaction	97.0%	96.4%	95.5%
Web site hits	86,262,554	111,433,518	93,764,392
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	579	578	578

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

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

* Community Service general elections are held on even years.

2003	2002	2001	2000	1999	1998	1997
22,530	20,436	21,933	23,154	22,041	N/A	N/A
947	1,127	1,487	1,236	1,510	2,011	N/A
8,464	11,403	11,516	3,064	2,719	777	N/A
363,843	383,915	365,596	341,210	381,939	389,337	404,098
245,238	300,065	300,065	217,894	217,894	273,594	273,594
67%	*82%	82%	*57%	57%	*68%	68%
8,448	7,739	7,534	6,979	8,763	9,306	11,112
73,012	70,219	68,599	68,752	67,626	65,592	62,163
17,854,110	16,133,945	14,008,166	12,152,743	9,450,963	8,486,034	8,032,655
436,104	509,949	515,184	444,219	393,610	N/A	390,732
96.8%	96.1%	97.3%	N/A	N/A	N/A	N/A
66,650,158	44,568,574	43,346,524	42,323,312	9,203,676	1,067,797	285,047
575	570	569	567	565	553	553

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

FUNCTION/PROGRAM	2006	2005	2004	2003
Governmental Activities:				
General Government				
Buildings owned	84	87	88	86
Buildings leased	59	59	62	67
Automobiles	311	302	311	322
Vehicles (excluding automobiles)	295	292	300	272
Heavy equipment	136	135	139	140
Health Services				
Health & dental centers	8	8	8	8
School based health centers	11	12	12	12
Social Services				
Aging & Disability offices	7	9	9	11
Public Safety and Justice				
Sheriff				
Vehicular patrol units	43	48	44	35
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	4	4	4	3
Population	1,690	1,537	1,651	1,531
Community Justice				
Adult probation & parole offices	6	6	6	7
Adult housing program offices	4	5	5	5
Juvenile counseling offices	4	4	5	6
Library				
Regional	2	2	2	2
Neighborhood	14	14	13	13
Leased	4	4	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	273	326	326	326
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	21	21	21	21
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,400	4,219	3,974	3,710
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2002	2001	2000	1999	1998	1997
86	85	N/A	N/A	51	N/A
71	72	N/A	N/A	53	N/A
339	419	355	371	350	374
289	320	296	275	279	271
138	146	142	142	139	143
8	8	8	8	8	8
12	12	12	12	12	12
13	13	13	13	13	13
36	34	34	30	26	28
3	3	3	3	3	3
5	5	5	5	5	5
1,775	1,860	2,001	1,990	1,677	1,406
8	9	9	8	8	8
6	5	N/A	N/A	N/A	N/A
6	6	6	6	6	6
2	2	2	2	2	2
13	15	15	15	16	16
4	1	1	1	0	0
365	365	245	245	245	322
11	11	25	30	30	11
6	6	6	6	6	6
21	21	21	21	21	21
3,837	3,837	3,612	3,693	3,225	3,113
1	1	1	1	1	1
15	15	15	15	15	15

(This page intentionally left blank.)

REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS REQUIRED BY STATUTES

- Report of Independent Certified Public Accountants on the County's Compliance and Certain Items Based on an Audit of Basic Financial Statements Performed in Accordance with Federal and Oregon Auditing Standards
- 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 Government Auditing Standards
- Report of Independent Certified Public Accountants Applicable the County's Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
- Schedule of Findings and Questioned Costs

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

Board of Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County, Oregon as of and for the year ended June 30, 2006 and have issued our report thereon dated December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2006 and 2007.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The requirements pertaining to the use of revenue from taxes on motor vehicle use fuel funds.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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

The results of our tests disclosed one instance of noncompliance relating to collateral pledged by depositories to secure the deposit of public funds.

We also found that the County had instances of interfund borrowings that were not approved by resolution or ordinance as required by ORS 294.460.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Multnomah County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. During our documentation of internal controls, we discovered that the software being used in the library system to record fines and fees is not being reconciled with the County's financial accounting software that is used to produce the financial statements. In addition, the fines and fees due from library patrons are recorded in the library's software, but have not been recorded in the financial accounting system. The County is tracking these revenues using the cash basis of accounting, which is contrary to accounting principles generally accepted in the U.S.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the of risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, the matter disclosed above is not considered to be a material weakness.

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



For Moss Adams LLP
Eugene, Oregon
December 8, 2006

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

The Board of County Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 8, 2006. 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.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2006-1.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

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, grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain additional matters that we reported to management of the County in a separate letter dated December 8, 2006.

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

MOSS Adams, LLP

Eugene, Oregon
December 8, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Board of County Commissioners
Multnomah County, Oregon

COMPLIANCE

We have audited the compliance of Multnomah County, Oregon (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. 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 on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

INTERNAL CONTROL OVER COMPLIANCE

The 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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Moss Adams, LLP

Eugene, Oregon
December 8, 2006

**MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

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
- Reportable condition(s) identified that are not considered to be material weaknesses? X yes _____ no

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ 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>
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance
93.914	HIV Emergency Relief Project Grants
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.569	Community Services Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 1,605,854

Auditee qualified as low-risk auditee? X yes _____ no

**MULTNOMAH COUNTY, OREGON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006**

Section II - Financial Statement Findings

2006-1

Library cash receipts recording and reconciliation

Criteria: U.S. generally accepted accounting principles (US GAAP) require that revenues be recorded on the accrual basis. In addition, subsidiary records should tie to the general ledger.

Statement of Condition: In the library system, bank deposits are not being reconciled with the Library's circulation and patron account tracking system, Millennium, nor is the Millennium system being reconciled with the general ledger system, SAP. In addition, the fines and fees due from library patrons are recorded in the Millennium system, but have not been recorded in the financial accounting system. The County is tracking these revenues using the cash basis of accounting.

Context: We found that a reconciliation of actual bank deposits with cash receipts per Millennium was not performed for any month in the fiscal year ended June 30, 2006.

Cause: The accounting department and the library do not have written procedures regarding the recording of library revenue and the reconciliation between the two systems.

Effect: The library runs the risk that errors (both inadvertent and intentional) could go undetected and corrected for months.

Recommendation: We recommend that the library revenue be recorded on the accrual basis of accounting to be in compliance with U.S. generally accepted accounting principles. In addition, we recommend that the Millennium system be reconciled with SAP on a monthly basis and that the fines and fees receivable be recorded in the financial accounting system along with a reasonable estimate for the allowance of uncollectible amounts.

View of Responsible Officials: General Ledger management will be working with Library management and finance staff in order to develop procedures to properly reconcile the Library's cash collections per the Millennium system to the County's financial accounting system, SAP, on a regular basis. In addition, we will evaluate the Library's unrecorded fines and fees and any allowance for uncollectible accounts to ensure we are complying with US GAAP.

There were no prior year financial statement findings.

Section III - Federal Award Findings and Questioned Costs

There were no current year or prior year findings and questioned costs reported.

Financial Statements and Reports of
Independent Certified Public Accountants

**Dunthorpe-Riverdale Service
District No. 1 – A Component Unit of
Multnomah County, Oregon**

June 30, 2006 and 2005

INTRODUCTORY SECTION

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon

BOARD OF COUNTY COMMISSIONERS* AS OF JUNE 30, 2006
501 SE Hawthorne, 6th floor
Portland, Oregon 97214

	<u>Term Expires</u>
Diane Linn, Chair of the Board	December 31, 2006
Serena Cruz, Commissioner	December 31, 2006
Lisa Naito, Commissioner	December 31, 2008
Lonnie Roberts, Commissioner	December 31, 2008
Maria Rojo de Steffey, Commissioner	December 31, 2008

REGISTERED AGENT

Mindy L. Harris

REGISTERED OFFICE

501 SE Hawthorne, Suite 531
Portland, Oregon 97214-3501

* Governing body of Dunthorpe-Riverdale Service District No. 1 reported on herein.

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Table of Contents

Introductory Section:	<u>Pages</u>
Title Page	i
Table of Contents	ii
Transmittal Letter	iii - v

Financial Section:	
Report of Independent Certified Public Accountants	1
Management Discussion and Analysis	2-5
Basic Financial Statements	
Statements of Net Assets	6
Statements of Revenues, Expenses and Changes in Fund Net Assets	7
Statements of Cash Flows	8
Notes to Basic Financial Statements	9-14
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual	15-16
Schedules of Special Assessment Transactions	17-18
Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections	19

Reports of Independent Certified Public Accountants Required by Statutes	
Report of Independent Certified Public Accountants on the District's Compliance and Certain Items Based on an Audit of Basic Financial Statements Performed in Accordance with Oregon Auditing Standards	20-21



Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne, Suite 531
Portland, Oregon 97214
(503) 988-3786 phone
(503) 988-3292 fax

December 8, 2006

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

INTRODUCTION

We are pleased to submit the Basic Financial Statements for Dunthorpe-Riverdale Service District No. 1, Portland, Oregon (the District), for the fiscal years ended June 30, 2006 and 2005. This report includes the opinion of our independent auditors, Moss Adams LLP.

We prepared this report for the Secretary of the State of Oregon as required under ORS 297.425. The District's financial statements are also included in the Comprehensive Annual Financial Report of Multnomah County (the County) as a blended component unit. This is necessary because the Board of County Commissioners of Multnomah County serves as the governing body and maintains overall financial accountability for the District.

Accounting principles generally accepted in the United States of America (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. Dunthorpe-Riverdale's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE DISTRICT

Dunthorpe-Riverdale Service District No. 1 was organized in 1964 under the provisions of ORS 451. The District's purpose was to finance the construction and operation of sanitary sewer systems in the southwest areas of the County, bordering the Willamette River and a small portion of northern Clackamas County. By 1970 the District had eliminated a major source of pollution in the Willamette River. Administration of the District is managed by the Multnomah County Department of Community Services. The sewer lines are maintained through a contract with the City of Portland. Sewage flow treatment is performed at Portland's Tryon Creek station.

The District is accounted for as an enterprise fund. Enterprise funds generate revenue for operations by charging user fees to recover costs of providing goods and services to the public. The measurement focus is on a flow of economic resources and the accrual basis of accounting is used.

Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time the liabilities are incurred.

Oregon Budget Law requires the use of budgetary control. See pages 15-16 for the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

FACTORS AFFECTING FINANCIAL CONDITION

The District consists of approximately 585 households at June 30, 2006, including 14 in northern Clackamas County. District growth has stabilized due to substantial completion of municipal annexations. Operations are funded by user fees and connection charges sufficient to recover all costs of goods and services. The fees are collected via special assessments that are added to property tax bills for properties served by the district.

In prior years slowed sub-division growth combined with decreases in interest income and increases in utility costs resulted in the District’s overall operating losses and decreases in net assets. However, in fiscal year 2005, the user charges increased from \$50 to \$62 per month per household, resulting in increased operating revenues and an increase in net assets. In fiscal year 2006 the rate increased again to \$67 per month per household resulting in further increases in operating revenues and net assets. The District continues to maintain a strong net working capital position, although in fiscal year 2006 net working capital decreased as a result of aggressive capital maintenance and capital project plans. Following is a summary of some key financial data which is summarized from current and prior years’ financial statements:

	Year Ended June 30,				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating revenue	\$ 455,363	\$ 423,403	\$ 344,358	\$ 256,103	\$ 251,508
Depreciation expense	47,616	43,625	42,321	40,274	39,070
Operating gain (loss)	48,204	42,733	(10,981)	(87,835)	(54,674)
Change in net assets	68,822	59,222	(5,110)	(75,599)	(29,592)
Net working capital	65,211	351,469	251,178	347,869	454,016
Total assets	1,737,776	1,572,909	1,477,002	1,473,489	1,578,629
Total net assets	1,529,119	1,460,297	1,401,075	1,406,185	1,481,784

Long-term financial planning. In fiscal year 2007, the District budgeted a \$400,000 intergovernmental loan from the County Risk Management Fund. The proceeds from the intergovernmental loan will be used to complete required capital maintenance at the Tryon Creek and Riverview pump stations. The loan will be repaid over five years with the first payment due in fiscal year 2008.

AWARDS AND ACKNOWLEDGEMENTS

I would like to acknowledge the help of the Finance Division staff, who aided me in the preparation of this report. I appreciate their excellent work. I also want to thank the staff in the Department of County Management for their contributions during the year.

Respectfully submitted,



Mindy L. Harris
Chief Financial Officer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Dunthorpe-Riverdale Service District No. 1

We have audited the accompanying financial statements of the Dunthorpe-Riverdale Service District No. 1, a component unit of Multnomah County, as of and for the year ended June 30, 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of the Dunthorpe-Riverdale Service District No. 1 as of June 30, 2005, were audited by other auditors whose report dated November 4, 2005, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dunthorpe-Riverdale Service District No. 1 as of June 30, 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the Dunthorpe-Riverdale Service District No. 1's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Dunthorpe-Riverdale Service District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



James C. Lanzarotta, CPA
A Partner of Moss Adams LLP
Eugene, Oregon

December 8, 2006



Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne, Suite 531
Portland, Oregon 97214
(503) 988-3786 phone
(503) 988-3292 fax

MANAGEMENT DISCUSSION AND ANALYSIS

As management of Dunthorpe-Riverdale Service District No. 1, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. 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 iii-iv of this report.

Financial Highlights

- Dunthorpe Riverdale's assets exceeded its liabilities at June 30, 2006, by \$1,529,119. Of this amount, \$65,211 is unrestricted and may be used for the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$68,822 in fiscal year 2006 compared to a \$59,222 increase in fiscal year 2005. The overall increase is primarily attributable to the increase in customer sewer user assessment fees, from \$62 in fiscal year 2005 to \$67 per month per household in fiscal year 2006. The user fee increase was necessary to assist with rising utility costs and required capital improvements.
- Interest revenue was \$20,618 for fiscal year 2006 compared to \$10,368 for fiscal year 2005 due to a stronger economy earning the County higher interest rates on investments.
- The District spent \$402,696 on necessary capital improvements to the Tryon Creek and Riverview pump stations in fiscal year 2006 as compared to \$108,939 in fiscal year 2005.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Dunthorpe-Riverdale's basic financial statements. The District's basic financial statements are: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary funds. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. Dunthorpe-Riverdale is accounted for as an enterprise fund.

Enterprise Funds. Enterprise funds are used to account for operations (a) where the intent of the government is to fully recover costs of providing goods or services to the general public through user charges; or (b) where the governing body has decided that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The District operates like a business receiving user charges for services rendered. It does not receive any funds from the State or the County other than assessments collected through property taxes. The District's statute anticipates that it collects fees necessary to prudently operate.

The main source of revenue, sewer assessments, is collected through property taxes. The fees were increased to \$67 per month per household in fiscal year 2006 and generated \$455,363 of revenue.

The basic enterprise fund financial statements can be found on pages 6-8 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 9-14 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Supplementary information can be found on pages 15-19 of this report.

Financial Analysis of the District

Net assets may serve over time as a useful indicator of a government's financial position. As noted earlier, Dunthorpe-Riverdale's total assets exceeded liabilities by \$1,529,119 at the close of the most recent fiscal year, an increase of \$68,822 over the prior year. At June 30, 2006, the District's largest portion of net assets, \$1,463,908 or 96%, is invested in capital assets. This amount increased by \$355,080 over the prior year. The investment in capital assets is the District's sanitary sewer system, with no related debt. The District uses these capital assets to provide services to its member households; consequently, these assets are not available for future spending. In fiscal year 2006 the District spent \$402,696 on capital improvements to the Tryon Creek and Riverview pump stations.

**Dunthorpe-Riverdale's Net Assets
June 30,**

	2006	2005	2004
Current assets	\$ 273,868	\$ 464,081	\$ 327,105
Capital assets	1,463,908	1,108,828	1,149,897
Total assets	1,737,776	1,572,909	1,477,002
Current liabilities	208,657	112,612	75,927
Net assets:			
Invested in capital assets	1,463,908	1,108,828	1,149,897
Unrestricted net assets	65,211	351,469	251,178
Total net assets	\$ 1,529,119	\$ 1,460,297	\$ 1,401,075

At the end of the current and prior fiscal years, the District is able to report positive balances in each net asset category in the schedule on the previous page.

**Dunthorpe-Riverdale's Changes in Fund Net Assets
For the Year Ended June 30,**

	2006	2005	2004
Revenues			
Operating revenues:			
Charges for services	\$ 455,363	\$ 423,403	\$ 344,358
Nonoperating revenues:			
Investment earnings	20,618	10,368	5,871
Rebate revenue	-	112,504	-
Total revenues	<u>475,981</u>	<u>546,275</u>	<u>350,229</u>
Expenses			
District operating expenses	407,159	380,670	355,339
Loss on disposal of capital assets	-	106,383	-
Total expenses	<u>407,159</u>	<u>487,053</u>	<u>355,339</u>
Increase (decrease) in net assets	\$ 68,822	\$ 59,222	\$ (5,110)
Beginning fund net assets	1,460,297	1,401,075	1,406,185
Ending fund net assets	<u>\$ 1,529,119</u>	<u>\$ 1,460,297</u>	<u>\$ 1,401,075</u>

The District's fund net assets increased by \$68,822 during the current fiscal year compared to an increase of \$59,222 in fiscal year 2005 and a decrease of \$5,110 in fiscal year 2004. The primary reasons for the additional increase in fund net assets for fiscal year 2006 are:

- Operating revenues increased by \$31,960 for fiscal year 2006 resulting from an increase in the monthly service charge per household of \$62 to \$67 per month.
- Investment earnings increased to \$20,618 for fiscal year 2006 from \$10,368 for fiscal year 2005, for a net increase of \$10,250, due to a stronger economy resulting in higher interest rates on the District's cash and investments.
- In fiscal year 2005 the District received a rebate in the amount of \$112,504 from the City of Portland Water Bureau as adjustment for revised capital infrastructure costs. This was a one-time only adjustment from the City. Related to the rebate revenue is the \$106,383 loss on disposal of capital assets the District recognized in fiscal year 2005.

Budgetary Highlights. The District budgeted a \$200,000 intergovernmental loan from the County Risk Management Fund in fiscal year 2006 to assist with necessary capital improvement plans. Due to positive cash flows throughout fiscal year 2006, the District was able to postpone pursuing the loan until fiscal year 2007.

Capital assets. The District's investment in capital assets as of June 30, 2006, amounts to \$1,463,908 (net of accumulated depreciation). This entire investment in capital assets is the sanitary sewer system. The net increase in the District's investment in capital assets for the current fiscal year was 32% or \$355,080 due to capital expenses of \$402,696 less depreciation expense of \$47,616. Additional information on the District's capital assets can be found in notes A.5 and C.3 on pages 11 and 13 of this report.

Requests for Information

This financial report is designed to provide a general overview of Dunthorpe-Riverdale'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 additional financial information should be directed to the following address:

Multnomah County
Department of County Management
501 SE Hawthorne Blvd, Suite 531
Portland, OR 97214-3501

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Statements of Net Assets

	June 30,	
	2006	2005
ASSETS		
Current assets:		
Cash and investments	\$ 254,400	\$ 442,148
Receivables (net of allowance for uncollectibles):		
Accounts	2,500	6,122
Special assessments	16,968	15,811
Total receivables	19,468	21,933
Total current assets	273,868	464,081
Noncurrent assets:		
Capital assets	2,582,137	2,179,441
Accumulated depreciation	(1,118,229)	(1,070,613)
Total noncurrent assets	1,463,908	1,108,828
Total assets	1,737,776	1,572,909
LIABILITIES		
Current liabilities:		
Accounts payable	208,657	112,612
Total current liabilities	208,657	112,612
NET ASSETS		
Invested in capital assets	1,463,908	1,108,828
Unrestricted	65,211	351,469
Total net assets	\$ 1,529,119	\$ 1,460,297

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

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Statements of Revenues, Expenses and Changes in Fund Net Assets

	Years Ended June 30,	
	2006	2005
OPERATING REVENUES		
Sewer user assessments	\$ 455,363	\$ 423,403
OPERATING EXPENSES		
Cost of sales and services	322,111	304,036
Administration	37,432	33,009
Depreciation	47,616	43,625
Total operating expenses	407,159	380,670
Operating gain	48,204	42,733
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	20,618	10,368
Rebate revenue	-	112,504
Loss on disposal of capital assets	-	(106,383)
Total nonoperating revenues	20,618	16,489
Change in net assets	68,822	59,222
Total net assets - beginning	1,460,297	1,401,075
Total net assets - ending	\$ 1,529,119	\$ 1,460,297

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

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Statements of Cash Flows

	Years Ended June 30,	
	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 457,928	\$ 415,329
Payments to suppliers	(226,945)	(266,881)
Payments to County employees	(22,803)	(19,459)
Internal activity	(13,850)	(13,400)
Net cash provided by operating activities	<u>194,330</u>	<u>115,589</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(402,696)	(108,939)
Rebate from City of Portland Water Bureau	-	112,504
Net cash provided by (used in) capital and related financing activities	<u>(402,696)</u>	<u>3,565</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	20,618	10,368
Net cash provided by investing activities	<u>20,618</u>	<u>10,368</u>
Net increase (decrease) in cash and investments	(187,748)	129,522
Balances at beginning of the year	442,148	312,626
Balances at end of the year	<u>\$ 254,400</u>	<u>\$ 442,148</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 48,204	\$ 42,733
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	47,616	43,625
Changes in assets and liabilities:		
Receivables, net	2,465	(7,454)
Accounts payable	96,045	36,685
Total adjustments	<u>146,126</u>	<u>72,856</u>
Net cash provided by operating activities	<u>\$ 194,330</u>	<u>\$ 115,589</u>

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

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1

**A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005**

Note A. Summary of Significant Accounting Policies

1. Nature of Business

Dunthorpe-Riverdale Service District No. 1 (the District) was organized in 1964 under the provisions of Oregon Revised Statutes (ORS) Chapter 451 to finance the construction and operation of sanitary sewer systems in the southwest unincorporated area of Multnomah County (the County), bordering the Willamette River and a small portion of northern Clackamas County. The Multnomah County Board of Commissioners is the governing body of the District, as provided for by ORS 451.485.

Dunthorpe-Riverdale is a blended component unit of Multnomah County and its financial activities are included in the basic financial statements of the County. The District serves the residents within its geographical boundaries and is governed by a board comprised of the County's elected Board. The rates for user charges for the district are approved by the Board. The District is reported as an enterprise fund.

2. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The District's basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The measurement focus is on the flow of economic resources. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed 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 District has elected not to follow subsequent private-sector guidance.

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 district are charges to customers for sales and services. The 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 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.

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1

**A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005**

Note A. Summary of Significant Accounting Policies - continued

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). US GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accompanying basic financial statements have been prepared for purposes of Oregon statutory reporting requirements. The accompanying financial statements are structured into the fund type as described below.

Enterprise funds are used to account for revenues and expenses generally resulting from providing services for fees in connection with the fund's principal ongoing operations. Since the Multnomah County Board of Commissioners maintains overall financial accountability for the District, the financial statements of the District are included in the Comprehensive Annual Financial Report (CAFR) of the County, as an enterprise fund.

3. Cash and Investments

The District's cash and investments are deposited in the County's investment pool. The District's cash and investments participate in this pool rather than specific, identifiable securities. The District's share of County pooled cash and investments can be drawn upon demand, and therefore, the entire amount on deposit with the County is considered cash equivalents. Interest earned on pooled investments is allocated monthly based on the average daily cash balance of the District in relation to total investments in the pool. It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pooled investments.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

Information about the pooled investments is included in the County's annual financial report and may be obtained by contacting the County's Finance Division at 501 SE Hawthorne Boulevard, Suite 531, Portland, OR 97214.

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note A. Summary of Significant Accounting Policies – continued

4. Receivables and Payables

The District's receivables are sewer user assessments which are collected through the County's property tax system. The District's payables are all monthly utility charges to the City of Portland for sewage treatment. The District calculates and records an allowance for doubtful accounts on the assessments receivable, which is management's best estimate of amounts that will not be collected.

5. Capital Assets

Capital assets consist of sewer lines and pumping facilities and are stated at historical cost or estimated historical cost at time of acquisition, or fair value on date donated for donated assets. Capital assets valued at estimated historical costs are minor. Normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Gain or loss on retirement or disposal is reflected in income.

Depreciation on property and equipment is provided on the straight-line method at rates based on the estimated lives of the related assets, which are 50 years for sewer lines and pumping facilities.

6. Intergovernmental Agreements

The City of Portland provides sewer line and pump maintenance, transportation and sewage treatment for the District.

7. Use of Estimates

In preparing the basic financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Reclassifications

Certain classifications have been made to the prior year in order to conform to the current year financial statement presentation.

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1

**A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005**

Note B. Stewardship, Compliance, and Accountability

1. Budgets

The District's budget is prepared in accordance with Oregon local budget law. All annual appropriations lapse at fiscal year end. During the month of February each year, the District submits 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.

Note C. Detailed Notes on the Fund

1. Cash and Investments

The District's cash and investments reported on the statement of net assets represent the District's share of the County's cash and investment pool. The District involuntarily participates in the cash and investment pool. Interest earnings from this pool are allocated to the District on a monthly basis. At June 30, 2006 and 2005 the District's share of the County's cash and investment pool totaled \$254,400 and \$442,148, respectively. This fund's ending cash balance is pooled with the County's cash, and represents a portion of the year-end bank balances.

2. Receivables

	June 30,	
	2006	2005
Special assessments:		
Sewer user assessments	\$ 19,438	\$ 18,381
Allowance for doubtful accounts	(2,470)	(2,570)
Total special assessments	<u>16,968</u>	<u>15,811</u>
Accounts:		
Receivables from pump maintenance	2,460	5,920
Receivables from foreclosures	40	202
Total accounts	<u>2,500</u>	<u>6,122</u>
Total Receivables	<u>\$ 19,468</u>	<u>\$ 21,933</u>

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1

**A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005**

The allowance for doubtful accounts represents management's best estimate of receivable amounts that will not be collected. In determining the allowance, management considers historical write offs as well as current economic factors.

3. Capital Assets

Capital assets are summarized as follows:

	June 30,	
	2006	2005
Sewer system at beginning of year	\$ 2,179,441	\$ 2,183,006
Additions	402,696	108,939
Disposals	-	(112,504)
Total capital assets at end of year	2,582,137	2,179,441
Accumulated depreciation	(1,118,229)	(1,070,613)
Investment in capital assets	<u>\$ 1,463,908</u>	<u>\$ 1,108,828</u>

4. Transactions with Multnomah County

The County Department of Community Services provides operating management and planning for the District. General administrative functions are performed by other units of the County. All services are performed on an internal cost reimbursement basis. Reimbursements to the County were \$13,850 and \$13,400 for fiscal 2006 and 2005, respectively, and are included in the financial statement line item for Administration on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

Note D. Risk Management

As a component unit of the County, the District 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 has established risk management programs for liability insurance coverage. The District is covered under the policies and programs insuring the County. The County maintains an internal service fund, risk management fund, to account for and finance its risks of loss. 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, 2006, interfund premiums exceeded reimbursable expenditures. Settlements have not exceeded coverages for each of the past three fiscal years.

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note E. Pension Plans

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's pension plans. The County's Comprehensive Annual Financial Report (CAFR) provides further details on these plans.

Note F. Commitments

As of year-end June 30, 2006 the District has no significant commitments on future capital projects, however subsequent to year-end, in fiscal year 2007, the District obtained Board approval to enter into an intergovernmental loan in the amount of \$400,000 from the County's Risk Management Fund to assist with necessary capital improvements.

SUPPLEMENTARY INFORMATION

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1

**A Component Unit of
Multnomah County, Oregon**

The following Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the District is prepared on a budgetary basis which differs from accounting principles generally accepted in the United States of America and the accompanying component unit financial statements in the following respects:

- Special assessment and property tax revenue is recognized as it becomes measurable and available;
- Capital outlay is reflected as an expenditure;
- Contributed capital, other than non-current assets, is reflected as revenue;
- Depreciation is not recorded; and,
- Expenses related to uncollectible accounts receivable are not recorded.

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments - sewer:				
Current	\$ 437,000	\$ 437,000	\$ 440,167	\$ 3,167
Prior	-	-	6,848	6,848
Charges for services	-	-	7,415	7,415
Interest	7,500	7,500	20,618	13,118
Other	2,500	2,500	-	(2,500)
Total revenues	<u>447,000</u>	<u>447,000</u>	<u>475,048</u>	<u>28,048</u>
EXPENDITURES				
Community services	<u>933,860</u>	<u>933,860</u>	<u>762,706</u>	<u>171,154</u>
Deficiency of revenues under expenditures	<u>(486,860)</u>	<u>(486,860)</u>	<u>(287,658)</u>	<u>199,202</u>
OTHER FINANCING SOURCES				
Proceeds from long-term debt	<u>200,000</u>	<u>200,000</u>	-	<u>(200,000)</u>
Net change in fund balances	<u>(286,860)</u>	<u>(286,860)</u>	<u>(287,658)</u>	<u>(798)</u>
Fund balances - beginning	<u>286,860</u>	<u>286,860</u>	<u>339,176</u>	<u>52,316</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>51,518</u>	<u>\$ 51,518</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,463,908	
Deferred revenue on property taxes			16,163	
Allowance for uncollectible accounts, assessments			<u>(2,470)</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 7			<u>\$ 1,529,119</u>	

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Schedules of Special Assessment Transactions
For the Year Ended June 30, 2006

	<u>Amounts Uncollected June 30, 2005</u>	<u>Levy/ Assessments as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Received</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax/ Assessment Collections</u>	<u>Amounts Uncollected June 30, 2006</u>
General Fund Special Assessment							
2005-2006	\$ -	\$ 464,007	\$ (11,371)	\$ 281	\$ (2,076)	\$ (438,164)	\$ 12,677
2004-2005	11,980	-	22	501	(1,333)	(7,236)	3,934
2003-2004	3,750	-	15	299	(587)	(1,715)	1,762
2002-2003	1,535	-	8	222	(300)	(887)	578
2001-2002	660	-	4	142	(12)	(635)	159
2000-2001	196	-	-	16	1	(85)	128
1999-2000	79	-	-	21	(3)	(51)	46
1998-1999	38	-	-	4	(1)	(10)	31
1997-1998	46	-	-	4	(1)	(8)	41
1996-1997 and prior years	97	-	-	15	(3)	(27)	82
	<u>\$ 18,381</u>	<u>\$ 464,007</u>	<u>\$ (11,322)</u>	<u>\$ 1,505</u>	<u>\$ (4,315)</u>	<u>\$ (448,818)</u>	<u>\$ 19,438</u>

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Schedules of Special Assessment Transactions
For the Year Ended June 30, 2005

	<u>Amounts Uncollected June 30, 2004</u>	<u>Levy/ Assessments as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Received</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax/ Assessment Collections</u>	<u>Amounts Uncollected June 30, 2005</u>
General Fund Special Assessment							
2004-2005	\$ -	\$ 424,303	\$ (10,244)	\$ 233	\$ (3,438)	\$ (398,874)	\$ 11,980
2003-2004	10,268	-	22	456	(1,618)	(5,378)	3,750
2002-2003	3,213	-	7	301	(274)	(1,712)	1,535
2001-2002	1,689	-	7	237	(341)	(932)	660
2000-2001	697	-	5	108	(90)	(524)	196
1999-2000	152	-	5	(63)	8	(23)	79
1998-1999	76	-	4	(65)	38	(15)	38
1997-1998	56	-	4	(97)	91	(8)	46
1996-1997	21	-	2	(73)	68	(1)	17
1995-1996 and prior years	85	-	2	(76)	81	(12)	80
	<u>\$ 16,257</u>	<u>\$ 424,303</u>	<u>\$ (10,186)</u>	<u>\$ 961</u>	<u>\$ (5,475)</u>	<u>\$ (407,479)</u>	<u>\$ 18,381</u>

DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1
A Component Unit of
Multnomah County, Oregon
Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections
For the Years Ended June 30, 2006 and 2005

	<u>Years Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
Revenues, per Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Current year assessments - sewer	\$ 440,167	\$ 402,018
Prior year assessments - sewer	6,848	6,490
Sixty day tax/assessment accrual, net	243	(1,029)
Other - overpayment refund	1,560	-
	<u>1,560</u>	<u>-</u>
Interest and Tax/Assessment Collections, per Schedule of Special Assessment Transactions		
	<u>\$ 448,818</u>	<u>\$ 407,479</u>

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

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

Board of County Commissioners
Dunthorpe-Riverdale Service District No. 1

We have audited the financial statements of the Dunthorpe-Riverdale Service District No. 1 as of and for the year ended June 30, 2006, and have issued our report thereon dated December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of 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 financial statements are free from material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2006 and 2007.
- 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 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 tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information of the Board of 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.

December 8, 2006



James C. Lanzarotta, Partner
For Moss Adams LLP
Certified Public Accountants
Eugene, Oregon

Financial Statements and Reports of
Independent Certified Public Accountants

Mid County Service District No. 14
A Component Unit of
Multnomah County, Oregon

June 30, 2006 and 2005

INTRODUCTORY SECTION

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon

BOARD OF COUNTY COMMISSIONERS* AS OF JUNE 30, 2006
501 SE Hawthorne, 6th floor
Portland, Oregon 97214

	<u>Term Expires</u>
Diane Linn, Chair of the Board	December 31, 2006
Serena Cruz, Commissioner	December 31, 2006
Lisa Naito, Commissioner	December 31, 2008
Lonnie Roberts, Commissioner	December 31, 2008
Maria Rojo de Steffey, Commissioner	December 31, 2008

REGISTERED AGENT

Mindy L. Harris

REGISTERED OFFICE

501 SE Hawthorne, Suite 531
Portland, Oregon 97214-3501

* Governing body of Mid County Service District No. 14 reported on herein.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Table of Contents

Introductory Section:	<u>Pages</u>
Title Page	i
Table of Contents	ii
Transmittal Letter	iii - v
Financial Section:	
Report of Independent Certified Public Accountants	1
Management Discussion and Analysis	2-5
Basic Financial Statements	
Statements of Net Assets	6
Statements of Revenues, Expenses and Changes in Fund Net Assets	7
Statements of Cash Flows	8
Notes to Basic Financial Statements	9-14
Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances Budget and Actual	15-16
Schedules of Special Assessment Transactions	17-18
Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections	19
Reports of Independent Certified Public Accountants Required by Statutes	
Report of Independent Certified Public Accountants on the District's Compliance and Certain Items Based on an Audit of Basic Financial Statements Performed in Accordance with Oregon Auditing Standards	20-21



Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne, Suite 531
Portland, Oregon 97214
(503) 988-3786 phone
(503) 988-3292 fax

December 8, 2006

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

INTRODUCTION

We are pleased to submit the Basic Financial Statements for Mid County Service District No. 14, Portland, Oregon (the District), for the fiscal years ended June 30, 2006 and 2005. This report includes the opinion of our independent auditors, Moss Adams LLP.

We prepared this report for the Secretary of the State of Oregon as required under ORS 297.425. The District's financial statements are also included in the Comprehensive Annual Financial Report of Multnomah County (the County) as a blended component unit. This is necessary because the Board of County Commissioners of Multnomah County serves as the governing body and maintains overall financial accountability for the District.

Accounting principles generally accepted in the United States of America (US GAAP) require 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. Mid County's MD&A can be found immediately following the independent auditors' report.

PROFILE OF THE DISTRICT

Mid County Service District No. 14 was organized in 1968 as Tulip Acres Lighting District under the provisions of ORS Chapter 451. The District now provides street lighting to the unincorporated urban areas of the County, and the cities of Maywood Park, Troutdale and Fairview. Administration of the District is managed by the Multnomah County Department of Community Services (DCS). Portland General Electric provides energy and maintenance services to the District and the County's DCS Land Use and Transportation Division provides illumination, engineering and design.

The District is accounted for as an enterprise fund. Enterprise funds generate revenue for operations by charging user fees to recover costs of providing goods and services to the public. The measurement focus is on a flow of economic resources and the accrual basis of accounting is used. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time the liabilities are incurred.

Oregon Budget Law requires the use of budgetary control. See pages 15-16 for the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.

FACTORS AFFECTING FINANCIAL CONDITION

The District's operation budget has stabilized with the substantial completion of municipal annexations. Operations are funded by charging user fees, which stayed unchanged from the prior year at \$42 per household for fiscal year 2006. The fees are collected via special assessments that are added to property tax bills for properties served by the district.

Operating revenues in total generally follow population levels. Historically (the last 10 years) operating revenues have increased approximately 6.7% annually and operating expenses have increased approximately 5.6% over the same time period. During fiscal year 2006, operating revenues increased only 1.6% from the prior year as a result of no rate change.

In fiscal year 2004, the District implemented a new capital asset initiative to replace 15% of their lights and poles that were past their life expectancy. Under this initiative the District began purchasing more lights and poles rather than renting these assets from Portland General Electric and therefore reducing capital contributions. Since then the District continues to record capital contributions for light and poles and also purchase replacements, but at a scaled down rate. Over time the District anticipates that capital contributions will continue to decrease as capital asset acquisitions increase. In fiscal year 2006 management revised the estimates on the useful lives of the District's lights and poles from 15 years to 30 years as new lights and poles are constructed from stronger more durable materials. The District continues to maintain a strong working capital position and has no long-term debt. Following is a summary of some key financial data which is summarized from current and prior years' financial statements:

	Year Ended June 30,				
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Operating revenue	\$ 293,850	\$ 289,181	\$ 235,601	\$ 232,777	\$ 234,731
Depreciation expense	54,059	103,412	158,527	93,413	90,083
Operating loss	(34,196)	(159,829)	(264,606)	(122,132)	(113,189)
Change in net assets	64,047	41,742	(478,284)	37,063	183,701
Capital contributions	82,031	238,322	-	251,677	335,404
Net working capital	356,048	345,315	441,706	833,639	841,762
Total assets	1,906,006	1,831,673	1,788,873	2,268,709	2,233,728
Total net assets	1,877,581	1,813,534	1,771,792	2,250,076	2,213,013

AWARDS AND ACKNOWLEDGEMENTS

I would like to acknowledge the help of the Finance Division staff, who aided me in the preparation of this report. I appreciate their excellent work. I also want to thank the staff in the Department of County Management for their contributions during the year.

Respectfully submitted,



Mindy L. Harris
Chief Financial Officer

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Mid County Service District No. 14

We have audited the accompanying financial statements of the Mid County Service District No. 14, a component unit of Multnomah County, as of and for the year ended June 30, 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit. The financial statements of the Mid County Service District No. 14 as of June 30, 2005, were audited by other auditors whose report dated November 4, 2005, expressed an unqualified opinion on those statements.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid County Service District No. 14 as of June 30, 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Management's discussion and analysis on pages 2 through 5 is not a required part of the basic financial statements but is supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively compromise the Mid County Service District No. 14's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Mid County Service District No. 14. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



James C. Lanzarotta, CPA
A Partner of Moss Adams LLP
Eugene, Oregon

December 8, 2006



Department of County Management
MULTNOMAH COUNTY OREGON

501 SE Hawthorne, Suite 531
Portland, Oregon 97214
(503) 988-3786 phone
(503) 988-3292 fax

MANAGEMENT DISCUSSION AND ANALYSIS

As management of Mid County Service District No. 14, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2006. 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 iii-iv of this report.

Financial Highlights

- Mid County's assets exceeded its liabilities at June 30, 2006, by \$1,877,581. Of this amount, \$356,048 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$64,047 in fiscal year 2006 primarily due to a \$49,353 decrease in depreciation expense directly related to the change in the estimated useful lives of the lights and poles from 15 to 30 years.
- Capital asset additions decreased by \$181,013 from \$288,386 for fiscal year 2005 to \$107,373 for fiscal year 2006 primarily due to the completed property annexations that began in prior fiscal years.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Mid County's basic financial statements. The District's basic financial statements are: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Proprietary funds. Proprietary funds are used to account for a government's ongoing organizations and activities that are similar to businesses found in the private sector. These funds are considered self-supporting in that the services rendered by them are generally financed through user charges or on a cost reimbursement basis. Mid County is accounted for as an enterprise fund.

Enterprise Funds. Enterprise funds are used to account for operations (a) where the intent of the government is to fully recover costs of providing goods or services to the general public through user charges; or (b) where the governing body has decided that periodic determination of net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

The District operates like a business receiving user charges for services rendered. It does not receive any funds from the state or the County other than assessments collected through property taxes. The District's statute anticipates that it collects fees necessary to prudently operate.

The main source of revenue, street lighting assessments, is collected through property taxes. The user charges remained the same at \$42 per household for fiscal year 2006 generating \$293,850 in revenues.

The basic enterprise fund financial statements can be found on pages 6-8 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 9-14 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information. Supplementary information can be found on pages 15-19 of this report.

Financial Analysis of the District

Net assets may serve over time as a useful indicator of a government's financial position. As noted earlier, Mid County's total assets exceeded liabilities by \$1,877,581 at the close of the most recent fiscal year. Included in this amount, the District had \$1,521,533 or 81% of total net assets invested in capital assets. The investment in capital assets is the District's street lighting system, with no related debt. The District uses these capital assets to provide services to its member households; consequently, these assets are not available for future spending.

**Mid County's Net Assets
June 30,**

	2006	2005	2004
Current assets	\$ 384,473	\$363,454	\$ 458,787
Capital assets	1,521,533	1,468,219	1,330,086
Total assets	<u>1,906,006</u>	<u>1,831,673</u>	<u>1,788,873</u>
Current liabilities	<u>28,425</u>	<u>18,139</u>	<u>17,081</u>
Net assets:			
Invested in capital assets	1,521,533	1,468,21	1,330,086
Unrestricted	<u>356,048</u>	<u>345,315</u>	<u>441,706</u>
Total net assets	<u>\$1,877,581</u>	<u>\$1,813,534</u>	<u>\$1,771,792</u>

At the end of the current and prior fiscal years, the District is able to report positive balances in the above categories of net assets.

**Mid County's Changes in Fund Net Assets
For the Year Ended June 30,**

	2006	2005	2004
Revenues			
Operating revenues:			
Charges for services	\$ 293,850	\$ 289,181	\$ 235,601
Nonoperating revenues:			
Investment earnings	16,212	10,090	10,146
Total revenues	<u>310,062</u>	<u>299,271</u>	<u>245,747</u>
Expenses			
Operating expenses:			
District operating expenses	328,046	449,010	500,207
Nonoperating expenses:			
Loss on disposal of capital assets	-	46,841	223,824
Total expenses	<u>328,046</u>	<u>495,851</u>	<u>724,031</u>
Income (loss) before contributions	(17,984)	(196,580)	(478,284)
Capital contributions	82,031	238,322	-
Increase (decrease) in net assets	64,047	41,742	(478,284)
Beginning fund net assets	<u>1,813,534</u>	<u>1,771,792</u>	<u>2,250,076</u>
Ending fund net assets	<u>\$ 1,877,581</u>	<u>\$ 1,813,534</u>	<u>\$ 1,771,792</u>

The District's fund net assets increased by \$64,047 during the current fiscal year compared to an increase of \$41,742 in fiscal year 2005 and a decrease of \$478,284 in fiscal year 2004. The primary reasons for the increase in fund net assets for fiscal year 2006 are:

- Capital contributions increased in fiscal year 2005 by \$238,322 over the prior year as a result of a significant increase in developer contributions and because the District purchased less lights and poles. Developer contributions decreased in fiscal year 2006 by \$156,291 from fiscal year 2005 as new construction was completed throughout the fiscal year.
- Depreciation expense decreased by \$49,353 from fiscal year 2005 due to changes in the estimated useful lives of the lights and poles in fiscal year 2006 from 15 to 30 years.
- Over the past year the District's investment earnings have increased as the economy strengthens and interest rates continue to rise. Investment earnings in fiscal year 2006 increased by \$6,122 over fiscal year 2005 as compared to a decrease in fiscal year 2005 of \$56 from fiscal year 2004.

Capital Assets. The District's investment in capital assets as of June 30, 2006, amounts to \$1,521,533 (net of accumulated depreciation). This entire investment in capital assets is the street lighting system. The net increase in the District's investment in capital assets for the current fiscal year was \$53,314 or 3.6% due to capital additions of \$107,373 less depreciation of \$54,059. Depreciation expense decreased from \$103,412 in fiscal year 2005 to \$54,059 in fiscal year 2006 as a result of a change in management's estimate of the useful lives as noted above for the District's lights and poles from 15 years to 30 years. Additional information on the District's capital assets can be found in notes A.5 and C.3 on page 11 and 13 of this report.

Budgetary Highlights. Total budgeted expenditures for the District were \$542,075 in fiscal year 2006 compared to actual expenditures of \$299,529. Expenditures were under budget by \$242,546 primarily due to an unappropriated balance and contingency, both of which had no actual expenditures as these amounts are reserved for special circumstances. In addition, the District budgeted \$100,000 for capital outlay with actual expenditures of \$25,341. Capital outlay was under budget due to project engineer turnover where project engineers are responsible for the District's capital improvement plan. The project engineers were not replaced before year-end.

Key Economic Factors and Budget Information for Next Year

The District has completed a large capital pole and lighting replacement program over the past three years, targeting facilities that were past their life expectancy. In the fiscal year 2007 budget, the District is proposing a \$75,000 capital pole replacement program.

The District's current assessment is \$42 per household. For fiscal year 2007 the District budget committee supported no changes necessary for this assessment.

Requests for information

This financial report is designed to provide a general overview of Mid 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 additional financial information should be directed to the following address:

Multnomah County
Department of County Management
501 SE Hawthorne Blvd, Suite 531
Portland, OR 97293-0700

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Statements of Net Assets

	June 30,	
	2006	2005
ASSETS		
Current assets:		
Cash and investments	\$ 372,476	\$ 351,189
Receivables (net of allowance for uncollectibles):		
Accounts	27	146
Special assessments	11,970	12,119
Total current assets	<u>384,473</u>	<u>363,454</u>
Noncurrent assets:		
Capital assets	2,509,827	2,402,454
Accumulated depreciation	(988,294)	(934,235)
Total noncurrent assets	<u>1,521,533</u>	<u>1,468,219</u>
Total assets	<u>1,906,006</u>	<u>1,831,673</u>
LIABILITIES		
Current liabilities:		
Accounts payable	28,425	18,139
Total current liabilities	<u>28,425</u>	<u>18,139</u>
NET ASSETS		
Invested in capital assets	1,521,533	1,468,219
Unrestricted	356,048	345,315
Total net assets	<u>\$ 1,877,581</u>	<u>\$ 1,813,534</u>

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

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Statements of Revenues, Expenses and Changes in Fund Net Assets

	Years Ended June 30,	
	2006	2005
OPERATING REVENUES		
Street lighting assessments	\$ 293,850	\$ 289,181
OPERATING EXPENSES		
Cost of sales and services	221,166	314,117
Administration	52,821	31,481
Depreciation	54,059	103,412
Total operating expenses	328,046	449,010
Operating loss	(34,196)	(159,829)
NONOPERATING REVENUES (EXPENSES)		
Interest revenue	16,212	10,090
Loss on disposal of capital assets	-	(46,841)
Total nonoperating revenues (expenses)	16,212	(36,751)
Loss before contributions	(17,984)	(196,580)
Capital contributions	82,031	238,322
Change in net assets	64,047	41,742
Total net assets - beginning	1,813,534	1,771,792
Total net assets - ending	\$ 1,877,581	\$ 1,813,534

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

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Statements of Cash Flows

	Years Ended June 30,	
	2006	2005
CASH FLOW FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 294,318	\$ 288,265
Payments to suppliers	(212,846)	(305,523)
Payments to County employees	(24,643)	(25,203)
Internal activity - payments to other funds	(26,412)	(13,400)
Net cash provided by (used in) operating activities	<u>30,417</u>	<u>(55,861)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(25,342)	(50,064)
Net cash used in capital and related financing activities	<u>(25,342)</u>	<u>(50,064)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	16,212	10,090
Net cash provided by investing activities	<u>16,212</u>	<u>10,090</u>
Net increase (decrease) in cash and investments	21,287	(95,835)
Balances at beginning of the year	351,189	447,024
Balances at end of the year	<u>\$ 372,476</u>	<u>\$ 351,189</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:		
Operating loss	\$ (34,196)	\$ (159,829)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	54,059	103,412
Changes in assets and liabilities:		
Receivables, net	268	(502)
Accounts payable	10,286	1,058
Total adjustments	<u>64,613</u>	<u>103,968</u>
Net cash provided by (used in) operating activities	<u>\$ 30,417</u>	<u>\$ (55,861)</u>
Noncash financing activities		
Contributions of capital assets	<u>\$ 82,031</u>	<u>\$ 238,322</u>

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

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note A. Summary of Significant Accounting Policies

1. Nature of Business

Mid County Service District No. 14 (the District) was organized in 1968 under the provisions of Oregon Revised Statutes (ORS) Chapter 451 to provide street lighting in unincorporated urban areas of Multnomah County (the County) and the cities of Maywood Park, Troutdale and Fairview. The Multnomah County Board of Commissioners is the governing body of the District, as provided for by ORS 451.485.

Mid County is a blended component unit of Multnomah County and its financial activities are included in the basic financial statements of the County. The District serves the residents within its geographical boundaries and is governed by a board comprised of the County's elected Board. The rates for user charges for the district are approved by the Board. The District is reported as an enterprise fund.

2. Measurement Focus, Basis of Accounting, and Financial Statement Preparation

The District's basic financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The measurement focus is on the flow of economic resources. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Assets.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed 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 District has elected not to follow subsequent private-sector guidance.

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 district are charges to customers for sales and services. The 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 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.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note A. Summary of Significant Accounting Policies - continued

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (US GAAP). US GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The financial statements have incorporated all applicable GASB pronouncements as well as Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The accompanying basic financial statements have been prepared for purposes of Oregon statutory reporting requirements. The accompanying financial statements are structured into the fund type as described below.

Enterprise funds are used to account for revenues and expenses generally resulting from providing services for fees in connection with the fund's principal ongoing operations. Since the Multnomah County Board of Commissioners maintains overall financial accountability for the District, the financial statements of the District are included in the Comprehensive Annual Financial Report (CAFR) of the County, as an enterprise fund.

3. Cash and Investments

The District's cash and investments are deposited in the County's investment pool. The District's cash and investments participate in this pool rather than specific, identifiable securities. The District's share of County pooled cash and investments can be drawn upon demand, and therefore, the entire amount on deposit with the County is considered cash equivalents. Interest earned on pooled investments is allocated monthly based on the average daily cash balance of the District in relation to total investments in the pool. It is not practical to determine the investment risk, collateral, or insurance coverage for the District's share of these pooled investments.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP). Investments for the County, as well as for its component units, are reported at fair value. The LGIP operates in accordance with appropriate state laws and regulations.

Information about the pooled investments is included in the County's annual financial report and may be obtained by contacting the County's Finance Division at 501 SE Hawthorne Boulevard, Suite 531, Portland, OR 97214.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note A. Summary of Significant Accounting Policies - continued

4. Receivables and Payables

The District's receivables are street lighting assessments which are collected through the County's property tax system. The District's payables are all monthly utility charges to Portland General Electric. The District calculates and records an allowance for doubtful accounts on the assessments receivable, which is management's best estimate of amounts that will not be collected.

5. Capital Assets

Capital assets are stated at historical cost or estimated historical cost at time of acquisition, or fair value for donated assets. Capital assets valued at estimated historical costs are minor. Normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Gain or loss on retirement or disposal is reflected in income.

Depreciation on property and equipment is provided on the straight-line method at rates based on the estimated lives for all the lights and poles. During fiscal year 2006 management revised the estimated useful lives of the District's lights and poles. Based on management's review the useful lives of the lights and poles were extended from 15 years to 30 years. In recent years the materials used in constructing the District's lights and poles have become more durable and are engineered to last longer than those previously built. The District now uses a 30 year useful life for lights and poles.

6. Annexations and Intergovernmental Agreements

In 1983 the Board of County Commissioners passed Resolution A which stated the County's intention to phase out municipal services provided to urbanized unincorporated areas of the County. As a result, large areas of the District have been annexed by other jurisdictions and further annexations are expected. At the ultimate dissolution of the District, its remaining assets will be distributed to the successors in proportion to the number of customers absorbed by each entity.

7. Use of Estimates

In preparing the basic financial statements in conformity with accounting principles generally accepted in the United States of America (US GAAP), management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

8. Reclassifications

Certain classifications have been made to the prior year in order to conform to the current year financial statement presentation.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note B. Stewardship, Compliance, and Accountability

1. Budgets

The District's budget is prepared in accordance with Oregon local budget law. All annual appropriations lapse at fiscal year end. During the month of February each year, the District submits 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.

Note C. Detailed Notes on the Fund

1. Cash and Investments

The District's cash and investments reported on the statement of net assets represent the District's share of the County's cash and investment pool. The District involuntarily participates in the cash and investment pool. Interest earnings from this pool are allocated to the District on a monthly basis. At June 30, 2006 and 2005 the District's share of the County's cash and investment pool totaled \$372,476 and \$351,189, respectively. This fund's ending cash balance is pooled with the County's cash, and represents a portion of the year-end bank balances.

2. Receivables

	June 30,	
	2006	2005
Street lighting assessments	\$ 13,810	\$ 14,159
Allowance for doubtful accounts	(1,840)	(2,040)
Subtotal	11,970	12,119
Receivables from foreclosures	27	146
Receivables, net	\$ 11,997	\$ 12,265

The allowance for doubtful accounts represents management's best estimate of receivable amounts that will not be collected. In determining the allowance, management considers historical write offs as well as current economic factors.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

3. Capital Assets

Capital assets are summarized as follows:

	June 30,	
	2006	2005
Street lights and poles at beginning of year	\$ 2,402,454	\$ 2,190,870
Additions	107,373	288,386
Disposals	-	(76,802)
Total capital assets at end of year	2,509,827	2,402,454
Accumulated depreciation	(988,294)	(934,235)
Investment in capital assets	\$ 1,521,533	\$ 1,468,219

4. Transactions with Multnomah County

The County Department of and Community Services provides operating management and planning for the District. General administrative functions are performed by other units of the County. All services are performed on an internal cost reimbursement basis. Reimbursements to the County were \$13,850 and \$13,400 for fiscal 2006 and 2005, respectively, and are included in the financial statement line item for Administration on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

Note D. Risk Management

As a component unit of the County, the District 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 has established risk management programs for liability insurance coverage. The District is covered under the policies and programs insuring the County. The County maintains an internal service fund, risk management fund, to account for and finance its risks of loss. 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, 2006, interfund premiums exceeded reimbursable expenditures. Settlements have not exceeded coverages for each of the past three fiscal years.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Notes to Basic Financial Statements
June 30, 2006 and 2005

Note E. Pension Plans

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's pension plans. The County's Comprehensive Annual Financial Report (CAFR) provides further details on these plans.

Note F. Commitments

As of year-end June 30, 2006 the District has no significant commitments on future capital projects.

SUPPLEMENTARY INFORMATION

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon

The following Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the District is prepared on a budgetary basis which differs from accounting principles generally accepted in the United States of America and the accompanying component unit financial statements in the following respects:

- Street lighting assessment revenue is recognized as it becomes measurable and available;
- Capital outlay is reflected as an expenditure;
- Contributed capital, other than non-current assets, is reflected as revenue;
- Depreciation is not recorded; and,
- Expenses related to uncollectible accounts receivable are not recorded.

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Assessments - street lighting:				
Current	\$ 274,575	\$ 274,575	\$ 288,574	\$ 13,999
Prior	-	-	5,201	5,201
Interest	7,500	7,500	16,211	8,711
Other	-	-	27	27
Total revenues	<u>282,075</u>	<u>282,075</u>	<u>310,013</u>	<u>27,938</u>
EXPENDITURES				
Community services	<u>542,075</u>	<u>542,075</u>	<u>299,529</u>	<u>242,546</u>
Excess (deficiency) of revenues over (under) expenditures	(260,000)	(260,000)	10,484	270,484
Fund balances - beginning	<u>260,000</u>	<u>260,000</u>	<u>335,935</u>	<u>75,935</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>346,419</u>	<u>\$ 346,419</u>
Reconciliation to GAAP basis:				
Invested in capital assets			1,521,533	
Deferred revenue on property taxes			11,469	
Allowance for uncollectible accounts, assessments			<u>(1,840)</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 7			<u>\$ 1,877,581</u>	

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Schedules of Special Assessment Transactions
For the Year Ended June 30, 2006

	<u>Amounts Uncollected June 30, 2005</u>	<u>Levy/ Assessments as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Received</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax/ Assessment Collections</u>	<u>Amounts Uncollected June 30, 2006</u>
General Fund Special Assessment							
2005-2006	\$ -	\$ 302,998	\$ (7,384)	\$ 188	\$ (1,389)	\$ (285,928)	\$ 8,485
2004-2005	8,665	-	16	362	(964)	(5,234)	2,845
2003-2004	2,728	-	11	218	(428)	(1,248)	1,281
2002-2003	1,489	-	8	216	(292)	(860)	561
2001-2002	642	-	3	138	(11)	(617)	155
2000-2001	152	-	-	12	1	(66)	99
1999-2000	61	-	-	16	(3)	(39)	35
1998-1999	29	-	-	3	-	(8)	24
1997-1998	36	-	-	3	-	(7)	32
1996-1997 and prior years	357	-	-	112	(11)	(165)	293
	<u>\$ 14,159</u>	<u>\$ 302,998</u>	<u>\$ (7,346)</u>	<u>\$ 1,268</u>	<u>\$ (3,097)</u>	<u>\$ (294,172)</u>	<u>\$ 13,810</u>

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Schedules of Special Assessment Transactions
For the Year Ended June 30, 2006

	<u>Amounts Uncollected June 30, 2004</u>	<u>Levy/ Assessments as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Received</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax/ Assessment Collections</u>	<u>Amounts Uncollected June 30, 2005</u>
General Fund Special Assessment							
2004-2005	\$ -	\$ 299,404	\$ (7,185)	\$ 169	\$ (2,487)	\$ (281,236)	\$ 8,665
2003-2004	7,469	-	17	332	(1,177)	(3,913)	2,728
2002-2003	3,118	-	6	292	(266)	(1,661)	1,489
2001-2002	1,642	-	7	230	(331)	(906)	642
2000-2001	538	-	4	83	(69)	(404)	152
1999-2000	117	-	4	(49)	6	(17)	61
1998-1999	58	-	3	(50)	30	(12)	29
1997-1998	44	-	3	(76)	71	(6)	36
1996-1997	17	-	2	(62)	58	(1)	14
1995-1996 and prior years	381	-	2	(24)	88	(104)	343
	<u>\$ 13,384</u>	<u>\$ 299,404</u>	<u>\$ (7,137)</u>	<u>\$ 845</u>	<u>\$ (4,077)</u>	<u>\$ (288,260)</u>	<u>\$ 14,159</u>

MID COUNTY SERVICE DISTRICT NO. 14
A Component Unit of
Multnomah County, Oregon
Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections
For the Years Ended June 30, 2006 and 2005

	Years Ended June 30	
	2006	2005
Revenues, per Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:		
Current year special assessments	\$ 288,574	\$ 283,660
Prior years' special assessments	5,201	5,362
Sixty day tax/assessment accrual, net	397	(762)
Interest and Tax/Assessment Collections, per Schedule of Special Assessment Transactions	\$ 294,172	\$ 288,260

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

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

Board of County Commissioners
Mid County Service District No. 14

We have audited the financial statements of the Mid County Service District No. 14 as of and for the year ended June 30, 2006, and have issued our report thereon dated December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of 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 financial statements are free from material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2006 and 2007.
- 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 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 tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our

consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended solely for the information of the Board of 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.

December 8, 2006



James Lanzarotta, Partner
For Moss Adams LLP
Certified Public Accountants
Eugene, Oregon



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
 Agenda Item #: B-2
 Est. Start Time: 10:00 AM
 Date Submitted: 02/27/07

Agenda Title: Briefing on Mental Health System of Care, Including Verity, Services for the Uninsured and Update on the Mayor's Mental Health Task Force

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: March 15, 2007 Amount of Time Needed: 60 minutes
 Department: DCHS Division: MHASD
 Contact(s): Kathy Tinkle
 Phone: 503-988-3691 Ext. 26858 I/O Address: 167/1/620
 Presenter(s): Joanne Fuller, Karl Brimner, Lillian Shirley

General Information

1. What action are you requesting from the Board?

None. Informational briefing only.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

At the request of the Office of the Chair, the Department of County Human Services, the Health Department, and the Department of Community Justice are pleased to provide a joint briefing on the Multnomah County Mental Health System of Care including Verity, Services for the Uninsured, and an Update on the Mayor's Mental Health Task Force.

3. Explain the fiscal impact (current year and ongoing).

N/A

4. Explain any legal and/or policy issues involved.

N/A

5. Explain any citizen and/or other government participation that has or will take place.

All three Departments and the Chair's Office have been very involved in the Mayor's Mental Health Task Force to create a plan for services at the intersection of mental health and public safety. The Department of County Human Services is also working closely with the Adult Mental Health and

Substance Abuse (AMHSA) Advisory Board to ensure consumer and stakeholder input into the Mental Health System.

Required Signature

**Elected Official or
Department/
Agency Director:**



Handwritten signature of Joanne Fuller in cursive script.

Date: 02/27/07

Briefing to the Board of County Commissioners
on the Multnomah County Mental Health
System of Care

Presented by:

Department of County Human Services
Health Department
Department of Community Justice

March 15, 2007



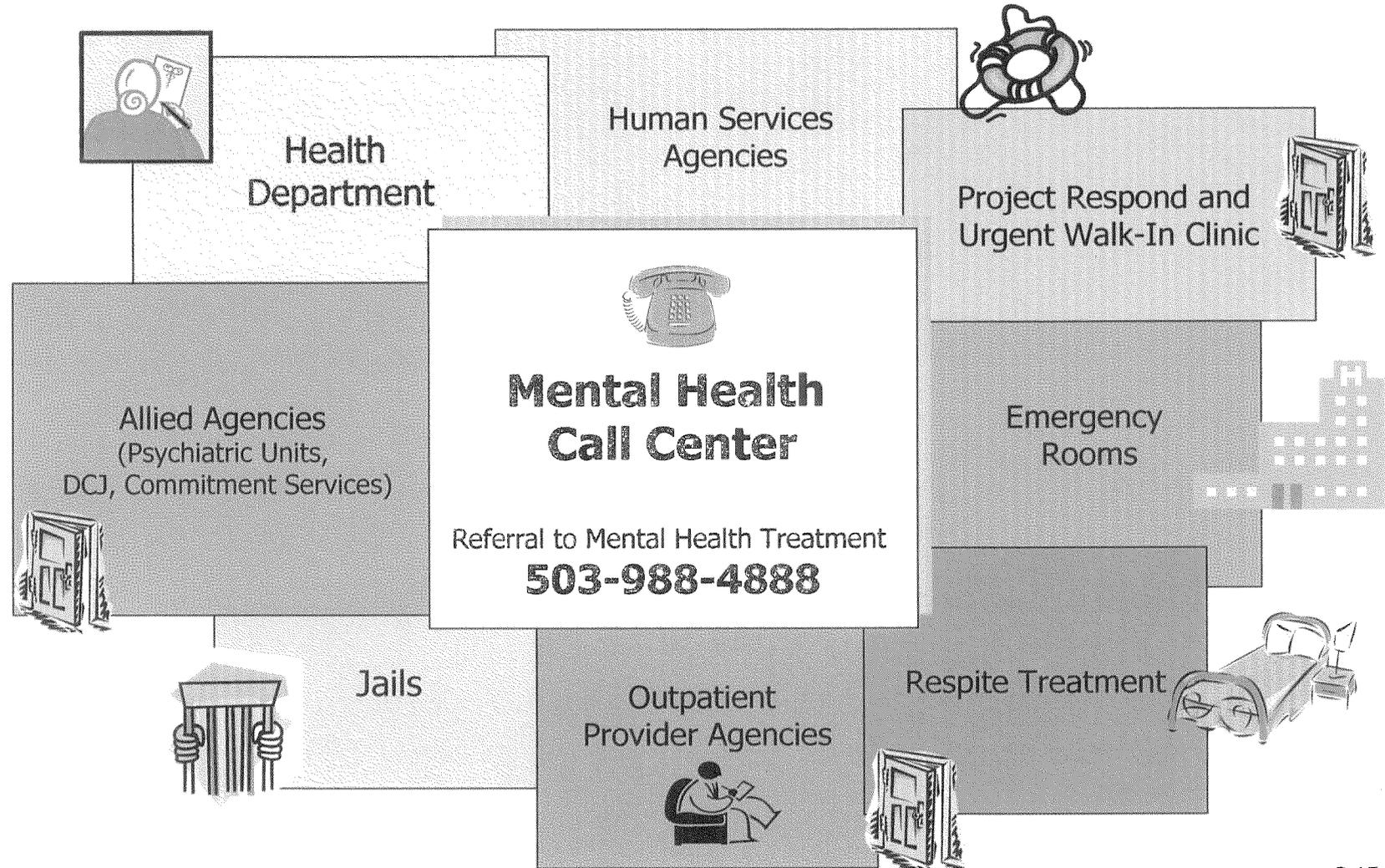
**Multnomah County
Board of County Commissioners
Mental Health System of Care Briefing
Thursday, March 15, 2007
10:00 a.m. – 11:00 a.m.**

Agenda

Overview of the Mental Health System	J. Fuller/L. Shirley/K. Treb	5'
Who do we serve? <ul style="list-style-type: none">• Populations served• Mental Health Crisis Call Center	K. Brimmer/L. Shirley/K. Treb	10'
Mental Health System Organization <ul style="list-style-type: none">• Continuum of Care by age group• System of Care by severity• Behavioral Health Services for Uninsured Adults• System of Care by program offer• Safety Net services by program offer	K. Brimmer/J. Fuller/L. Shirley/K. Treb	15'
Mayor's Mental Health / Public Safety Initiative <ul style="list-style-type: none">• Secure sub-acute treatment facility• Dedicated law enforcement team for Project Respond• African-American mental health treatment proposal	K. Brimmer/J. Fuller	10'
Mental Health System Forecast and Partnerships	K. Brimmer	15'
Discussion/Questions	All	5'

Department of County Human Services | Mental Health and Addiction Services Division

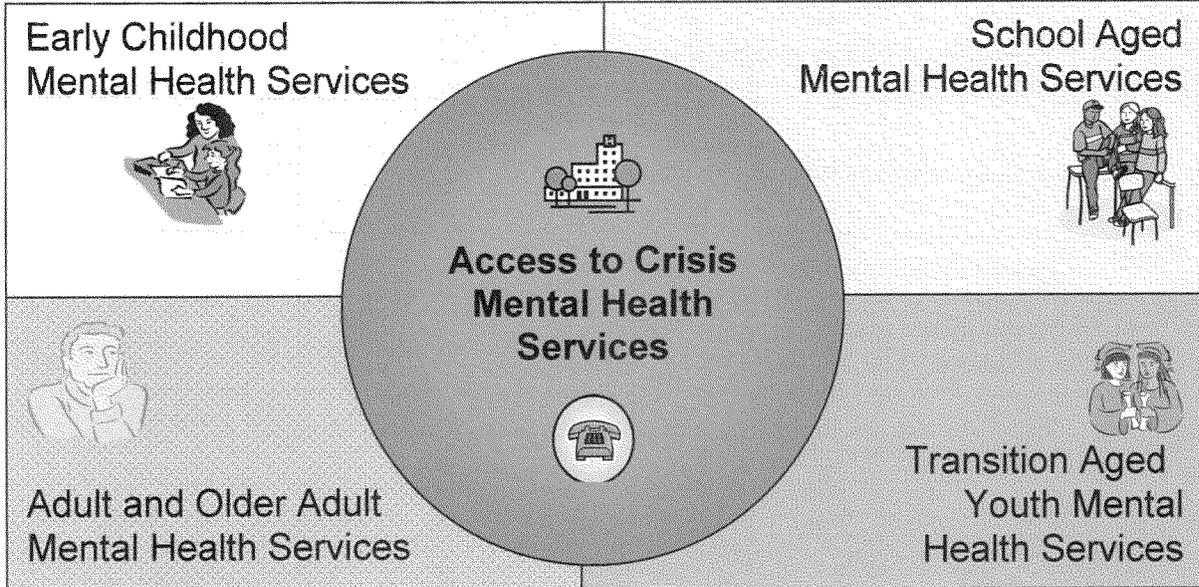
Access Points for Mental Health Services in Multnomah County





Multnomah County Mental Health Continuum of Care FY08

Factors Contributing to the Basic Living Needs Priorities:
Ameliorate Chronic Conditions * Prevention * Transition to Self Sufficiency
Support/Case Management * Crisis Intervention * Information & Referral
Protective Services



Dept.	FY08 Program Offer	Program	Population				
			Early Childhood	School Aged	Transition Youth	Adult	Older Adult
DCHS	25073	Early Childhood and Head Start Mental Health Services	X				
DCHS	25068	Children's Mental Health Outpatient Services (Verity)	X	X			
DCHS	25069	Psychiatric Residential Treatment Services for Children		X			
DCHS	25057	Secure Alternatives to Psychiatric Hospitalization for Children (Verity)		X			
DCHS	25077	Sexual Offense and Abuse Prevention		X			
DCHS	25076	School Based Mental Health Services		X			
DCHS	25067	Intensive Children's Mental Health Services Care Coordination Team	X	X	X		
DCHS	25070	Intensive Community Based Mental Health Treatment for Children	X	X	X		
DCHS	25074	Child Abuse Mental Health Services	X	X	X	X	
DCHS	25078A	Culturally Specific Mental Health Services	X	X	X	X	X
DCHS	25078B	Culturally Specific Mental Health Services - Scaled	X	X	X	X	X
DCHS	25079	African American Specific Mental Health Treatment	X	X	X	X	X
DCHS	25066	Mental Health Organization Provider Tax (Verity)	X	X	X	X	X
DCHS	25055	Mental Health Crisis Call Center	X	X	X	X	X
DCHS	25056	Mental Health Urgent Care Walk-In Clinic and Mobile Crisis Outreach	X	X	X	X	X
DCHS	25056B	Mobile Crisis Outreach Enhanced – Project Respond	X	X	X	X	X
DCHS	25103	Psychiatric Inpatient Hospitalization Services (Verity)	X	X	X	X	X
DCHS	25102	Mental Health Respite Services			X	X	X
DCHS	25075	Emergency Psychiatric Holds for Uninsured Indigent Individuals				X	X
DCHS	25058	Involuntary Civil Commitment Investigation Services				X	X
DCHS	25059	Civil Commitment Monitors and Discharge Planners				X	X
DCHS	25060	Mental Health Transitional Housing for Adults				X	X
DCHS	25061	Mental Health Residential Services for Adults				X	X
DCHS	25064	Waitlist Reduction for State Hospital Admissions				X	X



Multnomah County Mental Health Continuum of Care FY08

Dept.	Program Offer	Program	Population				
			Early Childhood	School Aged	Transition Youth	Adult	Older Adult
DCHS	25065	Secure Mental Health Sub-Acute Facility for Adults				X	X
DCHS	25062	Mental Health Outpatient Treatment Services – Verity				X	X
DCHS	25063	Mental Health Treatment and Medication for the Uninsured				X	X
HD	40019,20,21A,B,40022,23,25156	Primary Clinic Outpatient Mental Health				X	
HD	40024A,B	School-Based Psychiatric Nurse-Practitioner		X			
HD/MCSO/DCJ	40026A	Corrections Health-Mental Health Assessment at Booking & Court Advocates 8 Hour Staffing				X	X
HD/MCSO/DCJ	40026B	Corrections Health-Mental Health Assessment at Booking 24 Hour Staffing				X	X
HD/DCJ/DHS	40028	Corrections Health - Discharge Planning				X	X
HD/DCJ	50022A 50022B	Corrections Mental Health					
HD/MCSO	60021A-I 60022A-I 60023A-D			X	X	X	X
DCJ	50010	Juvenile Early Intervention Unit		X			
DCJ	50011	Juvenile Assessment and Treatment for Youth and Families		X			
DCJ	50018	Juvenile Sex Offender Residential Treatment		X			
DCJ	50043	Adult Offender Mental Health				X	

**Multnomah County
Mental Health System of Care
March 2007**



Program Offer Number and Name			Level of Care						
			Prevention, Education, Early Intervention	Crisis Intervention	Basic Treatment Services	Intensive Treatment Services	Residential Services	Acute Inpatient	
DCHS	25073	Early Childhood and Head Start Mental Health Services	X						
DCHS	25055	Mental Health Crisis Call Center		X					
DCHS	25056A	Mental Health Urgent Care Walk-In Clinic and Mobile Crisis Outreach		X					
DCHS	25056B	Mobile Crisis Outreach Enhanced – Project Respond		X					
DCHS	25102	Mental Health Respite Services		X					
DCHS	25068	Children's Mental Health Outpatient Services (Verity)			X				
DCHS	25074	Child Abuse Mental Health Services			X				
DCHS	25076	School Based Mental Health Services			X				
DCHS	25077	Sexual Offense and Abuse Prevention			X				
DCHS	25078A	Culturally Specific Mental Health Services			X				
DCHS	25078B	Culturally Specific Mental Health Services – Scaled			X				
DCHS	25079	African American Specific Mental Health Treatment			X				
DCHS	25062	Adult Mental Health Outpatient Treatment Services (Verity)			X	X			
DCHS	25063	Treatment and Psychiatric Medication for Uninsured Indigent Individuals				X			
DCHS	25064	Waitlist Reduction for State Hospital Admissions				X			

**Multnomah County
Mental Health System of Care
March 2007**



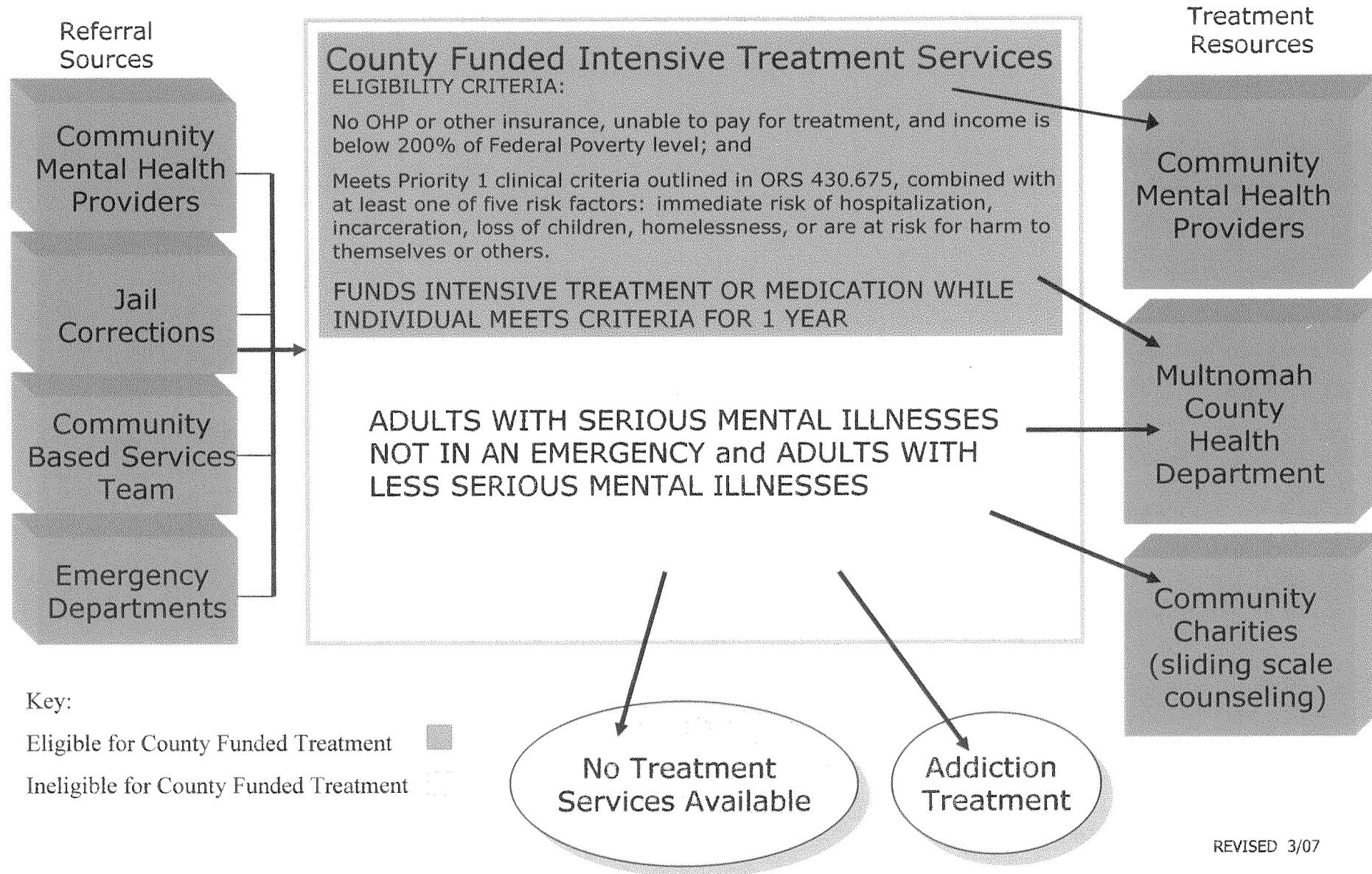
Program Offer Number and Name			Level of Care					
			Prevention, Education, Early Intervention	Crisis Intervention	Basic Treatment Services	Intensive Treatment Services	Residential Services	Acute Inpatient
DCHS	25067	Intensive Children's Mental Health Services Care Coordination Team				X		
DCHS	25070	Intensive Community Based Services for Children				X		
DCHS	25060	Mental Health Transitional Housing for Adults					X	
DCHS	25061	Mental Health Residential Services for Adults					X	
DCHS	25069	Psychiatric Residential Treatment Services for Children					X	
DCHS	25058	Involuntary Civil Commitment Investigation Services						X
DCHS	25059	Civil Commitment Monitors and Discharge Planners						X
DCHS	25075	Emergency Psychiatric Holds for Uninsured Indigent Individuals						X
DCHS	25103	Psychiatric Inpatient Hospitalization Services (Verity)						X
DCHS	25057	Secure Alternatives to Psychiatric Hospitalization for Children						X
DCHS	25065	Secure Mental Health Sub-Acute Facility for Adults						X
HD	40028	Corrections Health Discharge Planning	X		X			
HD	40026A	Corrections Mental Health Assessment at Booking – 8 hour staffing	X	X	X			
HD	40026A	Corrections Mental Health Assessment at Booking – 24 hour staffing	X	X	X			

**Multnomah County
Mental Health System of Care
March 2007**



Program Offer Number and Name			Level of Care					
			Prevention, Education, Early Intervention	Crisis Intervention	Basic Treatment Services	Intensive Treatment Services	Residential Services	Acute Inpatient
HD/ DCJ	50022A 50022B	Corrections Mental Health						
HD/ MCSO	60021 A-I 60022 A-I 60023 A-D			X	X	X		
HD	40019 40020 40021 A,B 40022 40023 25156		Primary Clinic Outpatient Mental Health	X		X		
HD	40024 A,B	School-Based Psychiatric Nurse-Practitioner			X			
DCJ	50043	Adult Offender Mental Health			X		X	○
DCJ	50010	Juvenile Early Intervention Unit	X			X		
DCJ	50011	Juvenile Assessment and Treatment for Youth and Families				X		
DCJ	50018	Juvenile Sex Offender Residential Treatment					X	

Behavioral Health Services for UNINSURED Multnomah County Adults



REVISED 3/07

Multnomah County Mental Health System of Care FY08

Services for Adults

County Operated Programs

Primary Clinic Outpatient Mental Health

Funding Source:
OHP, CGF, FQHC—
Volume: 9,700
50% uninsured

Corrections Health Mental Health Assessment at Booking and Court Advocates – 8 Hour Staffing

Funding Source: CGF
Volume: New Program

Corrections Health Mental Health Assessment at Booking - 24 Hour Staffing

Funding Source: CGF
Volume: New Program

Corrections Health Discharge Planning

Funding Source: CGF
Volume: New Program

Contracted Programs

**Treatment and Psychiatric
Medication for Uninsured
Indigent Individuals**
Funding Source: CGF
Volume: 1,203 uninsured
adults received mental health
services
465 uninsured adults received
medication

Adult Mental Health Outpatient Treatment Services (Verity)

Funding Source: OHP
Volume: 6,278 adults
received mental health
services

Adult Offender Mental Health Services

Funding Source:
CGF
Volume: 225 average number
of offenders supervised
monthly

Green: Funding Source
CGF: County General Fund
FQHC: Federally Qualified Health Center
State: State General Fund
OHP: Oregon Health Plan

Volumes are actual numbers from FY06.

Dept. of Community Justice Program

Health Department Program

Mental Health and Addiction Services
Program

Services for Adults, Children and Families

County Operated Programs

Early Childhood and Head Start Mental Health Services

Funding Source: CGF,
FQHC, Head Start
Volume: 3,400 children received
services

School Based Mental Health

Funding Source:
CGF, State, OHP, FQHC, Schools
Volume: 870 children received
services

Intensive Children's Mental Health Care Coordination Team

Funding Source: OHP,
State, CGF
Volume: 308 children received
care coordination

Child Abuse Mental Health Services

Funding Source: CGF
Volume: 730 children received
services

Mental Health Organization Provider Tax (Verity)

Funding Source: OHP

School-Based Psychiatric Nurse-Practitioner

Funding Source:
OHP, FQHC, CGF
Volume: 1400 visits to youth

Corrections Mental Health

Funding Source: CGF
Volume: 46,000 adults screened
for mental health problems
8,000 mental health consultant
and nurse visits
3,650 mental health infirmary bed
days
6,300 mental health provider
visits and consultations
260 people on suicide watch

Juvenile Assessment & Treatment for Youth and Families

Funding Source:
CGF, OHP
Volume: 147 youth served

Juvenile Early Intervention Unit

Funding Source:
CGF, OHP
Volume: 42 youth served

Contracted Programs

Children's Mental Health Outpatient Services (Verity)

Funding Source: OHP, State
Volume: 4,201 children and
adolescents received mental
health services

Culturally Specific Mental Health Services

Funding Source: CGF
Volume: 6,000 served

Culturally Specific Mental Health Services - Scaled

Funding Source: CGF
Volume: 600 served

African American Specific Mental Health Treatment

Funding Source: CGF
Volume: New Program

Intensive Community Based MH Treatment for Children

Funding Source: OHP, State
Volume: 249 children received
services

Psychiatric Residential Treatment Services for Children

Funding Source: OHP
Volume: 94 children received
services

Sexual Offense and Abuse Prevention

Funding Source: OHP, CGF
Volume: 126 children received
services

Juvenile Sex Offender Residential Treatment

Funding Source:
CGF, OHP
Volume: 35 youth served

**Multnomah County
 Department of County Human Services
 Mental Health and Addiction Services Division
 Mental Health Safety Net Services FY08**

Services for Adults

Services for Adults, Children and Families

County Operated Programs

Contracted Programs

County Operated Programs

Contracted Programs

Involuntary Civil Commitment Investigation Services

Funding Source:
State, CGF

Volume:
3,881 holds investigated

Emergency Psychiatric Holds for Uninsured Indigent Individuals

Funding Source: State

Volume: 1,047 emergency holds

Mental Health Crisis Call Center

Funding Source:
OHP, State, CGF, Family Care Contract

Volume:
66,420 incoming calls

Mental Health Urgent Care Walk-in Clinic and Mobile Crisis Outreach

Funding Source: CGF, State

Volume:
5,494 clinic visits
10,608 mobile outreach contacts

Civil Commitment Monitors and Discharge Planners

Funding Source:
State, CGF

Volume: 376 new commitments monitored

Waitlist Reduction for State Hospital Admissions

Funding Source: State

Volume: 173 individuals accepted by State Hospital

Mobile Crisis Outreach Enhanced – Project Respond

Funding Source: City

Volume: New Program

Mental Health Residential Services for Adults

Funding Source:
State, CGF

Volume: 321 individuals served

Mental Health Transitional Housing for Adults

Funding Source:
State, CGF

Volume:
158 individuals served

Secure Alternatives to Psychiatric Hospitalization for Children (Verity)

Funding Source: OHP

Volume: 78 children served

Mental Health Respite Services

Funding Source:
OHP, State

Volume: 167 individuals placed in respite care

Psychiatric Inpatient Hospitalization Services (Verity)

Funding Source: OHP

Outcome Measure: Average length of stay 8.3 (Adults) 7.1 (Children)

Volumes are actual numbers from FY06.

Secure Mental Health Sub-Acute Facility for Adults

Funding Source: OHP, State, CGF, City

Volume: New Program

Green: Funding Source
 CGF: County General Fund
 FQHC: Federally Qualified Health Center
 State: State General Fund
 OHP: Oregon Health Plan

Briefing to the Board of County Commissioners
on the Multnomah County Mental Health
System of Care

Presented by:

Department of County Human Services
Health Department
Department of Community Justice

March 15, 2007



**Multnomah County
Board of County Commissioners
Mental Health System of Care Briefing
Thursday, March 15, 2007
10:00 a.m. – 11:00 a.m.**

Agenda

Overview of the Mental Health System	J. Fuller/L. Shirley/K. Treb	5'
Who do we serve? <ul style="list-style-type: none">• Populations served• Mental Health Crisis Call Center	K. Brimmer/L. Shirley/K. Treb	10'
Mental Health System Organization <ul style="list-style-type: none">• Continuum of Care by age group• System of Care by severity• Behavioral Health Services for Uninsured Adults• System of Care by program offer• Safety Net services by program offer	K. Brimmer/J. Fuller/L. Shirley/K. Treb	15'
Mayor's Mental Health / Public Safety Initiative <ul style="list-style-type: none">• Secure sub-acute treatment facility• Dedicated law enforcement team for Project Respond• African-American mental health treatment proposal	K. Brimmer/J. Fuller	10'
Mental Health System Forecast and Partnerships	K. Brimmer	15'
Discussion/Questions	All	5'

Department of County Human Services | Mental Health and Addiction Services Division

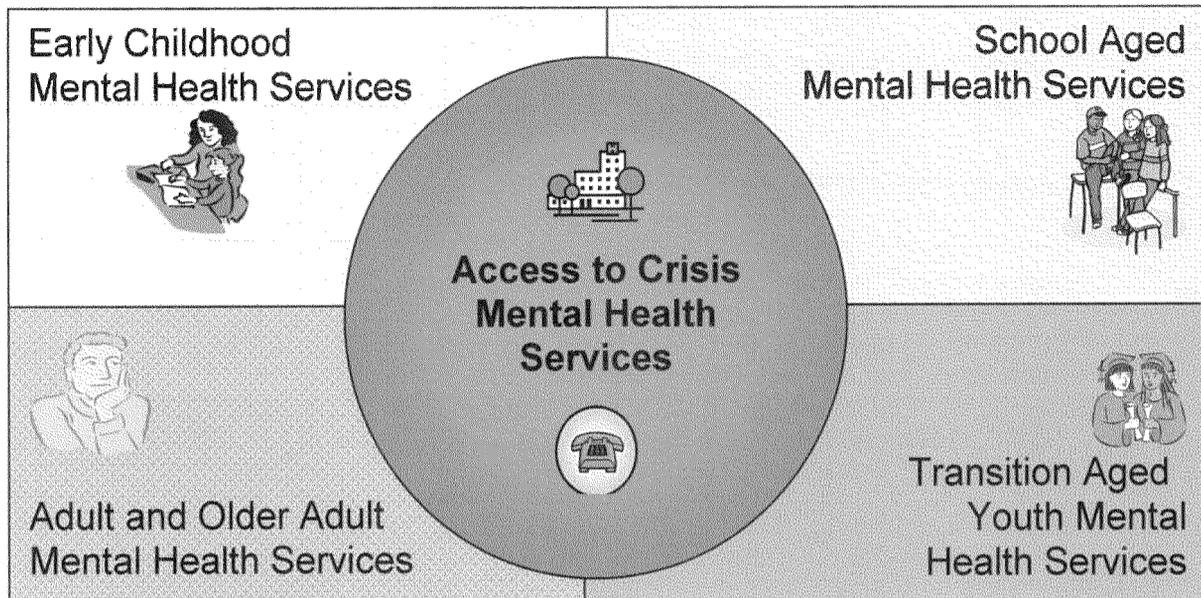
Access Points for Mental Health Services in Multnomah County





Multnomah County Mental Health Continuum of Care FY08

Factors Contributing to the Basic Living Needs Priorities:
Ameliorate Chronic Conditions * Prevention * Transition to Self Sufficiency
Support/Case Management * Crisis Intervention * Information & Referral
Protective Services



Dept.	FY08 Program Offer	Program	Population				
			Early Childhood	School Aged	Transition Youth	Adult	Older Adult
DCHS	25073	Early Childhood and Head Start Mental Health Services	X				
DCHS	25068	Children's Mental Health Outpatient Services (Verity)	X	X			
DCHS	25069	Psychiatric Residential Treatment Services for Children		X			
DCHS	25057	Secure Alternatives to Psychiatric Hospitalization for Children (Verity)		X			
DCHS	25077	Sexual Offense and Abuse Prevention		X			
DCHS	25076	School Based Mental Health Services		X			
DCHS	25067	Intensive Children's Mental Health Services Care Coordination Team	X	X	X		
DCHS	25070	Intensive Community Based Mental Health Treatment for Children	X	X	X		
DCHS	25074	Child Abuse Mental Health Services	X	X	X	X	
DCHS	25078A	Culturally Specific Mental Health Services	X	X	X	X	X
DCHS	25078B	Culturally Specific Mental Health Services - Scaled	X	X	X	X	X
DCHS	25079	African American Specific Mental Health Treatment	X	X	X	X	X
DCHS	25066	Mental Health Organization Provider Tax (Verity)	X	X	X	X	X
DCHS	25055	Mental Health Crisis Call Center	X	X	X	X	X
DCHS	25056	Mental Health Urgent Care Walk-In Clinic and Mobile Crisis Outreach	X	X	X	X	X
DCHS	25056B	Mobile Crisis Outreach Enhanced – Project Respond	X	X	X	X	X
DCHS	25103	Psychiatric Inpatient Hospitalization Services (Verity)	X	X	X	X	X
DCHS	25102	Mental Health Respite Services			X	X	X
DCHS	25075	Emergency Psychiatric Holds for Uninsured Indigent Individuals				X	X
DCHS	25058	Involuntary Civil Commitment Investigation Services				X	X
DCHS	25059	Civil Commitment Monitors and Discharge Planners				X	X
DCHS	25060	Mental Health Transitional Housing for Adults				X	X
DCHS	25061	Mental Health Residential Services for Adults				X	X
DCHS	25064	Waitlist Reduction for State Hospital Admissions				X	X



Multnomah County Mental Health Continuum of Care FY08

Dept.	Program Offer	Program	Population				
			Early Childhood	School Aged	Transition Youth	Adult	Older Adult
DCHS	25065	Secure Mental Health Sub-Acute Facility for Adults				X	X
DCHS	25062	Mental Health Outpatient Treatment Services – Verity				X	X
DCHS	25063	Mental Health Treatment and Medication for the Uninsured				X	X
HD	40019,20,21A,B,40022,23,25156	Primary Clinic Outpatient Mental Health				X	
HD	40024A,B	School-Based Psychiatric Nurse-Practitioner		X			
HD/MCSO/DCJ	40026A	Corrections Health-Mental Health Assessment at Booking & Court Advocates 8 Hour Staffing				X	X
HD/MCSO/DCJ	40026B	Corrections Health-Mental Health Assessment at Booking 24 Hour Staffing				X	X
HD/DCJ/DHS	40028	Corrections Health - Discharge Planning				X	X
HD/DCJ	50022A 50022B	Corrections Mental Health					
HD/MCSO	60021A-I 60022A-I 60023A-D			X	X	X	X
DCJ	50010	Juvenile Early Intervention Unit		X			
DCJ	50011	Juvenile Assessment and Treatment for Youth and Families		X			
DCJ	50018	Juvenile Sex Offender Residential Treatment		X			
DCJ	50043	Adult Offender Mental Health				X	

**Multnomah County
Mental Health System of Care
March 2007**



Program Offer Number and Name			Level of Care					
			Prevention, Education, Early Intervention	Crisis Intervention	Basic Treatment Services	Intensive Treatment Services	Residential Services	Acute Inpatient
DCHS	25073	Early Childhood and Head Start Mental Health Services	X					
DCHS	25055	Mental Health Crisis Call Center		X				
DCHS	25056A	Mental Health Urgent Care Walk-In Clinic and Mobile Crisis Outreach		X				
DCHS	25056B	Mobile Crisis Outreach Enhanced – Project Respond		X				
DCHS	25102	Mental Health Respite Services		X				
DCHS	25068	Children's Mental Health Outpatient Services (Verity)			X			
DCHS	25074	Child Abuse Mental Health Services			X			
DCHS	25076	School Based Mental Health Services			X			
DCHS	25077	Sexual Offense and Abuse Prevention			X			
DCHS	25078A	Culturally Specific Mental Health Services			X			
DCHS	25078B	Culturally Specific Mental Health Services – Scaled			X			
DCHS	25079	African American Specific Mental Health Treatment			X			
DCHS	25062	Adult Mental Health Outpatient Treatment Services (Verity)			X	X		
DCHS	25063	Treatment and Psychiatric Medication for Uninsured Indigent Individuals				X		
DCHS	25064	Waitlist Reduction for State Hospital Admissions				X		

**Multnomah County
Mental Health System of Care
March 2007**



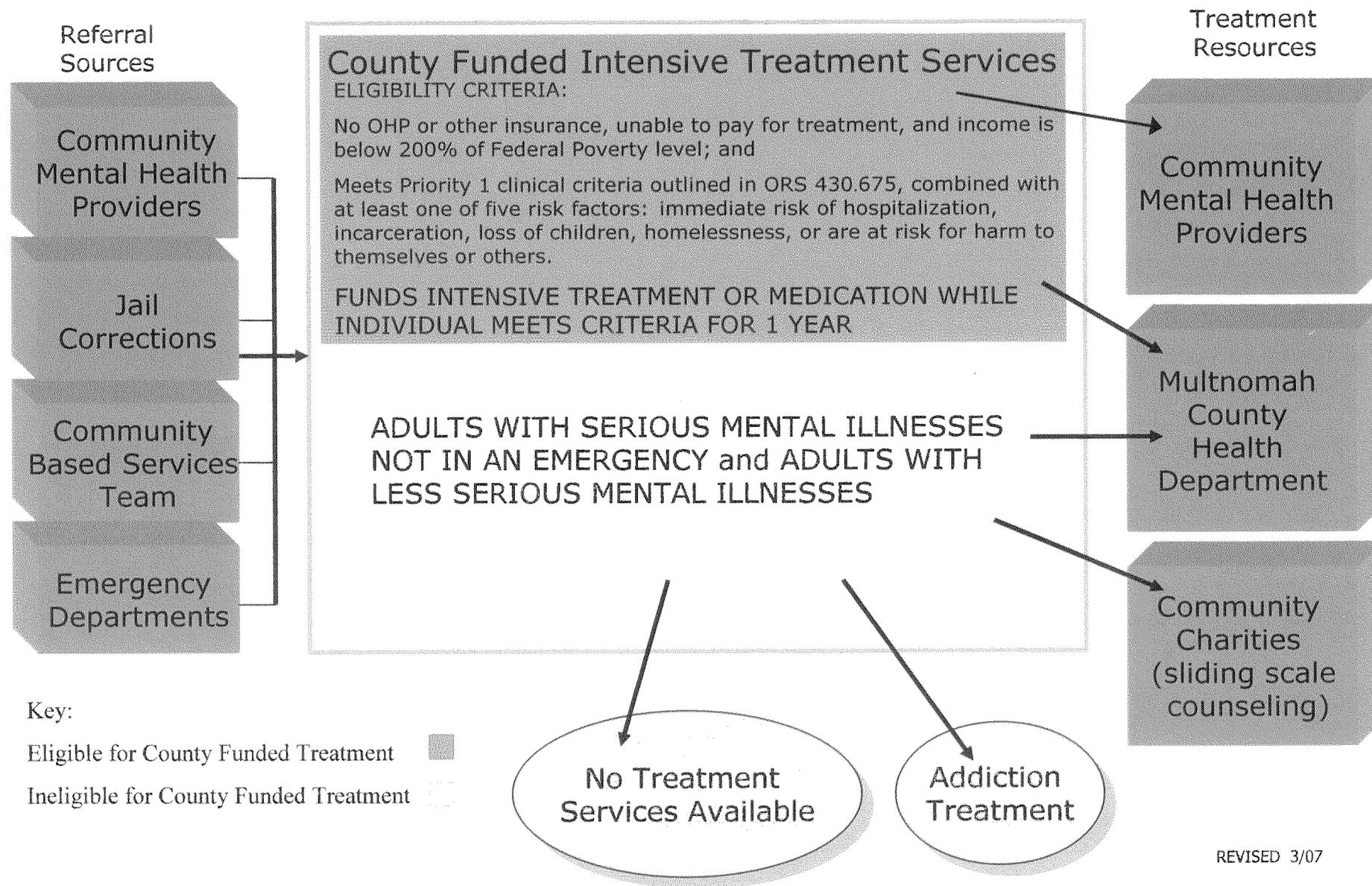
Program Offer Number and Name			Level of Care					
			Prevention, Education, Early Intervention	Crisis Intervention	Basic Treatment Services	Intensive Treatment Services	Residential Services	Acute Inpatient
DCHS	25067	Intensive Children's Mental Health Services Care Coordination Team				X		
DCHS	25070	Intensive Community Based Services for Children				X		
DCHS	25060	Mental Health Transitional Housing for Adults					X	
DCHS	25061	Mental Health Residential Services for Adults					X	
DCHS	25069	Psychiatric Residential Treatment Services for Children					X	
DCHS	25058	Involuntary Civil Commitment Investigation Services						X
DCHS	25059	Civil Commitment Monitors and Discharge Planners						X
DCHS	25075	Emergency Psychiatric Holds for Uninsured Indigent Individuals						X
DCHS	25103	Psychiatric Inpatient Hospitalization Services (Verity)						X
DCHS	25057	Secure Alternatives to Psychiatric Hospitalization for Children						X
DCHS	25065	Secure Mental Health Sub-Acute Facility for Adults						X
HD	40028	Corrections Health Discharge Planning	X		X			
HD	40026A	Corrections Mental Health Assessment at Booking – 8 hour staffing	X	X	X			
HD	40026A	Corrections Mental Health Assessment at Booking – 24 hour staffing	X	X	X			

**Multnomah County
Mental Health System of Care
March 2007**



Program Offer Number and Name			Level of Care					
			Prevention, Education, Early Intervention	Crisis Intervention	Basic Treatment Services	Intensive Treatment Services	Residential Services	Acute Inpatient
HD/ DCJ	50022A 50022B	Corrections Mental Health						
HD/ MCSO	60021 A-I 60022 A-I 60023 A-D			X	X	X		
HD	40019 40020 40021 A,B 40022 40023 25156		Primary Clinic Outpatient Mental Health	X		X		
HD	40024 A,B	School-Based Psychiatric Nurse-Practitioner			X			
DCJ	50043	Adult Offender Mental Health			X		X	
DCJ	50010	Juvenile Early Intervention Unit	X			X		
DCJ	50011	Juvenile Assessment and Treatment for Youth and Families				X		
DCJ	50018	Juvenile Sex Offender Residential Treatment					X	

Behavioral Health Services for UNINSURED Multnomah County Adults



Multnomah County Mental Health System of Care FY08

Services for Adults

County Operated Programs

**Primary Clinic
Outpatient Mental
Health**
Funding Source:
OHP, CGF, FQHC-
Volume: 9,700
50% uninsured

**Corrections Health
Mental Health
Assessment at
Booking and Court
Advocates – 8 Hour
Staffing**
Funding Source: CGF
Volume: New Program

**Corrections Health
Mental Health
Assessment at
Booking - 24 Hour
Staffing**
Funding Source: CGF
Volume: New Program

**Corrections Health
Discharge Planning**
Funding Source: CGF
Volume: New Program

Contracted Programs

**Treatment and Psychiatric
Medication for Uninsured
Indigent Individuals**
Funding Source: CGF
Volume: 1,203 uninsured
adults received mental health
services
465 uninsured adults received
medication

**Adult Mental Health
Outpatient Treatment
Services (Verity)**
Funding Source: OHP
Volume: 6,278 adults
received mental health
services

**Adult Offender Mental
Health Services**
Funding Source:
CGF
Volume: 225 average number
of offenders supervised
monthly

Green: Funding Source
CGF: County General Fund
FQHC: Federally Qualified Health Center
State: State General Fund
OHP: Oregon Health Plan

Volumes are actual numbers from FY06.

Dept. of Community Justice Program

Health Department Program

Mental Health and Addiction Services
Program

Services for Adults, Children and Families

County Operated Programs

**Early Childhood and Head
Start Mental Health Services**
Funding Source: CGF,
FQHC, Head Start
Volume: 3,400 children received
services

School Based Mental Health
Funding Source:
CGF, State, OHP, FQHC, Schools
Volume: 870 children received
services

**Intensive Children's Mental
Health Care Coordination
Team**
Funding Source: OHP,
State, CGF
Volume: 308 children received
care coordination

**Child Abuse Mental Health
Services**
Funding Source: CGF
Volume: 730 children received
services

**Mental Health Organization
Provider Tax (Verity)**
Funding Source: OHP

**School-Based Psychiatric
Nurse-Practitioner**
Funding Source:
OHP, FQHC, CGF
Volume: 1400 visits to youth

Corrections Mental Health
Funding Source: CGF
Volume: 46,000 adults screened
for mental health problems
8,000 mental health consultant
and nurse visits
3,650 mental health infirmary bed
days
6,300 mental health provider
visits and consultations
260 people on suicide watch

**Juvenile Assessment &
Treatment for Youth and
Families**
Funding Source:
CGF, OHP
Volume: 147 youth served

Juvenile Early Intervention Unit
Funding Source:
CGF, OHP
Volume: 42 youth served

Contracted Programs

**Children's Mental Health
Outpatient Services (Verity)**
Funding Source: OHP, State
Volume: 4,201 children and
adolescents received mental
health services.

**Culturally Specific Mental
Health Services**
Funding Source: CGF
Volume: 6,000 served

**Culturally Specific Mental
Health Services - Scaled**
Funding Source: CGF
Volume: 600 served

**African American Specific
Mental Health Treatment**
Funding Source: CGF
Volume: New Program

**Intensive Community Based
MH Treatment for Children**
Funding Source: OHP, State
Volume: 249 children received
services

**Psychiatric Residential
Treatment Services for
Children**
Funding Source: OHP
Volume: 94 children received
services

**Sexual Offense and Abuse
Prevention**
Funding Source: OHP, CGF
Volume: 126 children received
services

**Juvenile Sex Offender
Residential Treatment**
Funding Source:
CGF, OHP
Volume: 35 youth served

**Multnomah County
Department of County Human Services
Mental Health and Addiction Services Division
Mental Health Safety Net Services FY08**

Services for Adults

Services for Adults, Children and Families

County Operated Programs

Contracted Programs

County Operated Programs

Contracted Programs

Involuntary Civil Commitment Investigation Services

Funding Source:
State, CGF

Volume:
3,881 holds investigated

Emergency Psychiatric Holds for Uninsured Indigent Individuals

Funding Source: State

Volume: 1,047 emergency holds

Mental Health Crisis Call Center

Funding Source:
OHP, State, CGF, Family Care Contract

Volume:
66,420 incoming calls

Mental Health Urgent Care Walk-in Clinic and Mobile Crisis Outreach

Funding Source: CGF, State

Volume:
5,494 clinic visits
10,608 mobile outreach contacts

Civil Commitment Monitors and Discharge Planners

Funding Source:
State, CGF

Volume: 376 new commitments monitored

Waitlist Reduction for State Hospital Admissions

Funding Source: State

Volume: 173 individuals accepted by State Hospital

Mobile Crisis Outreach Enhanced – Project Respond

Funding Source: City

Volume: New Program

Mental Health Residential Services for Adults

Funding Source:
State, CGF

Volume: 321 individuals served

Mental Health Transitional Housing for Adults

Funding Source:
State, CGF

Volume:
158 individuals served

Secure Alternatives to Psychiatric Hospitalization for Children (Verity)

Funding Source: OHP

Volume: 78 children served

Mental Health Respite Services

Funding Source:
OHP, State

Volume: 167 individuals placed in respite care

Psychiatric Inpatient Hospitalization Services (Verity)

Funding Source: OHP

Outcome Measure: Average length of stay 8.3 (Adults) 7.1 (Children)

Volumes are actual numbers from FY06.

Secure Mental Health Sub-Acute Facility for Adults

Funding Source: OHP, State, CGF, City

Volume: New Program

Green: Funding Source
CGF: County General Fund
FQHC: Federally Qualified Health Center
State: State General Fund
OHP: Oregon Health Plan



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: R-3
Est. Start Time: 11:00 AM
Date Submitted: 02/27/07

Agenda Title: **RESOLUTION Urging Congress to Authorize Federal Financial Participation for Medical Benefits to Incarcerated Individuals in Local Jails and Detention Facilities**

Requested Meeting Date: March 15, 2007 **Amount of Time Needed:** 30 minutes
Department: Non- Departmental **Division:** Commission District 3
Contact(s): Commissioner Lisa Naito or Carol Wessinger, Senior Policy Advisor
Phone: 503 988-5217 **Ext.** 85217 **I/O Address:** 503/600
Presenter(s): Commissioner Lisa Naito and Carol Wessinger

General Information

1. What action are you requesting from the Board?

We are requesting the Multnomah County Board of Commissioners to pass this resolution and strongly urge Congress to amend necessary federal statutes to allow federal financial participation for medical benefits to incarcerated individuals until convicted and sentenced to secure detention.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Currently, a person who is eligible for either Medicare or Medicaid benefits loses eligibility upon being charged with a crime and incarcerated while awaiting trial. Currently, the cost of medical care for inmates becomes a county responsibility upon arrest and detention. The cost to counties for medical care for people incarcerated in county jails, who would otherwise be Medicare and Medicaid eligible, is significant.

Many people awaiting trial, who are charged with crimes, are released upon posting of bond, released on their own recognizance, released under house arrest or other alternative means of detention. These accused people continue to be eligible for benefits under Medicare or Medicaid while awaiting trial. Some individuals who are charged with crimes and incarcerated in county jails are ultimately acquitted of the crime or the charges may be dropped and the individual released.

All individuals who are eligible for medical benefits prior to arrest should continue to be eligible until such time as they have been convicted of a crime and become a ward of the state or county.

3. Explain the fiscal impact (current year and ongoing).

Cost shift from county dollars to federal dollars.

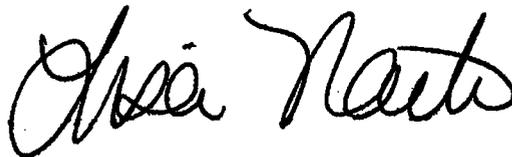
4. Explain any legal and/or policy issues involved.

5. Explain any citizen and/or other government participation that has or will take place.

The National Association of Counties (NACo) supports changes in current Federal policy that will allow a Medicare or Medicaid eligible person, who has been charged with a crime and incarcerated, but not convicted, to continue to be eligible for Medicare or Medicaid medical benefits until such time as they may be convicted.

Required Signature

**Elected Official or
Department/
Agency Director:**



Date: 02/27/07

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. _____

Urging Congress to Authorize Federal Financial Participation for Medical and Disability Benefits to Incarcerated Individuals in Local Jails and Detention Facilities

The Multnomah County Board of Commissioners Finds:

- a. U.S. Code of Federal Regulations, Title 42, Part 435.1008 states that federal financial participation is not available for services provided to individuals who are inmates of public institutions.
- b. Immediate cessation of medical benefits (Medicare and/or Medicaid), disability benefits (Supplemental Security Income and/or Social Security Disability Insurance), and/or Veterans Health Administration benefits to incarcerated persons occur prior to the issuance of formal charges or conviction.
- c. States are financially unable to assume the federal share of providing medical services to eligible persons held in county jails and detention facilities; eligibility may therefore be suspended or even terminated. During the 2005 Legislative Session, the Oregon Legislature passed Senate Bill 913 mandating that benefits be suspended rather than terminated while incarcerated persons await trial.
- d. Although the concept of innocent until proven guilty is not expressly referenced in the Constitution of the United States, presumption of innocence is widely held to follow from the 5th, 6th and 14th amendments.
- e. Counties must provide medical services to all persons incarcerated in local jails and detention facilities.
- f. As a result of Federal Regulation 435.1008 and Senate Bill 913, the costs of medical care for persons incarcerated in Multnomah County's jails and detention facilities while awaiting trial are borne solely by the County.
- g. Loss of medical and disability benefits negatively impacts the stability of this vulnerable population, leaving people just released from custody without the health and mental health services they need more than ever.

The Multnomah County Board of Commissioners Resolves:

1. The Board strongly urges Congress to amend federal statutes to authorize federal financial participation for medical and disability benefits to incarcerated individuals until convicted and sentenced to secure detention.

2. Multnomah County supports the National Association of Counties and other counties across the country that are actively seeking to secure federal financial participation for medical and disability benefits to individuals until the time they are convicted and sentenced.

ADOPTED this 15th day of March, 2007.

**BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Agnes Sowle, County Attorney

SUBMITTED BY:

Commissioner Lisa H. Naito

#1

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 3-15-07

SUBJECT: Loss of Federal Entitlement Benefits

AGENDA NUMBER OR TOPIC: R-3

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Joanne Fuller

ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____ DAYS: _____ EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#2

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
This form is a public record

MEETING DATE: 3-15-07

SUBJECT: Loss of Federal Entitlement Benefits

AGENDA NUMBER OR TOPIC: R-3

FOR: AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Bob Joondeph

ADDRESS: Director, Oregon Advocacy Center

CITY/STATE/ZIP: _____

PHONE: _____ DAYS: _____ EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

3

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
This form is a public record

MEETING DATE: 3/15/07

SUBJECT: Resolution Urging Congress

& Authorize Federal Fiscal Support

AGENDA NUMBER OR TOPIC: 12-3

FOR: AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: GAYLE BURROW

ADDRESS: DIRECTOR OF CORRECTIONS HEALTH

CITY/STATE/ZIP: _____

PHONE: DAYS: 503 988-5821 EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: _____

Support of Resolution to ~~support~~
Continue Medicare + Medicaid Funding
while in Custody.

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#4

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 3-15-07

SUBJECT: Loss of Federal Entitlement
Benefit

AGENDA NUMBER OR TOPIC: R-3

FOR: AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Rob Nosse

ADDRESS: Oregon Nurses Association

CITY/STATE/ZIP: _____

PHONE: _____ DAYS: _____ EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

#5

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk
This form is a public record

MEETING DATE: 3-15-07

SUBJECT: Loss of Federal Entitlement Benefits

AGENDA NUMBER OR TOPIC: R-3

FOR: AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: Liv Jensen

ADDRESS: _____

CITY/STATE/ZIP: _____

PHONE: _____ DAYS: _____ EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: medical Benefits for the cancerated

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

MULTNOMAH COUNTY BOARD OF COMMISSIONERS
PUBLIC TESTIMONY SIGN-UP

Please complete this form and return to the Board Clerk

This form is a public record

MEETING DATE: 3-15-07

SUBJECT: LOSS OF Federal Entitlement Benefits

AGENDA NUMBER OR TOPIC: R-3

FOR: X AGAINST: _____ THE ABOVE AGENDA ITEM

NAME: John Holmes

ADDRESS: Director, NAMI Multnomah County

CITY/STATE/ZIP: _____

PHONE: _____ DAYS: _____ EVES: _____

EMAIL: _____ FAX: _____

SPECIFIC ISSUE: _____

WRITTEN TESTIMONY: _____

IF YOU WISH TO ADDRESS THE BOARD:

1. Please complete this form and return to the Board Clerk.
2. Address the County Commissioners from the presenter table microphones. Please limit your comments to **3 minutes**.
3. State your name for the official record.
4. If written documentation is presented, please furnish one copy to the Board Clerk.

IF YOU WISH TO SUBMIT WRITTEN COMMENTS TO THE BOARD:

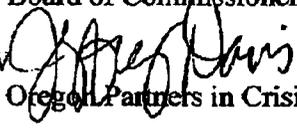
1. Please complete this form and return to the Board Clerk.
2. Written testimony will be entered into the official record.

OREGON
PARTNERS
IN CRISIS

MENTAL HEALTH / CRIMINAL JUSTICE COLLABORATION

March 13, 2007

To: Multnomah County Board of Commissioners

From: Jeffrey Davis, MSW 
Executive Director, Oregon Partners in Crisis

Re: Resolution on Loss of Federal Entitlement Benefits

Oregon Partners in Crisis endorses the resolution to amend the necessary federal statutes to allow federal financial participation for medical benefits to incarcerated individuals until convicted and sentenced to secure detention then immediately reinstate upon release.

Oregon Partners in Crisis, a statewide group of individuals from county commissioner, sheriff, district attorney, defense attorney, consumer, mental health director, jail manager and others, have been working to assure adequate care for individuals both in jail and leaving jail with mental health problems. Jails are today the largest institutional provider of mental health services in Oregon. They serve, without adequate treatment, more persons with mental illness than our state mental institutions. It is imperative that these persons receive adequately funded medical care while incarcerated.

Last legislative session Oregon Partners in Crisis developed and saw passed SB 913 which said benefits would be suspended not terminated when someone entered jail. This was a positive first step, but still did not address the adequacy of care while incarcerated.

This resolution starts Multnomah County and Oregon down the road of assuring that persons with a mental illness are cared for while incarcerated. It is the right thing to do.

Oregon Partners in Crisis supports this resolution.

Jeffrey R. Davis MSW
jrlm97302@msn.com

PHONE 503.559.7053

ADDRESS 3550 SE Woodward Street Portland, Oregon 97202-1552

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 07-042

Urging Congress to Authorize Federal Financial Participation for Medical and Disability Benefits to Incarcerated Individuals in Local Jails and Detention Facilities

The Multnomah County Board of Commissioners Finds:

- a. U.S. Code of Federal Regulations, Title 42, Part 435.1008 states that federal financial participation is not available for services provided to individuals who are inmates of public institutions.
- b. Immediate cessation of medical benefits (Medicare and/or Medicaid), disability benefits (Supplemental Security Income and/or Social Security Disability Insurance), and/or Veterans Health Administration benefits to incarcerated persons occur prior to the issuance of formal charges or conviction.
- c. States are financially unable to assume the federal share of providing medical services to eligible persons held in county jails and detention facilities; eligibility may therefore be suspended or even terminated. During the 2005 Legislative Session, the Oregon Legislature passed Senate Bill 913 mandating that benefits be suspended rather than terminated while incarcerated persons await trial.
- d. Although the concept of innocent until proven guilty is not expressly referenced in the Constitution of the United States, presumption of innocence is widely held to follow from the 5th, 6th and 14th amendments.
- e. Counties must provide medical services to all persons incarcerated in local jails and detention facilities.
- f. As a result of Federal Regulation 435.1008 and Senate Bill 913, the costs of medical care for persons incarcerated in Multnomah County's jails and detention facilities while awaiting trial are borne solely by the County.
- g. Loss of medical and disability benefits negatively impacts the stability of this vulnerable population, leaving people just released from custody without the health and mental health services they need more than ever.

The Multnomah County Board of Commissioners Resolves:

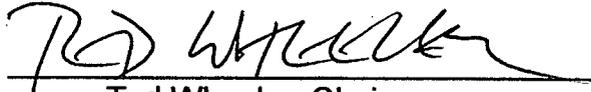
1. The Board strongly urges Congress to amend federal statutes to authorize federal financial participation for medical and disability benefits to incarcerated individuals until convicted and sentenced to secure detention.

2. Multnomah County supports the National Association of Counties and other counties across the country that are actively seeking to secure federal financial participation for medical and disability benefits to individuals until the time they are convicted and sentenced.

ADOPTED this 15th day of March, 2007.



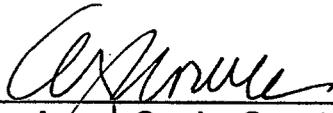
BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By



Agnes Sowle, County Attorney

SUBMITTED BY:

Commissioner Lisa H. Naito



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: R-4
Est. Start Time: 11:30 AM
Date Submitted: 03/06/07

Agenda Title: **First Reading and Possible Adoption of a Special ORDINANCE Approving Intergovernmental Agreement with Washington County Creating the Multnomah-Washington Regional Investment Board, and Declaring an Emergency**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: March 15, 2007 **Amount of Time Needed:** 10 minutes
Department: Non-Departmental **Division:** Chair's Office
Contact(s): Johnell Bell, Sandra Duffy
Phone: 503 988-3308 **Ext.** 83928 **I/O Address:** 503/600
Presenter(s): Johnell Bell, Sandra Duffy and Mary McArthur

General Information

1. What action are you requesting from the Board?

Approval of an Ordinance creating the Multnomah – Washington Regional Investment Board, an ORS 190 entity, and approval of an IGA which sets out the agreement between the two counties regarding the new ORS 190 entity.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Multnomah-Washington Regional Investment Board (RIB) was formed by Intergovernmental Agreement in 2000 in response to the Oregon Economic and Community Development Department Regional and Rural Investment Fund programs. To receive funds from these two programs, counties had to partner into regions and develop a Regional Strategy demonstrating how the funds would be spent to retain and expand businesses in the two-county area. Initially, the PSU Institute of Urban Studies and then the Portland Development Commission contracted to serve as legal and fiscal agent for the RIB. In 2003, Multnomah County became the legal and fiscal agent. However, since that time, it has become increasingly apparent that having a county (either Multnomah or Washington)

serve as fiscal agent is not the most effective or efficient use of public resources.

Rationale for Establishing the Multnomah-Washington RIB as an ORS 190

- Ease of managing/accounting for the Regional and Rural Investment funds. Rather than incorporating the funds into the county's budget, the RIB can be administered as a single budget. Accounting for the funds can be set up to mirror the reporting requirements from OECDD, rather than requiring a conversion process from the county's budget format.
- Speed of response to contractors. The middle step of having all contracts approved by the county is eliminated.
- Eliminates redundant staffing. Currently, Multnomah County subcontracts for RIB staff who also must maintain contracting and accounting records for ongoing management of contracts and reporting to the RIB and OECDD. This redundant staffing has resulted in duplicative work and higher administrative costs.

3. Explain the fiscal impact (current year and ongoing).

There is no fiscal impact other than savings based on staff time that has been diverted to RIB that can now be used for other county purposes.

4. Explain any legal and/or policy issues involved.

The RIB, as an ORS 190, would be still be a public entity requiring all the public processes, such as public budget, public audit, public meeting law, public official ethics, etc. County Commissioners would still be responsible for appointing Board members and approving the two-year Regional Strategy for the two county regions. The key changes from the current situation are:

- The County would no longer receive, disburse, account for or include in the annual budget, the Regional and Rural Investment funds received from OECDD. The RIB would have its own annual budget, and checking and State Investment pool accounts. Disbursements of funds would require two signatures, at least one of whom is a RIB officer.
- The RIB would be responsible for hiring/contracting for all its staffing needs.
- The RIB would be responsible for approving all funding contracts, subject to OECDD guidelines and the region's approved Regional Strategy.
- The RIB would have its own public audit conducted annually by an independent auditor.

5. Explain any citizen and/or other government participation that has or will take place.

A similar ordinance and the same IGA is scheduled to be approved by the Washington County Board of Commissioners on March 6, 2007.

Required Signature

Elected Official or
Department/
Agency Director:



Date: 03/06/07

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. _____

Special Ordinance Approving Intergovernmental Agreement with Washington County Creating the Multnomah-Washington Regional Investment Board, and Declaring an Emergency

The Multnomah County Board of Commissioners Finds:

- a. Multnomah and Washington counties wish to create a new entity, pursuant to ORS 190.010(5), to be called the Multnomah-Washington Regional Investment Board ("Multnomah-Washington RIB") to meet the requirements of the Oregon Regional and Rural Investment programs set out in ORS 285B.230 through 285.B.269.
- b. It is the intent of the parties that the Multnomah-Washington RIB will develop a regional strategy as provided by OAR 123-055-0100 through 123-055-0620; and, that it will act as the administrative and fiscal entity for Regional and Rural Investment programs.

Multnomah County Ordains as follows:

Section 1.

- A. The purpose and intent of this ordinance is to create an intergovernmental entity to be known as the Multnomah-Washington Regional Investment Board; to develop a regional strategy; and, to act as the administrative and fiscal agent for the Regional and Rural Investment programs in the region.
- B. Multnomah County and Washington County have developed a form of intergovernmental agreement ("IGA") to establish the Multnomah-Washington RIB and to meet the requirements of the Oregon Regional and Rural Investment programs on behalf of Multnomah and Washington counties. It is attached as Exhibit A and incorporated herein by reference.
- C. The Multnomah County Board of Commissioners vests the Multnomah-Washington RIB with those powers, rights and duties that the county has, and which are necessary to accomplish the purposes set forth in the IGA, subject to the limitations of ORS 190.080.
- D. The effective date of the IGA is the later date it is approved by ordinance by both counties.
- E. The IGA may be amended from time to time by an order or resolution of the boards of commissioners of the counties.

F. The provisions of this ordinance, including Exhibit "A", are severable. If any provision of this ordinance is determined to be invalid by a court of competent jurisdiction, such provision shall be considered a separate, distinct and independent provision and the decision shall not affect the validity of the remaining portions hereof.

Section 2. The IGA attached hereto as Exhibit A is approved.

Section 3. This ordinance, being necessary for the health, safety, and general welfare of the people of Multnomah County, an emergency is declared and the ordinance takes effect upon its signature by the County Chair.

FIRST READING AND ADOPTION

March 22, 2007

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By _____
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:
Ted Wheeler, Chair of the Board of Commissioners

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ORDINANCE NO. 1091

Special Ordinance Approving Intergovernmental Agreement with Washington County Creating the Multnomah-Washington Regional Investment Board, and Declaring an Emergency

The Multnomah County Board of Commissioners Finds:

- a. Multnomah and Washington counties wish to create a new entity, pursuant to ORS 190.010(5), to be called the Multnomah-Washington Regional Investment Board ("Multnomah-Washington RIB") to meet the requirements of the Oregon Regional and Rural Investment programs set out in ORS 285B.230 through 285.B.269.
- b. It is the intent of the parties that the Multnomah-Washington RIB will develop a regional strategy as provided by OAR 123-055-0100 through 123-055-0620; and, that it will act as the administrative and fiscal entity for Regional and Rural Investment programs.

Multnomah County Ordains as follows:

Section 1.

A. The purpose and intent of this ordinance is to create an intergovernmental entity to be known as the Multnomah-Washington Regional Investment Board; to develop a regional strategy; and, to act as the administrative and fiscal agent for the Regional and Rural Investment programs in the region.

B. Multnomah County and Washington County have developed a form of intergovernmental agreement ("IGA") to establish the Multnomah-Washington RIB and to meet the requirements of the Oregon Regional and Rural Investment programs on behalf of Multnomah and Washington counties. It is attached as Exhibit A and incorporated herein by reference.

C. The Multnomah County Board of Commissioners vests the Multnomah-Washington RIB with those powers, rights and duties that the county has, and which are necessary to accomplish the purposes set forth in the IGA, subject to the limitations of ORS 190.080.

D. The effective date of the IGA is the later date it is approved by ordinance by both counties.

E. The IGA may be amended from time to time by an order or resolution of the boards of commissioners of the counties.

F. The provisions of this ordinance, including Exhibit "A", are severable. If any provision of this ordinance is determined to be invalid by a court of competent jurisdiction, such provision shall be considered a separate, distinct and independent provision and the decision shall not affect the validity of the remaining portions hereof.

Section 2. The IGA attached hereto as Exhibit A is approved.

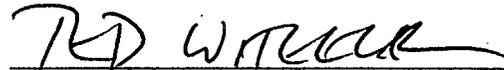
Section 3. This ordinance, being necessary for the health, safety, and general welfare of the people of Multnomah County, an emergency is declared and the ordinance takes effect upon its signature by the County Chair.

FIRST READING AND ADOPTION

March ⁵~~22~~, 2007

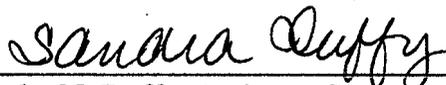


BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 
Sandra N. Duffy, Assistant County Attorney

SUBMITTED BY:

Ted Wheeler, Chair of the Board of Commissioners

EXHIBIT A

INTERGOVERNMENTAL AGREEMENT
Between Multnomah and Washington Counties to establish the
MULTNOMAH-WASHINGTON REGIONAL INVESTMENT BOARD
an ORS 190 Intergovernmental Entity
Contract No. 0708002

THIS AGREEMENT is made and entered into by and between Multnomah and Washington Counties, hereinafter referred to as the "Counties."

RECITALS:

1. Pursuant to ORS 285B.230 through 285B.269, the Oregon Economic and Community Development Department has designated Multnomah and Washington Counties as a region with the purpose of developing and implementing a *Regional Strategy*.
2. The Counties previously created the Multnomah-Washington Counties Regional Investment Board ("Multnomah-Washington RIB") by means of an Intergovernmental Agreement effective September 26, 2000.
3. The Counties desire to create a new intergovernmental agreement pursuant to 190.010(5) to replace the informal structure previously created. The intergovernmental entity shall continue to be known as the Multnomah-Washington Regional Investment Board.

TERMS AND CONDITIONS:

I. Multnomah-Washington Regional Investment Board Created

A. There is hereby created an intergovernmental entity pursuant to ORS 190.010(5) composed of Multnomah and Washington Counties, to be known as the Multnomah-Washington Regional Investment Board (RIB). The purpose of the Multnomah-Washington RIB is to meet the requirements of the Oregon Regional Investment and Rural Investment Fund programs on behalf of the two Counties. The Multnomah-Washington RIB shall develop and implement a *Regional Strategy* as provided by OAR 123-055-0100 through 123-055-0620. In addition, the Multnomah-Washington RIB shall act as the administrative and fiscal entity for the Regional and Rural Investment Programs within the region.

B. The Intergovernmental Agreement in effect since September 26, 2000 and also known as the Multnomah-Washington RIB is hereby abolished. The new Multnomah-Washington Regional Investment Board created in paragraph A shall succeed and replace the prior structure. The new Multnomah-Washington Regional Investment Board shall become the owner of all the property and funds of the prior structure; shall assume all obligations, indebtedness, and legal rights and responsibilities of the prior structure. All of these assets and obligations shall become jointly and severally those of the parties to this Agreement.

C. Multnomah County shall return all Regional Investment and Rural Investment Funds and all other property of the former Multnomah-Washington RIB in its possession to the new RIB, upon adoption of this Agreement. In addition, Multnomah County shall cooperate with the new RIB to ensure all other applicable contracts, debts, and obligations are assigned to the new RIB.

II. Multnomah-Washington RIB Governance

A. The RIB shall be governed as follows:

1. The RIB shall consist of six members. Each county shall appoint three (3) people plus one alternate to the RIB. Each County shall undertake their best efforts to select appointees that represent the private business sector, rural interests, and local government. Initial terms of the RIB members shall be determined in the following manner: one member from each County shall have an initial term ending in September 2008; one member from each County shall have an initial term ending in September 2009; one member from each County shall have an initial term ending with the annual meeting held in September 2010. An alternate's term shall last three (3) years. In the event of a vacancy on the RIB, the appointing County shall fill the vacancy within sixty (60) days. Subsequent appointees shall serve a three year term on the RIB.
2. Members of the RIB shall meet and elect a chair and vice-chair/secretary-treasurer each from a different County. The chair and vice-chair/secretary-treasurer shall serve for one (1) year and are eligible for re-election. The chair shall have the authority to call and preside over RIB meetings. The vice-chair/secretary-treasurer may preside over such meetings in the absence of the chair.
3. Decisions of the RIB shall be made only at a meeting for which all members are provided notice and which is properly noticed as provided by the Public Meetings Law. Each RIB member shall have one vote. Alternates shall vote in the absence of a voting member from their County. Decisions of the RIB shall be by affirmative vote of the majority of the total members of the Regional RIB, and must include at least one representative from each County to be effective.
4. The RIB may adopt bylaws for its operations. The bylaws shall only be amended by a vote of at least four members of the RIB. At least one vote from each County is required for an amendment to be effective.
5. The RIB shall be subject to the requirements of Oregon laws, including, without limitation, the Public Meetings Law, Public Records Law, Local Budget Law, public contracting laws, the Oregon Government Ethics laws, and workers' compensation laws of the State of Oregon.
6. The RIB shall meet regularly as determined by its members. Special and emergency meetings and executive sessions may be called, upon notice as provided in the Public Meetings laws, by the chair or by any three members.

B. The RIB shall provide the following services:

1. Develop and implement the region's *Regional Strategy* approved by the Governor.
2. Determine the policies for awarding Regional Investment and Rural Investment Funds to individual projects and activities based on State Statutes and Administrative Rules.
3. Approve funding for projects and activities and approve any amendments to contracts.
4. Serve as the administrative and fiscal entity for the RIB's Regional Investment and Rural Investment Fund programs.
5. Serve as the public relations contact for the RIB and market the Regional Investment and Rural Investment Programs in the region.
6. Draft application forms and review applications from potential recipients of Regional Investment and Rural Investment Funds.
7. Draft appropriate documents to evidence awards from Regional Investment and Rural Investment Funds. Provide for legal review of documents.

8. Monitor recipients of Regional Investment and Rural Investment Funds for compliance with contract terms.

9. Determine what action to take if a recipient of Regional Investment or Rural Investment Funds defaults in its obligations. Pursue such actions.

10. File and record documents as required.

11. Disburse Regional Investment and Rural Investment Funds to recipients in accordance with the contracts.

12. Account for all Regional Investment and Rural Investment Funds in accordance with the contract between the RIB and the Oregon Economic and Community Development Department.

13. Prepare reports for the Oregon Economic and Community Development Department in accordance with the contract between the RIB and the Oregon Economic and Community Development Department. Share reports with participating Counties.

14. Prepare reports for the RIB as requested.

C. The RIB shall have the following powers and responsibilities in the performance of its duties as administrative and fiscal entity:

1. Enter into contracts for fiscal, professional and other services necessary to carry out this Agreement.

2. Adopt budgets for utilizing Regional Investment and Rural Investment Funds.

3. Apply for, receive, distribute and expend monies in accordance with Oregon law.

4. Create an Executive Committee and other sub-committees to assist it in carrying out its duties under this Agreement. However, sub-committees cannot reverse decisions made by the full RIB or bind the full RIB without prior approval regarding a specific action, and must report all of their actions at the next meeting of the RIB.

5. Enter into contracts with the Oregon Economic and Community Development Department.

6. Comply with applicable Oregon law.

D. Debts, liabilities and obligations of the RIB shall be, jointly and severally, the debts, liabilities and obligations of the Counties and shall be divided upon termination in accordance with Part IV below of this Agreement.

III. Dispute Resolution

A. Any dispute between the parties arising from the terms or implementation of this Agreement, or any claim by any party for breach or enforcement of this Agreement, shall be submitted first to mediation and then, if unresolved, to binding arbitration.

B. In the event of a demand for arbitration, the parties shall agree upon an arbitrator or, if no agreement is reached within ten (10) days of the demand, each party shall select an arbitrator. The two arbitrators selected shall select a third arbitrator. Each party shall be responsible for the costs of its own arbitrator and one half the cost of the third arbitrator. Arbitrators, by majority vote, shall have full authority to establish procedures, rule on evidence and objections, and to render an enforceable and binding decision.

IV. Effective Date

A. This Agreement shall be effective upon the latest date upon which both parties have adopted ordinances ratifying this Agreement

V. Termination

- A. The Agreement shall continue until both parties mutually agree in writing to terminate it.
- B. Either County may terminate this agreement for any reason upon ninety (90) days written notice to the other.
- C. If either County terminates this agreement, both counties agree to make a good faith effort to accomplish the goals and purposes of ORS Chapter 285B which establishes the legal authority for the RIB.
- D. Upon termination, the RIB shall return all funds and all assets purchased with Regional and Rural Investment Funds to the Counties. Each County shall be entitled to an equal amount of the Funds. Any assets purchased with Regional Investment or Rural Investment Funds shall be valued at their fair market value upon termination and divided equally, as nearly as possible, among the Counties. In the event of a dispute between the Counties as to the division of the assets of the RIB, they shall be sold and the net proceeds, after subtracting the cost of sale, shall be divided equally among the Counties. Any sale or disposition of the RIB assets shall be in accordance with Oregon laws. In the event the contract between the RIB and the Oregon Economic and Community Development Department provides for the disposition of unobligated funds and assets purchased with Regional Investment or Rural Investment Funds, the contract shall prevail over this provision.
- E. Upon termination, the outstanding indebtedness, liabilities or continuing contractual obligations shall be divided equally, or nearly as possible, among the Counties.

VI. Miscellaneous

A. **No Third Party Beneficiaries.** The Counties are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.

B. **Records Maintenance and Access.** The RIB shall maintain all records relating to this Agreement as to clearly document its performance hereunder. The Counties and their duly authorized representatives shall have access to such records for the purpose of performing examinations and audits, and making excerpts and transcripts. All such records shall be retained by the RIB and kept accessible for a minimum of 3 years, except as required longer by law, following termination of this Agreement, and or until the conclusion of any audit, controversy or litigation arising out of or related to this Agreement, whichever date is later.

C. **Notices.** All notices to the respective parties shall either be personally delivered or sent certified mail to the following addresses:

Multnomah County
Office of County Attorney
501 SE Hawthorne, Suite 500
Portland, OR 97214

Washington County
155 N 1st Ave
Hillsboro, OR 97124

D. **Adherence to Law; Non-Discrimination.** All parties shall comply with all applicable federal, state and local laws; and rules and regulations on non-discrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition or handicap. To the extent applicable, the provisions of ORS 279B.220 through 279B.235 and 279C.500 through 279C.870, are incorporated by this reference as though fully set forth.

E. Indemnification. Subject to the limitations of liability for public bodies set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, each party agrees to hold harmless, defend, and indemnify each other, including its officers, agents, and employees, against all claims, demands, actions and suits (including all attorney fees and costs) arising from the indemnitor's performance of this Agreement where the loss or claim is attributable to the negligent acts or omissions of that party.

F. Insurance. Each party shall be responsible for providing worker's compensation insurance as required by law. Neither party shall be required to provide or show proof of any other insurance coverage.

G. Constitutional Debt Limits. This Agreement shall be subject to the constitutional debt limitation of Oregon Counties set forth in Article XI, Section 10 of the Oregon Constitution, and is contingent on funds being appropriated therefore.

H. Amendments. This Agreement may be amended from time to time by agreement in writing, signed by all parties.

I. ENTIRE AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS AGREEMENT SHALL BIND ANY PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS AGREEMENT. EACH PARTY, BY THE SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE(S) BELOW, HEREBY ACKNOWLEDGES READING THIS AGREEMENT, UNDERSTANDING IT, AND AGREEING TO BE BOUND BY ITS TERMS AND CONDITIONS.

Multnomah County
Board of Commissioners

Washington County
Board of Commissioners

Ted Wheeler, Chair

Tom Brian, Chair

APPROVED AS TO FORM:
AGNES SOWLE,
MULTNOMAH COUNTY ATTORNEY

APPROVED AS TO FORM

Sandra Duffy
Assistant County Attorney

Washington County Counsel

Date

Date

MULTNOMAH COUNTY CONTRACT APPROVAL FORM (CAF)

Contract #: 0708002
Amendment #: _____

Pre-approved Contract Boilerplate (with County Attorney signature) Attached Not Attached

CLASS I Based on Informal / Intermediate Procurement	CLASS II Based on Formal Procurement	CLASS III Intergovernmental Contract (IGA)
<input type="checkbox"/> Personal Services Contract	<input type="checkbox"/> Personal Services Contract	<input type="checkbox"/> Expenditure Contract
PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	<input checked="" type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement
<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> INTER-DEPARTMENTAL AGREEMENT (IDA)

Department: Board of Commissioners Division/Program: Multnomah-Washington RIB Date: 3/7/07
 Originator: Ted Wheeler Phone: 83308 Bldg/Room: 503/6
 Contact: Ted Wheeler Phone: 83308 Bldg/Room: 503/6

Description of Contract: _____

RENEWAL: PREVIOUS CONTRACT #(S) _____ EEO CERTIFICATION EXPIRES _____

PROCUREMENT EXEMPTION OR CITATION # _____ ISSUE DATE: _____ EFFECTIVE DATE: _____ END DATE: _____

CONTRACTOR IS: MBE WBE ESB QRF State Cert# _____ or Self Cert. Non-Profit N/A (Check all boxes that apply)

Contractor Address	Remittance address (If different)
City/State	Payment Schedule / Terms: <input type="checkbox"/> Lump Sum \$ _____ <input type="checkbox"/> Due on Receipt <input type="checkbox"/> Monthly \$ _____ <input type="checkbox"/> Net 30 <input type="checkbox"/> Other \$ _____ <input type="checkbox"/> Other <input type="checkbox"/> Price Agreement (PA) or Requirements Funding Info:
ZIP Code	
Phone	
Employer ID# or SS#	
Contract Effective Date	Term Date
Amendment Effect Date	New Term Date
Original Contract Amount \$	Original PA/Requirements Amount \$
Total Amt of Previous Amendments \$	Total Amt of Previous Amendments \$
Amount of Amendment \$	Amount of Amendment \$
Total Amount of Agreement \$	Total PA/Requirements Amount \$

REQUIRED SIGNATURES:

Department Manager _____ DATE _____
 County Attorney Sandra Duffy DATE 3-7-07
 CPCA Manager _____ DATE _____
 County Chair Ted Wheeler DATE 3-15-07
 Sheriff _____ DATE _____
 Contract Administration _____ DATE _____

COMMENTS: Previous contract created 9/26/00 is abolished. Purpose is to meet the requirements of Oregon Regional Investment and Rural Investment Fund programs on behalf of these two counties. ORS 190.010(5)

APPROVED: MULTNOMAH COUNTY BOARD OF COMMISSIONERS

INTERGOVERNMENTAL AGREEMENT
Between Multnomah and Washington Counties to establish the
MULTNOMAH-WASHINGTON REGIONAL INVESTMENT BOARD
an ORS 190 Intergovernmental Entity
Contract No. 0708002

THIS AGREEMENT is made and entered into by and between Multnomah and Washington Counties, hereinafter referred to as the "Counties."

RECITALS:

1. Pursuant to ORS 285B.230 through 285B.269, the Oregon Economic and Community Development Department has designated Multnomah and Washington Counties as a region with the purpose of developing and implementing a *Regional Strategy*.
2. The Counties previously created the Multnomah-Washington Counties Regional Investment Board ("Multnomah-Washington RIB") by means of an Intergovernmental Agreement effective September 26, 2000.
3. The Counties desire to create a new intergovernmental agreement pursuant to 190.010(5) to replace the informal structure previously created. The intergovernmental entity shall continue to be known as the Multnomah-Washington Regional Investment Board.

TERMS AND CONDITIONS:

I. Multnomah-Washington Regional Investment Board Created

A. There is hereby created an intergovernmental entity pursuant to ORS 190.010(5) composed of Multnomah and Washington Counties, to be known as the Multnomah-Washington Regional Investment Board (RIB). The purpose of the Multnomah-Washington RIB is to meet the requirements of the Oregon Regional Investment and Rural Investment Fund programs on behalf of the two Counties. The Multnomah-Washington RIB shall develop and implement a *Regional Strategy* as provided by OAR 123-055-0100 through 123-055-0620. In addition, the Multnomah-Washington RIB shall act as the administrative and fiscal entity for the Regional and Rural Investment Programs within the region.

B. The Intergovernmental Agreement in effect since September 26, 2000 and also known as the Multnomah-Washington RIB is hereby abolished. The new Multnomah-Washington Regional Investment Board created in paragraph A shall succeed and replace the prior structure. The new Multnomah-Washington Regional Investment Board shall become the owner of all the property and funds of the prior structure; shall assume all obligations, indebtedness, and legal rights and responsibilities of the prior structure. All of these assets and obligations shall become jointly and severally those of the parties to this Agreement.

C. Multnomah County shall return all Regional Investment and Rural Investment Funds and all other property of the former Multnomah-Washington RIB in its possession to the new RIB, upon adoption of this Agreement. In addition, Multnomah County shall cooperate with the new RIB to ensure all other applicable contracts, debts, and obligations are assigned to the new RIB.

II. Multnomah-Washington RIB Governance

A. The RIB shall be governed as follows:

1. The RIB shall consist of six members. Each county shall appoint three (3) people plus one alternate to the RIB. Each County shall undertake their best efforts to select appointees that represent the private business sector, rural interests, and local government. Initial terms of the RIB members shall be determined in the following manner: one member from each County shall have an initial term ending in September 2008; one member from each County shall have an initial term ending in September 2009; one member from each County shall have an initial term ending with the annual meeting held in September 2010. An alternate's term shall last three (3) years. In the event of a vacancy on the RIB, the appointing County shall fill the vacancy within sixty (60) days. Subsequent appointees shall serve a three year term on the RIB.

2. Members of the RIB shall meet and elect a chair and vice-chair/secretary-treasurer each from a different County. The chair and vice-chair/secretary-treasurer shall serve for one (1) year and are eligible for re-election. The chair shall have the authority to call and preside over RIB meetings. The vice-chair/secretary-treasurer may preside over such meetings in the absence of the chair.

3. Decisions of the RIB shall be made only at a meeting for which all members are provided notice and which is properly noticed as provided by the Public Meetings Law. Each RIB member shall have one vote. Alternates shall vote in the absence of a voting member from their County. Decisions of the RIB shall be by affirmative vote of the majority of the total members of the Regional RIB, and must include at least one representative from each County to be effective.

4. The RIB may adopt bylaws for its operations. The bylaws shall only be amended by a vote of at least four members of the RIB. At least one vote from each County is required for an amendment to be effective.

5. The RIB shall be subject to the requirements of Oregon laws, including, without limitation, the Public Meetings Law, Public Records Law, Local Budget Law, public contracting laws, the Oregon Government Ethics laws, and workers' compensation laws of the State of Oregon.

6. The RIB shall meet regularly as determined by its members. Special and emergency meetings and executive sessions may be called, upon notice as provided in the Public Meetings laws, by the chair or by any three members.

B. The RIB shall provide the following services:

1. Develop and implement the region's *Regional Strategy* approved by the Governor.
2. Determine the policies for awarding Regional Investment and Rural Investment Funds to individual projects and activities based on State Statutes and Administrative Rules.
3. Approve funding for projects and activities and approve any amendments to contracts.
4. Serve as the administrative and fiscal entity for the RIB's Regional Investment and Rural Investment Fund programs.
5. Serve as the public relations contact for the RIB and market the Regional Investment and Rural Investment Programs in the region.
6. Draft application forms and review applications from potential recipients of Regional Investment and Rural Investment Funds.
7. Draft appropriate documents to evidence awards from Regional Investment and Rural Investment Funds. Provide for legal review of documents.

8. Monitor recipients of Regional Investment and Rural Investment Funds for compliance with contract terms.

9. Determine what action to take if a recipient of Regional Investment or Rural Investment Funds defaults in its obligations. Pursue such actions.

10. File and record documents as required.

11. Disburse Regional Investment and Rural Investment Funds to recipients in accordance with the contracts.

12. Account for all Regional Investment and Rural Investment Funds in accordance with the contract between the RIB and the Oregon Economic and Community Development Department.

13. Prepare reports for the Oregon Economic and Community Development Department in accordance with the contract between the RIB and the Oregon Economic and Community Development Department. Share reports with participating Counties.

14. Prepare reports for the RIB as requested.

C. The RIB shall have the following powers and responsibilities in the performance of its duties as administrative and fiscal entity:

1. Enter into contracts for fiscal, professional and other services necessary to carry out this Agreement.

2. Adopt budgets for utilizing Regional Investment and Rural Investment Funds.

3. Apply for, receive, distribute and expend monies in accordance with Oregon law.

4. Create an Executive Committee and other sub-committees to assist it in carrying out its duties under this Agreement. However, sub-committees cannot reverse decisions made by the full RIB or bind the full RIB without prior approval regarding a specific action, and must report all of their actions at the next meeting of the RIB.

5. Enter into contracts with the Oregon Economic and Community Development Department.

6. Comply with applicable Oregon law.

D. Debts, liabilities and obligations of the RIB shall be, jointly and severally, the debts, liabilities and obligations of the Counties and shall be divided upon termination in accordance with Part IV below of this Agreement.

III. Dispute Resolution

A. Any dispute between the parties arising from the terms or implementation of this Agreement, or any claim by any party for breach or enforcement of this Agreement, shall be submitted first to mediation and then, if unresolved, to binding arbitration.

B. In the event of a demand for arbitration, the parties shall agree upon an arbitrator or, if no agreement is reached within ten (10) days of the demand, each party shall select an arbitrator. The two arbitrators selected shall select a third arbitrator. Each party shall be responsible for the costs of its own arbitrator and one half the cost of the third arbitrator. Arbitrators, by majority vote, shall have full authority to establish procedures, rule on evidence and objections, and to render an enforceable and binding decision.

IV. Effective Date

A. This Agreement shall be effective upon the latest date upon which both parties have adopted ordinances ratifying this Agreement

V. Termination

- A. The Agreement shall continue until both parties mutually agree in writing to terminate it.
- B. Either County may terminate this agreement for any reason upon ninety (90) days written notice to the other.
- C. If either County terminates this agreement, both counties agree to make a good faith effort to accomplish the goals and purposes of ORS Chapter 285B which establishes the legal authority for the RIB.
- D. Upon termination, the RIB shall return all funds and all assets purchased with Regional and Rural Investment Funds to the Counties. Each County shall be entitled to an equal amount of the Funds. Any assets purchased with Regional Investment or Rural Investment Funds shall be valued at their fair market value upon termination and divided equally, as nearly as possible, among the Counties. In the event of a dispute between the Counties as to the division of the assets of the RIB, they shall be sold and the net proceeds, after subtracting the cost of sale, shall be divided equally among the Counties. Any sale or disposition of the RIB assets shall be in accordance with Oregon laws. In the event the contract between the RIB and the Oregon Economic and Community Development Department provides for the disposition of unobligated funds and assets purchased with Regional Investment or Rural Investment Funds, the contract shall prevail over this provision.
- E. Upon termination, the outstanding indebtedness, liabilities or continuing contractual obligations shall be divided equally, or nearly as possible, among the Counties.

VI. Miscellaneous

- A. **No Third Party Beneficiaries.** The Counties are the only parties to this Agreement and are the only parties entitled to enforce its terms. Nothing in this Agreement gives, is intended to give, or shall be construed to give or provide any benefit or right, whether directly, indirectly or otherwise, to third persons unless such third persons are individually identified by name herein and expressly described as intended beneficiaries of the terms of this Agreement.
- B. **Records Maintenance and Access.** The RIB shall maintain all records relating to this Agreement as to clearly document its performance hereunder. The Counties and their duly authorized representatives shall have access to such records for the purpose of performing examinations and audits, and making excerpts and transcripts. All such records shall be retained by the RIB and kept accessible for a minimum of 3 years, except as required longer by law, following termination of this Agreement, and or until the conclusion of any audit, controversy or litigation arising out of or related to this Agreement, whichever date is later.
- C. **Notices.** All notices to the respective parties shall either be personally delivered or sent certified mail to the following addresses:

Multnomah County	Washington County
Office of County Attorney	155 N 1 st Ave
501 SE Hawthorne, Suite 500	Hillsboro, OR 97124
Portland, OR 97214	
- D. **Adherence to Law; Non-Discrimination.** All parties shall comply with all applicable federal, state and local laws; and rules and regulations on non-discrimination in employment because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition or handicap. To the extent applicable, the provisions of ORS 279B.220 through 279B.235 and 279C.500 through 279C.870, are incorporated by this reference as though fully set forth.

E. Indemnification. Subject to the limitations of liability for public bodies set forth in the Oregon Tort Claims Act, ORS 30.260 to 30.300, and the Oregon Constitution, each party agrees to hold harmless, defend, and indemnify each other, including its officers, agents, and employees, against all claims, demands, actions and suits (including all attorney fees and costs) arising from the indemnitor's performance of this Agreement where the loss or claim is attributable to the negligent acts or omissions of that party.

F. Insurance. Each party shall be responsible for providing worker's compensation insurance as required by law. Neither party shall be required to provide or show proof of any other insurance coverage.

G. Constitutional Debt Limits. This Agreement shall be subject to the constitutional debt limitation of Oregon Counties set forth in Article XI, Section 10 of the Oregon Constitution, and is contingent on funds being appropriated therefore.

H. Amendments. This Agreement may be amended from time to time by agreement in writing, signed by all parties.

I. ENTIRE AGREEMENT. THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES. NO WAIVER, CONSENT, MODIFICATION OR CHANGE OF TERMS OF THIS AGREEMENT SHALL BIND ANY PARTY UNLESS IN WRITING AND SIGNED BY BOTH PARTIES. SUCH WAIVER, CONSENT MODIFICATION OR CHANGE, IF MADE, SHALL BE EFFECTIVE ONLY IN THE SPECIFIC INSTANCE AND FOR THE SPECIFIC PURPOSE GIVEN. THERE ARE NO UNDERSTANDINGS, AGREEMENTS, OR REPRESENTATIONS, ORAL OR WRITTEN, NOT SPECIFIED HEREIN REGARDING THIS AGREEMENT. EACH PARTY, BY THE SIGNATURE OF ITS AUTHORIZED REPRESENTATIVE(S) BELOW, HEREBY ACKNOWLEDGES READING THIS AGREEMENT, UNDERSTANDING IT, AND AGREEING TO BE BOUND BY ITS TERMS AND CONDITIONS.

Multnomah County
Board of Commissioners


Ted Wheeler, Chair

Washington County
Board of Commissioners

Tom Brian, Chair

APPROVED AS TO FORM:
AGNES SOWLE,
MULTNOMAH COUNTY ATTORNEY


Sandra Duffy
Assistant County Attorney

3.16.07
Date

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-4 DATE 03.15.07
DEBORAH L. BOGSTAD, BOARD CLERK

APPROVED AS TO FORM:

Washington County Counsel

Date



MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-5 DATE 03/15/07
DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: R-5
Est. Start Time: 11:35 AM
Date Submitted: 02/21/07

BUDGET MODIFICATION: DCJ - 14

Agenda Title: Budget Modification DCJ-14 Reclassifying 1.00 FTE Management Assistant Position to Public Relations Coordinator, as Determined by the Class/Comp Unit of Central Human Resources

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Date Requested: <u>March 15, 2007</u>	Time Requested: <u>5 minutes</u>
Department: <u>Dept. of Community Justice</u>	Division: <u>Directors Office</u>
Contact(s): <u>Shaun Coldwell</u>	
Phone: <u>503-988-3961</u> Ext. <u>83961</u> I/O Address: <u>503/250</u>	
Presenter(s): <u>James Opoka</u>	

General Information

1. What action are you requesting from the Board?

The Department of Community Justice (DCJ) requests approval of a budget modification to reclassify a 1.00 FTE Management Assistant position which has been reviewed by the HR Class Comp and deemed necessary for changes in classification.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action effects and how it impacts the results.

Reclassification of a 1.00 FTE Management Assistant [Mgmt Asst] position to a Public Relations Coordinator [PR Coord] position was approved for recommendation to the Board of County Commissioners by HR Class Comp on January 31, 2007, to be retro-active to April 18, 2006. The position is located in the Directors Office, Program Offer 50000. The incumbent Management Assistant will be notified by DCJ Human Resources of this proposed reclassification and ensured of the opportunity to exercise rights available to them under contract and personnel rules.

3. Explain the fiscal impact (current year and ongoing).

The increased expense of \$10,911 for this position is accomplished within current FY 2007 budgeted

resources by reducing the FTE from a vacant position in this programs budget. This makes for a net zero impact in the Directors Office personnel budget. For FY-2008 the position that is currently vacant will be budgeted at a 1.00 FTE. The individual in this position is currently on military leave.

4. Explain any legal and/or policy issues involved.

Employees have the right to request evaluation of the appropriateness of their classifications. The Classification/Compensation Unit has a formal process for evaluating these requests. The reclassification for which approval is sought in this request, has been reviewed by the Classification/Compensation Unit and the position has been found to be wrongly classed. By contract and under our personnel rules, we are required to compensate employees appropriately based on these findings.

It is the policy of Multnomah County to make all employment decisions without regard to race, religion, color, national origin, sex, age marital status, disability, political affiliations, sexual orientation, or any other nonmerit factor.

5. Explain any citizen and/or other government participation that has or will take place.

n/a

ATTACHMENT A

Budget Modification

If the request is a **Budget Modification**, please answer all of the following in detail:

- **What revenue is being changed and why?**

Insurance revenue decreases by \$695.

- **What budgets are increased/decreased?**

Insurance expense increases by \$695.

- **What do the changes accomplish?**

A Management Assistant position is re-classed to a Public Relations Coordinator.

- **Do any personnel actions result from this budget modification? Explain.**

Yes, a Management Assistant position is re-classed to a Public Relations Coordinator while a vacant Program Manager Senior position FTE is reduced for the remainder of the fiscal year to accomplish this re-classification.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

There is no net budgetary change, and, therefore, no impact on county indirect, central finance and human resources, and departmental overhead costs.

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

N/A

- **If a grant, what period does the grant cover?**

N/A

- **If a grant, when the grant expires, what are funding plans?**

N/A

<p><i>NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.</i></p>

ATTACHMENT B

BUDGET MODIFICATION: DCJ - 14

Required Signatures

**Department/
Agency Director:**

Steve Lindsay for Steve Lindsay

Date: 02/20/07

Budget Analyst:

CEA

Date: 02/21/07

Department HR:

James J. Opoka

Date: 02/20/07

Countywide HR:

Ruth Ketting

Date: 02/20/07

Budget Modification ID: **DCJ-14**

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Budget/Fiscal Year: 2007

Line No.	Fund Center	Fund Code	Func. Area	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
				Internal Order	Cost Center	WBS Element						
1	50-00	1000	50		500000		60000	444,453	445,126	673		Permanent
2	50-00	1000	50		500000		60130	148,968	148,990	22		Fringe
3	50-00	1000	50		500000		60140	81,634	80,939	(695)	0	Insurance
4									0			
5									0			
6	72-10	3500	20		705210		50316		695	695		Insurance revenue
7	72-10	3500	20		705210		60330		(695)	(695)	0	Insurance expense
8									0			
9									0			
10									0			
11									0			
12									0			
13									0			
14									0			
15									0			
16									0			
17									0			
18									0			
19									0			
20									0			
21									0			
22									0			
23									0			
24									0			
25									0			
26									0			
27									0			
28									0			
										0	0	Total - Page 1
										0	0	GRAND TOTAL



MULTNOMAH COUNTY OREGON

DEPARTMENT OF COUNTY
MANAGEMENT
CENTRAL HUMAN RESOURCES
CLASSIFICATION/COMPENSATION UNIT

MULTNOMAH BUILDING
501 SE HAWTHORNE BLVD, 4th floor
PORTLAND OR 97214

PHONE (503) 988-5015
FAX (503) 988-3009
TDD (503) 988-5170

To: James Opoka, HR Manager, DCJ
From: Ruth Nutting, Class/Comp Unit, Central HR (503/4)
Date: January 31, 2007
Subject: Reclassification Request #612 – Position #701149

We have completed our review of your request for a classification determination as outlined below.

Position Information

Date Request Received: October 18, 2006 Position Number: 701149
Current Classification: Management Assistant Requested Classification: Public Relations Coordinator
Request is: Approved ___ Denied Allocated Classification: Public Relations Coordinator
Effective Date: April 18, 2006

Please note this classification decision is subject to any required Board of County Commissioners approval under County Personnel Rule 5-50-030 and is considered preliminary until such approval is received.

Incumbent/Employee Information (If reclassification is approved and position is not vacant)

Name of Incumbent Employee: Robb Freda-Cowie
Incumbent Reclassified with Position: Yes ___ No

If Yes:

New Job Class Seniority Date: 4/18/06

Employees that are reclassified with their position will be placed within the salary range for the new classification. Compensation will be determined in accordance with Personnel Rule 4-10-010 or applicable bargaining agreement. The employee's Department Human Resource Unit will provide a follow-up letter to the employee regarding the impact that the reclassification will have on compensation.

Reason for Classification Decision

Purpose of position:

Support the Department Director in media relations and public education, the development, coordination, and implementation of public safety policy, both external and internal to the Department. This position works closely with DCJ management, other county departments, and other public safety partners at the local and state level to support and assist the Director's efforts in planning and developing policy for a coordinated system of justice services.

Duties of position:

- Act as primary media contact for DCJ. Plan and direct DCJ's public education and internal communications programs. Write, edit, and review press releases, newsletters, Op-Eds and articles for national, local and trade media. Advise the director and other staff about how to respond to request for information from the media and prepare them for interviews. Organize and conduct regular public speaking and media relations training for department managers. Write internal and external reports, white papers, and correspondence for the Department Director.
- Work closely with other county departments, the Public Affairs Office and the Association of Oregon Counties to monitor legislative and public policy issues that affect community corrections and juvenile justice, write policy papers, legislative testimony, fiscal impact statements and other informational materials.

Proposed Class: Public Relations Coordinator

Briefly the definition is to perform a variety of responsible management support duties in providing assistance to the Department Director; to provide management services in the areas of community and media relations, and development of community advocacy efforts; to ensure effective employee communication sources, methods and materials.

Fit analysis for class.

Your position serves as media relations and public information coordinator for the Department of Community Justice. Briefly, in this role you coordinate the internal and external department communications, represent the Director with internal and external groups, and perform other direct assistance to the Department Director and the management team. This work fits within the proposed class of Public Relations Coordinator.

Details of reclassification:

The effective date is six months prior to the date Central Human Resources received the request. This is the earliest date that is allowable under the Personnel Rules.

Your new salary will be determined by your department within the new pay range according to Personnel Rule 4-10-010 (G) which governs pay upon upward reclassification.

Public Relations Coordinator is an unclassified, non-Civil Service position.

If you have any questions, please feel free to contact me at 503-988-5015 extension 22342.

cc: Employee
Department HR Maintainer
Class Comp File Copy



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (short form)

Board Clerk Use Only

Meeting Date: 03/15/07
Agenda Item #: R-6
Est. Start Time: 11:37 AM
Date Submitted: 02/22/07

Agenda Title: **Intergovernmental Agreement 4600006489 with Portland Development Commission to Provide Weatherization Funding to Harriet Court/Pisgah Colony Project of Cascadia Behavioral HealthCare**

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: March 15, 2007 **Amount of Time Needed:** 10 minutes
Department: Dept. of County Human Services **Division:** SCP
Contact(s): HC Tupper, Tom Brodbeck
Phone: 503/988-3114 **Ext.** 83114 **I/O Address:** 167/2/200
Presenter(s): HC Tupper, Tom Brodbeck

General Information

1. What action are you requesting from the Board?

The Division of School and Community Partnerships is requesting that the Board authorize the attached Intergovernmental Agreement Number 460006489 (IGA) between the Portland Development Commission and Multnomah County. The IGA will allow County weatherization funds to be expended for eligible energy efficiency repairs to the Pisgah Colony/Harriet Court buildings in Southeast Portland owned by Cascadia Behavioral HealthCare and providing housing to very low income individuals with mental illness disabilities.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Cascadia Behavioral HealthCare owns the Pisgah Colony/ Harriet Court Apartments at 7511 SE Henry street in Portland. The property is split into two wings providing 30 units of single room occupancy housing for persons with mental illness. The Pisgah Colony wing of the building provides licensed care for 15 persons needing 24-hour care and supervision. The Harriet Court portion of the building provides supportive housing to very low income residents with mental illness generally receiving clinical services off-site.

Cascadia successfully applied to the Portland Development Commission (PDC) for funds to complete a major renovation of the Pisgah Colony/Harriet Court building. The County's multi-family weatherization program is collaborating with the PDC to make sure that eligible energy efficiency repairs are made to projects providing rental housing to some of the City's poorest and most vulnerable residents. It was determined through the County's energy audit of the building and the proposed repairs that insulating the roof system and providing new storefront windows for the building entry would meet the energy efficiency tests to use weatherization funds for those repairs.

In 1999 the Oregon Legislature passed Senate Bill 1149 that is an electric utility restructuring bill. Portland General Electric and Pacific Power are required to collect funds from ratepayers for Public Purposes. Within the Public Purposes definition are uses for funds generated through ratepayers' contributions for weatherization repairs to low-income dwellings that heat with electricity. There is also funding available to replace existing high-energy usage refrigerators and other energy wasting appliances with more efficient products. The State program's name is Energy Conservation in Oregon Homes (ECHO). These ECHO funds are used to make energy efficiency repairs to multi-family buildings through the County's weatherization program in the Division of School and Community Partnerships.

The County's multi-family weatherization program uses pre-approved contractors to complete the stipulated energy efficiency repairs. These contractors have demonstrated the ability to both install and test energy savings measures. There were several design changes to the roof structure at the Pisgah Colony/Harriet Court building. The final roof design was a domed roof requiring special expertise to install both the roofing material and insulation in order to receive the manufacturer's warranty. The weatherization program approved contractors were either too busy or unable to bid on the storefront window replacement at the project. The County contracts directly with its approved contractors after bidding on discrete measures that comprise the eligible repairs. Our program then secures the monies expended with a recorded property use agreement that requires the building owner keep the project affordable for a ten-year period.

Our problem at the project was we had eligible repairs that met our energy efficiency tests and a project general contractor for the other major repairs champing at the bit to get the job done but no efficient way to use our weatherization funds for the repairs. The County authorized Cascadia's general contractor to perform the roof repair work and PDC paid the contractor with the understanding that they would be reimbursed by the County for the eligible weatherization repairs. Since PDC already had a contract with Cascadia to disburse funds to this project, it was determined that the best way for the County's weatherization funds to be applied to this project would be through the attached IGA. The County has inspected both the roof installation and performed the necessary energy efficiency calculations to satisfy State program requirements. If we are not approved to use the County weatherization monies to defray costs for this project, PDC will have to seek reimbursement from Cascadia, which will jeopardize the very low income benefit of the building.

The Multi-family weatherization program operates within the rubric of the Energy Services program offer No. 21006 within the Basic Needs priority. The State sets the amount of weatherization repair funds that will be available based upon the prior year's expenditure. It is important for our program to include the weatherization monies expended for this project.

3. Explain the fiscal impact (current year and ongoing).

The eligible weatherization costs for this project are \$136,814.00. Our program will pay PDC a \$2000.00 administrative fee for the pass through payment. The multi-family weatherization program controls sufficient funds to make these payments. There is no general fund effect.

4. Explain any legal and/or policy issues involved.

None anticipated. The IGA has been reviewed by both the PDC attorneys and the County attorney.

5. Explain any citizen and/or other government participation that has or will take place.

The Portland Development Commission provided the bulk of the funds to renovate the Pisgah Colony/Harriet Court building. The State of Oregon also provided funding through its Housing Trust fund. As this project is an important supportive housing project, housing both people with serious mental illness some of whom have been chronically homeless, this project received funding from the County's Strategic Investment Program (SIP) housing development grant program in the amount of \$100,000.00. This project is an important community asset, meeting the highest priority needs for supportive housing.

Required Signature

**Elected Official or
Department/
Agency Director:**



Date: 02/22/07

BOGSTAD Deborah L

From: LANE Katie A
Sent: Wednesday, February 21, 2007 12:26 PM
To: TUPPER H C
Cc: DOYLE Patty M; BRODBECK Tom A; BOGSTAD Deborah L
Subject: RE: Intergovernmental Agreement PDC

This IGA has been reviewed and may be presented to the Board.

I'm out sick and hadn't had a chance to review it before now. Hopefully, Deb can still get it on the Board agenda for you.

Katie

-----Original Message-----

From: TUPPER H C
Sent: Wednesday, February 14, 2007 12:26 PM
To: LANE Katie A
Cc: DOYLE Patty M; BRODBECK Tom A
Subject: FW: Intergovernmental Agreement PDC

Hi Katie,

Enclosed within the attached icon is the final, approved IGA from PDC. It includes the addition in the Section III A. "Responsibilities of the County", to-wit: "and approve the form of the grant agreement". This insertion took quite a while to be mulled over. If you could review the IGA and tell me everything passes muster, I will deliver the board memo, IGA and contract stuff to the Board clerk to get the darn thing on the Board agenda. If I deliver it tomorrow to the board clerk and Barbara Willer I can get it on the March 1st Board agenda. I would like to do that if I could. I was over at the County Attorney's office last Friday and meant to come to your office and introduce myself. I didn't though. So, I remain yours, un-introduced, HCT.

HC Tupper
Housing Development Specialist
Multnomah County DSCP
421 SW Oak St., Suite 200
Portland, Or 97204
Tel: 503/988-3114 Email: h.c.tupper@co.multnomah.or.us

MULTNOMAH COUNTY CONTRACT APPROVAL FORM (CAF)

Contract # 460006489

Pre-approved Contract Boilerplate (with County Attorney signature) Attached Not Attached

Amendment # 0

Class I Based on Informal / Intermediate Procurement	Class II Based on Formal Procurement	Class III Intergovernmental Contract (IGA)
<input type="checkbox"/> Personal Services Contracts	<input type="checkbox"/> Personal Services Contracts	<input checked="" type="checkbox"/> Expenditure Contract <input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement
PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	PCRB Contracts <input type="checkbox"/> Maintenance Agreements <input type="checkbox"/> Licensing Agreements <input type="checkbox"/> Public Works Construction Contracts <input type="checkbox"/> Architectural & Engineering Contracts	
<input type="checkbox"/> Revenue Contracts <input type="checkbox"/> Grant Contracts <input type="checkbox"/> Non-Expenditure Contracts	<input type="checkbox"/> Revenue Contracts <input type="checkbox"/> Grant Contracts <input type="checkbox"/> Non-Expenditure Contracts	<input checked="" type="checkbox"/> Interdepartmental Agreement

Department: School & Community Partnerships Program: Weatherization Program Date: February 22, 2007
 Originator: H. C. Tupper Phone: 83114 Bldg/Rm: 167/2/200
 Contact: Patty Doyle Phone: 24418 Bldg/Rm: 167/2/200

Description of Contract This IGA passes weatherization funding to PDC to purchases weatherization services at Cascadia Behavioral Healthcare, Inc. Pisgah-Harriet Housing Complex for people with mental health disabilities.

RENEWAL: <input type="checkbox"/>	PREVIOUS CONTRACT #(S): <u>n/s</u>	EEO CERTIFICATION EXPIRES: <u>N/A</u>
PROCUREMENT: <u>IGA</u>		
EXEMPTION OR	ISSUE	EFFECTIVE
CITATION #	DATE:	DATE:
CONTRACTOR IS: <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> ESB <input type="checkbox"/> QRF State Cert# or <input type="checkbox"/> Self Cert <input type="checkbox"/> Non-Profit <input checked="" type="checkbox"/> N/A (Check all boxes that apply)		

Contractor	<u>Portland Development Commission</u>		Remittance Address	
Address	<u>222 NW 5th Avenue</u>		(If different)	
City/State	<u>Portland, OR</u>		Payment Schedule / Terms	
Zip Code	<u>97209-3859</u>		<input type="checkbox"/> Lump Sum \$	<input checked="" type="checkbox"/> Due on Receipt
Phone	<u>(503) 823-3200</u>		<input type="checkbox"/> Monthly \$	<input type="checkbox"/> Net 30
Employer ID# or SS#	<u>93-6013584</u>		<input type="checkbox"/> Other \$	<input type="checkbox"/> Other
Contract Effective Date	<u>Oct. 1, 2006</u>	Term Date	<u>June 30, 2007</u>	
Amendment Effect Date		New Term Date		
Original Contract Amount	<u>\$138,814.00</u>		Original Requirements Amount	\$
Total Amt of Previous Amendments	<u>\$ 0</u>		Requirements Amount Amendment:	\$
Amount of Amendment	<u>\$ 0</u>		Total Amount of Requirements	\$
Total Amount of Agreement	<u>\$138,814.00</u>		Total Amount of Requirements	\$

REQUIRED SIGNATURES

Department Manager: [Signature] DATE: 2/22/07
 Purchasing Manager: _____ DATE: _____
 County Attorney: [Signature] DATE: 2/21/07
 County Chair: [Signature] DATE: 03.15.07
 Sheriff: _____ DATE: _____
 Contract Administration: _____ DATE: _____

COMMENTS: SAP Vendor # 28852

Exhibit A, Rev. 03/24/06

APPROVED : MULTNOMAH COUNTY
 BOARD OF COMMISSIONERS
 AGENDA # R-6 DATE 03.15.07
 DEBORAH L. BOGSTAD, BOARD CLERK

Intergovernmental Agreement
Contract # 4600006489

This is an Intergovernmental Agreement (IGA) between Portland Development Commission (PDC) and Multnomah County (COUNTY).

PURPOSE:

The purpose of this IGA is to make Oregon Conservation in Oregon Homes - PGE (ECHO - PGE) funds available to Cascadia Behavioral Healthcare, Inc. (CBH) for the following weatherization measures at Harriet Court and Pisgah Colony projects, two connected residential buildings for special needs persons owned by CBH:

1. Roof insulation at Harriet Court and Pisgah Colony, and
2. Storefront window installation at Pisgah Colony.

The County will provide these funds to PDC who will then grant the funds to CBH.

The Parties agree as follows:

I. GRANT TERM

The term of this IGA shall be from October 1, 2006 to June 30, 2007. This IGA may be renewed or amended by approval of both parties.

II. RESPONSIBILITIES OF PDC

PDC agrees to:

- A. Receive \$136,814 in weatherization funds from the County and draft a grant agreement, subject to the County's approval, to provide those funds to CBH.
- B. Facilitate the execution of a Property Use Agreement, as provided by the County, concurrently with the execution of the grant agreement.

III. RESPONSIBILITIES OF COUNTY:

COUNTY agrees to:

- A. Grant \$136,814 in funds to PDC to grant to CBH for weatherization and storefront improvements at the Pisgah Harriet court project and approve the form of the grant agreement.
- B. Perform REM RATE energy analysis on projects, which will be the basis for program cost effectiveness and funding.

- C. Review and approve information from CBH evidencing the weatherization projects.
- D. Secure the owner's commitment to help collect tenant income data. This will involve significant involvement and time from a representative of CBH, such as the on-site manager. School and Community Partnerships (SCP) will not compensate CBH for this assistance.
- E. Subject to the provisions of Section V, make payments to PDC within 10 days of receiving an executed copy of this IGA.
- F. Consent to property owner making application for the Business Energy Tax Credit, if eligible.
- G. The total maximum payment under the Agreement is \$138,814, unless approved by change order. Available program and administrative dollars are described as follows:
 - 1. Pay PDC, as approved in Section V below, up to \$105,095 in ECHO Senate Bill 1149 (1999) PGE program dollars for installed costs of approved measures for the installation of roof insulation.
 - 2. Pay PDC, as approved in Section V below, up to \$31,719 in ECHO Senate Bill 1149 (1999) PGE program dollars for installed costs of approved measures for the storefront windows (*door not included*), at Pisgah Colony.
- H. COUNTY must approve materials and measures prior to payment of any COUNTY funds for measures' installed costs.

IV. SCHEDULE

- A. PDC will submit to COUNTY an executed copy of the IGA and COUNTY will submit a payment of \$138,814 to PDC within ten (10) days of receiving the executed IGA.
- B. If the COUNTY fails to submit this payment to PDC, PDC shall have no further obligations under this IGA.

V. PAYMENT TERMS - ALL CONTRACTS

A. Cost Reimbursement

- 1. *Weatherization Measures Direct Cost*
The grant to the property owner will be billed as a direct pass through payment originating at the COUNTY, paid to PDC, then from PDC to CBH. PDC will not add overhead, mark-up or other charges to this portion of the payment.

2. *PDC Program Delivery Costs*

PDC Program Delivery costs representing PDC labor and overhead to complete Section II "PDC Requirements" of this document will be compensated at a flat rate of \$2,000.00.

B. Chargeable Expenditures

PDC may bill expenditures to the COUNTY under this IGA only if the expenditures are:

1. For services performed or obligations incurred under this IGA;
2. Performed in conformance with all applicable state and federal regulations and statutes; and
3. Not in excess of the maximum amount payable under this IGA.

C. Refunds

Any refunds to the state or federal government resulting from state (OAR 309-013-0120- through 0220) or federal audits shall be the sole responsibility of COUNTY. COUNTY agrees to make all such repayments within twenty (20) working days of receipt of formal notification of disallowance of IGA expenditures, or fees.

D. Protection Against Loss or Damages

COUNTY shall have the right to withhold from payments due IGA such sums as are necessary in COUNTY'S sole opinion to protect COUNTY from any loss, damages, or claim which may result from PDC'S failure to perform in accordance with the terms of this IGA.

E. Document Control

COUNTY shall be responsible for negotiating and creating the encumbering documents enforcing the affordability requirements for the 10-year performance period. COUNTY shall properly record such encumbrance documents and safely store and manage such documents. COUNTY will manage future transactions affecting the regulatory interest taken in the property.

IV. PROJECT MANAGER

- A.** PDC Project Representative for PDC shall be the Housing Construction Coordinator (Coordinator), Keith Lokan. PDC's Executive Director shall execute the IGA, the grant agreement with CBH.

Should Keith Lokan no longer be the designated Coordinator during the term of this IGA, PDC will notify the COUNTY of the change within ten (10) working days of the effective date of the change.

- B. The Project Manager for the COUNTY shall be the Energy Program Lead, Tom Brodbeck, who is authorized to take all action necessary to implement the COUNTY'S obligations under this IGA. Should Tom Brodbeck no longer be the designated Energy Program Lead during the term of this IGA, COUNTY will notify PDC of the change within ten (10) working days of the effective date of the change.

IV. TERMINATION

This IGA may be terminated by either party upon thirty (30) days written notice.

IIIV. INDEMNIFICATION

Subject to the conditions and limitations of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300, COUNTY shall indemnify, defend and hold harmless PDC from and against all liability, loss and costs arising out of or resulting from the acts of COUNTY, its officers, employees and agents in the performance of this agreement. Subject to the conditions and limitations of the Oregon Constitution and the Oregon Tort Claims Act, ORS 30.260 through 30.300, PDC shall indemnify, defend and hold harmless COUNTY from and against all liability, loss and costs arising out of or resulting from the acts of PDC, its officers, employees and agents in the performance of this agreement.

X. ADHERENCE TO LAW

Each party shall comply with all federal, state and local laws and ordinances applicable to this agreement.

XI. NON-DISCRIMINATION

Each party shall comply with all requirements of federal and state civil rights and rehabilitation statutes and local non-discrimination ordinances.

XII. ACCESS TO RECORDS

Each party shall have access to the books, documents and other records of the other which are related to this IGA for the purpose of examination, copying and audit, unless otherwise limited by law.

XIII. SUBCONTRACTORS AND ASSIGNMENT

Neither party will subcontract or assign any part of this agreement without the written consent of the other party.

XIV. THIS IS THE ENTIRE AGREEMENT

This IGA constitutes the entire agreement between the parties. This Agreement may be modified or amended only by the written agreement of the parties.

This Agreement includes this Intergovernmental Agreement and:

Attachment A - IGA Contract and Release Order	2 Pages
Attachment B - Property Use Agreement	8 Page

MULTNOMAH COUNTY

PORTLAND DEVELOPMENT COMMISSION

BY: Ted Wheeler
Ted Wheeler, Chair Multnomah
County

BY: _____
Director, Portland Development
Commission

DATE: 03.15.07

DATE: _____

BY: Jocelyn Furr
Director, Department of County
Human Services

DATE: 2/22/07

Reviewed

Approved as to form:

BY: Katie Lane
Katie Lane, Assistant County
Attorney
For Multnomah County

BY: _____
Margarita Molina, PDC Attorney

DATE: 2/21/07

DATE: _____

APPROVED : MULTNOMAH COUNTY
BOARD OF COMMISSIONERS
AGENDA # R-6 DATE 03.15.07
DEBORAH L. BOGSTAD, BOARD CLERK



IGA Contract

Vendor Address

PORTLAND DEVELOPMENT COMMISSION
222 NW 5TH AVE
PORTLAND OR 97209-3859

Information

Contract Number 4600006489
Date 01/23/2007
Vendor No. 28852
Contact/Phone OSCP Services /

Validity Period: 10/01/2006 - 06/30/2007
Minority Indicator: Not Identified

Estimated Target Value: 138,814.00 USD

Item	Material/Description	Target Qty	UM	Unit Price
0001	<p><i>Program Contact: Tom Brodbeck (503) 988-6295 x26057</i></p> <p>Roof Insulation</p> <p>Plant: F021 School/Community Partnerships Requirements Tracking Number: IGA Effective 10/1/06 - 6/30/07 Per Invoice / Cost Reimbursement Harriet - Installation of Roof Insulation</p>	105,095.000	Dollars	\$ 1.0000
0002	<p>Window Replacement</p> <p>Plant: F021 School/Community Partnerships Requirements Tracking Number: IGA Effective 10/1/06 - 6/30/07 Per Invoice / Cost Reimbursement Pisgah Colony Storefront Window Replacement (Door not included)</p>	31,719.000	Dollars	\$ 1.0000
0003	<p>Program Delivery</p> <p>Plant: F021 School/Community Partnerships Requirements Tracking Number: IGA Effective 10/1/06 - 6/30/07 Per Invoice / Lump Sum Program Delivery Flat Fee</p>	2,000.000	Dollars	\$ 1.0000



MULTNOMAH COUNTY OREGON

Bill to and ship to addresses are the same unless otherwise specified below.

ATTACHMENT A

Release Order

Vendor Address

PORTLAND DEVELOPMENT COMMISSION
222 NW 5TH AVE
PORTLAND OR 97209-3859

Release Order 4500090847
Date 01/23/2007
Vendor No. 28852
Buyer/Phone OSCP Services /
Validity End Date 06/30/2007
Incoterms FOB Destination

Ship To:
Multnomah County
Dept of School & Community Partnership
421 SW Oak, Suite 200
Portland OR 97204
Fax:

Bill To or Other Special Instructions:

Table with 5 columns: Item, Material/Description, Quantity, UM, Unit Price, Net Amount. Rows include Roof Insulation, Window Replacement, Program Delivery, and a Total row.

AFTER RECORDING RETURN TO:

MULTNOMAH COUNTY, OREGON
Dept. of School and Community Partnerships
421 S.W. Oak Street, Suite 200
Portland, Oregon 97204
B167/R200

PROPERTY USE AGREEMENT

This Property Use Agreement ("Agreement") is made this day of March 15, 2007 between, Cascadia Behavioral Healthcare, Inc., an Oregon non-profit corporation, ("Owner"), whose address is 2130 SW 5th Avenue Suite 210, Portland, OR 97201 and MULTNOMAH COUNTY, OREGON, a political subdivision of the State of Oregon (the "County"), whose address is Division of School and Community Partnerships, 421 S.W. Oak Street, Suite 200, Portland, Oregon 97204.

Recitals

A. The County has adopted a countywide weatherization program to grant funds to owners of low-income housing projects in order to encourage the energy efficiency of housing units affordable to persons and families ("households") earning less than the median income in Multnomah County, Oregon.

B. The Owner is an Oregon non-profit corporation that owns certain real property in Multnomah County, Oregon, more particularly described on attached Exhibit 1 (the "Property"), on which there are 31 units in one residential building (the "Project").

C. The COUNTY has awarded OWNER a grant in the estimated amount of \$136,814.00 (the "Grant"), for the purpose of making repairs and improvements to the Project that should reduce the monthly energy costs to low income households.

E. The Grant made by the County is in exchange for Owner renting at least 16 residential units of the Project (the "Affordable Units") at rents affordable to households earning not more than sixty percent (60%) of the statewide median income as calculated by the State of Oregon Housing and Community Services Department, for a term of not less than 10 years, under the terms described in Section 3 below.

F. The restrictions contained herein are restrictions on the allowable household income of tenants in the Affordable Units and upon the rent levels charged for the Affordable Units.

Agreement

Therefore, in consideration of the promises and covenants set forth herein and of other valuable consideration, the receipt and sufficiency of which is acknowledged, the Owner and the County agree as follows:

Section 1
Incorporation of Recitals and Exhibits

1.1 Recitals. The foregoing recitals are incorporated into this Agreement by this reference.

1.2 Exhibits. The exhibits referred to in and attached to this Agreement are incorporated into this Agreement by this reference.

Section 2
Representations and Warranties of the Owner

2.1 Representations and Warranties. The Owner represents and warrants as follows:

(a) The Owner is (i) a duly organized non-profit corporation, under the laws of the state of Oregon, (ii) qualified to transact business in the state of Oregon, (iii) has the power and authority to own its properties and assets and to carry on its business as now being conducted, and (iv) has the full legal right, power, and authority to execute and deliver this Agreement.

(b) The execution and performance of this Agreement by the Owner (i) will not violate or, as applicable, has not violated any provision of law, rule or regulation, or any order of any court or other agency or governmental body, (ii) will not violate or, as applicable, has not violated any provision of any indenture, agreement, mortgage, mortgage note, or other instrument to which the Owner is a party or by which it or the Project is bound, and (iii) will not result in the creation or imposition of any prohibited encumbrance of any nature.

(c) The Owner has good and marketable title to the Property and the Property is free and clear of any liens or encumbrances except for the encumbrance created pursuant to this Agreement and subject only to any liens, encumbrances, reservations, easements or other adverse claims of record on the property at the time of the execution of this Agreement.

(d) There is no action, suit, or proceeding at law or in equity, or by or before any governmental instrumentality or other agency now pending, or to the knowledge of the Owner, threatened against or affecting it, or any of its properties or rights, which if adversely determined, would materially impair its right to carry on business substantially as now conducted and as now contemplated by this Agreement or would materially adversely affect its financial condition.

Section 3
Project Covenants

The Owner hereby covenants and agrees with the County to abide by the following during the entire term of this agreement:

3.1 Rent. Each Affordable Unit shall be made available for occupancy by written lease on a continuous basis at rent levels that are at all times during the term of this Agreement affordable to individuals or households whose income is sixty percent (60%) or less of the statewide median income, as adjusted for family size, for Oregon as calculated annually by the State of Oregon Housing and Community Services Department during the term of this Agreement. ("Statewide Median Income") Rental costs for Affordable Units shall not exceed the fair market rents as established by the US Department of HUD for Multnomah County, Oregon.

3.2 Qualified Tenants. Owner shall rent the Affordable Units solely to Qualified Tenants. For this purpose, "Qualified Tenants" means individuals or households with incomes at the time of initial occupancy which in the aggregate do not exceed sixty percent (60%) of Statewide Median Income, as adjusted for family size.

3.3 Written Leases. Provide the County with a copy of each written lease agreement for each Affordable Unit with respect to the initial occupants of each Affordable Unit and a copy of the written income verification received from each initial tenant of each Affordable Unit.

3.4 Reporting Requirements. Throughout the term of this Agreement, provide the County annually not less than ninety (90) days after the end of each calendar year during the term of this Agreement with a rent roll with respect to each Affordable Unit, which shall show the maximum permitted rent for each unit calculated in a manner to be in compliance with Section 3.1 of this Agreement, the actual rent being charged for each Affordable Unit, the maximum permitted income as calculated pursuant to Section 3.2 of this Agreement, and the aggregate annual income at initial occupancy of the tenants currently occupying each Affordable Unit.

3.5 Inspections and Documentation.

(a) The Owner shall permit the County, or any duly authorized representative of the County, during normal business hours and upon reasonable notice to inspect the books and records of the Owner relating to the Project with respect to the habitability of the Project, the incomes of tenants in Affordable Units, and the rents charged for Affordable Units.

(b) The Owner shall submit any other information, documents, or certifications requested by the County which the County in its reasonable discretion shall deem necessary or appropriate to substantiate the Owner's continuing compliance with the provisions of this Agreement.

3.6 No Discrimination. During the term of this Agreement, each Affordable Unit shall be rented or available for rental on a continuous basis to members of the general public, subject only to temporary vacancies or unavailability for cleaning and rehabilitation. The Owner shall not give or allow to be given any preference to any particular group or class in renting the Affordable Units. The Owner shall not discriminate, nor allow discrimination, in the provision of housing on the basis of race, creed, gender, national origin, religion, marital status, sexual orientation, family status, age, disability, or the receipt of public assistance, nor against any tenant who is a parent or legal guardian with whom a child resides or is expected to reside except in the event that the Project is designated exclusively for households, the heads of which are over 62 years of age, or is designed and used exclusively by and for persons with chronic mental illness.

3.7 Insurance. Owner shall obtain and maintain from reputable insurers, in full force and effect during the term of this agreement: (i) all risk property insurance together with endorsements for replacement cost, inflation adjustment, malicious mischief, and sprinkler damage coverages, all in amounts not less than the full replacement cost of all improvements; and (ii) comprehensive general liability insurance, including liabilities assumed under contract, in the amount not less than \$1,000,000 combined single limit coverage. Owner will allow the County to examine all policies and renewals upon request.

3.8 Maintenance of Project. Once the Project has been completed, the Owner shall not demolish any part of the Project, substantially subtract from any real or personal property of the Project, or permit the use of any Affordable Units for any purpose other than rental housing during the

term of this Agreement unless required by law or unless the County has given its prior written consent.

3.9 Damage or Destruction. Once completed, if the Project, or any part thereof, shall be damaged, destroyed, condemned, or acquired for public use, the Owner will use its best efforts, subject to the rights of any mortgagee, to repair and restore the Project to substantially the same condition as existed prior to the event causing such damage or destruction, or to relieve the condemnation, and thereafter to operate the Project in accordance with the terms of this Agreement.

Section 4 **Recording and Filing; Covenants To Run With the Land**

4.1 Recording and Filing. Upon execution and delivery of this Agreement by the parties hereto, the Owner shall cause this Agreement to be recorded and filed in the Deed Records of Multnomah County, Oregon, and shall pay all recording and filing fees charged in connection therewith.

4.2 Covenants to Run With the Land. The Owner intends, declares, and covenants, on behalf of itself and all future owners and operators of the Project during the term of this Agreement, that this Agreement and the covenants and restrictions set forth in this Agreement regulating and restricting the use, occupancy and transfer of the Project (i) shall be and are covenants running with the Property, including the Project, encumbering the Property for the term of this Agreement, binding upon the Owner's successors in title and all subsequent owners and operators of the Project; (ii) are not merely personal covenants of the Owner; and (iii) shall bind the Owner and its respective successors and assigns during the term of this Agreement with the benefits inuring to the County. The Owner agrees that any and all requirements of the laws of the state of Oregon to be satisfied in order for the provisions of this Agreement to constitute deed restrictions and covenants running with the land shall be deemed to be satisfied in full, and that any requirements or privileges of estate are intended to be satisfied, or in the alternate, that an equitable servitude has been created to insure that these restrictions run with the Property, including the Project, for the term of this Agreement. The covenants contained herein shall survive and be effective regardless of whether such contract, deed, or other instrument hereafter executed conveying the Property, the Project, or a portion thereof provides that such conveyance is subject to this Agreement.

Section 5 **Default**

5.1 Defined. The failure by the Owner to perform or comply with any term, covenant or condition of this Agreement within 30 days after written notice from the County to perform or satisfy the term, covenant or condition, or if the performance or compliance cannot be completed within such 30-day period through the exercise of reasonable diligence, the failure to commence the required performance or compliance with diligence to completion shall constitute an event of default ("Event of Default").

5.2 Remedies. Upon the occurrence of an Event of Default, the County, its successors and assigns may institute and prosecute any proceeding at law or in equity to abate, prevent or enjoin any such violation or attempted violation, or to recover monetary damages caused by such violation or attempted violation, such damages to include but not be limited to all costs, expenses including but not limited to staff and administrative expense, fees including but not limited to all reasonable attorneys' fees which may be incurred by the County or any other party in enforcing or attempting to enforce this Agreement following such Event of Default on the part of the Owner or its successors, whether the same shall be enforced by suit or otherwise.

Section 6 Sale

6.1 Consent. Prior to the expiration of this agreement the Owner shall not sell or convey the Property or any interest therein, without the written consent of the County; provided however that the Owner may grant one or more mortgages or trust deeds encumbering the Property or make collateral assignments of interest in the Property for the purpose of financing construction of improvements on the Property, or renovation of the Property, as the case might be. Such consent will not be unreasonably withheld.

6.2 Grant Repayment. If at any time during the first five years from the execution of this agreement the Owner sells or conveys the Property; or any interest in the Property, except such assignments stipulated above in Section 6.1, the entire amount of the actual weatherization grant funds expended on the Property shall be reimbursed to the County. The actual expenditure of weatherization grant funds shall be set forth in a Grant Expenditure Acknowledgement Letter. Should the Owner sell or convey the Property during the years 6-10 of the Property Agreement the repayment of grant funds by the Owner shall be pro-rated according to the following schedule:

Sale occurs in:	Years 5 - 6	50% repayment of grant funds
	Years 6 - 7	40% repayment of grant funds
	Years 7 - 8	30% repayment of grant funds
	Years 8 - 9	20% repayment of grant funds
	Years 9 - 10	10% repayment of grant funds
	Past Year 10	No repayment

Should the Owner sell or convey the Property to a purchaser that agrees to assume the obligations of this agreement, no repayment of grant funds will be required.

Section 7 Term

The term of this Agreement commenced as of the date first set forth above and shall end on 11:59PM, April 1, 2017.

**Section 8
General Provisions**

8.1 Successors and Assigns. This Agreement shall be binding on the parties and their successors and assigns.

8.2 Severability. The invalidity of any clause, part, or provision of this Agreement shall not affect the validity of the remains provisions thereof.

8.3 Notices. All notices or other communications to be given pursuant to the Agreement, shall be in writing and shall be deemed given when mailed by certified or registered mail, return receipt requested, to the recipient at the address first set forth above, or to such other address as a party may from time to time designate by notice given as provided in this Section.

8.4 Governing Law. This Agreement shall be governed by the laws of the State of Oregon without regard to the conflict of law provisions.

8.5 Venue. Venue for any suit or action commenced to enforce or interpret this Agreement shall be in the Circuit Court of Multnomah County, Oregon.

8.6 Subordination. The County will subordinate this Agreement to construction and permanent financing of the Owner which is secured by the Property and/or the Project that in the reasonable judgment of County is necessary to develop, construct or maintain the Project. The County will not unreasonably withhold its consent to subordination of this Agreement to such financing.

IN WITNESS WHEREOF, the parties have signed this Agreement as of the date first set forth above.

OWNER:
Cascadia Behavioral Healthcare, Inc.

By: _____
Leslie Ford, Executive Director

COUNTY:
DIVISION OF SCHOOL AND COMMUNITY PARTNERSHIPS

By: _____
Mary T. Li, Manager

Acknowledgments

STATE OF OREGON)
)ss.
County of Multnomah)

The foregoing instrument was acknowledged before me this ____ day of March 2007, by Leslie Ford as Executive Director of Cascadia Behavioral Healthcare, Inc., an Oregon non-profit corporation, as her voluntary act and deed on behalf of the board of directors of the corporation.

Notary Public for Oregon
My Commission expires:

STATE OF OREGON)
)ss
County of Multnomah)

The foregoing instrument was acknowledged before me this _____ day of March 2007, by Mary T. Li as the Manager of the Multnomah County Division of School and Community Partnerships on behalf of Multnomah County.

Notary Public for Oregon:
My Commission expires:

Exhibit 1

PROPERTY LEGAL DESCRIPTION

Lots 6, 7, 8, 18, 19, 20, 21 and the East 20 feet of Lot 17, Block 18, WOODMERE, in the City of Portland, County of Multnomah and State of Oregon.



MULTNOMAH COUNTY

AGENDA PLACEMENT REQUEST (long form)

APPROVED : MULTNOMAH COUNTY
 BOARD OF COMMISSIONERS
 AGENDA # 2-7 DATE 03.15.07
 DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only	
Meeting Date:	<u>03/15/07</u>
Agenda Item #:	<u>R-7</u>
Est. Start Time:	<u>11:45 AM</u>
Date Submitted:	<u>03/01/07</u>

BUDGET MODIFICATION: DCM - 08

Budget Modification DCM-08 Reclassifying a Position in Facilities and Property Management, as Determined by the Class Comp Unit of Central Human Resources

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: <u>March 15, 2007</u>	Amount of Time Needed: <u>5 minutes</u>
Department: <u>County Management</u>	Division: <u>Director's Office</u>
Contact(s): <u>Bob Thomas</u>	
Phone: <u>(503) 988-4283</u> Ext. <u>84283</u> I/O Address: <u>503 / 531</u>	
Presenter(s): <u>Bob Thomas</u>	

General Information

1. What action are you requesting from the Board?

The department is requesting the Board approve a budget modification relating to the reclassification of a position in Facilities & Property Management that was approved by the Central Class/Comp Unit.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Department of County Management is asking the Board to approve the reclassification and position request for the following position:

Position Title (Old)	Position Title (New)	Position Number	FTE
<u>Facilities & Property Management</u>			
<u>Program Manager 1 (vacant)</u>	<u>Project Manager</u>	<u>702119</u>	<u>No FTE Change</u>

The current Program Manager 1 position was responsible for supervising a small section in Facilities that included professional staff. The duties for the vacant position are being redefined in order to

accomplish the Facilities work program. This position will be responsible for planning, development, administration and implementation of major projects and the Project Manager classification is a much better fit for this position, according to the Central Class/Comp unit.

3. Explain the fiscal impact (current year and ongoing).

Budget modification detail is attached. The reclassification request is being accomplished within current resources. The top range of the new classification is below that of the current level and should generate salary savings in future years.

4. Explain any legal and/or policy issues involved.

NA

5. Explain any citizen and/or other government participation that has or will take place.

NA

ATTACHMENT A

Budget Modification

If the request is a **Budget Modification**, please answer **all** of the following in detail:

- **What revenue is being changed and why?**

Revenue to the Risk Management Fund is decreased by \$12 by this action.

- **What budgets are increased/decreased?**

The Facilities Management Fund does not change in size by this action. The Risk Management Fund is decreased by \$12.

- **What do the changes accomplish?**

This budget modification implements a position classification change as described in this document.

- **Do any personnel actions result from this budget modification? Explain.**

Reclassification of an existing position.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

NA

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

Any future changes would be ongoing.

- **If a grant, what period does the grant cover?**

NA

- **If a grant, when the grant expires, what are funding plans?**

NA

NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.

ATTACHMENT B

BUDGET MODIFICATION: DCM - 08

Required Signatures

**Elected Official or
Department/
Agency Director:**

Carol M. Ford

Date: 02/28/07

Budget Analyst:

[Handwritten Signature]

Date: 02/28/07

Department HR:

Paul R. Quinn

Date: 02/28/07

Countywide HR:

Arthur [Handwritten]

Date: 02/28/07

EXPENDITURES & REVENUES

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Budget/Fiscal Year: 2007

Line No.	Fund Center	Fund Code	Func. Area	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
				Internal Order	Cost Center	WBS Element						
1	72-50	3505			902450		60000	313,817	313,650	(167)		Decrease Permanent
2	72-50	3505			902450		60130	101,025	100,972	(53)		Decrease Salary Related
3	72-50	3505			902450		60140	75,347	75,335	(12)		Decrease Insurance
4	72-50	3505			902450		60240	30,063	30,295	232		Increase Supplies
5	72-10	3500	0020		705210		50316		12	12		Insurance Revenue
6	72-10	3500	0020		705210		60330		(12)	(12)		Offsetting expenditure
7									0			
8									0			
9									0			
10									0			
11									0			
12									0			
13									0			
14									0			
15									0			
16									0			
17									0			
18									0			
19									0			
20									0			
21									0			
22									0			
23									0			
24									0			
25									0			
26									0			
27									0			
28									0			
29									0			
										0	0	Total - Page 1
										0	0	GRAND TOTAL

ANNUALIZED PERSONNEL CHANGE

Change on a full year basis even though this action affects only a part of the fiscal year (FY).

						ANNUALIZED			
Fund	Job #	HR Org	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
3505	9615	61987	Program Manager 1	702119	(1.00)	(76,101)	(24,421)	(15,701)	(116,223)
3505	9063	61987	Project Manager	702119	1.00	75,530	24,238	15,659	115,427
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
TOTAL ANNUALIZED CHANGES					0.00	(571)	(183)	(42)	(796)

CURRENT YEAR PERSONNEL DOLLAR CHANGE

Calculate costs/savings that will take place in this FY; these should explain the actual dollar amounts being changed by this Bud Mod.

						CURRENT YEAR			
Fund	Job #	HR Org	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
3505	9615	61987	Program Manager 1	702119	(0.29)	(22,196)	(7,123)	(4,579)	(33,898)
3505	9063	61987	Project Manager	702119	0.29	22,030	7,069	4,567	33,666
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
									0
TOTAL CURRENT FY CHANGES					0.00	(167)	(53)	(12)	(232)



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (long form)

APPROVED : MULTNOMAH COUNTY
 BOARD OF COMMISSIONERS
 AGENDA # R-8 DATE 03-15-07
 DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only	
Meeting Date:	<u>03/15/07</u>
Agenda Item #:	<u>R-8</u>
Est. Start Time:	<u>11:47 AM</u>
Date Submitted:	<u>03/01/07</u>

BUDGET MODIFICATION: -

Agenda Title:	NOTICE OF INTENT to Apply for an Americorps Volunteer to Support County's Waste Prevention & Recycling Plan
----------------------	------------------------------------------------------------------------------------------------------------------------

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date:	<u>March 15, 2007</u>	Amount of Time Needed:	<u>5 minutes</u>
Department:	<u>County Management</u>	Division:	<u>Sustainability Program</u>
Contact(s):	<u>Molly Chidsey</u>		
Phone:	<u>503-988-4094</u>	Ext.	<u>84094</u>
		I/O Address:	<u>503/4/Sustainability</u>
Presenter(s):	<u>Molly Chidsey</u>		

General Information

1. What action are you requesting from the Board?

Approval to apply to the Northwest Service Academy to host an Americorps volunteer during the 2007-2008 academic year.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

Among Multnomah County's sustainability goals is to reduce solid waste from county government operations, and to increase the amount of waste diverted to recycling markets. An Americorps member would work with county departments to reduce solid waste and increase recycling recovery from county government facilities to 65% by 2010. This would be accomplished through implementation of the Multnomah County *Waste Prevention & Recycling Plan*. The Americorps member would work with a diverse group of county departments, including libraries, health clinics, administrative buildings, and correctional facilities. Innovative activities to accomplish this goal have been identified, and the Americorps member would gain experience with waste prevention techniques and in local

government.

3. Explain the fiscal impact (current year and ongoing).

A cash match of \$8,750 is required to host an Americorps volunteer; this matches the federal funding the volunteer receives as a monthly stipend to cover living expenses. The Department of County Management will assure that this expense is taken care of within budgeted FY 2008 resources. As the Americorps volunteer would provide 11 months of service to Multnomah County totaling 1,700 hours, this cash match is a prudent investment.

4. Explain any legal and/or policy issues involved.

None.

5. Explain any citizen and/or other government participation that has or will take place.

None.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a Grant Application or Notice of Intent, please answer all of the following in detail:

- **Who is the granting agency?**
Northwest Service Academy (NWSA), Americorps.
- **Specify grant (matching, reporting and other) requirements and goals.**
To host an Americorps member, Multnomah County would provide an In-Kind match of \$5,000 for support such as staff oversight and office space, and an \$8,750 Cash Match, which will be covered within the Department of County Management within budgeted FY 2008 resources.
The programmatic goal of the project would be to provide coordination and assistance to county departments with implementation of the county's newly-approved Waste Reduction & Recycling Plan for county facilities. This Plan provides a roadmap for county departments to reduce their waste and achieve a 65% recycling rate by 2010.
- **Explain grant funding detail – is this a one time only or long term commitment?**
This would be a one-year placement of an Americorps member at Multnomah County for 11 months of service.
- **What are the estimated filing timelines?**
The application deadline is March 7th, 2007.
- **If a grant, what period does the grant cover?**
Although this is not a grant application per se, the volunteer service period is for 11 months, starting in September 2007.
- **When the grant expires, what are funding plans?**
No additional funding needed.
- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**
Impacts will be minimal. Staffing support will be provided by the Sustainability Program. Office space and access to equipment such as phone and email are included in the In-Kind match requirement described above.

ATTACHMENT B

Required Signatures

**Elected Official or
Department/
Agency Director:**

Carol M. Ford

Date: 03/01/07

Budget Analyst:

[Signature]

Date:

Department HR:

Date:

Countywide HR:

Date:



MULTNOMAH COUNTY
AGENDA PLACEMENT REQUEST (long form)

APPROVED : MULTNOMAH COUNTY
 BOARD OF COMMISSIONERS
 AGENDA # R-9 DATE 03-15-07
 DEBORAH L. BOGSTAD, BOARD CLERK

Board Clerk Use Only

Meeting Date: 03/15/07
 Agenda Item #: R-9
 Est. Start Time: 11:50 AM
 Date Submitted: 03/05/07

Agenda Title: NOTICE OF INTENT to Apply for Grant Funding from the United Way to Support Access to Health Care and Other Services for Somali Women

Note: If Ordinance, Resolution, Order or Proclamation, provide exact title. For all other submissions, provide a clearly written title.

Requested Meeting Date: March 15, 2007 **Amount of Time Needed:** 5 minutes
Department: Health **Division:** Integrated Clinical Services
Contact(s): Kim Tierney, Tom Waltz
Phone: 503 988-3674 **Ext.** 22850 **I/O Address:** 160/9
Presenter(s): Kim Tierney

General Information

1. What action are you requesting from the Board?

Authorize the Director of the Health Department to apply for grant funding through the United Way of the Columbia-Willamette to improve access to health services for Somali women.

2. Please provide sufficient background information for the Board and the public to understand this issue. Please note which Program Offer this action affects and how it impacts the results.

The Health Department provides primary care services to approximately 60,000 residents each year, with nearly 140,000 primary care visits annually. People receiving services include low-income individuals who face barriers to accessing health services because of income, language and/or cultural differences, and lack of transportation. Services are provided at County-operated clinics for medically underserved populations, which include homeless people, migrant workers, school-aged children, residents of public housing, and individuals with special health care needs. For many of the county's underserved residents, County-operated facilities are their only option for accessing health services because many private physicians will not accept patients that are not able to pay market rates for health care. More than 30% of the Health Department clients speak a language other than English, making access to health services a challenge for the clients and providers.

In recent years there has been an increasing number of Somali and other African refugees coming to Multnomah County. Africans are the largest population settling in Multnomah County in the past few years, and this trend is expected to continue. The majority of these refugees are settling on the Westside of Portland, and a high percentage of these refugees access health services at the County's Westside Health Center. There are few Somali language interpreters available to facilitate communications between a Somali-speaking client and their provider. This is an especially difficult situation for non-English speaking Somali women who face tremendous cultural barriers to accessing health care. Many have been victims of horrific sexual and physical abuse in Africa, and experience ongoing domestic violence here in the United States. Through this grant a Somali-speaking African woman will be hired by the Health Department to provide interpretation and culturally competent care in a safe and confidential environment. This will enable the Health Department to better identify and respond to the health care, mental health and other needs of this population.

Impact on program offers: The proposed project will increase the capacity to provide services to a special population at the health center. Program Offers affected by this proposed project include the following:

40021A - Westside Health Center - This is the anchor healthcare and mental health program for Multnomah County's (MC) homeless. The Westside Health Center (WSHC) and its outreach programs are the primary hub, providing comprehensive medical, behavioral, and addictions (A&D) healthcare, access to medications, social services and nutrition counseling. Offer is linked to the Outreach Program: two Satellite Clinics, a Mobile Medical Van for Homeless, as well as a Respite Program for uninsured homeless leaving hospitals too sick to enter shelters.

25040C - Community Based Domestic Violence Services for African Immigrants - Domestic violence (DV) Outreach to African Immigrants addresses a critical emerging need and provides outreach services and community education to African immigrant victims of domestic violence and their communities. This program provides consultation and technical assistance, including interpreting, for community-based DV and immigration programs with Eritrea, Nigeria, Oromo and Ghana. Contracted staff for this project will work closely with other agencies serving these populations, such as Bradley-Angle House, IRCO, SEI, Lutheran Family Services, Catholic Charities, Bienestar, and Africa House. Each agency has reported DV as a signification problem among African immigrants.

3. Explain the fiscal impact (current year and ongoing).

Grant funding will allow the Health Department to meet the health care needs of Somali women without impacting County general funds.

4. Explain any legal and/or policy issues involved.

None known. Providing health services to medically underserved populations is consistent with County policy.

5. Explain any citizen and/or other government participation that has or will take place.

The Multnomah County Community Health Council provides citizen and stakeholder participation in the delivery of health services provided through the Health Department.

ATTACHMENT A

Grant Application/Notice of Intent

If the request is a Grant Application or Notice of Intent, please answer all of the following in detail:

- **Who is the granting agency?**

United Way of the Columbia-Willamette.

- **Specify grant (matching, reporting and other) requirements and goals.**

United Way of the Columbia-Willamette is offering one-year, non-renewable, Project Innovation grants for the funding year July 1, 2007 through June 30, 2008. The grant range for all proposals is from \$20,000 to \$40,000.

The purpose of the Project Innovation grant funding is to demonstrate new or enhanced models for delivering health or human services; promote work that has policy implications; expand services to new populations; and, provide seed money for projects that will then be able to secure funding from other granting agencies. The goals of the program are twofold: to increase the effectiveness of health and human services by fostering innovative approaches to service delivery; and to share information gained through this program with other interested parties so that they may learn about, and potentially replicate, innovative approaches.

Proposals are evaluated by Vision Council volunteers. They review, score, interview and make recommendations to the Community Impact Cabinet, which then reviews and makes recommendations to the United Way of the Columbia-Willamette's Board of Directors, which makes the final funding decisions.

- **Explain grant funding detail – is this a one time only or long term commitment?**

Grants are one time only.

- **What are the estimated filing timelines?**

Applications are due on March 19, 2007.

- **If a grant, what period does the grant cover?**

July 1, 2007 - June 30, 2008.

- **When the grant expires, what are funding plans?**

Additional funding for this project will be sought through grants as opportunities are identified.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

Indirect can be charged as a grant expense.

ATTACHMENT B

Required Signatures

**Elected Official or
Department/
Agency Director:**



Date: 03/02/07

Budget Analyst:



Date: 03/05/07

Department HR:

Date: _____

Countywide HR:

Date: _____