

About the Cover

Multnomah County is Oregon's smallest county geographically, yet it has the state's largest population. As the second largest local governmental entity in the state, Multnomah County is considered an integral community partner with the metropolitan region and throughout Oregon.

The county delivers a wide variety of programs that assist its partners in schools, social services and businesses. This year's cover visually demonstrates the many services the county provides, such as maintaining six Willamette River bridges and 376 miles of county roads, operating 17 libraries, ensuring the public's safety, securing affordable housing, protecting neglected animals, and offering safety net services to those most vulnerable in our community.

Multnomah County has made significant strides in working more efficiently within existing resources. Eliminating duplication of services, enhancing coordination among departments and across jurisdictions, and evaluating core services responsibilities have contributed to successful restructuring of the county's mental health, early childhood, and social services frameworks. The Board of County Commissioners continues to find ways to improve efficiencies, working with federal, state, local, educational, nonprofit, and business entities.

MULTNOMAH COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2003



Prepared by:
Finance, Budget and Tax Office
David A. Boyer, Chief Financial Officer
501 SE Hawthorne Blvd, 4th Floor
PO Box 14700
Portland, Oregon 97293-0700

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, 2003
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INTRODUCTORY SECTION



Finance, Budget and Tax Office

MULTNOMAH COUNTY OREGON

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(503) 988-3292 fax

December 17, 2003

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, 2003, together with the opinion thereon of our independent certified public accountants, Grant Thornton LLP. This report, required by State law, Oregon Revised Statutes 297.425, is prepared by the Finance, Budget and Tax Office. 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 of 1984, 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 of 1984 has been issued under separate cover.

In the previous statements for the period ending June 30, 2002, the County implemented the requirements of Governmental Accounting Standards Board (GASB) Statement 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* issued in June 1999. This statement established new financial reporting requirements. The format and purpose of these changes are addressed in Management's Discussion and Analysis.

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 GASB, including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the County at June 30, 2003, 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 generally accepted accounting principles in the United States of America (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. All dollar amounts, unless otherwise indicated, are expressed in thousands.

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.

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 670,250 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 have been included as integral parts of the County's financial statements. Additional information on these legally separate entities can be found in note 1 of the notes to the financial statements.

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

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Federal State Program Fund, this comparison is provided on pages 30-31 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 73.

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, OR-WA PMSA's (Primary Metropolitan Statistical Area) economy declined during fiscal year 2003. The area's unemployment rate was 8.9% at June 30, 2003, compared to a rate of 7.5% at June 30, 2002. The Portland-Vancouver Consumer Price Index (CPI) (1982-84 = 100) was 186 at June 30, 2003, and represents a 2.5% increase from June 30, 2002.

Financial outlook: The financial outlook for the County's General Fund over the next five years is expected to remain flat or slowly begin to recover. The regional economy is not expected to grow and

a recovery before 2004 is questionable. The State of Oregon's recent forecast also suggests a continued downturn of business activity.

The region's sluggish economy is impacting the County's revenue stream. Property taxes are expected to grow at between 2% to 3%. Business Income Tax collections suggest that we may finally see some growth after four years of declining revenues, but the Motor Vehicle Rental Tax is expected to remain flat. Voters in the County approved a three-year 1.25% personal income tax for residents in May 2003. The tax will primarily provide support to the schools in the County but will also provide support to the County's health, human services, and public safety programs. Preliminary estimates suggest that this will generate approximately \$128,000 annually during the next three years. Overall revenue growth, excluding the temporary income tax, is forecast between 3.25% to 4% over the next five years. Expenditures are expected to grow at roughly the normal rate of inflation, and the County is taking a conservative approach to department spending in order to manage the budget within existing resources.

Financial planning. The County Chair has created an Executive Committee that consists of the Board Chair's Chief Operating Officer and Chief of Staff, Department Directors, Chief Financial Officer and Director of the Business Services Unit. 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 Financial and Budget Officers also meet with City of Portland Financial and Budget Officers, with representatives from the City of Gresham and other East County cities to confer on financial issues that either overlap or impact each entity. Construction of the new Wapato jail and secure alcohol and drug treatment center is scheduled for completion in spring 2004, and operating funds will need to be identified during the 2004/2005 budget process. In fiscal year 2004/2005 the County will also begin planning for the end of the three year personal income tax.

Cash management policies and practices. To obtain maximum return on investments, the County pools some funds for investment purposes with the State Treasurer's investment pool. Other cash temporarily idle during the year was invested in government-sponsored enterprises, US Treasury notes, repurchase agreements, municipal bonds, bankers' acceptances, corporate debt, commercial paper, and certificates of deposits. Investment transactions are governed by a written Investment Policy, which regulates the County's investment objectives, diversification, limitations and reporting requirements, and which is reviewed and adopted annually by the Board of County Commissioners. The County also utilizes an independent Investment Advisory Board to review the County's investment plan and investment performance.

The maturities of the investments range from one day to three years with an average maturity of six to nine months. The average yield on investments was 2.29%. Investment income includes appreciation in the fair value of investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue, nor is it always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments that the County intends to hold to maturity.

Risk management. The County has established an internal service fund to account for risk management activities and to protect the human, physical, and financial assets of the County. As part of the County's plan for risk management, resources are accumulated in the Risk Management Fund to meet potential losses. In addition, various control techniques, including loss prevention training and consultation, have been implemented to minimize losses. The County is partially self-insured for employee health benefits, unemployment, workers' compensation, property, tort and general liability claims. Third party coverage is currently maintained for individual workers' compensation claims in excess of \$500, and for other medical claims in excess of \$250. The County also maintains property insurance covering all County owned facilities with varying levels of deductibles. Additional information on the County's risk management activity can be found in note 4.A of the notes to the financial statements, beginning on page 60.

Pension and other post-employment benefits. Substantially all County employees are participants in the State of Oregon Public Employees' Retirement System (PERS). Every other year, an independent actuary engaged by PERS calculates the amount of the annual contribution rate that member employers must make to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Benefits for retirees, beneficiaries and terminated employees not yet receiving benefits are not presented, because PERS pools the risk related to these employees among all member employers and fully funds benefit obligations at time of separation from service. Accordingly, information presented in this report relates only to current employees, and shows that the retirement obligations are not fully funded.

During the 2003 legislative session, various laws were approved that changed PERS and created a new retirement system for public employees hired on or after August 29, 2003. Some of the provisions of the legislative changes have been challenged by individuals or other organizations and will be heard by the Oregon Supreme Court. It is expected that the outcome of these lawsuits will not be known for 18 to 24 months.

Multnomah County also provides postretirement health and dental benefits for retirees and their dependents. At the end of the current fiscal year, there were 467 retired employees receiving these benefits, which are financed by contribution rates charged to departments. These rates are based on an actuarial valuation that is performed every two to three years. A liability has been recorded in the Government wide financial statements in connection with our obligation to provide these benefits.

Additional information on the County's pension and post-employment benefits can be found in notes 4.E and 4.F of the notes to the financial statements, beginning on page 62.

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, 2002. This was the nineteenth 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 Finance, Budget and Tax Office 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, other Elected Officials, Department Managers, 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,



David A. Boyer
Chief Financial Officer



Mindy Harris
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, 2002

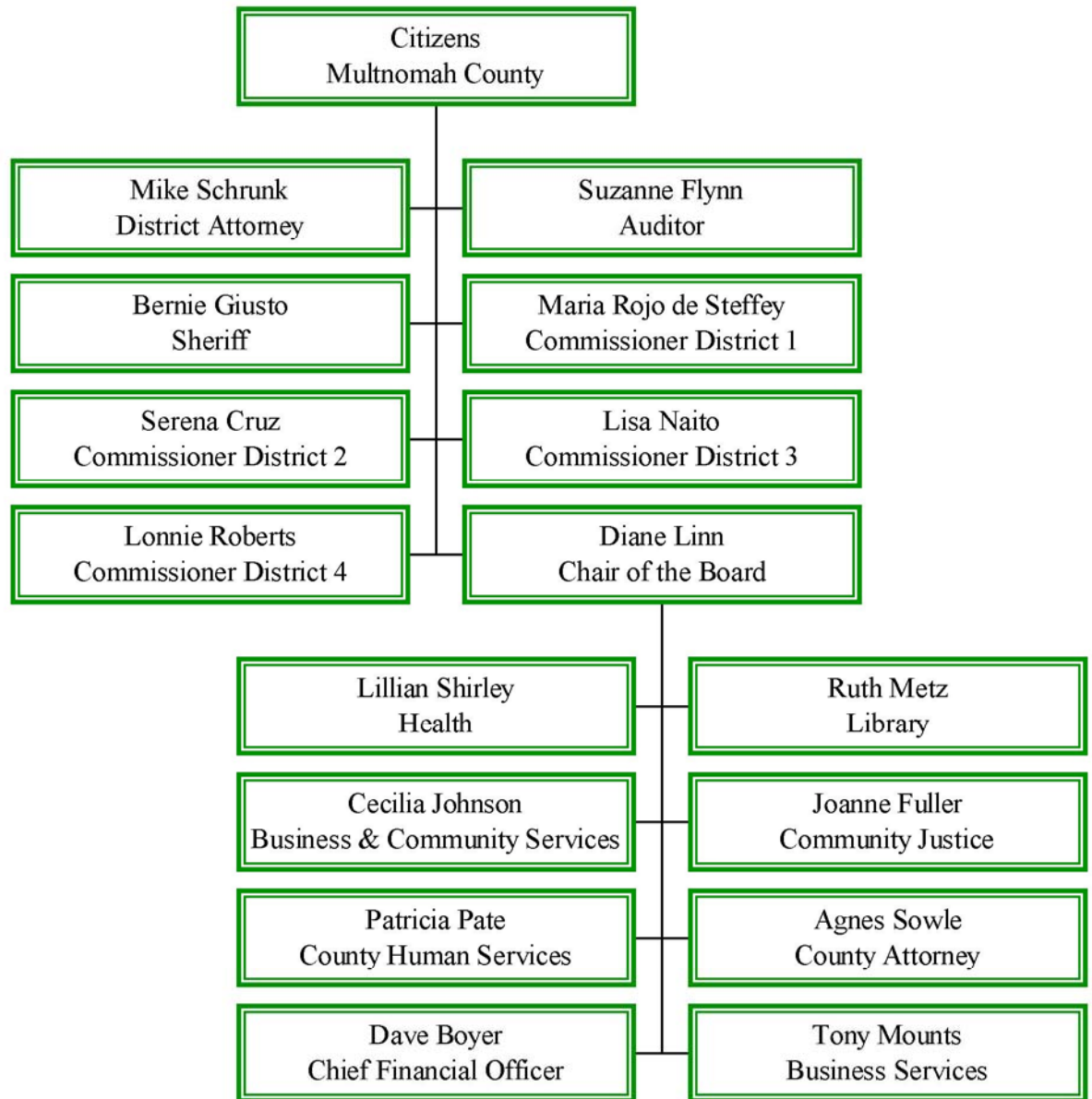
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

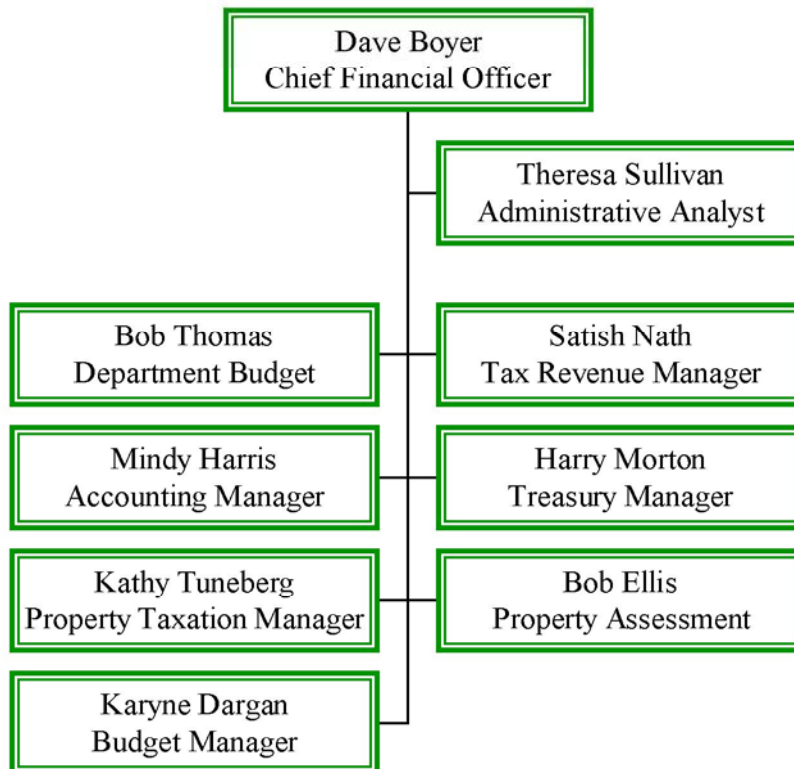
Executive Director

Multnomah County, Oregon

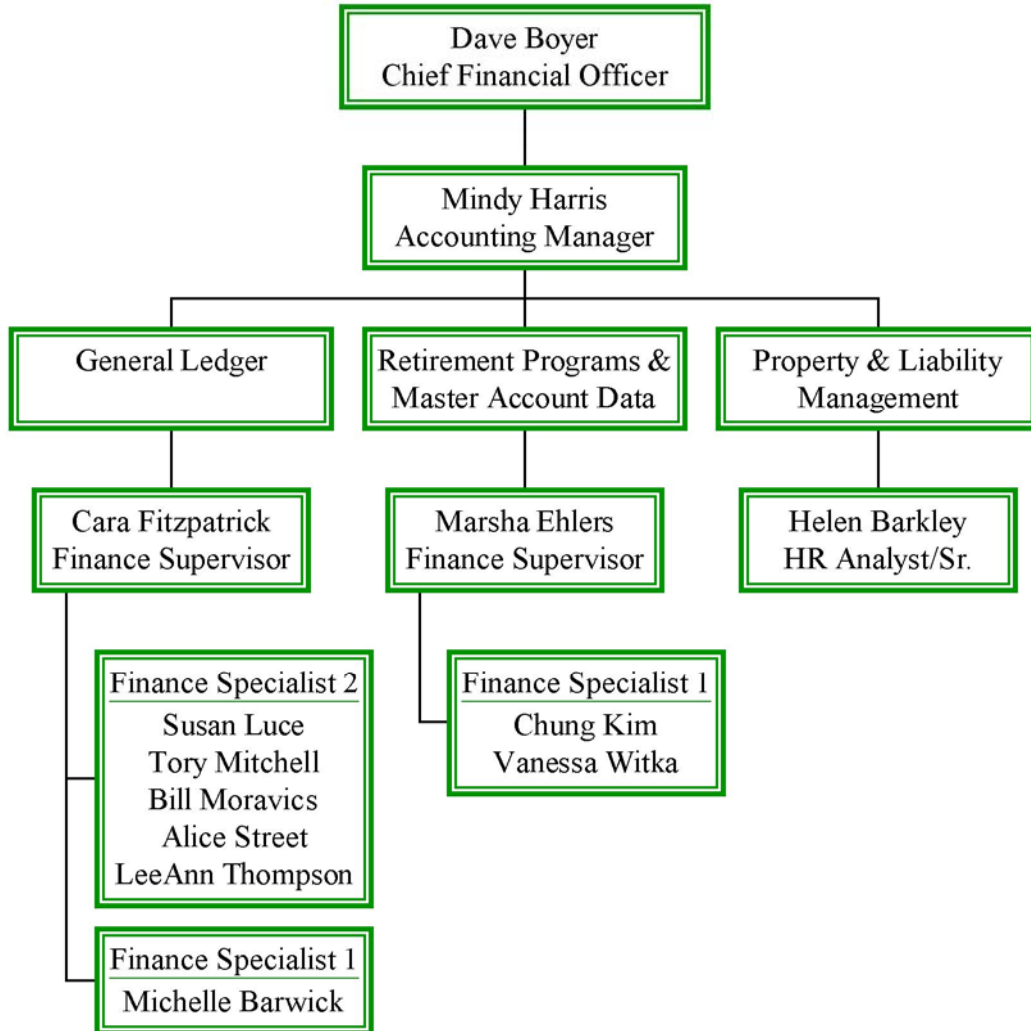


Multnomah County, Oregon

Finance Budget & Tax



Multnomah County, Oregon
Finance Budget & Tax
Accounting Operations



MULTNOMAH COUNTY, OREGON
PRINCIPAL OFFICERS
JUNE 30, 2003

<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	12/31/2004
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	12/31/2004
District No. 4	Lonnie Roberts 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2004
<u>Other Elected Officers</u>		
County Auditor	Suzanne Flynn 501 SE Hawthorne, 6 th Floor Portland, OR 97214	12/31/2007
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2004
County Sheriff	Bernie Giusto 501 SE Hawthorne, 3 rd Floor Portland, OR 97214	12/31/2007
<u>Other Appointed Officers</u>		
Chief Financial Officer	David A. Boyer	Not elected
Accounting Manager	Mindy Harris	Not elected
County Attorney	Agnes Sowle	Not elected

FINANCIAL SECTION

Independent Auditor's Report

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, as of and for the year ended June 30, 2003, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Multnomah County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Multnomah County, Oregon, as of June 30, 2003, 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.

As discussed in Note 4B to the financial statements, the net assets of the County as of June 30, 2002, have been restated.

The management's discussion and analysis on pages 11 through 22 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

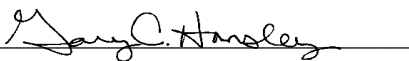
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Multnomah County, Oregon's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, other schedules, and statistical information section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information section 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2003 on our consideration of Multnomah County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

GRANT THORNTON LLP

Portland, Oregon
December 9, 2003

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By 



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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, 2003. 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 14 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, 2003, by \$516,828 (*net assets*). Of this amount, \$37,048 is restricted for capital improvement projects and \$25,487 is restricted for future years' debt service.
- The total net assets decreased by \$(10,200) for fiscal year 2003 and total assets of the County decreased by \$(31,521). The County's cash and investments accounted for a majority of the decrease in total assets at June 30, 2003. The Justice Bond Capital Project Fund had a decrease of \$(20,818) in cash and investments from the prior year due to the construction of a new jail facility. The County capitalized the assets related to the construction of the new jail facility; however we also noted a larger number of disposals on capital assets in the current year to account for an overall \$2,850 increase in capital assets from fiscal year 2002. Other significant events contributing to the decrease in net assets were the declining interest earnings. Accounts payable was down by \$9,015 from 2002 as a result of eliminated or reduced Federal and State funded programs and in response to the County budget crisis.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$93,197, a decrease of \$(16,137) in comparison with the prior year. This was due to poor regional economy, lower interest rates and an overall reduction in revenues received from the State and Federal governments. Of this amount, \$28,426 or 31% is available for spending at the County's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,825, or 2% of total General Fund expenditures.

Overview of the Financial Statements

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

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

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

The *Statement of Activities* presents information showing how the government'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 primary government itself.

The government-wide financial statements can be found on pages 23-25 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 a government'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 31 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 Justice Bond Capital Project 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 26-29 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 capitated services. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses *internal service funds* to account for its risk management activities, fleet operations, telephone and data processing systems, mail distribution and facilities management operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 32-34 of this report.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. 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 35-36 of this report. The combining balance sheet – agency funds and combining statement of changes in assets and liabilities – agency funds can be found on pages 129-130 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 37 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 67 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 \$516,828 at the close of the most recent fiscal year.

The largest portion of the County's net assets, approximately 93%, reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure) less any related debt to acquire those assets that is still outstanding. 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.

Multnomah County's Net Assets
June 30, 2003

	Governmental Activities		Business- type Activities		Total	
	2003	2002 (Restated)	2003	2002	2003	2002 (Restated)
Current and other assets	\$ 381,203	\$ 411,331	\$3,766	\$8,009	\$384,969	\$ 419,340
Capital assets	711,535	708,754	2,474	2,405	714,009	711,159
Total assets	1,092,738	1,120,085	6,240	10,414	1,098,978	1,130,499
Long-term liabilities outstanding	459,457	472,427	4	73	459,461	472,500
Other liabilities	121,022	126,171	1,667	4,800	122,689	130,971
Total liabilities	580,479	598,598	1,671	4,873	582,150	603,471
Net assets:						
Invested in capital assets, net of related debt	475,949	472,133	2,474	2,405	478,423	474,538
Restricted	62,535	74,973	-	-	62,535	74,973
Unrestricted	(26,225)	(25,619)	2,095	3,136	(24,130)	(22,483)
Total net assets	\$ 512,259	\$ 521,487	\$4,569	\$5,541	\$516,828	\$ 527,028

Of the County's net assets, \$62,535 or 12% are restricted for capital projects and debt service. The amount represents resources that are subject to external restrictions on how they may be used. The remaining balance is the unrestricted net assets or \$(24,130) or approximately (5)%. Unrestricted net assets had a negative balance primarily due to the outstanding long-term liabilities in the County's governmental activities with no offsetting asset. At the end of the current year, the County is able to report positive balances in two categories of net assets for the government as a whole; invested in capital assets, net of related debt and restricted net assets.

The County realizes the unrestricted net asset deficit provides for a negative outlook. However, considering the County's long-term obligations in the Statement of Net Assets, the County recognizes the necessity to be able to meet current financial obligations and has no reason to believe that liabilities will not be met in future periods.

Total net assets decreased by \$(10,200) during the current fiscal year. This decrease is primarily due to the expenditure of construction funds associated with the Wapato Jail facility. In addition, the County realized a decrease in accounts payable due to the reduction or elimination of federal and state funded programs, and a decrease in interest earnings due to the poor economy.

Governmental activities. Governmental activities decreased the County's net assets by \$9,228, thereby accounting for 90% of the total decline in the net assets of the County. Key elements of this decrease are as follows:

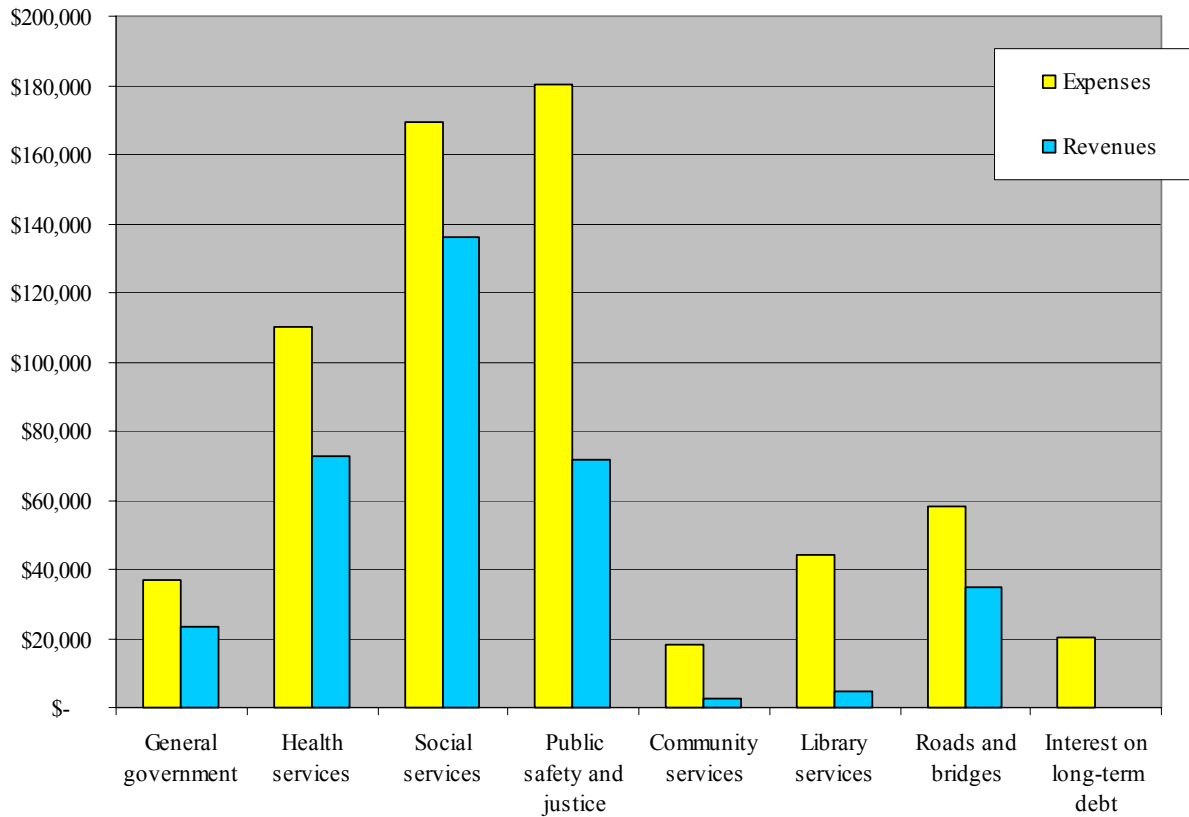
Multnomah County's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002 (Restated)	2003	2002	2003	2002 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 84,639	\$ 43,902	\$32,967	\$ 33,265	\$117,606	\$ 77,167
Operating grants and contributions	256,659	277,418	897	337	257,556	277,755
Capital grants and contributions	4,461	86	-	-	4,461	86
General revenues:						
Property taxes	203,611	206,244	-	-	203,611	206,244
Other taxes	62,589	61,544	-	-	62,589	61,544
Grants and contributions not restricted to specific programs	70	60	-	-	70	60
Interest and investment earnings	4,226	7,982	131	339	4,357	8,321
Other	10,834	4,496	(89)	(65)	10,745	4,431
Total revenues	<u>627,089</u>	<u>601,732</u>	<u>33,906</u>	<u>33,876</u>	<u>660,995</u>	<u>635,608</u>
Expenses:						
General government	36,374	23,825	-	-	36,374	23,825
Health services	110,322	92,109	-	-	110,322	92,109
Social services	169,218	188,043	-	-	169,218	188,043
Public safety and justice	180,503	184,213	-	-	180,503	184,213
Community services	17,925	23,877	-	-	17,925	23,877
Library services	43,934	39,529	-	-	43,934	39,529
Roads and bridges	58,354	57,478	-	-	58,354	57,478
Interest on long-term debt	20,127	21,139	-	-	20,127	21,139
Dunthorpe-Riverdale Service District Number 1	-	-	344	306	344	306
Mid County Service District Number 14	-	-	355	348	355	348
Behavioral Health Managed Care	-	-	33,739	34,951	33,739	34,951
Total expenses	<u>636,757</u>	<u>630,213</u>	<u>34,438</u>	<u>35,605</u>	<u>671,195</u>	<u>665,818</u>
Decrease in net assets before transfers	(9,668)	(28,481)	(532)	(1,729)	(10,200)	(30,210)
Transfers	440	(3)	(440)	3	-	-
Decrease in net assets	(9,228)	(28,484)	(972)	(1,726)	(10,200)	(30,210)
Beginning net assets, restated	521,487	549,971	5,541	7,267	527,028	557,238
Ending net assets	<u>\$512,259</u>	<u>\$ 521,487</u>	<u>\$ 4,569</u>	<u>\$ 5,541</u>	<u>\$516,828</u>	<u>\$ 527,028</u>

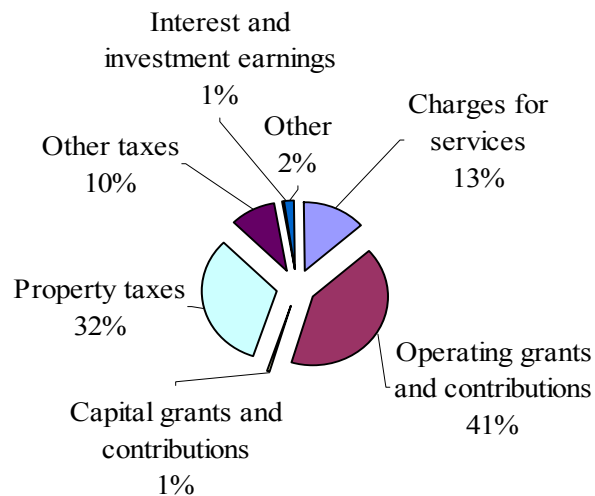
- Operating grants and contributions consist primarily of federal and state revenues. Due to the lagging economy in the region and at the national level, intergovernmental revenues declined from the prior year by \$20,199, or 7%.
- Due to market conditions and lower cash balances, interest and investment earnings were down by \$3,964, or 48%, from the prior year, contributing to the County's decrease in net assets.
- Charges for services increased by \$40,439 or 52% due to reclassification of State Medicaid grants from operating grants and contributions to fees, fines and charges for services in the statement of activities. In addition the County's Health Department was able to increase state Medicaid revenues as result of the department's designation as a federally qualified health center. The County also recognized almost twice the revenue in recording fees due to low interest rates in fiscal year 2003 and homeowners taking advantage of the low interest rates to refinance properties.
- Capital grants and contributions include state donated revenues for work performed on County bridges and roads. Amounts previously reported as operating grants were reclassified to capital grants in the current year.
- General Government expenses increased by \$12,549 or 53% as a result of a change in the County's practice of recovering administrative costs from an indirect cost allocation method to a practice that directly charges programs for the administrative services. This provides a more accurate depiction of the level of general government support provided to these various grant programs in fiscal year 2003.
- Expenditures for Health services increased by \$18,213 or 20%, due in part to new contracts for federal Medicaid revenues which required local match payments. The remainder of the difference can be attributed to the increase in health services' building occupancy from the previous year.

The following graphs 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

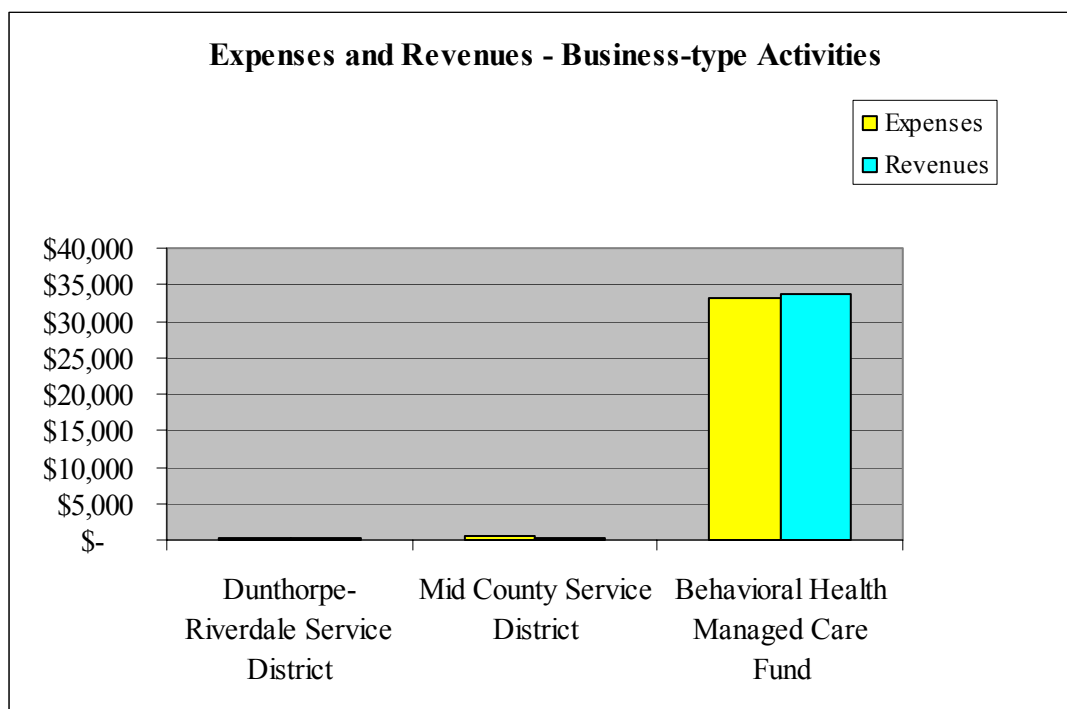


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

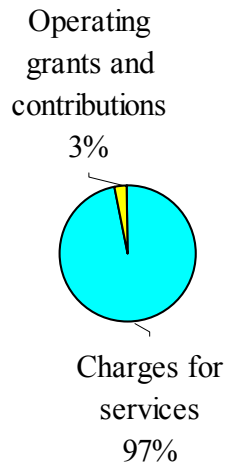
Business-type activities. Business-type activities decreased the County's net assets by \$972, accounting for 10% of the total decline in the government's net assets. The primary reasons for this decrease are:

- A transfer of funds in the amount of \$440 from the Behavioral Health Fund to the Federal State Program Fund was required to properly record childrens' mental health revenue received in prior years.
- Interest revenue in the enterprise funds declined by \$208, or 61% from the prior year, as a result of poor market conditions.
- A loss of \$113 on disposal of capital assets was recorded in the Mid County Service District.

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



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$93,197, a decrease of \$(16,137) in comparison with the prior year. Approximately 31% or \$28,426 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 new spending because it has already been committed 1) for inventories and prepaid items which will not provide spendable resources (\$2,163), 2) to pay debt service (\$25,613), or 3) to pay for ongoing capital projects (\$36,995).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$4,825 and the total fund balance was \$5,786. This indicates a high degree of liquidity of the General Fund.

The fund balance of the County's General Fund decreased by \$3,358 during the current fiscal year. Key factors in this reduction are due to poor economic conditions in the region. The most notable changes contributing to the reduction are:

- A decrease in Intergovernmental revenues of \$4,427 from the previous year.
- A decrease in interest income of \$1,378 from the previous year.

The Justice Bond Capital Project Fund has a total fund balance of \$9,971, all of which is reserved for capital projects. The fund balance decreased from the prior year by \$20,447, due to the continued construction of the new Wapato Jail facility.

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, \$348;
- Mid County Service District Fund, \$834; and
- Behavioral Health Managed Care Fund, \$913.

The total change in net assets for all proprietary funds was a decrease of \$(972). 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

Differences between the original budget and the final amended budget were primarily due to the mid-year budget reduction. In order to answer the problems that arose as a result of major revenue shortfalls, the County implemented various cost saving measures resulting in a total savings of approximately \$15,600. The budget shortfall was addressed by reducing appropriations in the following areas:

- The budgeted transfer from the General Fund to the Data Processing Internal Service fund, in the amount of \$447, was eliminated;
- Vacant positions were not filled and other personnel and administrative reductions were implemented, resulting in savings of \$8,514;
- Various health and social service programs were reduced or eliminated, which resulted in savings of \$5,722;
- Various public safety programs were reduced or eliminated, which resulted in savings of \$876.

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, 2003, amounts to \$714,009 (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 increase in the County's investment in capital assets for the current fiscal year was \$2,850.

Major capital asset events during the current fiscal year included the following:

- Construction continued on the Wapato Jail site in NE Portland. Construction in progress at the close of the fiscal year had reached \$18,932.
- The County sold the Ford Building for \$2,100, and will be moving operations from the Ford Building to smaller leased space in fiscal year 2004.
- Construction began on the Hillsdale Library in SW Portland. Construction in progress at the close of the fiscal year had reached \$3,973.

Multnomah County's Capital Assets
(net of depreciation)

	Governmental activities	Business-type activities	Total
Land	\$ 13,987	\$ -	\$ 13,987
Buildings and systems	255,959	-	255,959
Improvements other than buildings	291	2,474	2,765
Machinery and equipment	19,881	-	19,881
Roads	366,728	-	366,728
Work in progress	37,986	-	37,986
Bridges	16,703	-	16,703
Total	<u>\$ 711,535</u>	<u>\$ 2,474</u>	<u>\$ 714,009</u>

Additional information on the County's capital assets can be found in note 3.C on pages 50-52 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$418,482. Of this amount, \$91,610 comprises debt backed by the general obligation bonds; \$276,763 represents debt backed by the full faith and credit bonds; \$718 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
General Obligation, Revenue and Full Faith and Credit Bonds
Capital Leases, and Loans

	Governmental activities	Business-type activities	Total
General Obligation Bonds	\$ 91,610	\$ -	\$ 91,610
Revenue Bonds	7,890	-	7,890
Full Faith and Credit Bonds	276,763	-	276,763
Capital Leases	41,501	-	41,501
Loans	718	-	718
Total	<u>\$ 418,482</u>	<u>\$ -</u>	<u>\$ 418,482</u>

The County's total debt decreased by \$6,631, or 2% during the current fiscal year. This change consists of principal debt payments made during the year of \$16,246 and \$9,615 of full faith and credit obligations issued in May 2003.

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 \$1,267,727, 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 \$633,863, which is in excess of the County's outstanding full faith and credit debt.

Additional information on the County's long-term debt can be found in note 3.E on pages 53-60 of this report.

Key Economic Factors and Budget Information

- The unemployment rate for the Portland-metropolitan area at the close of the fiscal year was 8.9%. At the time of preparation of this report, the unemployment rate had dropped to 7.5%. The rate is not expected to significantly improve before the end of the next fiscal year.
- It is anticipated that the costs of providing medical insurance coverage to employees will continue to rise, by approximately 10-12% in the next fiscal year.
- Voters in the County approved a three year temporary income tax increase which took effect January 1, 2003. The tax is expected to generate approximately \$128,000 for each of the three calendar years the tax is in effect.
- During the 2003 legislative process, the state of Oregon enacted major reforms to the PERS system. However, the reforms have been challenged by various labor groups and the economic effect of the legislation will not be known for 18 to 24 months.

All of these factors were considered in preparing the County's budget for fiscal year 2003-2004.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$4,825. This amount will not be available for program resources in fiscal year 2003-2004.

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 additional financial information should be directed to the following address:

Multnomah County Finance
PO Box 14700
Portland, OR 97293-0700

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
June 30, 2003
(amounts expressed in thousands)

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	\$ 131,058	\$ 3,333	\$ 134,391
Receivables (net of allowance for uncollectibles):			
Taxes	15,928	-	15,928
Accounts	52,222	62	52,284
Loans	943	-	943
Interest	793	-	793
Special assessments	10	24	34
Contracts	13,718	-	13,718
Inventories	2,857	-	2,857
Prepaid items	1,169	347	1,516
Capital assets:			
Land and construction in progress	51,973	-	51,973
Other capital assets (net of accumulated depreciation)	659,562	2,474	662,036
Unamortized pension asset	162,505	-	162,505
Total assets	<u>1,092,738</u>	<u>6,240</u>	<u>1,098,978</u>
LIABILITIES			
Accounts payable	64,465	1,653	66,118
Accrued salaries and benefits	6,321	7	6,328
Deferred revenue	19,966	-	19,966
Noncurrent liabilities:			
Due within one year:			
Compensated absences	5,090	7	5,097
Bonds payable	12,190	-	12,190
Capital leases payable	12,905	-	12,905
Loans payable	85	-	85
Due in more than one year:			
Compensated absences	10,965	4	10,969
Bonds payable	364,073	-	364,073
Capital leases payable	28,596	-	28,596
Loans payable	633	-	633
Post retirement medical benefits payable	55,190	-	55,190
Total liabilities	<u>580,479</u>	<u>1,671</u>	<u>582,150</u>
NET ASSETS			
Invested in capital assets, net of related debt	475,949	2,474	478,423
Restricted for:			
Capital projects	37,048	-	37,048
Debt service	25,487	-	25,487
Unrestricted	(26,225)	2,095	(24,130)
Total net assets	<u>\$ 512,259</u>	<u>\$ 4,569</u>	<u>\$ 516,828</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, 2003

(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	\$ 36,374	\$ 15,976	\$ 5,534	\$ 1,953
Health services	110,322	40,901	31,829	-
Social services	169,218	759	135,286	-
Public safety and justice	180,503	23,216	48,167	135
Community services	17,925	-	2,604	126
Library	43,934	2,537	2,035	-
Roads and bridges	58,354	1,250	31,204	2,247
Interest on long-term debt	20,127	-	-	-
Total governmental activities	<u>636,757</u>	<u>84,639</u>	<u>256,659</u>	<u>4,461</u>
Business-type activities:				
Dunthorpe-Riverdale service				
District Number 1	344	248	8	-
Mid County service				
District Number 14	355	233	251	-
Behavioral health managed care	33,739	32,486	638	-
Total business-type activities	<u>34,438</u>	<u>32,967</u>	<u>897</u>	<u>-</u>
Total primary government	<u>\$ 671,195</u>	<u>\$ 117,606</u>	<u>\$ 257,556</u>	<u>\$ 4,461</u>

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Business income taxes

Selective excise and use taxes

Payments in lieu of taxes

State government shared revenues

Grants and contributions not restricted to specific programs

Interest and investment earnings

Miscellaneous

Gain (loss) on sale of capital assets

Transfers

Total general revenues and transfers

Change in net assets

Net assets, as previously reported

Adjustment for net pension asset

Adjustment for post retiree medical benefits payable

Net assets - beginning, restated

Net assets - ending

Net (Expenses) Revenues and Changes in Net Assets		
Governmental Activities	Business-type Activities	Total
\$ (12,911)	\$ -	\$ (12,911)
(37,592)	-	(37,592)
(33,173)	-	(33,173)
(108,985)	-	(108,985)
(15,195)	-	(15,195)
(39,362)	-	(39,362)
(23,653)	-	(23,653)
(20,127)	-	(20,127)
<u>(290,998)</u>	<u>-</u>	<u>(290,998)</u>
-	(88)	(88)
-	129	129
-	(615)	(615)
-	(574)	(574)
<u>\$ (290,998)</u>	<u>\$ (574)</u>	<u>\$ (291,572)</u>
\$ 193,912	\$ -	\$ 193,912
9,699	-	9,699
26,491	-	26,491
33,199	-	33,199
2,899	-	2,899
6,206	-	6,206
70	-	70
4,226	131	4,357
2,917	24	2,941
1,711	(113)	1,598
440	(440)	-
<u>281,770</u>	<u>(398)</u>	<u>281,372</u>
(9,228)	(972)	(10,200)
408,020	5,541	413,561
168,657	-	168,657
(55,190)	-	(55,190)
<u>521,487</u>	<u>5,541</u>	<u>527,028</u>
<u>\$ 512,259</u>	<u>\$ 4,569</u>	<u>\$ 516,828</u>

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2003
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Justice Bond Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 14,190	\$ 80	\$ 11,629	\$ 80,092	\$ 105,991
Receivables:					
Taxes	12,963	-	-	2,965	15,928
Accounts	5,935	36,769	574	8,132	51,410
Loans	-	943	-	-	943
Interest	793	-	-	-	793
Special assessments	10	-	-	-	10
Contracts	2,151	-	-	11,567	13,718
Inventories	864	381	-	995	2,240
Prepays and deposits	97	289	-	208	594
Total assets	<u>\$ 37,003</u>	<u>\$ 38,462</u>	<u>\$ 12,203</u>	<u>\$ 103,959</u>	<u>\$ 191,627</u>
LIABILITIES					
Accounts payable	17,465	18,647	2,226	11,723	50,061
Payroll payable	2,777	2,164	6	810	5,757
Due to other funds	-	12,333	-	17	12,350
Deferred revenue	10,975	5,318	-	13,969	30,262
Total liabilities	<u>31,217</u>	<u>38,462</u>	<u>2,232</u>	<u>26,519</u>	<u>98,430</u>
FUND BALANCES					
Reserved for capital projects	-	-	9,971	27,024	36,995
Reserved for debt service	-	-	-	25,613	25,613
Reserved for inventories	864	-	-	995	1,859
Reserved for prepaid items	97	-	-	207	304
Unreserved, reported in:					
General fund	4,825	-	-	-	4,825
Special revenue funds	-	-	-	23,601	23,601
Total fund balances	<u>5,786</u>	<u>-</u>	<u>9,971</u>	<u>77,440</u>	<u>93,197</u>
Total liabilities and fund balances	<u>\$ 37,003</u>	<u>\$ 38,462</u>	<u>\$ 12,203</u>	<u>\$ 103,959</u>	<u>\$ 191,627</u>

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

MULTNOMAH COUNTY, OREGON
Governmental Funds
Reconciliation of the Balance Sheet
to the Statement of Net Assets
As of June 30, 2003
(amounts expressed in thousands)

Fund Balances - Governmental Funds		\$ 93,197
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	1,358,936	
Less accumulated depreciation	<u>(651,527)</u>	707,409
Other long-term assets, net pension asset		162,505
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	(376,263)	
Capital leases payable	(41,501)	
Loans payable	<u>(718)</u>	(418,482)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(14,356)
Net post employment benefit obligation		(55,190)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		10,296
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.		26,880
Net Assets of Governmental Activities		<u><u>\$ 512,259</u></u>

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

MULTNOMAH COUNTY, OREGON
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Justice Bond Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 213,681	\$ -	\$ -	\$ 54,544	\$ 268,225
Intergovernmental	14,027	204,798	-	42,195	261,020
Licenses and permits	10,333	1,526	-	2,637	14,496
Charges for services	18,631	38,414	38	9,242	66,325
Interest	225	33	1,215	2,026	3,499
Other	7,322	2,132	-	28,041	37,495
Total revenues	<u>264,219</u>	<u>246,903</u>	<u>1,253</u>	<u>138,685</u>	<u>651,060</u>
EXPENDITURES					
Current:					
General government	45,453	22	1	6,899	52,375
Health services	41,534	64,874	-	-	106,408
Social services	30,920	137,071	-	338	168,329
Public safety and justice	136,750	38,109	21,107	4,148	200,114
Community services	-	2,248	-	17,150	19,398
Library services	-	-	-	40,741	40,741
Roads and bridges	-	-	-	39,497	39,497
Capital outlay	193	85	592	16,900	17,770
Debt service:					
Principal	-	-	-	15,186	15,186
Interest	499	-	-	19,583	20,082
Total expenditures	<u>255,349</u>	<u>242,409</u>	<u>21,700</u>	<u>160,442</u>	<u>679,900</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,870</u>	<u>4,494</u>	<u>(20,447)</u>	<u>(21,757)</u>	<u>(28,840)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of refunding bonds	-	-	-	9,615	9,615
Transfers in	6,518	562	-	32,739	39,819
Transfers out	(18,746)	(5,056)	-	(12,929)	(36,731)
Total other financing sources (uses)	<u>(12,228)</u>	<u>(4,494)</u>	<u>-</u>	<u>29,425</u>	<u>12,703</u>
Net change in fund balances	(3,358)	-	(20,447)	7,668	(16,137)
Fund balances - beginning	9,144	-	30,418	69,772	109,334
Fund balances - ending	<u>\$ 5,786</u>	<u>\$ -</u>	<u>\$ 9,971</u>	<u>\$ 77,440</u>	<u>\$ 93,197</u>

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

MULTNOMAH COUNTY, OREGON
Governmental Funds
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year ended June 30, 2003
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds	\$	(16,137)
--------------------------------------------------	----	----------

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	36,793	
Less current year depreciation	<u>(32,602)</u>	4,191

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	(838)
-------------------------------	-------

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which bonds issued exceeded repayments

Principal payments (including capital leases)	15,186
-----------------------------------------------	--------

Proceeds on issuance of long-term debt	(9,615)
----------------------------------------	---------

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

Decrease in long-term compensated absences	114
--------------------------------------------	-----

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

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net (expense) of the internal service funds is reported with governmental activities.

	4,023
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Change in Net Assets of Governmental Activities	<u>\$</u>	<u>(9,228)</u>
-------------------------------------------------	-----------	----------------

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

MAJOR GOVERNMENTAL FUNDS

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

- **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 and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, and health and social services. The modified accrual basis of accounting is used to record revenues and expenditures.
- **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.

MULTNOMAH COUNTY, OREGON
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes				
Property:				
Current	\$ 175,818	\$ 169,209	\$ 168,996	\$ (213)
Prior	4,362	4,362	4,298	(64)
Penalties and interest	2,294	2,294	1,690	(604)
Payments in lieu of taxes	85	85	1,461	1,376
Transient lodging	3	3	1	(2)
Business income	29,635	25,190	26,491	1,301
Motor vehicle rental	12,547	11,523	10,744	(779)
Intergovernmental:				
Federal	1,897	1,653	610	(1,043)
State	22,315	12,464	11,702	(762)
Local	2,491	2,353	1,715	(638)
Licenses and permits	7,874	8,498	10,333	1,835
Charges for services	7,953	18,138	18,631	493
Interest	4,658	4,508	225	(4,283)
Other:				
Miscellaneous	1,223	1,437	1,907	470
Service reimbursements	14,115	14,095	5,415	(8,680)
Total revenues	<u>287,270</u>	<u>275,812</u>	<u>264,219</u>	<u>(11,593)</u>
EXPENDITURES				
Human services	20,863	20,124	17,164	2,960
Community justice services	41,482	39,096	38,724	372
Health services	41,446	37,730	41,563	(3,833)
District attorney	14,785	14,173	13,819	354
Sheriff	88,337	86,365	84,339	2,026
Business and community services	35,862	34,387	34,099	288
Nondepartmental	25,245	23,558	11,885	11,673
School and community	16,746	14,466	13,756	710
Total expenditures	<u>284,766</u>	<u>269,899</u>	<u>255,349</u>	<u>14,550</u>
Excess of revenues over expenditures	<u>2,504</u>	<u>5,913</u>	<u>8,870</u>	<u>2,957</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,663	1,827	6,518	4,691
Transfers out	(19,648)	(18,890)	(18,746)	144
Total other financing sources (uses)	<u>(17,985)</u>	<u>(17,063)</u>	<u>(12,228)</u>	<u>4,835</u>
Net change in fund balances	(15,481)	(11,150)	(3,358)	7,792
Fund balances - beginning	15,481	11,150	9,144	(2,006)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,786</u>	<u>\$ 5,786</u>

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

MULTNOMAH COUNTY, OREGON
Federal and State Program Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 242,810	\$ 255,545	\$ 204,798	\$ (50,747)
Licenses and permits	1,841	1,841	1,526	(315)
Charges for services	2,963	3,056	38,414	35,358
Interest	13	13	33	20
Other:				
Miscellaneous	359	404	637	233
Non-governmental grants	3,447	3,413	1,407	(2,006)
Service reimbursements	292	292	88	(204)
Total revenues	<u>251,725</u>	<u>264,564</u>	<u>246,903</u>	<u>(17,661)</u>
EXPENDITURES				
Human services	131,935	134,522	121,170	13,352
Community justice services	31,957	36,646	33,502	3,144
Health services	66,187	69,266	64,875	4,391
District attorney	4,972	5,162	4,363	799
Sheriff	81	335	328	7
Business and community services	549	724	297	427
Nondepartmental	1,888	2,199	1,973	226
School and community	15,689	17,243	15,901	1,342
Total expenditures	<u>253,258</u>	<u>266,097</u>	<u>242,409</u>	<u>23,688</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,533)</u>	<u>(1,533)</u>	<u>4,494</u>	<u>6,027</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	607	607	562	(45)
Transfers out	-	-	(5,056)	(5,056)
Total other financing sources (uses)	<u>607</u>	<u>607</u>	<u>(4,494)</u>	<u>(5,101)</u>
Net change in fund balances	(926)	(926)	-	926
Fund balances - beginning	926	926	-	(926)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

PROPRIETARY FUNDS

The County utilizes nine Proprietary Funds made up of three Enterprise Funds and six Internal Service Funds. Internal Service Funds' statements are noted at pages 114-128.

Enterprise Funds:

These funds are used to finance and account for the acquisition, operation and maintenance of sewage treatment facilities, street lighting facilities and children's 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, debt 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 capitated services.

MULTNOMAH COUNTY, OREGON
Statement of Net Assets
Proprietary Funds
June 30, 2003
(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	\$ 402	\$ 840	\$ 2,091	\$ 3,333	\$ 25,067
Receivables (net of allowances for uncollectibles):					
Accounts	1	-	61	62	812
Special assessments	12	12	-	24	-
Inventories	-	-	-	-	617
Due from other funds	-	-	-	-	12,350
Prepaid items	-	-	347	347	573
Total current assets	415	852	2,499	3,766	39,419
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	1,058	1,416	-	2,474	4,126
Total assets	1,473	2,268	2,499	6,240	43,545
LIABILITIES					
Current liabilities:					
Accounts payable	67	18	1,568	1,653	14,404
Payroll payable	-	-	7	7	562
Compensated absences	-	-	7	7	526
Total current liabilities	67	18	1,582	1,667	15,492
Noncurrent liabilities:					
Compensated absences	-	-	4	4	1,173
Total liabilities	67	18	1,586	1,671	16,665
NET ASSETS					
Invested in capital assests, net of related debt	1,058	1,416	-	2,474	4,126
Unrestricted	348	834	913	2,095	22,754
Total net assets	\$ 1,406	\$ 2,250	\$ 913	\$ 4,569	\$ 26,880

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, 2003
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
OPERATING REVENUES					
Charges for sales and services	\$ 256	\$ 233	\$ 33,124	\$ 33,613	\$ 119,032
Insurance premiums	-	-	-	-	1,839
Experience ratings and other	-	-	24	24	846
Total operating revenues	<u>256</u>	<u>233</u>	<u>33,148</u>	<u>33,637</u>	<u>121,717</u>
OPERATING EXPENSES					
Cost of sales and services	274	235	30,076	30,585	109,643
Administration	30	27	3,657	3,714	3,438
Depreciation	40	93	6	139	3,025
Total operating expenses	<u>344</u>	<u>355</u>	<u>33,739</u>	<u>34,438</u>	<u>116,106</u>
Operating income (loss)	<u>(88)</u>	<u>(122)</u>	<u>(591)</u>	<u>(801)</u>	<u>5,611</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	12	21	98	131	727
Interest expense	-	-	-	-	(45)
Gain (loss) on disposal of capital assets	-	(113)	-	(113)	122
Total nonoperating revenues (expenses)	<u>12</u>	<u>(92)</u>	<u>98</u>	<u>18</u>	<u>804</u>
Income (loss) before contributions and transfers	(76)	(214)	(493)	(783)	6,415
Capital contributions	-	251	-	251	256
Transfers in	-	-	-	-	2,400
Transfers out	-	-	(440)	(440)	(5,048)
Change in net assets	(76)	37	(933)	(972)	4,023
Total net assets - beginning	<u>1,482</u>	<u>2,213</u>	<u>1,846</u>	<u>5,541</u>	<u>22,857</u>
Total net assets - ending	<u>\$ 1,406</u>	<u>\$ 2,250</u>	<u>\$ 913</u>	<u>\$ 4,569</u>	<u>\$ 26,880</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, 2003
(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	\$ 257	\$ 233	\$ 33,199	\$ 33,689	\$ 121,311
Payments to suppliers	(314)	(243)	(32,149)	(32,706)	(79,352)
Payments to employees	(18)	(20)	(3,657)	(3,695)	(27,565)
Internal activity - payments to other funds	-	-	(412)	(412)	(16,497)
Other receipts (payments)	-	-	-	-	394
Net cash used in operating activities	(75)	(30)	(3,019)	(3,124)	(1,709)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	-	2,401
Transfers to other funds	-	-	(440)	(440)	(5,048)
Net cash used in noncapital and related financing activities	-	-	(440)	(440)	(2,647)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(70)	-	-	(70)	(1,436)
Principal paid on capital debt	-	-	-	-	(1,060)
Proceeds on sales of capital assets	-	-	-	-	200
Interest paid on capital debt	-	-	-	-	(45)
Net cash used in capital and related financing activities	(70)	-	-	(70)	(2,341)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	12	21	98	131	727
Net cash provided by investing activities	12	21	98	131	727
Net decrease in cash and cash equivalents	(133)	(9)	(3,361)	(3,503)	(5,970)
Balances at beginning of the year	535	849	5,452	6,836	31,037
Balances at end of the year	<u>\$ 402</u>	<u>\$ 840</u>	<u>\$ 2,091</u>	<u>\$ 3,333</u>	<u>\$ 25,067</u>
Reconciliation of operating income to net cash used in operating activities:					
Operating income (loss)	\$ (88)	\$ (122)	\$ (591)	\$ (801)	\$ 5,611
Adjustments to reconcile operating income (loss) to net cash used in operating activities:					
Depreciation	40	93	6	139	3,025
Changes in assets and liabilities:					
Receivables, net	3	2	51	56	(13)
Inventories	-	-	-	-	220
Due from other funds	-	-	-	-	(11,390)
Prepaid items	-	-	684	684	(328)
Accounts payable	(30)	(3)	(2,984)	(3,017)	1,132
Compensated absences	-	-	(76)	(76)	7
Payroll payable	-	-	(109)	(109)	27
Total adjustments	13	92	(2,428)	(2,323)	(7,320)
Net cash used in operating activities	<u>\$ (75)</u>	<u>\$ (30)</u>	<u>\$ (3,019)</u>	<u>\$ (3,124)</u>	<u>\$ (1,709)</u>
Noncash financing activities:					
Contributions of capital assets from government	\$ -	\$ 251	\$ -	\$ 251	\$ 256

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

FIDUCIARY FUNDS

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

- **Agency Funds** – account for resources held by the County in a purely custodial capacity (assets equal liabilities).
- **Library Retirement 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, 2003
(amounts expressed in thousands)

	<u>Agency Funds</u>	<u>Library Retirement Pension Trust Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 11,165	\$ -	\$ 11,165
Investments, at fair value:			
Guaranteed interest account	-	4,692	4,692
Bond/mortgage account	-	7,624	7,624
High quality long term bond account	-	2,350	2,350
Total investments	-	14,666	14,666
Taxes receivable	40,306	-	40,306
Accounts	5,491	-	5,491
Total assets	<u>56,962</u>	<u>14,666</u>	<u>71,628</u>
LIABILITIES			
Accounts payable	2,097	-	2,097
Due to other governmental units	38,367	-	38,367
Amounts held in trust	16,498	-	16,498
Total liabilities	<u>56,962</u>	<u>-</u>	<u>56,962</u>
NET ASSETS			
Held in trust for pension benefits and other purposes	<u>\$ -</u>	<u>\$ 14,666</u>	<u>\$ 14,666</u>

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, 2003
(amounts expressed in thousands)

	Library Retirement Pension Trust Fund
ADDITIONS	
Investment earnings:	
Interest	\$ 331
Net increase in the fair value of investments	1,252
Total investment earnings	1,583
Total additions	1,583
DEDUCTIONS	
Benefits	680
Administrative expenses	27
Total deductions	707
Change in net assets	876
Net assets - beginning	13,790
Net assets - ending	\$ 14,666

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003
(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. Blended component units, although legally separate entities, are, in substance, part of the County's operations.

Blended component units. The Dunthorpe-Riverdale Sanitary Service District and the Mid County Street Lighting 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.

The County also maintains a Hospital Facilities Authority (Authority). The Authority only issues conduit debt for health facilities and the County has no assets or liabilities recorded for the Authority.

Complete financial statements for each of the individual component units may be obtained at the County's administrative offices.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the County is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003
(amounts expressed in thousands)

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

The County reports the following major governmental funds:

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

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

The *Justice Bond Capital Project Fund* accounts for revenues and expenditures related to construction projects which upgrade or expand existing jail facilities, construct new jail facilities, and pay for data processing linkages in the corrections system.

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

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acquisitions, proceeds from the sale of County owned property, general obligation bond proceeds, full faith and credit bonds, and revenue bonds.

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

Fiduciary Funds account for assets held by the County for other governmental units. Disbursements from these funds are made in accordance with the trust agreement or applicable legislative enactment for each particular fund. For example, the County holds deposits and investments for the benefit of the participants in the County Library Retirement Pension Trust Fund. Fiduciary funds are custodial in nature (ie. assets equal liabilities) and do not measure the results of operations.

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.

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

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proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and lighting districts, of the Behavioral Health 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. *Deposits and investments*

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less from the date of acquisition.

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.

2. *Receivables and payables*

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

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

Property taxes are levied and become a lien on July 1. Property taxes are assessed in October and tax payments are due November 15th of the same year. Under the partial

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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.

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. *Restricted amounts*

Certain revenues derived from specific taxes or other earmarked revenue sources are considered restricted assets. Such revenues include dedicated property taxes, state gas tax, intergovernmental grants, and charges for services which are legally restricted to finance particular functions or activities. In addition, proceeds from general obligations 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 classified as restricted on the Statement of Net Assets and they 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 \$5,000 (amount not in thousands) and 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.

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction phases of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, the County incurred no interest expense for capital assets for business-type activities.

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

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

6. *Other assets – unamortized pension asset*

The County recognized a net pension asset in the Statement of Net Assets in connection with the debt the County issued in 1999 to fund the County's Public Employees Retirement System (PERS) unfunded accrued actuarial liability (UAAL). The pension asset is amortized over thirty years, the life of the debt, resulting in \$6,152 of amortization expense annually. Amortization expense on the pension asset is included in the general government line item on the Statement of Activities.

7. *Compensated absences*

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

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8. *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. Post employment health care benefits considered to be special termination benefits are recognized as a 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. When incurred, bond premiums and discounts as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. The 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.

9. *Fund equity*

In the fund financial statements, governmental funds report reservation of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

10. *Estimates*

The preparation of the financial statements in conformity with generally accepted accounting principles requires 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.

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Note 2. Stewardship, compliance, and accountability

A. Budgetary information

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

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

The adopted budget is prepared by fund and department. The County's department managers may make transfers of appropriations within a department and fund. Transfers 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 several supplemental budgetary appropriations throughout the year, none of which were material.

B. Excess of expenditures over appropriations

For the year ended June 30, 2003, expenditures exceeded appropriations in three areas:

<u>Fund</u>	<u>Agency</u>	<u>Amount</u>
General	Health Services	\$3,833
Revenue Bond Project	Business & Community Services	173
Dunthorpe-Riverdale Service District	Business & Community Services	53

In the General Fund, the Health Department exceeded its appropriation as a result of a new revenue contract with the Oregon Office of Medical Assistance Programs (OMAP) which was not finalized until after the year ended. Under the terms of the contract, the Health Department received \$7,322 in Medicaid revenue to reimburse expenditures incurred in fiscal years 2002 and 2003 but was required to pay the 50% local match required by the federal Medicaid program, in the amount of \$3,661, which was not budgeted. While this transaction was the primary reason the Health Department over expended its appropriation, it also resulted in \$3,661 net revenue to the County.

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The Department of Business and Community Services exceeded its appropriation in two areas. The Revenue Bond Project fund, which supports the Port City Development Project, incurred an over expenditure as a result of environmental and construction problems that were required to be corrected before the building could be approved for occupancy. The Dunthorpe-Riverdale Service District's over expenditure was due to unscheduled emergency maintenance to repair the sewer system owned by the District.

All over expenditures were funded by available fund balances.

Note 3. Detailed notes on all funds

A. Deposits 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 type's portion of this pool is displayed on the Combined Balance Sheet as "Cash and investments."

At year-end, the carrying amount of the County's deposits was \$24,577 and the bank balance was \$24,544. The bank balance was covered by federal depository insurance or 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 balance of \$33 represents petty cash accounts that were uninsured and uncollateralized. State law requires that collateral be deposited with a value of 25% of the balances above federal deposit insurance, but in some instances, the State Banking Commission 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.

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, and various interest-bearing bonds of Oregon municipalities.

The County's investment policy 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

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market value of the securities. Daily marking-to-market also protects the County against declines in market value. 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'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 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 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.

Investments are categorized into these three categories of credit risk:

- 1) Insured or registered, or securities held by the County or its agent in the County's name.
- 2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the County's name.
- 3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the County's name.

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At year end, the County's investment balances were as follows:

	Category			Reported Amount / Fair Value
	1	2	3	
US Government Agencies	\$ 40,152	\$ 279	\$ -	\$ 40,431
US Government Treasuries	9,963	-	-	9,963
Repurchase Agreements	-	-	-	-
Bankers' Acceptances	2,582	-	-	2,582
Corporate Debt / Commercial Paper	24,914	-	-	24,914
Pension Trust Investments:				
Guaranteed Interest Account	-	-	4,692	4,692
Fixed Income Account	-	-	9,974	9,974
Total	<u>\$ 77,611</u>	<u>\$ 279</u>	<u>\$14,666</u>	<u>92,556</u>
Investments not subject to categorization:				
Local Government Investment Pool				43,090
Cash Deposits and Certificates of Deposit				24,576
Total Cash and Investments				<u>\$ 160,222</u>

Due to higher cash flows at certain times during the year, the government's investment in overnight repurchase agreements for which the underlying securities were held by the dealer increased significantly. As a result, the amounts that were in category 3 at those times were substantially higher than at year-end.

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:

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Accounts Receivable

	General	Federal State Program	Justice Bond Project	Dunthorpe Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Internal Service Funds	Nonmajor Funds	Total
Receivables:									
Taxes	\$12,963	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,965	\$15,928
Accounts	5,935	36,769	574	1	-	61	812	8,132	52,284
Loans	-	943	-	-	-	-	-	-	943
Interest	793	-	-	-	-	-	-	-	793
Special assessments	10	-	-	14	14	-	-	-	38
Contracts	2,151	-	-	-	-	-	-	11,567	13,718
Gross receivables	21,852	37,712	574	15	14	61	812	22,664	83,704
Less: allowance for uncollectibles	-	-	-	(2)	(2)	-	-	-	(4)
Net total receivables	<u>\$21,852</u>	<u>\$37,712</u>	<u>\$574</u>	<u>\$13</u>	<u>\$12</u>	<u>\$61</u>	<u>\$812</u>	<u>\$22,664</u>	<u>\$83,700</u>

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

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Government 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>
Delinquent property taxes receivable (General Fund)	\$ 8,757
Delinquent property taxes receivable (other governmental funds)	1,539
Grant draw downs prior to meeting all eligibility requirements	4,431
Contracts receivable	13,718
Contract revenue received in advance	588
Loans receivable	943
Tax title land sales inventory	276
Special assessments receivable	10
Total deferred revenue for governmental funds	<u><u>\$ 30,262</u></u>

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C. Capital assets

Capital asset activity for the year ended June 30, 2003 was as follows:

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 14,219	\$ -	\$ (232)	\$ 13,987
Work in progress	16,866	21,120	-	37,986
Total capital assets, not being depreciated	<u>31,085</u>	<u>21,120</u>	<u>(232)</u>	<u>51,973</u>
Capital assets, being depreciated:				
Buildings	330,789	10,102	(1,874)	339,017
Improvements other than buildings	433	-	-	433
Machinery and equipment	116,316	5,062	(6,688)	114,690
Bridges	69,335	3,281	-	72,616
Infrastructure	807,682	2,907	-	810,589
Total capital assets being depreciated	<u>1,324,555</u>	<u>21,352</u>	<u>(8,562)</u>	<u>1,337,345</u>
Less accumulated depreciation for:				
Buildings	(75,942)	(8,038)	922	(83,058)
Improvements other than buildings	(131)	(11)	-	(142)
Machinery and equipment	(91,328)	(10,092)	6,611	(94,809)
Bridges	(55,852)	(61)	-	(55,913)
Infrastructure	(423,633)	(20,228)	-	(443,861)
Total accumulated depreciation	<u>(646,886)</u>	<u>(38,430)</u>	<u>7,533</u>	<u>(677,783)</u>
Total capital assets being depreciated, net	<u>677,669</u>	<u>(17,078)</u>	<u>(1,029)</u>	<u>659,562</u>
Governmental activities capital assets, net	<u>\$ 708,754</u>	<u>\$ 4,042</u>	<u>\$ (1,261)</u>	<u>\$ 711,535</u>
Business-type activities:				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 4,086	\$322	\$ (136)	\$ 4,272
Machinery and equipment	50	-	(9)	41
Total capital assets being depreciated	<u>4,136</u>	<u>322</u>	<u>(145)</u>	<u>4,313</u>
Less accumulated depreciation for:				
Improvements other than buildings	(1,686)	(134)	22	(1,798)
Machinery and equipment	(45)	(5)	9	(41)
Total accumulated depreciation	<u>(1,731)</u>	<u>(139)</u>	<u>31</u>	<u>(1,839)</u>
Business-type activities capital assets, net	<u>\$ 2,405</u>	<u>\$ 183</u>	<u>\$ (114)</u>	<u>\$ 2,474</u>

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

Governmental activities:	
General government	\$ 5,583
Health services	786
Social services	1,900
Public safety & justice	3,664
Community services	35
Library	5,681
Roads and bridges	20,781
Total depreciation expense – governmental activities	<u>\$38,430</u>
Business-type activities:	
Sewer	\$ 40
Lighting	93
Behavioral Health Managed Care	6
Total depreciation expense – business-type activities	<u>\$ 139</u>

D. 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, 2003 is as follows:

Due to / from other funds:

Receivable Fund (Internal Service fund)	Payable Funds (Governmental funds)	Amount
Risk Management	Emergency Communications	\$ 15
Risk Management	Recreation	1
Risk Management	Animal Control	1
Risk Management	Federal and State	12,333
		<u>\$ 12,350</u>

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Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2003. The general fund transfers to the major and nonmajor governmental funds were made to meet the local match on Federal and State grant expenditures or to provide additional resources for current operations.

Transfers Out:	Transfers In:				
	General Fund	Federal State Program Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	\$ -	\$ 122	\$17,309	\$ 1,315	\$18,746
Federal State Program Fund	5,056	-	-	-	5,056
Nonmajor Governmental Funds	1,462	-	11,467	-	12,929
Enterprise Funds	-	440	-	-	440
Internal Service Funds	-	-	3,963	1,085	5,048
Total transfers out	<u>\$ 6,518</u>	<u>\$ 562</u>	<u>\$32,739</u>	<u>\$ 2,400</u>	<u>\$42,219</u>

E. 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 both governmental activities. The original amount of general obligation bonds issued in prior years was \$139,700. In February 1999, the County advance refunded a portion of the above general obligation bonds by issuing \$66,115 in new general obligation bonds.

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

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<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.70-6.00%	\$ 29,430
Governmental activities - refunding	3.90-5.65%	62,180
		<u>\$ 91,610</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>
2004	\$ 5,165	\$ 4,033
2005	5,420	3,787
2006	5,685	3,525
2007	5,960	3,256
2008	6,255	2,972
2009-2013	35,535	10,388
2014-2017	27,590	2,503
Total	<u>\$ 91,610</u>	<u>\$ 30,464</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. 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%	\$ 7,890

MULTNOMAH COUNTY, OREGON
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Annual debt service requirements to maturity for revenue bonds are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 465	\$ 357
2005	490	337
2006	515	314
2007	540	291
2008	560	267
2009-2013	3,245	921
2014-2016	2,075	147
Total	<u>\$ 7,890</u>	<u>\$ 2,634</u>

Full Faith and Credit Bonds

On April 1, 1999, the County issued \$36,125 in Certificates of Participation at a net interest cost of 4.71% to finance the costs of acquiring land and facilities. Certificates of Participation are direct obligations and pledge the full faith and credit of the County. At June 30, 2003, \$32,480 of these bonds were outstanding.

On December 1, 1999, the County issued \$184,548 in taxable Revenue Pension Obligation Bonds 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. The total interest cost is 7.67%. Payment of principal and interest, except for a term bond, will be guaranteed by MBIA. At June 30, 2003, \$182,893 of these bonds were outstanding.

On April 1, 2000, the County issued \$61,215 in full faith and credit bonds to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2003, \$51,775 of these bonds were outstanding.

On May 15, 2003, the County issued \$9,615 in Full Faith and Credit Refunding Obligations, Series 2003 with an average interest rate of 1.50% to 3.25%. This issue was used to refund \$10,470 of outstanding Certificates of Participation, Series 1993 with an average interest rate of 2.75% to 7.50%. On May 15, 2003 net proceeds of \$9,558 were deposited into a bank account along with other County funds to retire the 1993 Series Certificates. On July 1, 2003 the County paid off the outstanding balance on the certificates. The transaction resulted in a net economic gain of \$1,316. The advance refunding of the 1993 Series Certificates will

MULTNOMAH COUNTY, OREGON
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decrease debt service payments over the next ten years by \$615. At June 30, 2003 the outstanding balance of these certificates was \$10,470.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	4.00-7.74%	\$ 276,763

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2004	\$ 6,560	\$ 12,400
2005	8,375	12,339
2006	9,230	11,780
2007	10,420	11,286
2008	11,725	10,738
2009-2013	67,274	50,425
2014-2018	78,216	54,939
2019-2023	52,984	91,293
2024-2028	23,355	151,525
2029-2030	8,624	75,450
Total	<u>\$ 276,763</u>	<u>\$ 482,175</u>

Capital Leases

The County has entered into various lease/purchase agreements to acquire property and equipment. The County also has capital lease obligations recorded in the Data Processing Fund, an Internal Service Fund. These lease agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with generally accepted accounting principles.

Assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings	\$ 71,927
Less: Accumulated depreciation	(22,244)
Total	<u>\$ 49,683</u>

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.75-7.25%	\$ 31,031
Governmental activities – refunding	2.75-7.50%	10,470
Total		<u>\$ 41,501</u>

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 12,905	\$ 1,860
2005	2,554	1,350
2006	2,699	1,217
2007	2,836	1,072
2008	2,996	917
2009-2013	15,540	2,358
2014-2018	1,971	250
Total	<u>\$ 41,501</u>	<u>\$ 9,024</u>

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%	\$ 718

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>
2004	\$ 85	\$ 44
2005	92	38
2006	95	35
2007	87	27
2008	83	22
2009-2013	251	37
2014-2016	25	1
Total	<u>\$ 718</u>	<u>\$ 204</u>

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Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2003 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
General Obligation Bonds	\$ 96,535	\$ -	\$ 4,925	\$ 91,610	\$ 5,165
Revenue Bonds	8,335	-	445	7,890	465
Full Faith and Credit Bonds	272,833	9,615	5,685	276,763	6,560
Capital Leases	46,613	-	5,112	41,501	12,905
Loans Payable	797	-	79	718	85
Compensated Absences	16,161	20,452	20,558	16,055	5,090
Governmental activity long-term liabilities:	<u>\$ 441,274</u>	<u>\$ 30,067</u>	<u>\$ 36,804</u>	<u>\$ 434,537</u>	<u>\$ 30,270</u>
<u>Business-Type Activities</u>					
Compensated Absences	<u>\$ 87</u>	<u>\$ 18</u>	<u>\$ 94</u>	<u>\$ 11</u>	<u>\$ 7</u>

Defeased General Obligation Bonds

In prior years, 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, 2003, the amount of these bonds outstanding totaled \$62,180.

Defeased Certificates of Participation

In prior years, the County defeased certain certificates of participation issues by placing the proceeds of the new certificates in irrevocable trusts to provide for all future debt service on the old certificates. Accordingly, the trust account assets and related liability for the defeased certificates are not included in the County's financial statements. At June 30, 2003, the amount of these certificates outstanding totaled \$22,840.

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

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
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and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received from the University to pay the bonds in accordance with the indenture. The County has no obligation to take any other action relating to the bonds. Since the County does not own any of the assets constructed or assume any liabilities associated with repayment, there is no balance sheet disclosure or recognition of revenues and expenditures within the County's financial statements. As of June 30, 2003, \$41,505 of Educational Facilities Revenue Bonds were outstanding.

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), which have not been recorded as a liability for purposes of compliance with generally accepted accounting principles. 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 because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza has pledged the gross revenues of the health care facility making up Terwilliger Plaza to secure payment of the bonds. The bonds shall not be payable from a charge upon any funds, assets, nor shall the County 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. Since the County does not own any of the assets or assume any of the 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, 2003, \$25,200 of these 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 the 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

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financial statements. As of June 30, 2003, \$9,230 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

Note 4. Other information

A. Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2003, 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 coverage insurance policy covers individual workers' compensation claims in excess of \$500. Settlements have not exceeded coverages for each of the past three fiscal years.

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

	Fiscal year ended 6/30/03	Fiscal year ended 6/30/02
Unpaid claims, beginning of fiscal year	\$ 9,263	\$ 8,712
Incurred claims (including IBNRs)	14,852	15,775
Claim payments	(14,109)	(15,224)
Unpaid claims, end of fiscal year	<u>\$ 10,006</u>	<u>\$ 9,263</u>

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B. Restatement of prior year net assets

In fiscal year 2002, the County implemented GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. In preparing the current year's financial statements, the County noted two prior period adjustments related to the implementation of GASB No. 34. These transactions are noted below along with the restated net asset number:

Governmental funds net assets as previously reported	\$ 408,020
Unamortized net pension asset related to the 1999 pension obligation bond issue	168,657
Post employment medical benefits payable	<u>(55,190)</u>
Net assets, Governmental activities, June 30, 2002, restated	<u><u>\$ 521,487</u></u>

The effect of this restatement on fiscal year 2002 would have increased expenses for the general government activities line item by \$6,152 resulting in a total decrease in net assets of \$28,484 for the governmental activities in the Statement of Activities.

C. Subsequent events

On July 1, 2003, the County issued \$40,000 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 interest rate on the notes is 1.75% and the yield is .85%. The notes mature on June 30, 2004.

In May of 2003, the voters of Multnomah County approved a personal income tax effective January 1, 2003. The tax is a three-year measure that raises local funds to prevent further cuts to Multnomah County's public schools and programs that help the County's most vulnerable residents. During the period of July 1, 2003 to the date of this report, the County has been working on implementing this tax. It is intended to be a temporary, local answer to recent state budget cuts and a poor economy. The tax is a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax will generate an estimated \$128,000 for each of the three calendar years the tax is in effect. The majority of the money will be divided equally on a per-pupil basis to all County school districts. The remainder will be spent on public safety and programs that serve the elderly, disabled and mentally ill.

MULTNOMAH COUNTY, OREGON
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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, 2003:

<u>Year ended June 30</u>	
2004	\$ 3,329
2005	2,594
2006	1,077
2007	693
2008	485
2009 - 2013	1,306
2014 - 2018	590
2019 - 2023	590
2024 - 2028	590
2029 - 2033	418
Total minimum payments	<u>\$ 11,672</u>

The County had \$4,783 in rent expense for the year ended June 30, 2003.

E. Other post employment benefits

The County provides postretirement health care benefits, as per the requirements of collective bargaining agreements, for certain retirees and their dependents. The benefits vary by agreement, and depend upon a retiree's years of service. 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 retiree's policies. Retirees may not convert the benefit into an in-lieu payment to secure coverage under independent plans.

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At June 30, 2003, there were 467 retirees that were receiving the post employment health care benefit. The County finances the plan by creating a reserve account that meets the actuarially determined amount of benefits that will be payable in the future. For the year ended June 30, 2003, the County paid \$1,177 for these benefits, which was net of \$1,839 of retiree contributions. In fiscal year 2003, the County recognized a liability on the Statement of Net Assets for these post employment benefits in the amount of \$55,190.

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

Pension plans

The County participates in the Oregon Public Employees Retirement System (PERS), 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 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 required by collective bargaining

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agreements to contribute the required 6.0% of annual covered payroll. The County is also required to contribute at an actuarially determined rate; the current rate is 7.94% of annual covered payroll.

Annual pension cost. For 2003, the County's annual pension cost of \$31,419 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age normal actuarial cost method. 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, 2001, was 26 years.

Three-Year Trend Information for PERS

<u>Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/01	\$ 31,607	100%	\$ -
6/30/02	30,344	100%	-
6/30/03	31,419	100%	-

Following is a Schedule of Funding Progress for PERS:

Public Employees Retirement System Schedule of Funding Progress

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) – Entry Age (b)</u>	<u>Unfunded (Funded) AAL (UAAL) (b-a)</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll [(b-a)/c]</u>
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	Pooled	Pooled	(203,703)	Pooled	207,148	(98)%

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003
(amounts expressed in thousands)

Local government member employers had an opportunity to elect to participate in the state and local Government Rate Pool as of January 1, 2002. The County elected to participate in this pool. Therefore, the actuarial value of assets and the actuarial accrued liability for the County are blended with other employers participating in the pool, and are not available for the County exclusively.

The actuarial information included in the above table was prepared using the recently enacted amendments to PERS. There is current litigation involving PERS benefits, and there will likely be litigation over PERS benefits in the future. The most widespread of the current actions involves the sustainability of the 2003 legislation, which will be reviewed by the Oregon Supreme Court. If the Supreme Court voids all or part of the 2003 legislation, it could have a significant impact on the actuarial information reported above.

Multnomah County Library Retirement Plan

Plan description, summary of significant accounting policies, and funding requirements. The Multnomah County Library Retirement Plan is 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 is contracted by the County to be the trustee of the Plan, and the County Finance Director is the Plan administrator. The Plan is now closed and all employees transferred are covered by PERS. The Plan does not issue a stand alone financial report. All related financial data is contained in this report, and is prepared using the accrual basis of accounting.

All former Association employees who were 21 years of age and had completed two years of service were eligible to participate in the Plan. Retirement benefits are based on salary and length of service, are calculated using a formula, and are payable in a lump sum or monthly using several payment options. The Plan also provides death benefits.

At June 30, 2003, there were 273 plan members. Current employees have an annual covered payroll of \$4,946. The total payroll and covered payroll are the same because the Plan is frozen. There are 118 participants currently receiving benefits. The assets of the Plan consist of unallocated insurance contracts and therefore are appropriately valued at contract value. Employer contributions to the Plan, participant benefits, and participant refunds are recognized using the accrual basis of accounting. The costs of administering the Plan are deducted from the earnings. The annual required contribution, or annual pension cost, of the County was \$0, due to the plan being fully funded.

MULTNOMAH COUNTY, OREGON
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2003
(amounts expressed in thousands)

Following is a Schedule of Funding Progress for the Plan:

Multnomah County Library Retirement Plan 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]
1/1/98	\$ 5,655	\$ 6,715	\$ 1,060	84.2%	\$ 5,433	19.5%
1/1/99	10,750	11,445	695	93.9%	5,422	12.8%
1/1/00	10,998	11,321	323	97.1%	5,056	6.4%
1/1/01	11,197	11,240	43	99.6%	5,008	0.9%
1/1/02	13,273	11,552	(1,721)	114.9%	5,255	(32.7%)
1/1/03	14,739	13,014	(1,725)	113.3%	4,946	(34.9%)

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, 2003, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$85,395. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

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
- Willamette River Bridges 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

- Revenue Bond Project Fund
- SB 1145 Fund
- Building Project Fund
- Library Construction / 1996 Bonds Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Deferred Maintenance Fund
- Asset Preservation Fund
- Library Property Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2003
(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	\$ 26,458	\$ 25,414	\$ 28,220	\$ 80,092
Receivables:				
Taxes	2,301	664	-	2,965
Accounts	6,391	112	1,629	8,132
Contracts	3,513	6,203	1,851	11,567
Inventories	995	-	-	995
Prepaid items	208	-	-	208
Total assets and other debits	<u>\$ 39,866</u>	<u>\$ 32,393</u>	<u>\$ 31,700</u>	<u>\$ 103,959</u>
LIABILITIES				
Accounts payable	\$ 9,243	\$ 32	\$ 2,448	\$ 11,723
Payrolls payable	808	-	2	810
Due to other funds	17	-	-	17
Deferred revenue	4,995	6,748	2,226	13,969
Total liabilities	<u>15,063</u>	<u>6,780</u>	<u>4,676</u>	<u>26,519</u>
FUND BALANCES				
Reserved for capital projects	-	-	27,024	27,024
Reserved for debt service	-	25,613	-	25,613
Reserved for inventories	995	-	-	995
Reserved for prepaid items	207	-	-	207
Unreserved, undesignated	23,601	-	-	23,601
Total fund balances	<u>24,803</u>	<u>25,613</u>	<u>27,024</u>	<u>77,440</u>
Total liabilities and fund balances	<u>\$ 39,866</u>	<u>\$ 32,393</u>	<u>\$ 31,700</u>	<u>\$ 103,959</u>

MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2003
(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	\$ 44,716	\$ 9,828	\$ -	\$ 54,544
Intergovernmental	31,706	-	10,489	42,195
Licenses and permits	2,637	-	-	2,637
Charges for services	5,964	2,389	889	9,242
Interest	722	374	930	2,026
Other	1,819	22,786	3,436	28,041
Total revenues	<u>87,564</u>	<u>35,377</u>	<u>15,744</u>	<u>138,685</u>
EXPENDITURES				
Current:				
General government	1,703	369	4,827	6,899
Health services	-	-	-	-
Social services	338	-	-	338
Public safety and justice	4,148	-	-	4,148
Community services	15,491	-	1,659	17,150
Library services	40,646	-	95	40,741
Roads and bridges	39,497	-	-	39,497
Capital outlay	2,898	-	14,002	16,900
Debt service:				
Principal	-	15,186	-	15,186
Interest	-	19,583	-	19,583
Total expenditures	<u>104,721</u>	<u>35,138</u>	<u>20,583</u>	<u>160,442</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,157)</u>	<u>239</u>	<u>(4,839)</u>	<u>(21,757)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of refunding bonds	-	9,615	-	9,615
Transfers in	21,316	2,233	9,190	32,739
Transfers out	(5,234)	-	(7,695)	(12,929)
Total other financing sources (uses)	<u>16,082</u>	<u>11,848</u>	<u>1,495</u>	<u>29,425</u>
Net change in fund balances	<u>(1,075)</u>	<u>12,087</u>	<u>(3,344)</u>	<u>7,668</u>
Fund balances - beginning	<u>25,878</u>	<u>13,526</u>	<u>30,368</u>	<u>69,772</u>
Fund balances - ending	<u>\$ 24,803</u>	<u>\$ 25,613</u>	<u>\$ 27,024</u>	<u>\$ 77,440</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.
- **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.
- **Willamette River Bridges Fund** - accounts for motor vehicle fees and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.
- **Recreation Fund** - accounts for the collection and disbursement of park revenues from various funding sources on a pass through basis.
- **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 corrections 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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	County School	General Reserve
ASSETS						
Cash and investments	\$ 1,759	\$ 6,520	\$ -	\$ 213	\$ -	\$ 9,609
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	-	4,181	14	-	-	-
Contracts	-	-	-	-	-	3,218
Inventories	-	719	-	-	-	-
Prepaid items	-	-	1	-	-	-
Total assets	<u>\$ 1,759</u>	<u>\$ 11,420</u>	<u>\$ 15</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 12,827</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 102	\$ 5,738	\$ -	\$ -	\$ -	\$ -
Payroll Payable	1	177	-	-	-	-
Due to other funds	-	-	15	-	-	-
Deferred revenue	-	213	-	-	-	3,218
Total liabilities	<u>103</u>	<u>6,128</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>3,218</u>
Fund balances:						
Reserved for inventories	-	719	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	1,656	4,573	-	213	-	9,609
Total fund balances	<u>1,656</u>	<u>5,292</u>	<u>-</u>	<u>213</u>	<u>-</u>	<u>9,609</u>
Total liabilities and fund balances	<u>\$ 1,759</u>	<u>\$ 11,420</u>	<u>\$ 15</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 12,827</u>

Land Corner Preservation	Tax Title Land Sales	Animal Control	Willamette River Bridges	Recreation	Library	Justice Services Special Operations	Inmate Welfare	Special Excise Tax	Total
\$ 330	\$ 622	\$ -	\$ 2,967	\$ -	\$ 3,416	\$ 400	\$ 210	\$ 412	\$ 26,458
-	-	-	-	-	1,201	-	-	1,100	2,301
-	-	1	967	20	169	375	39	625	6,391
-	295	-	-	-	-	-	-	-	3,513
-	276	-	-	-	-	-	-	-	995
-	-	-	-	-	207	-	-	-	208
<u>\$ 330</u>	<u>\$ 1,193</u>	<u>\$ 1</u>	<u>\$ 3,934</u>	<u>\$ 20</u>	<u>\$ 4,993</u>	<u>\$ 775</u>	<u>\$ 249</u>	<u>\$ 2,137</u>	<u>\$ 39,866</u>
\$ 2	\$ 319	\$ -	\$ 345	\$ 19	\$ 829	\$ 47	\$ 25	\$ 1,817	\$ 9,243
-	3	-	69	-	506	48	4	-	808
-	-	1	-	1	-	-	-	-	17
-	571	-	-	-	993	-	-	-	4,995
<u>2</u>	<u>893</u>	<u>1</u>	<u>414</u>	<u>20</u>	<u>2,328</u>	<u>95</u>	<u>29</u>	<u>1,817</u>	<u>15,063</u>
-	276	-	-	-	-	-	-	-	995
-	-	-	-	-	207	-	-	-	207
<u>328</u>	<u>24</u>	<u>-</u>	<u>3,520</u>	<u>-</u>	<u>2,458</u>	<u>680</u>	<u>220</u>	<u>320</u>	<u>23,601</u>
<u>328</u>	<u>300</u>	<u>-</u>	<u>3,520</u>	<u>-</u>	<u>2,665</u>	<u>680</u>	<u>220</u>	<u>320</u>	<u>24,803</u>
<u>\$ 330</u>	<u>\$ 1,193</u>	<u>\$ 1</u>	<u>\$ 3,934</u>	<u>\$ 20</u>	<u>\$ 4,993</u>	<u>\$ 775</u>	<u>\$ 249</u>	<u>\$ 2,137</u>	<u>\$ 39,866</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the year ended June 30, 2003
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction	County School	General Reserve
REVENUES						
Taxes	\$ 1,375	\$ 8,038	\$ -	\$ -	\$ 202	\$ -
Intergovernmental	-	29,419	153	-	15	-
Licenses and permits	-	60	-	-	-	-
Charges for services	30	492	-	-	-	251
Interest	-	270	2	5	-	221
Other	150	60	-	-	-	-
Total revenues	<u>1,555</u>	<u>38,339</u>	<u>155</u>	<u>5</u>	<u>217</u>	<u>472</u>
EXPENDITURES						
Current:						
General government	853	1	-	-	-	-
Social services	338	-	-	-	-	-
Public safety and justice	-	-	-	-	-	-
Community services	-	-	154	4	231	-
Library services	-	-	-	-	-	-
Roads and bridges	-	34,350	-	-	-	-
Capital outlay	163	1,952	-	181	-	-
Total expenditures	<u>1,354</u>	<u>36,303</u>	<u>154</u>	<u>185</u>	<u>231</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>201</u>	<u>2,036</u>	<u>1</u>	<u>(180)</u>	<u>(14)</u>	<u>472</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	300	-	56	-	-
Transfers out	(400)	(3,772)	-	-	-	-
Total other financing sources (uses)	<u>(400)</u>	<u>(3,472)</u>	<u>-</u>	<u>56</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(199)	(1,436)	1	(124)	(14)	472
Fund balance - beginning	1,855	6,728	(1)	337	14	9,137
Fund balance - ending	<u>\$ 1,656</u>	<u>\$ 5,292</u>	<u>\$ -</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 9,609</u>

Land Corner Preservation	Tax Title Land Sales	Animal Control	Willamette River Bridges	Recreation	Library	Justice Services Special Operations	Inmate Welfare	Special Excise Tax	Total
\$ -	\$ 435	\$ -	\$ -	\$ 111	\$ 19,643	\$ -	\$ -	\$ 14,912	\$ 44,716
-	-	2	1,180	-	768	169	-	-	31,706
-	1	930	6	-	93	1,547	-	-	2,637
692	191	128	-	-	1,713	1,056	1,411	-	5,964
-	40	-	-	-	158	11	1	14	722
-	-	-	36	-	1,439	102	32	-	1,819
<u>692</u>	<u>667</u>	<u>1,060</u>	<u>1,222</u>	<u>111</u>	<u>23,814</u>	<u>2,885</u>	<u>1,444</u>	<u>14,926</u>	<u>87,564</u>
-	667	-	43	-	-	-	139	-	1,703
-	-	-	-	-	-	-	-	-	338
-	-	-	-	-	-	3,036	1,112	-	4,148
-	-	-	-	121	-	-	-	14,981	15,491
-	-	-	-	-	40,646	-	-	-	40,646
696	-	-	4,451	-	-	-	-	-	39,497
2	-	-	600	-	-	-	-	-	2,898
<u>698</u>	<u>667</u>	<u>-</u>	<u>5,094</u>	<u>121</u>	<u>40,646</u>	<u>3,036</u>	<u>1,251</u>	<u>14,981</u>	<u>104,721</u>
<u>(6)</u>	<u>-</u>	<u>1,060</u>	<u>(3,872)</u>	<u>(10)</u>	<u>(16,832)</u>	<u>(151)</u>	<u>193</u>	<u>(55)</u>	<u>(17,157)</u>
-	-	-	3,716	10	17,234	-	-	-	21,316
-	-	(1,062)	-	-	-	-	-	-	(5,234)
-	-	(1,062)	3,716	10	17,234	-	-	-	16,082
(6)	-	(2)	(156)	-	402	(151)	193	(55)	(1,075)
334	300	2	3,676	-	2,263	831	27	375	25,878
<u>\$ 328</u>	<u>\$ 300</u>	<u>\$ -</u>	<u>\$ 3,520</u>	<u>\$ -</u>	<u>\$ 2,665</u>	<u>\$ 680</u>	<u>\$ 220</u>	<u>\$ 320</u>	<u>\$ 24,803</u>

MULTNOMAH COUNTY, OREGON
Strategic Investment Program Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ -	\$ -	\$ 1,375	\$ 1,375
Charges for services	-	-	30	30
Other:				
Miscellaneous	1,147	1,147	150	(997)
Total revenues	1,147	1,147	1,555	408
EXPENDITURES				
Business and community services	2,328	1,928	1,017	911
School and community	568	568	337	231
Total expenditures	2,896	2,496	1,354	1,142
Excess (deficiency) of revenues over (under) expenditures	(1,749)	(1,349)	201	1,550
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(400)	(400)	-
Net change in fund balances	(1,749)	(1,749)	(199)	1,550
Fund balances - beginning	1,749	1,749	1,855	106
Fund balances - ending	\$ -	\$ -	\$ 1,656	\$ 1,656

MULTNOMAH COUNTY, OREGON

Road Fund

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

For the Year Ended June 30, 2003

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Gasoline	\$ 7,375	\$ 7,375	\$ 7,432	\$ 57
Forest reserve yield	601	601	-	(601)
Taxes	-	-	606	606
Intergovernmental	26,714	26,714	29,419	2,705
Licenses and permits	45	45	60	15
Charges for services	305	305	492	187
Interest	375	375	270	(105)
Other:				-
Miscellaneous	202	202	33	(169)
Non-governmental grants	-	-	27	27
Service reimbursements	92	92	-	(92)
Total revenues	<u>35,709</u>	<u>35,709</u>	<u>38,339</u>	<u>2,630</u>
EXPENDITURES				
Business and community services	36,884	36,884	36,303	581
Nondepartmental	360	360	-	360
Total expenditures	<u>37,244</u>	<u>37,244</u>	<u>36,303</u>	<u>941</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,535)</u>	<u>(1,535)</u>	<u>2,036</u>	<u>3,571</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	300	300	300	-
Transfers out	(3,768)	(3,768)	(3,772)	(4)
Total other financing sources (uses)	<u>(3,468)</u>	<u>(3,468)</u>	<u>(3,472)</u>	<u>(4)</u>
Net change in fund balances	(5,003)	(5,003)	(1,436)	3,567
Fund balances - beginning	5,003	5,003	6,728	1,725
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,292</u>	<u>\$ 5,292</u>

MULTNOMAH COUNTY, OREGON
Emergency Communications Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Intergovernmental	\$ 185	\$ 185	\$ 153	\$ (32)
Interest	7	7	2	(5)
Total revenues	192	192	155	(37)
EXPENDITURES				
Sheriff	192	192	154	38
Excess of revenues over expenditures	-	-	1	1
Fund balances - beginning	-	-	(1)	(1)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON
Bicycle Path Construction Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 2	\$ 2	\$ 5	\$ 3
EXPENDITURES				
Business and community services	175	202	185	17
Deficiency of revenues under expenditures	(173)	(200)	(180)	20
OTHER FINANCING SOURCES (USES)				
Transfers in	52	52	56	4
Net change in fund balances	(121)	(148)	(124)	24
Fund balances - beginning	121	148	337	189
Fund balances - ending	\$ -	\$ -	\$ 213	\$ 213

MULTNOMAH COUNTY, OREGON
County School Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Forest reserve yield	\$ 230	\$ 230	\$ 202	\$ (28)
Intergovernmental	-	-	15	15
Interest	4	4	-	(4)
Total revenues	<u>234</u>	<u>234</u>	<u>217</u>	<u>(17)</u>
EXPENDITURES				
Nondepartmental	<u>299</u>	<u>299</u>	<u>231</u>	<u>68</u>
Deficiency of revenues				
under expenditures	(65)	(65)	(14)	51
Fund balances - beginning	<u>65</u>	<u>65</u>	<u>14</u>	<u>(51)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
General Reserve Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 251	\$ 251
Interest	345	345	221	(124)
Total revenues	345	345	472	127
EXPENDITURES				
Nondepartmental	9,470	9,470	-	9,470
Excess (deficiency) of revenues				
over (under) expenditures	(9,125)	(9,125)	472	9,597
Fund balances - beginning	9,125	9,125	9,137	12
Fund balances - ending	\$ -	\$ -	\$ 9,609	\$ 9,609

MULTNOMAH COUNTY, OREGON
Land Corner Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 400	\$ 400	\$ 692	\$ 292
EXPENDITURES				
Business and community services	710	710	698	12
Nondepartmental	42	42	-	42
Total expenditures	752	752	698	54
Deficiency of revenues under expenditures	(352)	(352)	(6)	346
Fund balances - beginning	352	352	334	(18)
Fund balances - ending	\$ -	\$ -	\$ 328	\$ 328

MULTNOMAH COUNTY, OREGON
Tax Title Land Sales Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - Sales on foreclosures	\$ 320	\$ 435	\$ 435	\$ -
Licenses and permits	-	-	1	1
Charges for services	-	-	191	191
Interest	31	31	40	9
Total revenues	351	466	667	201
EXPENDITURES				
Business and community services	651	766	667	99
Deficiency of revenues under expenditures	(300)	(300)	-	300
Fund balances - beginning	300	300	300	-
Fund balances - ending	\$ -	\$ -	\$ 300	\$ 300

MULTNOMAH COUNTY, OREGON
Animal Control Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 2	\$ 2
Licenses and permits	1,012	885	930	45
Charges for services	321	167	128	(39)
Service reimbursements	-	45	-	(45)
Total revenues	<u>1,333</u>	<u>1,097</u>	<u>1,060</u>	<u>(37)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,333)</u>	<u>(1,097)</u>	<u>(1,062)</u>	<u>35</u>
Net change in fund balances	-	-	(2)	(2)
Fund balances - beginning	-	-	2	2
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Willamette River Bridges Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 705	\$ 705	\$ 1,180	\$ 475
Licenses and permits	-	-	6	6
Other:				
Miscellaneous	10	10	36	26
Total revenues	<u>715</u>	<u>715</u>	<u>1,222</u>	<u>507</u>
EXPENDITURES				
Business and community services	7,350	7,350	5,094	2,256
Nondepartmental	79	79	-	79
Total expenditures	<u>7,429</u>	<u>7,429</u>	<u>5,094</u>	<u>2,335</u>
Deficiency of revenues under expenditures	<u>(6,714)</u>	<u>(6,714)</u>	<u>(3,872)</u>	<u>2,842</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,716	3,716	3,716	-
Net change in fund balances	(2,998)	(2,998)	(156)	2,842
Fund balances - beginning	2,998	2,998	3,676	678
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,520</u>	<u>\$ 3,520</u>

MULTNOMAH COUNTY, OREGON
Recreation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - Gasoline	\$ 110	\$ 113	\$ 111	\$ (2)
EXPENDITURES				
Business and community services	120	123	121	2
Deficiency of revenues under expenditures	(10)	(10)	(10)	-
OTHER FINANCING SOURCES (USES)				
Transfers in	10	10	10	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON

Library Fund

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

For the Year Ended June 30, 2003

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - property	\$ 20,728	\$ 20,728	\$ 19,643	\$ (1,085)
Intergovernmental	710	710	768	58
Licenses and permits	154	154	93	(61)
Charges for services	1,500	1,500	1,713	213
Interest	300	300	158	(142)
Other:				
Miscellaneous	143	143	114	(29)
Non-governmental grants	924	924	1,267	343
Service reimbursements	85	85	58	(27)
Total revenues	<u>24,544</u>	<u>24,544</u>	<u>23,814</u>	<u>(730)</u>
EXPENDITURES				
Library	<u>43,526</u>	<u>43,236</u>	<u>40,646</u>	<u>2,590</u>
Deficiency of revenues				
under expenditures	<u>(18,982)</u>	<u>(18,692)</u>	<u>(16,832)</u>	<u>1,860</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>18,182</u>	<u>17,234</u>	<u>17,234</u>	<u>-</u>
Net change in fund balances	<u>(800)</u>	<u>(1,458)</u>	<u>402</u>	<u>1,860</u>
Fund balances - beginning	<u>800</u>	<u>1,458</u>	<u>2,263</u>	<u>805</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,665</u>	<u>\$ 2,665</u>

MULTNOMAH COUNTY, OREGON
Justice Services Special Operations Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 758	\$ 156	\$ 169	\$ 13
Licenses and permits	1,535	1,535	1,547	12
Charges for services	146	930	1,056	126
Interest	5	5	11	6
Other:				
Miscellaneous	-	-	(1)	(1)
Service reimbursements	182	182	103	(79)
Total revenues	<u>2,626</u>	<u>2,808</u>	<u>2,885</u>	<u>77</u>
EXPENDITURES				
Community justice services	908	907	778	129
District attorney	454	454	294	160
Sheriff	<u>1,956</u>	<u>2,139</u>	<u>1,964</u>	<u>175</u>
Total expenditures	<u>3,318</u>	<u>3,500</u>	<u>3,036</u>	<u>464</u>
Deficiency of revenues				
under expenditures	<u>(692)</u>	<u>(692)</u>	<u>(151)</u>	<u>541</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>158</u>	<u>158</u>	<u>-</u>	<u>(158)</u>
Net change in fund balances	<u>(534)</u>	<u>(534)</u>	<u>(151)</u>	<u>383</u>
Fund balances - beginning	<u>534</u>	<u>534</u>	<u>831</u>	<u>297</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 680</u>	<u>\$ 680</u>

MULTNOMAH COUNTY, OREGON
Inmate Welfare Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 1,203	\$ 1,203	\$ 1,411	\$ 208
Interest	-	-	1	1
Other:				
Miscellaneous	39	39	32	(7)
Total revenues	<u>1,242</u>	<u>1,242</u>	<u>1,444</u>	<u>202</u>
EXPENDITURES				
Community justice services	34	34	13	21
Sheriff	<u>1,238</u>	<u>1,238</u>	<u>1,238</u>	-
Total expenditures	<u>1,272</u>	<u>1,272</u>	<u>1,251</u>	<u>21</u>
Excess (deficiency) of revenues				
over (under) expenditures	(30)	(30)	193	223
Fund balances - beginning	<u>30</u>	<u>30</u>	<u>27</u>	<u>(3)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 220</u>	<u>\$ 220</u>

MULTNOMAH COUNTY, OREGON
Special Excise Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes	\$ 16,165	\$ 16,165	\$ 14,912	\$ (1,253)
Interest	15	15	14	(1)
Total revenues	<u>16,180</u>	<u>16,180</u>	<u>14,926</u>	<u>(1,254)</u>
EXPENDITURES				
Nondepartmental	<u>18,180</u>	<u>18,180</u>	<u>14,981</u>	<u>3,199</u>
Deficiency of revenues				
under expenditures	(2,000)	(2,000)	(55)	1,945
Fund balances - beginning	<u>2,000</u>	<u>2,000</u>	<u>375</u>	<u>(1,625)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ 320</u>

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.
- **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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2003
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
ASSETS					
Cash and investments	\$ 11,491	\$ 10,216	\$ 827	\$ 2,880	\$ 25,414
Receivables:					
Taxes	-	664	-	-	664
Accounts	-	-	-	112	112
Contracts	-	-	-	6,203	6,203
Total assets	<u>\$ 11,491</u>	<u>\$ 10,880</u>	<u>\$ 827</u>	<u>\$ 9,195</u>	<u>\$ 32,393</u>
LIABILITIES					
Accounts payable	\$ 24	\$ -	\$ 8	\$ -	\$ 32
Deferred revenue	-	545	-	6,203	6,748
Total liabilities	<u>24</u>	<u>545</u>	<u>8</u>	<u>6,203</u>	<u>6,780</u>
FUND BALANCES					
Reserved for debt service	11,467	10,335	819	2,992	25,613
Total liabilities and fund balances	<u>\$ 11,491</u>	<u>\$ 10,880</u>	<u>\$ 827</u>	<u>\$ 9,195</u>	<u>\$ 32,393</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
REVENUES					
Taxes	\$ -	\$ 9,828	\$ -	\$ -	\$ 9,828
Charges for services	-	-	-	2,389	2,389
Interest	38	214	74	48	374
Other	13,863	-	8,923	-	22,786
Total revenues	<u>13,901</u>	<u>10,042</u>	<u>8,997</u>	<u>2,437</u>	<u>35,377</u>
EXPENDITURES					
Current:					
General government	138	3	222	7	370
Debt service:					
Principal	8,691	4,925	1,125	445	15,186
Interest	6,584	4,263	8,359	376	19,582
Total expenditures	<u>15,413</u>	<u>9,191</u>	<u>9,706</u>	<u>828</u>	<u>35,138</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,512)</u>	<u>851</u>	<u>(709)</u>	<u>1,609</u>	<u>239</u>
OTHER FINANCING SOURCES					
Proceeds of refunding bonds	9,615	-	-	-	9,615
Transfers in	1,445	-	-	788	2,233
Total other financing sources (uses)	<u>11,060</u>	<u>-</u>	<u>-</u>	<u>788</u>	<u>11,848</u>
Net change in fund balances	9,548	851	(709)	2,397	12,087
Fund balances - beginning	1,919	9,484	1,528	595	13,526
Fund balances - ending	<u>\$ 11,467</u>	<u>\$ 10,335</u>	<u>\$ 819</u>	<u>\$ 2,992</u>	<u>\$ 25,613</u>

MULTNOMAH COUNTY, OREGON
Capital Debt Retirement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 49	\$ 49	\$ 38	\$ (11)
Other - service reimbursements	13,833	13,833	13,863	30
Total revenues	13,882	13,882	13,901	19
EXPENDITURES				
Nondepartmental	17,177	17,177	15,413	1,764
Deficiency of revenues under expenditures	(3,295)	(3,295)	(1,512)	1,783
OTHER FINANCING SOURCES				
Proceeds of refunding bonds	-	-	9,615	9,615
Transfers in	1,445	1,445	1,445	-
Total other financing sources	1,445	1,445	11,060	9,615
Net change in fund balances	(1,850)	(1,850)	9,548	11,398
Fund balances - beginning	1,850	1,850	1,919	69
Fund balances - ending	\$ -	\$ -	\$ 11,467	\$ 11,467

MULTNOMAH COUNTY, OREGON
General Obligation Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Property:				
Current year	\$ 9,399	\$ 9,399	\$ 9,467	\$ 68
Prior years'	112	112	289	177
Penalties and interest	-	-	69	69
Sales on foreclosures	-	-	3	3
Interest	280	280	214	(66)
Total revenues	9,791	9,791	10,042	251
EXPENDITURES				
Nondepartmental	18,120	18,120	9,191	8,929
Excess (deficiency) of revenues				
over (under) expenditures	(8,329)	(8,329)	851	9,180
Fund balances - beginning	8,329	8,329	9,484	1,155
Fund balances - ending	\$ -	\$ -	\$ 10,335	\$ 10,335

MULTNOMAH COUNTY, OREGON
PERS Pension Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 300	\$ 300	\$ 74	\$ (226)
Other - service reimbursements	9,660	9,660	8,923	(737)
Total revenues	9,960	9,960	8,997	(963)
EXPENDITURES				
Nondepartmental	11,660	11,860	9,706	2,154
Excess of revenues				
over expenditures	(1,700)	(1,900)	(709)	1,191
Fund balances - beginning	1,700	1,900	1,528	(372)
Fund balances - ending	\$ -	\$ -	\$ 819	\$ 819

MULTNOMAH COUNTY, OREGON
Revenue Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 640	\$ 640	\$ 2,389	\$ 1,749
Interest	35	35	48	13
Total revenues	675	675	2,437	1,762
EXPENDITURES				
Nondepartmental	2,534	2,534	828	1,706
Excess (deficiency) of revenues over (under) expenditures	(1,859)	(1,859)	1,609	3,468
OTHER FINANCING SOURCES				
Transfers in	1,564	1,564	788	(776)
Net change in fund balances	(295)	(295)	2,397	2,692
Fund balances - beginning	295	295	595	300
Fund balances - ending	\$ -	\$ -	\$ 2,992	\$ 2,992

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:

- **Revenue Bond Project Fund** - accounts for the construction of facilities in partnership with non-profit agencies. The proceeds will be from the issue of revenue bonds. All projects were completed in fiscal year 2003.
- **SB1145 Fund** - accounts for State revenue to build jail beds to house convicted felons with sentences less than twelve months.
- **Building Project Fund** - accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.
- **Library Construction Fund / 1996 Bonds** - 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.
- **Deferred Maintenance Fund** – accounts for expenditures for building deferred maintenance projects. Resources are derived from certificates of participation or other financing projects. This fund was closed during fiscal year 2003.
- **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.
- **Library Property Fund** – accounts for the proceeds on sales of certain library branch properties and other related library transactions.
- **Justice Bond Project Fund (Major 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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003
(amounts expressed in thousands)

	Revenue Bond Project	SB 1145	Building Project	Library Construction / 1996 Bonds
ASSETS				
Cash and investments	\$ -	\$ 6,569	\$ 2,718	\$ 2,278
Receivables:				
Accounts	-	1,291	-	181
Contracts	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 7,860</u>	<u>\$ 2,718</u>	<u>\$ 2,459</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 358	\$ 24
Payroll payable	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>358</u>	<u>24</u>
FUND BALANCES				
Reserved for capital projects	-	7,860	2,360	2,435
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 7,860</u>	<u>\$ 2,718</u>	<u>\$ 2,459</u>

Capital Improvement	Capital Acquisition	Deferred Maintenance	Asset Preservation	Library Property	Total
\$ 9,237	\$ 2,520	\$ -	\$ 4,225	\$ 673	\$ 28,220
18	13	-	126	-	1,629
1,508	343	-	-	-	1,851
<u>\$ 10,763</u>	<u>\$ 2,876</u>	<u>\$ -</u>	<u>\$ 4,351</u>	<u>\$ 673</u>	<u>\$ 31,700</u>
\$ 1,042	\$ 827	\$ -	\$ 197	\$ -	2,448
-	1	-	1	-	2
1,883	343	-	-	-	2,226
<u>2,925</u>	<u>1,171</u>	<u>-</u>	<u>198</u>	<u>-</u>	<u>4,676</u>
7,838	1,705	-	4,153	673	27,024
<u>\$ 10,763</u>	<u>\$ 2,876</u>	<u>\$ -</u>	<u>\$ 4,351</u>	<u>\$ 673</u>	<u>\$ 31,700</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Revenue Bond Project	SB 1145	Building Project	Library Construction / 1996 Bonds
REVENUES				
Intergovernmental	\$ -	\$ 7,860	\$ -	\$ -
Charges for services	-	-	-	-
Interest	7	-	110	297
Other:				
Miscellaneous	2	-	40	6
Service reimbursements	-	-	-	-
Total revenues	<u>9</u>	<u>7,860</u>	<u>150</u>	<u>303</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Community services	9	-	1,143	-
Library services	-	-	-	95
Capital outlay	<u>664</u>	<u>-</u>	<u>2,463</u>	<u>2,681</u>
Total expenditures	<u>673</u>	<u>-</u>	<u>3,606</u>	<u>2,776</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(664)</u>	<u>7,860</u>	<u>(3,456)</u>	<u>(2,473)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(723)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(723)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,387)</u>	<u>7,860</u>	<u>(3,456)</u>	<u>(2,473)</u>
Fund balances - beginning	<u>1,387</u>	<u>-</u>	<u>5,816</u>	<u>4,908</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ 7,860</u>	<u>\$ 2,360</u>	<u>\$ 2,435</u>

Capital Improvement	Capital Acquisition	Deferred Maintenance	Asset Preservation	Library Property	Total
\$ 2,503	\$ -	\$ -	\$ 126	\$ -	\$ 10,489
193	23	-	-	673	889
309	69	-	138	-	930
20	-	-	-	-	68
-	3,368	-	-	-	3,368
3,025	3,460	-	264	673	15,744
1,330	3,497	-	-	-	4,827
-	-	-	507	-	1,659
-	-	-	-	-	95
7,109	-	-	1,085	-	14,002
8,439	3,497	-	1,592	-	20,583
(5,414)	(37)	-	(1,328)	673	(4,839)
8,000	-	-	1,190	-	9,190
-	-	(5,527)	(1,445)	-	(7,695)
8,000	-	(5,527)	(255)	-	1,495
2,586	(37)	(5,527)	(1,583)	673	(3,344)
5,252	1,742	5,527	5,736	-	30,368
\$ 7,838	\$ 1,705	\$ -	\$ 4,153	\$ 673	\$ 27,024

MULTNOMAH COUNTY, OREGON
Revenue Bond Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ -	\$ -	\$ 7	\$ 7
Other - miscellaneous	-	-	2	2
Total revenues	-	-	9	9
EXPENDITURES				
Business and community services	500	500	673	(173)
Deficiency of revenues under expenditures	(500)	(500)	(664)	(164)
OTHER FINANCING SOURCES				
Transfers out	(1,500)	(1,500)	(723)	777
Net change in fund balances	(2,000)	(2,000)	(1,387)	613
Fund balances - beginning	2,000	2,000	1,387	(613)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

MULTNOMAH COUNTY, OREGON

SB 1145 Fund

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

For the Year Ended June 30, 2003

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental - State	\$ 11,720	\$ 11,720	\$ 7,860	\$ (3,860)
EXPENDITURES				
Sheriff	11,720	11,720	-	11,720
Excess of revenues over expenditures	-	-	7,860	7,860
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 7,860	\$ 7,860

MULTNOMAH COUNTY, OREGON
Building Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ 140	\$ 140	\$ 110	\$ (30)
Other - miscellaneous	-	-	40	40
Total revenues	140	140	150	10
EXPENDITURES				
Business and community services	11,660	11,760	3,543	8,217
Nondepartmental	569	569	63	506
Total expenditures	12,229	12,329	3,606	8,723
Deficiency of revenues under expenditures	(12,089)	(12,189)	(3,456)	8,733
OTHER FINANCING SOURCES				
Financing proceeds	4,775	4,775	-	(4,775)
Transfers in	-	100	-	(100)
Total other financing sources	4,775	4,875	-	(4,875)
Net change in fund balances	(7,314)	(7,314)	(3,456)	3,858
Fund balances - beginning	7,314	7,314	5,816	(1,498)
Fund balances - ending	\$ -	\$ -	\$ 2,360	\$ 2,360

MULTNOMAH COUNTY, OREGON
Library Construction / 1996 Bonds Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Interest	\$ -	\$ -	\$ 297	\$ 297
Other - miscellaneous	-	-	6	6
Total revenues	-	-	303	303
EXPENDITURES				
Library	6,770	6,770	2,776	3,994
Deficiency of revenues under expenditures	(6,770)	(6,770)	(2,473)	4,297
Fund balances - beginning	6,770	6,770	4,908	(1,862)
Fund balances - ending	\$ -	\$ -	\$ 2,435	\$ 2,435

MULTNOMAH COUNTY, OREGON
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 2,161	\$ 2,161	\$ 2,503	\$ 342
Charges for services	-	-	193	193
Interest	280	280	309	29
Other - miscellaneous	-	-	20	20
Total revenues	<u>2,441</u>	<u>2,441</u>	<u>3,025</u>	<u>584</u>
EXPENDITURES				
Business and community services	<u>16,686</u>	<u>16,686</u>	<u>8,439</u>	<u>8,247</u>
Deficiency of revenues under expenditures	<u>(14,245)</u>	<u>(14,245)</u>	<u>(5,414)</u>	<u>8,831</u>
OTHER FINANCING SOURCES				
Transfers in	<u>8,075</u>	<u>8,075</u>	<u>8,000</u>	<u>(75)</u>
Net change in fund balances	<u>(6,170)</u>	<u>(6,170)</u>	<u>2,586</u>	<u>8,756</u>
Fund balances - beginning	<u>6,170</u>	<u>6,170</u>	<u>5,252</u>	<u>(918)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,838</u>	<u>\$ 7,838</u>

MULTNOMAH COUNTY, OREGON
Capital Acquisition Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 31	\$ 31	\$ 23	\$ (8)
Interest	95	95	69	(26)
Other - Service reimbursements	3,353	3,353	3,368	15
Total revenues	3,479	3,479	3,460	(19)
EXPENDITURES				
Nondepartmental	701	701	247	454
Business and community services	4,770	4,770	3,250	1,520
Total expenditures	5,471	5,471	3,497	1,974
Deficiency of revenues under expenditures	(1,992)	(1,992)	(37)	1,955
Fund balances - beginning	1,992	1,992	1,742	(250)
Fund balances - ending	\$ -	\$ -	\$ 1,705	\$ 1,705

MULTNOMAH COUNTY, OREGON
Deferred Maintenance Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
OTHER FINANCING USES:				
Transfers out	(5,602)	(5,602)	(5,527)	75
Total other financing uses	(5,602)	(5,602)	(5,527)	75
Fund balances - beginning	5,602	5,602	5,527	(75)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

MULTNOMAH COUNTY, OREGON
Asset Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ -	\$ -	\$ 126	\$ 126
Interest	150	150	138	(12)
Total revenues	150	150	264	114
EXPENDITURES				
Nondepartmental	1,818	1,818	-	1,818
Business and community services	4,467	4,467	1,592	2,875
Total expenditures	6,285	6,285	1,592	4,693
Deficiency of revenues under expenditures	(6,135)	(6,135)	(1,328)	4,807
OTHER FINANCING SOURCES (USES)				
Transfers in	1,386	1,386	1,190	(196)
Transfers out	(1,445)	(1,445)	(1,445)	-
Total other financing uses	(59)	(59)	(255)	(196)
Net change in fund balances	(6,194)	(6,194)	(1,583)	4,611
Fund balances - beginning	6,194	6,194	5,736	(458)
Fund balances - ending	\$ -	\$ -	\$ 4,153	\$ 4,153

MULTNOMAH COUNTY, OREGON
Library Property Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Other - service reimbursements	\$ -	\$ -	\$ 673	\$ 673
Excess of revenues over expenditures	-	-	673	673
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 673</u>	<u>\$ 673</u>

MULTNOMAH COUNTY, OREGON
Justice Bond Project Fund (Major Fund)
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental	\$ 180	\$ 180	\$ -	\$ (180)
Charges for services	-	-	38	38
Interest	600	600	1,215	615
Total revenues	780	780	1,253	473
EXPENDITURES				
Business and community services	9,831	9,831	2,623	7,208
Sheriff	31,986	31,986	18,953	13,033
Nondepartmental	124	124	124	-
Total expenditures	41,941	41,941	21,700	20,241
Deficiency of revenues under expenditures	(41,161)	(41,161)	(20,447)	20,714
Fund balances - beginning	41,161	41,161	30,418	(10,743)
Fund balances - ending	\$ -	\$ -	\$ 9,971	\$ 9,971

ENTERPRISE FUNDS

The County's Enterprise Funds are listed below.

- **Dunthorpe-Riverdale Service District No. 1 Fund**
- **Mid County Service District No. 14 Fund**
- **Behavioral Health Managed Care Fund**

MULTNOMAH COUNTY, OREGON
Dunthorpe-Riverdale Service District No. 1 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - sewer	\$ 248	\$ 248	\$ 250	\$ 2
Charges for services	10	10	7	(3)
Interest	37	37	12	(25)
Total revenues	295	295	269	(26)
EXPENDITURES				
Business and community services	320	320	373	(53)
Nondepartmental	454	454	-	454
Total expenditures	774	774	373	401
Deficiency of revenues under expenditures	(479)	(479)	(104)	375
Fund balances - beginning	479	479	441	(38)
Fund balances - ending	\$ -	\$ -	\$ 337	\$ 337

MULTNOMAH COUNTY, OREGON
Dunthorpe Riverdale Service District No. 1
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Dunthorpe Riverdale Operating Fund	\$ 269	\$ 373
Deferred revenue current year	12	-
Deferred revenue prior year	(13)	-
Depreciation expense	-	40
Capital outlay	-	(70)
Uncollectible prior year	-	(1)
Uncollectible current year	-	2
	<u> </u>	<u> </u>
Revenues and expenses - page 33	<u>\$ 268</u>	<u>\$ 344</u>

MULTNOMAH COUNTY, OREGON
Mid County Service District No. 14 Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Assessments - street lighting				
Current year	\$ 203	\$ 203	\$ 228	\$ 25
Prior year	-	-	5	5
Interest	46	46	21	(25)
Total revenues	<u>249</u>	<u>249</u>	<u>254</u>	<u>5</u>
EXPENDITURES				
Business and community services	765	765	260	505
Nondepartmental	288	288	-	288
Total expenditures	<u>1,053</u>	<u>1,053</u>	<u>260</u>	<u>793</u>
Deficiency of revenues				
under expenditures	(804)	(804)	(6)	798
Fund balances - beginning	804	804	830	26
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 824</u>	<u>\$ 824</u>

MULTNOMAH COUNTY, OREGON
Mid County Service District No. 14
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Mid County Operating Fund	\$ 254	\$ 260
Deferred revenue current year	12	-
Deferred revenue prior year	(12)	-
Depreciation expense	-	93
Loss on disposal of capital assets	-	113
Uncollectible prior year	-	(1)
Uncollectible current year	-	3
	<u> </u>	<u> </u>
Revenues and expenses - page 33	<u>\$ 254</u>	<u>\$ 468</u>

MULTNOMAH COUNTY, OREGON
Behavioral Health Managed Care Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state and local	\$ 34,979	\$ 34,979	\$ 33,124	\$ (1,855)
Interest	200	200	98	(102)
Other - miscellaneous	-	-	24	24
Total revenues	<u>35,179</u>	<u>35,179</u>	<u>33,246</u>	<u>(1,933)</u>
EXPENDITURES				
Human services	35,747	35,747	33,733	2,014
Nondepartmental	<u>1,544</u>	<u>1,544</u>	-	<u>1,544</u>
Total expenditures	<u>37,291</u>	<u>37,291</u>	<u>33,733</u>	<u>3,558</u>
Deficiency of revenues				
under expenditures	<u>(2,112)</u>	<u>(2,112)</u>	<u>(487)</u>	<u>1,625</u>
OTHER FINANCING USES				
Transfers out	<u>(440)</u>	<u>(440)</u>	<u>(440)</u>	<u>-</u>
Net change in fund balances	<u>(2,552)</u>	<u>(2,552)</u>	<u>(927)</u>	<u>1,625</u>
Fund balances - beginning	<u>2,552</u>	<u>2,552</u>	<u>1,840</u>	<u>(712)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 913</u>	<u>\$ 913</u>

MULTNOMAH COUNTY, OREGON
Behavioral Health Managed Care
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Behavioral Health Operating Fund	\$ 33,246	\$ 33,733
Depreciation expense	-	6
	<u> </u>	<u> </u>
Revenues and expenses - page 33	<u>\$ 33,246</u>	<u>\$ 33,739</u>

INTERNAL SERVICE FUNDS

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

- **Risk Management Fund** - accounts for the County's risk management activities including insurance coverage.
- **Fleet Management Fund** - accounts for the County's motor vehicle fleet operations.
- **Telephone Fund** - accounts for the County's telephone operations.
- **Data Processing 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.

MULTNOMAH COUNTY, OREGON
Internal Service Funds
Combining Statement of Net Assets
June 30, 2003
(amounts expressed in thousands)

Government Activities - Internal Service Funds							
	Risk Management	Fleet Management	Telephone	Data Processing	Mail / Distribution	Facilities Management	Total Internal Service Funds
ASSETS							
Current assets:							
Cash and investments	\$ 13,068	\$ 4,575	\$ 1,126	\$ 4,419	\$ 195	\$ 1,684	\$ 25,067
Accounts receivable	2	161	99	75	4	471	812
Inventories	-	504	-	-	37	76	617
Due from other funds	12,350	-	-	-	-	-	12,350
Prepaid items	300	-	-	273	-	-	573
Total current assets	<u>25,720</u>	<u>5,240</u>	<u>1,225</u>	<u>4,767</u>	<u>236</u>	<u>2,231</u>	<u>39,419</u>
Noncurrent assets:							
Capital assets (net of accumulated depreciation)	2	2,171	982	943	-	28	4,126
Total assets	<u>\$ 25,722</u>	<u>\$ 7,411</u>	<u>\$ 2,207</u>	<u>\$ 5,710</u>	<u>\$ 236</u>	<u>\$ 2,259</u>	<u>\$ 43,545</u>
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 11,476	\$ 142	\$ 236	\$ 891	\$ 8	\$ 1,651	\$ 14,404
Payroll payable	68	49	14	271	10	150	562
Compensated absences	62	37	11	291	4	121	526
Total current liabilities	<u>11,606</u>	<u>228</u>	<u>261</u>	<u>1,453</u>	<u>22</u>	<u>1,922</u>	<u>15,492</u>
Noncurrent liabilities:							
Compensated absences	129	75	18	645	11	295	1,173
Total liabilities	<u>11,735</u>	<u>303</u>	<u>279</u>	<u>2,098</u>	<u>33</u>	<u>2,217</u>	<u>16,665</u>
NET ASSETS							
Invested in capital assets, net of related debt	2	2,171	982	943	-	28	4,126
Unrestricted	13,985	4,937	946	2,669	203	14	22,754
Total net assets	<u>\$ 13,987</u>	<u>\$ 7,108</u>	<u>\$ 1,928</u>	<u>\$ 3,612</u>	<u>\$ 203</u>	<u>\$ 42</u>	<u>\$ 26,880</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Government Activities - Internal Service Funds						Total Internal Service Funds
	Risk Management	Fleet Management	Telephone	Data Processing	Mail / Distribution	Facilities Management	
OPERATING REVENUES							
Charges for sales and services	\$ 47,384	\$ 4,982	\$ 4,534	\$ 23,196	\$ 1,480	\$ 37,456	\$ 119,032
Insurance premiums	1,839	-	-	-	-	-	1,839
Experience ratings and other	647	76	-	25	-	98	846
Total operating revenues	<u>49,870</u>	<u>5,058</u>	<u>4,534</u>	<u>23,221</u>	<u>1,480</u>	<u>37,554</u>	<u>121,717</u>
OPERATING EXPENSES							
Cost of sales and services	46,386	3,882	3,525	20,659	940	34,251	109,643
Administration	749	326	657	856	440	410	3,438
Depreciation	16	1,224	976	801	-	8	3,025
Total operating expenses	<u>47,151</u>	<u>5,432</u>	<u>5,158</u>	<u>22,316</u>	<u>1,380</u>	<u>34,669</u>	<u>116,106</u>
Operating income (loss)	<u>2,719</u>	<u>(374)</u>	<u>(624)</u>	<u>905</u>	<u>100</u>	<u>2,885</u>	<u>5,611</u>
NONOPERATING REVENUES (EXPENSES)							
Interest revenue	528	96	56	45	2	-	727
Interest expense	-	-	-	(45)	-	-	(45)
Gain (loss) on disposal of capital assets	-	183	(61)	-	-	-	122
Total nonoperating revenues (expenses)	<u>528</u>	<u>279</u>	<u>(5)</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>804</u>
Income (loss) before contributions and transfers	3,247	(95)	(629)	905	102	2,885	6,415
Capital contributions	-	50	-	206	-	-	256
Transfers in	75	-	-	1,604	-	721	2,400
Transfers out	-	(300)	(1,085)	-	-	(3,663)	(5,048)
Change in net assets	<u>3,322</u>	<u>(345)</u>	<u>(1,714)</u>	<u>2,715</u>	<u>102</u>	<u>(57)</u>	<u>4,023</u>
Total net assets - beginning	<u>10,665</u>	<u>7,453</u>	<u>3,642</u>	<u>897</u>	<u>101</u>	<u>99</u>	<u>22,857</u>
Total net assets - ending	<u>\$ 13,987</u>	<u>\$ 7,108</u>	<u>\$ 1,928</u>	<u>\$ 3,612</u>	<u>\$ 203</u>	<u>\$ 42</u>	<u>\$ 26,880</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2003
(amounts expressed in thousands)

Government Activities - Internal Service Funds							
	Risk Management	Fleet Management	Telephone	Data Processing	Mail / Distribution	Facilities Management	Total Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES							
Receipts from customers	\$ 49,678	\$ 5,005	\$ 4,473	\$ 23,192	\$ 1,484	\$ 37,479	\$ 121,311
Payments to suppliers	(52,577)	(1,612)	(3,386)	(5,339)	(802)	(15,636)	(79,352)
Payments to employees	(3,910)	(2,335)	(861)	(13,870)	(435)	(6,154)	(27,565)
Internal activity - payments to other funds	(1,048)	(392)	(247)	(2,258)	(133)	(12,419)	(16,497)
Other receipts (payments)	190	69	7	26	-	102	394
Net cash provided by (used in) operating activities	(7,667)	735	(14)	1,751	114	3,372	(1,709)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers in	75	-	-	1,604	-	722	2,401
Transfers out	-	(300)	(1,085)	-	-	(3,663)	(5,048)
Net cash provided by (used in) noncapital and related financing activities	75	(300)	(1,085)	1,604	-	(2,941)	(2,647)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Purchases of capital assets	-	(565)	(452)	(388)	-	(31)	(1,436)
Principal paid on capital debt	-	-	-	(1,060)	-	-	(1,060)
Proceeds on sales of capital assets	-	200	-	-	-	-	200
Interest paid on capital debt	-	-	-	(45)	-	-	(45)
Net cash used in capital and related financing activities	-	(365)	(452)	(1,493)	-	(31)	(2,341)
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	528	96	56	45	2	-	727
Net cash provided by investing activities	528	96	56	45	2	-	727
Net increase in cash and cash equivalents	(7,064)	166	(1,495)	1,907	116	400	(5,970)
Balances at beginning of the year	20,132	4,409	2,621	2,512	79	1,284	31,037
Balances at the end of the year	\$ 13,068	\$ 4,575	\$ 1,126	\$ 4,419	\$ 195	\$ 1,684	\$ 25,067
Reconciliation of operation income to net cash provided by (used in) operating activities:							
Operating income (loss)	\$ 2,719	\$ (374)	\$ (624)	\$ 905	\$ 100	\$ 2,885	\$ 5,611
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Cash flows reported in other categories:							
Depreciation	16	1,224	976	801	-	8	3,025
Changes in assets and liabilities							
Receivables	(2)	15	(55)	(2)	4	27	(13)
Inventories	-	22	-	-	15	183	220
Due from other funds	(11,390)	-	-	-	-	-	(11,390)
Prepaid items	(208)	-	-	(120)	-	-	(328)
Accounts payable	1,190	(151)	(316)	92	(2)	319	1,132
Compensated absences	(4)	(3)	4	61	(5)	(46)	7
Payroll payable	12	2	1	14	2	(4)	27
Net cash provided by (used in) operating activities	(7,667)	735	(14)	1,751	114	3,372	(1,709)
Noncash financing activities:							
Contributions of capital assets	\$ -	\$ 50	\$ -	\$ 206	\$ -	\$ -	\$ 256

MULTNOMAH COUNTY, OREGON
Risk Management Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ -	\$ -	\$ 1,930	\$ 1,930
Interest	500	500	528	28
Other:				
Service reimbursements	49,294	48,422	47,383	(1,039)
Experience ratings and other	2,616	2,616	557	(2,059)
Total revenues	52,410	51,538	50,398	(1,140)
EXPENDITURES				
Business and community services	50,229	49,357	44,898	4,459
Nondepartmental	9,359	9,434	2,237	7,197
Total expenditures	59,588	58,791	47,135	11,656
Excess (deficiency) of revenues over (under) expenditures	(7,178)	(7,253)	3,263	10,516
OTHER FINANCING SOURCES				
Transfers in	-	75	75	-
Net change in fund balances	(7,178)	(7,178)	3,338	10,516
Fund balances - beginning	7,178	7,178	10,648	3,470
Fund balances - ending	\$ -	\$ -	\$ 13,986	\$ 13,986

MULTNOMAH COUNTY, OREGON
Risk Management Fund
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Risk Management Operating Fund	\$ 50,398	\$ 47,135
Depreciation expense	-	16
	<u> </u>	<u> </u>
Revenues and expenses - page 115	<u>\$ 50,398</u>	<u>\$ 47,151</u>

MULTNOMAH COUNTY, OREGON
Fleet Management Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental - local	\$ 795	\$ 795	\$ -	\$ (795)
Charges for services	76	76	942	866
Interest	175	175	96	(79)
Other:				
Miscellaneous	41	41	76	35
Service reimbursements	4,558	4,519	4,240	(279)
Total revenues	<u>5,645</u>	<u>5,606</u>	<u>5,354</u>	<u>(252)</u>
EXPENDITURES				
Business and community services	8,365	8,326	4,773	3,553
Nondepartmental	<u>1,929</u>	<u>1,929</u>	<u>-</u>	<u>1,929</u>
Total expenditures	<u>10,294</u>	<u>10,255</u>	<u>4,773</u>	<u>5,482</u>
Excess (deficiency) of revenues				
over (under) expenditures	(4,649)	(4,649)	581	5,230
OTHER FINANCING USES				
Transfers out	<u>(300)</u>	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Net change in fund balances	(4,949)	(4,949)	281	5,230
Fund balances - beginning	4,949	4,949	4,656	(293)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,937</u>	<u>\$ 4,937</u>

MULTNOMAH COUNTY, OREGON
Fleet Management Fund
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Fleet Management Operating Fund	\$ 5,354	\$ 4,773
Depreciation expense	-	1,224
Loss on disposal of capital assets	-	17
Capital outlay	-	(565)
	<u> </u>	<u> </u>
Revenues and expenses - page 115	<u>\$ 5,354</u>	<u>\$ 5,449</u>

MULTNOMAH COUNTY, OREGON
Telephone Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for services	\$ 617	\$ 617	\$ 517	\$ (100)
Interest	35	35	56	21
Other - service reimbursements	3,862	3,772	4,017	245
Total revenues	4,514	4,424	4,590	166
EXPENDITURES				
Business and community services	5,506	5,416	4,636	780
Nondepartmental	-	-	-	-
Total expenditures	5,506	5,416	4,636	780
Deficiency of revenues under expenditures	(992)	(992)	(46)	946
OTHER FINANCING USES				
Transfers out	-	(1,085)	(1,085)	-
Net change in fund balances	(992)	(2,077)	(1,131)	946
Fund balances - beginning	992	2,077	2,077	-
Fund balances - ending	\$ -	\$ -	\$ 946	\$ 946

MULTNOMAH COUNTY, OREGON
Telephone Fund
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Telephone Operating Fund	\$ 4,590	\$ 4,636
Depreciation expense	-	976
Capital outlay	-	(452)
Expenditures capitalized	-	(2)
Loss on disposal of capital assets	-	61
	<u> </u>	<u> </u>
Revenues and expenses - page 115	<u>\$ 4,590</u>	<u>\$ 5,219</u>

MULTNOMAH COUNTY, OREGON
Data Processing Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Charges for sales and services	\$ 23,900	\$ 23,585	\$ 23,171	\$ (414)
Interest	50	50	45	(5)
Other - miscellaneous	358	378	50	(328)
Total revenues	<u>24,308</u>	<u>24,013</u>	<u>23,266</u>	<u>(747)</u>
EXPENDITURES				
Business and community services	26,720	26,425	23,008	3,417
Nondepartmental	-	-	-	-
Total expenditures	<u>26,720</u>	<u>26,425</u>	<u>23,008</u>	<u>3,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,412)</u>	<u>(2,412)</u>	<u>258</u>	<u>2,670</u>
OTHER FINANCING SOURCES				
Transfers in	965	1,604	1,604	-
Net change in fund balances	(1,447)	(808)	1,862	2,670
Fund balances - beginning	1,447	808	808	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,670</u>	<u>\$ 2,670</u>

MULTNOMAH COUNTY, OREGON
Data Processing Fund
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Data Processing Operating Fund	\$ 23,266	\$ 23,008
Depreciation expense	-	801
Debt principal payments	-	(1,060)
Capital Outlay	-	(388)
	<u> </u>	<u> </u>
Revenues and expenses - page 115	<u>\$ 23,266</u>	<u>\$ 22,361</u>

MULTNOMAH COUNTY, OREGON
Mail/Distribution Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state, and local	\$ 51	\$ 51	\$ 56	\$ 5
Interest	2	2	2	-
Other - service reimbursements	1,453	1,438	1,424	(14)
Total revenues	<u>1,506</u>	<u>1,491</u>	<u>1,482</u>	<u>(9)</u>
EXPENDITURES				
Business and community services	1,525	1,510	1,380	130
Nondepartmental	64	64	-	64
Total expenditures	<u>1,589</u>	<u>1,574</u>	<u>1,380</u>	<u>194</u>
Excess (deficiency) of revenues				
over (under) expenditures	(83)	(83)	102	185
Fund balances - beginning	83	83	101	18
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ 203</u>

MULTNOMAH COUNTY, OREGON
Mail / Distribution Fund
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Mail / Distribution Operating Fund	\$ 1,482	\$ 1,380
	<u> </u>	<u> </u>
Revenues and expenses - page 115	<u>\$ 1,482</u>	<u>\$ 1,380</u>

MULTNOMAH COUNTY, OREGON
Facilities Management Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				favorable
				(unfavorable)
REVENUES				
Intergovernmental - local	\$ 536	\$ 536	\$ -	\$ (536)
Charges for services	1,109	1,109	1,544	435
Miscellaneous	2,826	2,826	98	(2,728)
Other - service reimbursements	37,646	36,264	35,912	(352)
Total revenues	42,117	40,735	37,554	(3,181)
EXPENDITURES				
Business and community services	38,434	37,515	34,692	2,823
Excess of revenues over expenditures	3,683	3,220	2,862	(358)
OTHER FINANCING SOURCES (USES)				
Transfers in	258	721	721	-
Transfers out	(3,859)	(3,859)	(3,663)	196
Total other financing uses	(3,601)	(3,138)	(2,942)	196
Net change in fund balances	82	82	(80)	(162)
Fund balances - beginning	250	250	94	(156)
Fund balances - ending	\$ 332	\$ 332	\$ 14	\$ (318)

MULTNOMAH COUNTY, OREGON
Facilities Management Fund
Reconciliation of Budgetary Revenues and Expenditures to Proprietary Revenues and Expenses
For the Year ended June 30, 2003
(amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Facilities Management Operating Fund	\$ 37,554	\$ 34,692
Depreciation expense	-	8
Capital outlay	-	(31)
Revenues and expenses - page 115	<u>\$ 37,554</u>	<u>\$ 34,669</u>

AGENCY FUNDS

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

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

MULTNOMAH COUNTY, OREGON
COMBINING BALANCE SHEET
AGENCY FUNDS
June 30, 2003
(amounts expressed in thousands)

	<u>Sundry Taxing Bodies</u>	<u>Department & Offices Agency</u>	<u>Public Guardian</u>	<u>Visitors' Facilities</u>	<u>Total</u>
ASSETS:					
Cash and Investments	\$ 5,421	\$ 4,985	\$ 745	\$ 14	\$ 11,165
Receivables:					
Taxes	38,604	267	-	1,435	40,306
Accounts	-	5,037	-	454	5,491
Total assets	<u>44,025</u>	<u>10,289</u>	<u>745</u>	<u>1,903</u>	<u>56,962</u>
LIABILITIES:					
Accounts payable	\$ -	\$ 584	\$ 79	\$ 1,434	\$ 2,097
Due to other governmental units	38,367	-	-	-	38,367
Amounts held in trust	5,658	9,705	666	469	16,498
Total liabilities	<u>44,025</u>	<u>10,289</u>	<u>745</u>	<u>1,903</u>	<u>56,962</u>

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2003
(amounts expressed in thousands)

	Balance June 30, 2002	Additions	Deletions	Balance June 30, 2003
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	\$ 3,696	\$ 649,985	\$ 648,260	\$ 5,421
Taxes receivable	39,353	695,089	695,838	38,604
Total assets	<u>\$ 43,049</u>	<u>\$ 1,345,074</u>	<u>\$ 1,344,098</u>	<u>\$ 44,025</u>
Liabilities:				
Accounts payable	\$ -	\$ 236	\$ 236	\$ -
Due to other governmental units	39,227	672,232	673,092	38,367
Amounts held in trust	3,822	650,152	648,316	5,658
Total liabilities	<u>\$ 43,049</u>	<u>\$ 1,322,620</u>	<u>\$ 1,321,644</u>	<u>\$ 44,025</u>
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	\$ 7,421	\$ 929,437	\$ 931,873	\$ 4,985
Taxes receivable	110	867,620	867,463	267
Accounts receivable	-	95,127	90,090	5,037
Total assets	<u>\$ 7,531</u>	<u>\$ 1,892,184</u>	<u>\$ 1,889,426</u>	<u>\$ 10,289</u>
Liabilities:				
Accounts payable	\$ 797	\$ 54,828	\$ 55,041	\$ 584
Amounts held in trust	6,734	901,480	898,509	9,705
Total liabilities	<u>\$ 7,531</u>	<u>\$ 956,308</u>	<u>\$ 953,550</u>	<u>\$ 10,289</u>
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	\$ 947	\$ 2,538	\$ 2,740	\$ 745
Accounts receivable	-	1,259	1,259	-
Total assets	<u>\$ 947</u>	<u>\$ 3,797</u>	<u>\$ 3,999</u>	<u>\$ 745</u>
Liabilities:				
Accounts payable	\$ 98	\$ 2,957	\$ 2,976	\$ 79
Amounts held in trust	849	2,138	2,321	666
Total liabilities	<u>\$ 947</u>	<u>\$ 5,095</u>	<u>\$ 5,297</u>	<u>\$ 745</u>
VISITORS FACILITIES:				
Assets:				
Cash and investments	\$ 1,251	\$ 10,959	\$ 12,196	\$ 14
Taxes receivable	662	3,565	2,792	1,435
Accounts receivable	-	465	11	454
Total assets	<u>\$ 1,913</u>	<u>\$ 14,989</u>	<u>\$ 14,999</u>	<u>\$ 1,903</u>
Liabilities:				
Accounts payable	\$ 498	\$ 2,738	\$ 1,802	\$ 1,434
Amounts held in trust	\$ 1,415	\$ 10,983	\$ 11,929	\$ 469
Total liabilities	<u>\$ 1,913</u>	<u>\$ 13,721</u>	<u>\$ 13,731</u>	<u>\$ 1,903</u>
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	\$ 13,315	\$ 1,592,919	\$ 1,595,069	\$ 11,165
Taxes receivable	40,125	1,566,274	1,566,093	40,306
Accounts receivable	-	96,851	91,360	5,491
Total assets	<u>\$ 53,440</u>	<u>\$ 3,256,044</u>	<u>\$ 3,252,522</u>	<u>\$ 56,962</u>
Liabilities:				
Accounts payable	\$ 1,393	\$ 60,759	\$ 60,055	\$ 2,097
Due to other governmental units	39,227	672,232	673,092	38,367
Amounts held in trust	12,820	1,564,753	1,561,075	16,498
Total liabilities	<u>\$ 53,440</u>	<u>\$ 2,297,744</u>	<u>\$ 2,294,222</u>	<u>\$ 56,962</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, 2003

	<u>June 30, 2003</u>	<u>June 30, 2002</u>
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	\$ 13,987	\$ 14,219
Work in progress	37,986	16,866
Buildings	339,017	330,789
Improvements other than buildings	433	433
Machinery and equipment	114,690	116,316
Bridges	72,616	69,335
Infrastructure	810,589	807,682
Total governmental funds capital assets	<u>\$ 1,389,318</u>	<u>\$ 1,355,640</u>
INVESTMENTS IN GOVERNMENTAL FUNDS		
CAPITAL ASSETS BY SOURCE		
Investments in governmental funds capital assets by source at June 30	\$ 1,355,640	\$ 1,312,801
General fund	\$ 24,894	\$ 22,226
Road fund	2,888	822
Bicycle path construction fund	-	75
Federal and state program fund	(165)	(171)
Animal control fund	-	(17)
Library fund	3,978	7,978
Assessment and taxation fund	(57)	(43)
Justice services special operations	-	63
Justice bond capital project fund	2,657	3,621
Revenue bond project fund	684	112
Equipment acquisition fund	(6)	6,347
Building project fund	985	(6)
Library construction fund/1993	(503)	3,490
Library construction fund/1996	137	106
Capital improvement fund	1,300	(8)
Capital acquisition fund	-	35
Asset preservation fund	-	24
Risk management fund	-	(5)
Fleet management fund	(844)	861
Telephone fund	(1,572)	(146)
Data processing fund	(707)	(2,460)
Mail distribution fund	-	(65)
Facilities management fund	9	-
Total governmental funds capital assets	<u>\$ 1,389,318</u>	<u>\$ 1,355,640</u>

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
For the Year Ended June 30, 2003
(amounts expressed in thousands)

	<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>
FUNCTION AND ACTIVITY								
General government:								
Legislative	\$ 203	\$ -	\$ 5,941	\$ -	\$ -	\$ -	\$ -	\$ 6,144
Administrative	834	-	27,689	-	38,146	-	-	66,669
	<u>1,037</u>	<u>-</u>	<u>33,630</u>	<u>-</u>	<u>38,146</u>	<u>-</u>	<u>-</u>	<u>72,813</u>
Health and social services:								
Health	2,158	-	28,980	-	390	-	-	31,528
Social	3,615	-	68,515	-	1,388	-	-	73,518
	<u>5,773</u>	<u>-</u>	<u>97,495</u>	<u>-</u>	<u>1,778</u>	<u>-</u>	<u>-</u>	<u>105,046</u>
Public safety:								
Law enforcement	1,868	34,013	115,793	37	3,621	-	-	155,332
Justice services	51	-	5,554	-	364	-	-	5,969
	<u>1,919</u>	<u>34,013</u>	<u>121,347</u>	<u>37</u>	<u>3,985</u>	<u>-</u>	<u>-</u>	<u>161,301</u>
Community services:								
Community service development	-	-	1,404	108	6	-	-	1,518
Recreation	203	-	-	-	-	-	-	203
Library	2,972	3,973	52,626	140	69,511	-	-	129,222
	<u>3,175</u>	<u>3,973</u>	<u>54,030</u>	<u>248</u>	<u>69,517</u>	<u>-</u>	<u>-</u>	<u>130,943</u>
Roads and bridges:								
Roads and bridges	512	-	-	-	1,264	72,616	810,589	884,981
Bridge shops	39	-	330	-	-	-	-	369
Road shops	7	-	10,325	58	-	-	-	10,390
Administration	-	-	-	-	-	-	-	-
	<u>558</u>	<u>-</u>	<u>10,655</u>	<u>58</u>	<u>1,264</u>	<u>72,616</u>	<u>810,589</u>	<u>895,740</u>
External organizations:								
External use	1,525	-	21,860	90	-	-	-	23,475
	<u>\$ 13,987</u>	<u>\$ 37,986</u>	<u>\$ 339,017</u>	<u>\$ 433</u>	<u>\$ 114,690</u>	<u>\$ 72,616</u>	<u>\$ 810,589</u>	<u>\$ 1,389,318</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, 2003
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2002	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2003
General government:				
Legislative	\$ 7,091	\$ 76	\$ (1,023)	\$ 6,144
Administrative	69,771	3,267	(6,369)	66,669
	<u>76,862</u>	<u>3,343</u>	<u>(7,392)</u>	<u>72,813</u>
Health and social services:				
Health	30,871	1,106	(449)	31,528
Social	68,956	5,088	(526)	73,518
	<u>99,827</u>	<u>6,194</u>	<u>(975)</u>	<u>105,046</u>
Public safety:				
Law enforcement	133,984	21,199	149	155,332
Justice services	4,585	96	1,288	5,969
	<u>138,569</u>	<u>21,295</u>	<u>1,437</u>	<u>161,301</u>
Community services:				
Community service development	1,382	136	-	1,518
Recreation	203	-	-	203
Library	125,591	4,710	(1,079)	129,222
	<u>127,176</u>	<u>4,846</u>	<u>(1,079)</u>	<u>130,943</u>
Roads and bridges:				
Roads and bridges	878,812	6,188	(19)	884,981
Bridge shops	369	-	-	369
Road shops	9,974	416	-	10,390
	<u>889,155</u>	<u>6,604</u>	<u>(19)</u>	<u>895,740</u>
External organizations:				
External use	24,051	190	(766)	23,475
	<u>\$ 1,355,640</u>	<u>\$ 42,472</u>	<u>\$ (8,794)</u>	<u>\$ 1,389,318</u>

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 Loans Outstanding
- Schedule of Full Faith and Credit Bonds Outstanding
- Schedule of Capitalized Lease Purchases Outstanding
- Schedule of Receipts and Deposits – Elected Officials

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2003
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2002	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, 2003
2002-03	\$ -	\$ 875,383	\$ (4,724)	\$ 474	\$ (20,606)	\$ (820,475)	30,052
2001-02	30,158	-	(5,193)	833	-	(14,266)	11,532
2000-01	12,816	-	(1,101)	933	-	(6,599)	6,049
1999-00 and prior	9,528	-	(1,787)	1,249	-	(5,782)	3,208
	<u>\$ 52,502</u>	<u>\$ 875,383</u>	<u>\$ (12,805)</u>	<u>\$ 3,489</u>	<u>\$ (20,606)</u>	<u>\$ (847,122)</u>	<u>\$ 50,841</u>

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2003

	Current Levy	Prior years' Levy	Total Property Taxes	Other Taxes	Total
General fund	\$ 6,186	\$ 4,398	\$ 10,584	\$ 2,379	\$ 12,963
Special revenue funds:					
Library fund	693	508	1,201	-	1,201
Special excise tax fund	-	-	-	1,100	1,100
Total special revenue funds	693	508	1,201	1,100	2,301
General obligation bond fund	345	315	660	4	664
Agency funds	22,812	15,555	38,367	1,939	40,306
Sub-total taxes receivable	30,036	20,776	50,812	5,422	56,234
Special assessments collected through taxes	17	12	29	10	39
Total receivables	<u>\$ 30,053</u>	<u>\$ 20,788</u>	<u>\$ 50,841</u>	<u>\$ 5,432</u>	<u>\$ 56,273</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
For the Year Ended June 30, 2003
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2002		2002-03 Transactions			Outstanding June 30, 2003	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated March 1, 1994	\$ -	\$ 4,190	\$ -	\$ 975	\$ 975	\$ -	\$ 3,215
Dated October 1, 1994	-	1,160	-	365	365	-	795
Dated October 1, 1996	-	25,745	-	3,245	3,245	-	22,500
Dated February 1, 1999	-	65,440	-	340	340	-	65,100
	<u>\$ -</u>	<u>\$ 96,535</u>	<u>\$ -</u>	<u>\$ 4,925</u>	<u>\$ 4,925</u>	<u>\$ -</u>	<u>\$ 91,610</u>

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated March 1, 1994	\$ 177
Dated October 1, 1994	53
Dated October 1, 1996	1,162
Dated February 1, 1999	2,872
	<u>\$ 4,264</u>

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2003
(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
2004	\$ 175	\$ 111	\$ 105	\$ 89	\$ 185	\$ 157	\$ 465	\$ 357
2005	185	104	110	85	195	148	490	337
2006	190	96	120	79	205	139	515	314
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>\$ 2,665</u>	<u>\$ 766</u>	<u>\$ 1,900</u>	<u>\$ 678</u>	<u>\$ 3,325</u>	<u>\$ 1,190</u>	<u>\$ 7,890</u>	<u>\$ 2,634</u>

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2003
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	Series 1994 Dated 03/01/94 3.70 to 5.25%		Series 1994B Dated 10/01/94 4.25 to 6.00%		Series 1996A Dated 10/01/96 3.90 to 5.65%	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 1,020	\$ 130	\$ 385	\$ 33	\$ 535	\$ 130
2005	1,070	81	410	11	565	105
2006	1,125	28	-	-	590	77
2007	-	-	-	-	620	48
2008	-	-	-	-	655	16
2009	-	-	-	-	-	-
2010	-	-	-	-	-	-
2011	-	-	-	-	-	-
2012	-	-	-	-	-	-
2013	-	-	-	-	-	-
2014	-	-	-	-	-	-
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-
	<u>\$ 3,215</u>	<u>\$ 239</u>	<u>\$ 795</u>	<u>\$ 44</u>	<u>\$ 2,965</u>	<u>\$ 376</u>

Series 1996B		Series 1999		Total	
Dated 10/01/96		Dated 2/01/99			
3.90 to 5.65%		3.90 to 5.65%			
Principal	Interest	Principal	Interest	Principal	Interest
\$ 2,870	\$ 881	\$ 355	\$ 2,859	\$ 5,165	\$ 4,033
3,010	744	365	2,846	5,420	3,787
3,160	597	810	2,823	5,685	3,525
3,320	440	2,020	2,768	5,960	3,256
3,495	271	2,105	2,685	6,255	2,972
3,680	92	2,875	2,585	6,555	2,677
-	-	6,860	2,387	6,860	2,387
-	-	7,160	2,093	7,160	2,093
-	-	7,470	1,780	7,470	1,780
-	-	7,490	1,451	7,490	1,451
-	-	7,835	1,106	7,835	1,106
-	-	6,780	773	6,780	773
-	-	6,330	466	6,330	466
-	-	6,645	158	6,645	158
<u>\$ 19,535</u>	<u>\$ 3,025</u>	<u>\$ 65,100</u>	<u>\$ 26,780</u>	<u>\$ 91,610</u>	<u>\$ 30,464</u>

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2003
(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%	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 34	\$ 24	\$ 2	\$ 2	\$ 9	\$ 2
2005	36	21	2	2	11	1
2006	39	19	2	2	11	1
2007	42	16	2	2	3	-
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>\$ 348</u>	<u>\$ 111</u>	<u>\$ 32</u>	<u>\$ 14</u>	<u>\$ 34</u>	<u>\$ 4</u>

Dated 12/01/96 7.2%		Dated 01/15/97 5.9%		Dated 02/08/99 5.9%		Dated 10/26/99 5.9%		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 4	\$ -	\$ 7	\$ 1	\$ 15	\$ 6	\$ 14	\$ 9	\$ 85	\$ 44
4	-	7	1	16	5	16	8	92	38
4	-	7	1	17	4	15	8	95	35
2	-	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
-	-	-	-	-	-	3	-	6	-
-	-	-	-	-	-	-	-	3	-
<u>\$ 14</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 3</u>	<u>\$ 106</u>	<u>\$ 21</u>	<u>\$ 159</u>	<u>\$ 51</u>	<u>\$ 718</u>	<u>\$ 204</u>

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2003
(amounts expressed in thousands)

FULL FAITH AND CREDIT BONDS

Fiscal Year of Maturity	Series 1999 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%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 1,320	\$ 1,424	\$ 3,450	\$ 2,692	\$ 1,790	\$ 8,284	-	-	\$ 6,560	\$ 12,400
2005	1,375	1,368	3,625	2,520	2,535	8,163	840	288	8,375	12,339
2006	1,430	1,312	3,550	2,348	3,365	7,988	885	132	9,230	11,780
2007	1,490	1,254	3,735	2,161	4,295	7,753	900	118	10,420	11,286
2008	1,550	1,192	3,935	1,965	5,325	7,450	915	131	11,725	10,738
2009	1,615	1,126	2,675	1,759	6,470	7,072	940	129	11,700	10,086
2010	1,685	1,057	2,820	1,611	7,740	6,609	960	122	13,205	9,399
2011	1,760	982	2,975	1,470	9,150	6,052	990	115	14,875	8,619
2012	1,840	902	3,140	1,322	10,710	5,388	1,025	96	16,715	7,708
2013	1,925	817	3,315	1,165	4,479	12,563	1,060	68	10,779	14,613
2014	2,125	722	3,505	995	4,472	13,565	1,100	36	11,202	15,318
2015	2,120	624	3,705	811	4,469	14,618			10,294	16,053
2016	2,250	525	2,015	616	6,845	13,341			11,110	14,482
2017	2,325	420	2,135	510	16,985	4,358			21,445	5,288
2018	2,435	306	2,260	396	19,470	3,096			24,165	3,798
2019	2,555	188	2,395	271	22,200	1,649			27,150	2,108
2020	2,680	64	2,540	140	5,319	19,876			10,539	20,080
2021	-	-	-	-	5,208	21,407			5,208	21,407
2022	-	-	-	-	5,098	23,012			5,098	23,012
2023	-	-	-	-	4,989	24,686			4,989	24,686
2024	-	-	-	-	4,881	26,444			4,881	26,444
2025	-	-	-	-	4,775	28,285			4,775	28,285
2026	-	-	-	-	4,670	30,215			4,670	30,215
2027	-	-	-	-	4,566	32,234			4,566	32,234
2028	-	-	-	-	4,463	34,347			4,463	34,347
2029	-	-	-	-	4,362	36,563			4,362	36,563
2030	-	-	-	-	4,262	38,887			4,262	38,887
	<u>\$ 32,480</u>	<u>\$ 14,283</u>	<u>\$ 51,775</u>	<u>\$ 22,752</u>	<u>\$182,893</u>	<u>\$443,905</u>	<u>\$ 9,615</u>	<u>\$ 1,235</u>	<u>\$276,763</u>	<u>\$482,175</u>

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Purchases Outstanding
June 30, 2003
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 01/22/81 6.00% to 7.25%		Dated 05/01/93 2.75% to 7.50%		Dated 02/01/98 3.75 to 4.90%		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 220	\$ 112	\$ 10,470	\$ 383	\$ 2,215	\$ 1,365	\$ 12,905	\$ 1,860
2005	239	93	-	-	2,315	1,257	2,554	1,350
2006	259	73	-	-	2,440	1,144	2,699	1,217
2007	281	50	-	-	2,555	1,022	2,836	1,072
2008	306	26	-	-	2,690	891	2,996	917
2009	-	-	-	-	2,825	753	2,825	753
2010	-	-	-	-	2,960	617	2,960	617
2011	-	-	-	-	3,100	480	3,100	480
2012	-	-	-	-	3,250	333	3,250	333
2013	-	-	-	-	3,405	175	3,405	175
2014	-	-	-	-	355	87	355	87
2015	-	-	-	-	375	70	375	70
2016	-	-	-	-	395	51	395	51
2017	-	-	-	-	410	31	410	31
2018	-	-	-	-	436	11	436	11
	<u>\$ 1,305</u>	<u>\$ 354</u>	<u>\$ 10,470</u>	<u>\$ 383</u>	<u>\$ 29,726</u>	<u>\$ 8,287</u>	<u>\$ 41,501</u>	<u>\$ 9,024</u>

MULTNOMAH COUNTY, OREGON
Schedule of Receipts and Deposits - Elected Officials
For the year ended June 30, 2003
(amounts expressed in thousands)

	Receipts Deposited with Treasurer
Sheriff's office	<u>\$ 28,906</u>

Summary of receipts: Civil process serving fees, record sales, patrolling contracts, room and board for prisoners from other agencies and miscellaneous reimbursements.

STATISTICAL INFORMATION SECTION (UNAUDITED)

This section contains the following tables and information:

- General Governmental Expenditures by Function
- General Governmental Revenues by Source
- General Governmental Tax Revenues by Source
- Property Tax Levies and Collections
- Real Market Value of Taxable Property
- Consolidated Tax Rates
- Consolidated Tax Levies
- Principal Taxpayers
- Special Assessment Billings and Collections
- Computation of Legal Debt Margin
- Construction, Property Value, and Bank Deposits
- Ratio of Net General Obligation Bonded Debt to Real Market Value and Net General Obligation Bonded Debt per Capita
- Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt to Total General Governmental Expenditures
- Computation of Direct and Overlapping Debt
- Insurance In Force
- Population, Per Capita Income and Unemployment
- Major Employers in Metropolitan Area
- Miscellaneous Statistical Data

MULTNOMAH COUNTY, OREGON
General Governmental Expenditures by Function (1)
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	General Government	Health and Social Services	Public Safety and Justice	Community Services	Roads and Bridges	Capital Outlay	Debt Service	Total
1994	\$ 45,648	\$ 147,372	\$ 82,938	\$ 27,481	\$ 28,220	\$ 25,081	\$ 4,472	\$ 361,212
1995	36,108	165,239	93,059	32,765	30,200	24,539	9,849	391,759
1996	35,086	181,526	96,519	35,707	32,596	33,069	8,648	423,151
1997	28,298	190,540	113,263	56,913	34,052	33,717	18,363	475,146
1998	28,474	190,941	140,510	47,764	35,197	36,773	21,242	500,901
1999	35,786	209,788	165,792	75,996	37,604	59,425	21,493	605,884
2000	219,323 (2)	237,566	179,799	72,429	35,969	37,141	28,552	810,779
2001	36,612	285,999	183,897	85,143	35,110	30,517	39,932	697,210
2002	53,134	282,127	190,122	64,258	36,829	31,822	39,761	698,053
2003	52,375	274,737	200,114	60,139	39,497	17,770	35,268	679,900

(1) All Governmental Fund Types (Budgetary basis)

(2) Increase in General Government expenditures due to one time only funding of PERS unfunded liability.

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
General Governmental Revenues by Source (1)
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Taxes	Inter- Governmental	Licenses and Permits	Charges for Services	Interest	Special Assessments	Other	Total
1994	\$151,617	\$ 149,009	\$ 2,591	\$ 11,280	\$ 4,143	\$ 21	\$ 29,975	\$348,636
1995	171,068	162,133	2,683	8,880	5,676	-	28,549 (2)	378,989
1996	185,008	172,031	2,703	12,864	5,476	-	29,888 (3)	407,970
1997	217,295	184,697	2,751	14,882	9,691	-	37,244 (4)	466,560
1998	215,100	223,962	2,934	14,471	12,080	-	37,190 (5)	505,737
1999	250,416	232,715	3,026	15,515	11,688	-	42,337	555,697
2000	254,514	242,966	2,734	15,008	12,201	-	49,575	576,998
2001	266,466	308,993	5,037	20,234	14,760	-	51,994	667,484
2002	267,641	290,077	8,134	18,586	6,972	-	58,415	649,825
2003	268,225	261,020	14,496	66,352	3,499	-	37,468	651,060

(1) All Governmental Fund Types (Budgetary basis).

(2) Includes \$12 of special assessments revenue.

(3) Includes \$7 of special assessments revenue.

(4) Includes \$14 of special assessments revenue.

(5) Includes \$3 of special assessments revenue.

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
General Governmental Tax Revenues by Source (1)
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Property	Transient Lodging	Business Income	Gasoline	Motor Vehicle Rental	Other	Total
1994	\$ 110,239	\$ 3,553	\$ 22,912	\$ 6,926	\$ 6,389	\$ 1,598	\$ 151,617
1995	122,259	4,538	27,048	7,838	7,410	1,975	171,068
1996	131,620	5,032	30,040	7,770	8,694	1,852	185,008
1997	158,878	6,162	33,255	7,411	9,589	2,000	217,295
1998	157,885	5,841	32,524	7,393	10,205	1,252	215,100
1999	183,155	6,192	40,904	7,470	10,782	1,913	250,416
2000	187,256	5,956	39,934	7,221	12,445	1,702	254,514
2001	197,732	15,228	30,377	7,372	14,593	1,164	266,466
2002	206,143	11,131	26,935	7,951	13,718	1,763	267,641
2003	204,452	12,227	26,491	7,543	13,430	4,082	268,225

(1) All Governmental Fund Types (Budgetary basis)

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Property Tax Levies and Collections (1)
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Tax Levy	Current Collections	Collections as a % of Levy	Prior Year Collections	Total Collections	Total Collections as a % of Levy	Uncollected Taxes	Uncollected Taxes as a % of Levy
1994	\$110,598	\$ 105,430	95 %	\$ 4,809	\$110,239	99.68 %	\$ 10,035	9.07 %
1995	123,672	117,051	94.65	5,208	122,259	98.86	8,258	6.68
1996	135,104	128,020	94.76	3,600	131,620	97.42	8,152	6.03
1997	162,985	154,723	94.93	4,155	158,878	97.48	8,924	5.48
1998 (2)	158,856	153,321	96.52	4,564	157,885	99.39	8,925	5.62
1999	188,837	179,029	94.81	4,128	183,157	96.99	9,859	5.22
2000	193,076	181,741	94.13	5,514	187,255	96.99	11,294	5.85
2001	205,468	193,397	94.13	4,327	197,724	96.23	12,750	6.21
2002	212,329	199,819	94.11	6,283	206,102	97.07	13,245	6.24
2003	210,411	198,385	94.28	6,063	204,448	97.17	12,445	5.91

(1) All Governmental Fund Types (Budgetary basis).

(2) Property tax limitation Measure #50 went into effect.

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Real Market Value of Taxable Property (1)
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Personal Property	Public Utility Property	Commercial Property	Residential Property	Total
1994	\$ 1,203,111	\$ 1,628,475	\$ 9,941,135	\$ 14,727,420	\$ 27,500,141
1995	1,218,157	1,576,140	10,740,016	17,177,183	30,711,496
1996	1,330,246	1,647,640	11,938,742	19,766,868	34,683,496
1997	1,517,728	1,794,013	12,768,546	22,380,651	38,460,938
1998 (2)	1,812,064	2,000,951	14,123,977	24,330,799	42,267,791
1999	2,032,070	2,222,076	N/A	41,278,093 (3)	45,532,239
2000 (4)	2,531,489	2,723,488	N/A	47,072,873	52,327,850
2001	2,626,683	3,106,617	N/A	50,581,943	56,315,243
2002	2,869,911	3,019,095	N/A	55,332,307	61,221,313
2003	2,646,059	2,745,238	21,954,409	36,040,639	63,386,345

(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) As of June 30, 1999, the breakdown of residential and commercial property values are not available.

(4) Prior to 2000 amounts did not include urban renewal excess in taxable real market value.

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Consolidated Tax Rates (1)
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Multnomah County	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
1994	\$ 4.02	\$ 5.92	\$ 0.62	\$ 10.76	\$ 0.01	\$ 0.19	\$ -	\$ 21.52
1995	4.03	5.92	0.49	8.12	0.01	0.07	-	18.64
1996	3.90	5.79	0.68	5.58	-	0.08	0.07	16.10
1997	4.24	5.47	0.55	6.20	-	0.07	0.47	17.00
1998 (2)	4.86	6.03	0.68	7.27	-	0.07	1.08	19.99
1999	5.28	5.98	0.67	6.95	-	0.07	1.00	19.95
2000	5.13	5.97	0.61	6.93	-	0.07	0.97	19.68
2001	5.19	6.06	0.62	7.21	0.01	0.07	1.06	20.22
2002	5.09	5.91	0.60	7.58	0.01	0.07	1.15	20.41
2003	4.97	6.04	0.55	7.77	0.01	0.08	1.26	20.68

(1) These are average rates and are stated in dollar and cents per \$1,000 of assessed value.

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

Source: Multnomah County Division of Assessment and Taxation current and prior years' annual reports

MULTNOMAH COUNTY, OREGON
Consolidated Tax Levies
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Multnomah County	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
1994	\$ 110,598	\$162,870	\$ 17,068	\$295,852	\$ 290	\$ 5,298	\$ 21	\$591,997
1995	123,672	181,848	15,110	249,441	307	2,145	25	572,548
1996	135,104	200,896	23,515	193,685	155	2,633	2,520	558,508
1997	162,985	210,568	20,970	238,347	169	2,763	18,020	653,822
1998 (1)	158,856	196,846	22,318	237,275	154	2,323	35,347	653,119
1999	188,837	214,148	23,798	248,622	159	2,422	35,911	713,897
2000	193,076	224,449	23,106	260,605	169	2,657	36,426	740,488
2001	205,468	239,905	24,569	285,341	239	2,725	42,052	800,299
2002	212,329	246,579	25,104	316,282	246	3,086	47,801	851,427
2003	210,411	255,827	23,290	328,861	248	3,260	53,485	875,382

(1) Property tax limitation Measure #50 went into effect.

Source: Multnomah County Division of Assessment and Taxation current and prior years' annual reports

MULTNOMAH COUNTY, OREGON**Principal Taxpayers****June 30, 2003****(amounts expressed in thousands)****(unaudited)**

Taxpayer Account	Type of Business	2003 Assessed Valuation (1)	Percentage of Total Assessed Valuation
QWest Communications	Telephone utility	\$ 475,715	1.12 %
Portland General Electric	Electric utility	308,621	0.73
PacifiCorp (Pacific Power and Light) (2)	Electric utility	252,030	0.60
Wacker Siltronic Corp	Silicon wafers	204,816	0.48
Boeing Company	Aircraft parts	190,771	0.45
Microchip Technology Inc.	Computers and electronics	176,086	0.42
Alaska Airlines, Inc.	Airline	164,000	0.39
Oregon Steel	Steel	149,337	0.35
Fred Meyers Stores	Grocery and variety stores	147,487	0.35
Northwest Natural Gas	Gas Utility	142,913	0.34
		<u>\$ 2,211,776</u>	<u>5.23 %</u>

(1) The 2002-03 Assessed Valuation is \$42,349,119; the Real Market Valuation is \$63,386,345.

(2) Pacific Power and Light is a subsidiary of PacifiCorp.

Source: Multnomah County Division of Assessment and Taxation

MULTNOMAH COUNTY, OREGON
Special Assessment Billings and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Assessments Outstanding July 1	Assessments Billed	Assessments Collected	Assessments Outstanding June 30
1994	\$ 84	\$ -	\$ 36	\$ 48
1995	48	-	12	36
1996	36	-	7	29
1997	29	-	14	15
1998	15	-	3	12
1999	12	-	-	12
2000	12	-	-	12
2001	12	-	1	11
2002	11	-	-	11
2003	11	-	1	10

Source: Current and prior years' financial statements

MULTNOMAH COUNTY, OREGON
Computation of Legal Debt Margin
June 30, 2003
(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.

Real market value (2002-03)	\$ 63,386,345
Debt limit rate	2.00%
Debt limit	<u>1,267,727</u>
Less bonded debt at June 30	91,610
Legal debt margin	<u><u>\$ 1,176,117</u></u>

ORS 287.053 provides a debt limit on full faith & credit bonds of 1% of the real market value of all taxable property within the County's boundaries.

Real market value (2002-03)	\$ 63,386,345
Debt limit rate	1.00%
Debt limit	<u>633,863</u>
Less bonded debt at June 30	276,763
Legal debt margin	<u><u>\$ 357,100</u></u>

MULTNOMAH COUNTY, OREGON
Construction, Property Value, and Bank Deposits
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Commercial		Residential		Total		Bank Deposits in \$(000) (2)
	Number of Units (1)	Value in \$(000)	Number of Units (1)	Value in \$(000)	Number of Units	Value in \$(000)	
1994 (3)	1,106	\$228,787	2,757	\$ 117,655	3,863	\$ 346,442	\$ 9,536,224
1995	920	323,947	2,273	115,317	3,193	439,264	11,552,255
1996	-	- (4)	4,453	320,871	4,453	320,871	11,414,176
1997	-	-	4,331	350,666	4,331	350,666	14,543,385
1998	-	-	3,984	353,060	3,984	353,060	13,045,877
1999	-	-	3,641	315,125	3,641	315,125	14,673,872
2000	-	-	2,591	266,445	2,591	266,445	15,837,718
2001	-	-	2,896	352,975	2,896	352,975	13,126,825
2002	-	-	3,282	389,127	3,282	389,127	16,310,440
2003 (5)	-	-	N/A	N/A	N/A	N/A	18,359,918

(1) Information maintained on a calendar year basis.

(2) June 30, each year.

(3) January through June.

(4) Information on commercial properties no longer available as of January 1996.

(5) Information is not yet available.

Sources: Center for Population Research & Census, Portland State University and State of Oregon Banking Commission

MULTNOMAH COUNTY, OREGON
Ratio of Net General Obligation Bonded Debt to
Real Market Value and Net General Obligation Bonded Debt per Capita
Last Ten Fiscal Years
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Population (1)	Real Market Value (2)	Gross Bonded Debt	Less Debt Service Fund (3)	Net Bonded Debt	Ratio of Net Bonded Debt to Real Market Value	Net Bonded Debt per Capita (4)
1994	620,000	\$ 27,500,141	\$ 22,000	\$ 1,935	\$ 20,065	0.07 %	\$ 32
1995	626,500	30,711,496	29,705	7,021	22,684	0.07	36
1996	636,000	34,683,496	28,710	7,905	20,805	0.06	33
1997	639,000	38,460,938	136,375	14,977	121,398	0.32	190
1998	642,000	42,267,791	128,470	16,240	112,230	0.27	175
1999	646,850	45,532,239	124,170	14,014	110,156	0.24	170
2000	662,400	52,327,850	115,555	11,774	103,781	0.20	157
2001	666,350	56,315,243	106,260	12,223	94,037	0.17	141
2002	670,250	61,221,313	96,535	9,484	87,051	0.14	130
2003	670,250 (5)	63,386,345	91,610	10,335	81,275	0.13	121

(1) Population not expressed in thousands.

(2) Prior to 1998, Real Market Value approximated Assessed Value.

(3) Amount available for repayment of general obligation bonds.

(4) Net Bonded Debt stated in dollars.

(5) Population data for 2002 is the most recent data available.

Source: Current financial statements

MULTNOMAH COUNTY, OREGON
Ratio of Annual Debt Service Expenditures for
General Obligation Bonded Debt to Total General Governmental Expenditures
Last Ten Fiscal Years (1)
(amounts expressed in thousands)
(unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service to General Government Expenditures
1995	\$ 1,295	\$ 1,348	\$ 2,643	\$ 391,759	0.67 %
1996	995	1,474	2,469	423,151	0.58
1997	1,035	2,911	3,946	475,146	0.83
1998	7,905	6,740	14,645	500,901	2.92
1999	8,235	6,347	14,582	605,884	2.41
2000	8,615	5,934	14,549	810,779	1.79
2001	9,295	5,002	14,297	697,210	2.05
2002	9,725	4,589	14,314	698,053	2.05
2003	4,925	4,263	9,188	679,900	1.35

(1) 1995 was the first year that Multnomah County began retiring general obligation bonded debt in the last ten fiscal years.

Source: Current financial statements

MULTNOMAH COUNTY, OREGON
Computation of Direct and Overlapping Debt
June 30, 2003
(amounts expressed in thousands)
(unaudited)

Overlapping District	Percent Overlapping	Overlapping	
		Gross (1) Bonded Debt	Net (2) Direct Debt
Sunrise Water Authority	0.50 %	\$ 7	\$ 7
Clackamas County RFPD #1	0.04	4	4
Clackamas County School District 7J	0.36	342	342
City of Lake Oswego	6.21	2,292	2,292
City of Milwaukie	0.42	14	14
Columbia County School District 1J	23.69	721	721
Port of Portland	45.40	24,858	24,858
Metro	49.18	127,914	127,914
Tri-County Metropolitan Transp. Service District	48.93	49,297	49,297
Sauvie Island RFPD 30	96.46	231	231
Multnomah County School District 1J	99.31	155,825	155,825
Multnomah County School District 3	100.00	24,580	24,580
Multnomah County School District 7	100.00	68,540	68,540
Multnomah County School District 10J	85.80	68,767	68,767
Multnomah County School District 28J	93.10	33,835	33,835
Multnomah County School District 39	100.00	6,030	6,030
Multnomah County School District 40	100.00	54,435	54,435
Multnomah County School District 51J	96.34	9,418	9,418
Orient School District 6 Bonds	58.43	820	820
Mount Hood Community College	84.88	395	395
Portland Community College	45.25	87,629	87,629
City of Fairview	100.00	5,075	2,385
City of Gresham	100.00	5,959	5,850
City of Portland	99.60	273,443	231,948
City of Troutdale	100.00	14,935	14,935
City of Wood Village	100.00	765	320
Tualatin Valley Fire and Rescue	2.02	151	151
Washington County School District 48J	0.48	1,323	1,323
Hillsboro 1J	0.01	10	10
North Plains School District 1J	0.22	1	1
		<u>\$ 1,017,616</u>	<u>\$ 972,877</u>

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

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

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON

Insurance in Force

June 30, 2003

(unaudited)

Insurance Company	Coverage	Expiration
Affiliated FM Policy #TY200	Buildings & Equipment	10/2/2003
Affiliated FM Policy #TY200	Comprehensive Boiler and Machinery	10/2/2003
St. Paul Insurance Policy #384PH8367	Hull and Machinery Marine Policy	10/2/2003
Affiliated FM Policy #TY200	County Vehicles and Equipment	10/2/2003
Affiliated FM Policy #TY201	Justice Center Equipment & 57.8% of Building Usage	10/2/2003
Midwest Employers Policy #3454-SO-OR	Excess Workers' Compensation	7/1/2003
Hartford Insurance Co. Policy #52BPEAD4206	Blanket Faithful Performance Bond & Misc. Crime Coverage	1/1/2004
Hartford Insurance Co. Bond #5088331	Faithful Performance Bond-Public Official Tax Collector	1/1/2004
Bond #5088332	Finance Director	1/1/2004
Bond #5091060	Treasury Manager	1/1/2004
Hartford Insurance Co. Bond #5088334	Faithful Performance Bond-Public Guardian	1/1/2004
Hartford Insurance Co. Bond #SUN404213	DEQ License Bond (Multnomah County)	1/1/2004
Hartford Insurance Co. Bond #52RN087364	DEQ License Bond (Mechanic/Equipment Operator)	1/1/2005
Hartford Insurance Co. Bond #SUN404214	DEQ License Bond (Mechanic/Equipment Operator/Fleet Inspector)	1/1/2004
Hartford Insurance Co. Bond #52BSBBK3064	DEQ License Bond (Fleet Inspector)	1/1/2005
Hartford Insurance Co. Bond #52BSBAL9783	DEQ License Bond (Mechanic/Equipment Operator)	6/20/2006
Hartford Insurance Co. Bond #52BSBAA9079	DEQ License Bond (Mechanic/Equipment Operator)	1/24/2004

Source: County Insurance Agent

MULTNOMAH COUNTY, OREGON
Population, per Capita Income and Unemployment
Last Ten Fiscal Years
(unaudited)

Fiscal Year	County Population	County Per Capita Income (1)	County Median Household Effective Buying Income (1)	Portland Unemployment Rate (3)
1994	620,000	\$ 25	\$ 39	4.30%
1995	626,500	26	34	3.70%
1996	636,000	27	35 (2)	4.50%
1997	639,000	28	37	4.30%
1998	642,000	30	39	4.30%
1999	646,850	31	41	4.50%
2000	662,400	33	40	3.90%
2001	666,350	34	41	5.90%
2002	670,250	N/A	40	7.80%
2003	670,250 (4)	N/A	N/A	N/A

(1) Amounts expressed in thousands.

(2) The definition of effective buying income changed in 1995 and is not comparable with previous years.

(3) Portland Metropolitan Statistical Area.

(4) Population data for July 1, 2003 is not available at this time.

N/A means not available at current time.

Source: Employment Division, Oregon State Department of Human Resources, US Department of Commerce

MULTNOMAH COUNTY, OREGON
Major Employers in Metropolitan Area
June 30, 2003
(unaudited)

Employer	Product or Service	Employment
MANUFACTURING EMPLOYERS		
Intel Corporation	Semiconductor integrated circuits	14,890
Nike, Incorporated	Sports footwear and apparel	5,742
Freightliner Corporation	Medium and heavy-duty trucks	2,878
Precision Castparts	Steel castings	2,110
Tektronix, Incorporated	Electronic testing instruments	2,000
Hewlett-Packard Co.	Computer printers	1,900
NON-MANUFACTURING EMPLOYERS		
Providence Health Care System	Health care & health insurance	13,496
Fred Meyer, Inc. (Krogers, Inc.)	Grocery and retail variety chain	10,500
Kaiser Foundation Health Plan of the NW	Hospitals and clinics	8,000
Legacy Health System	Hospital and health services	7,972
Safeway Stores	Grocery chain stores	6,000
Albertson's	Retail Grocery Chain	5,600
U. S. Bancorp	Bank and holding company	4,138
Wells Fargo & Co.	Bank	3,813
Regal Cinemas	Movie theatres and concessions	3,100
Southwest Washington Medical Center	Hospital medical care	3,009
McDonalds Corporation	Restaurants	3,000
United Parcel Service	Small package transport	2,800
Portland General Corp.	Electric utility	2,781
Volt Services	Temporary Employment	2,500
Regence Blue Cross & Blue Shield of Oregon	Health insurance & HMO	2,176
Home Depot	Home Improvement	2,000
Portland Trail Blazers/Oregon Arena Corp.	National Basketball Association team, operator of Rose Quarter	2,000
Adventist Medical	Hospital medical Care	1,907
Hollywood Entertainment	Video rental and sales	1,869
Standard Insurance	Insurance	1,857
Horizon Air	Airline	1,800
PacifiCorp	Electric & energy services	1,759
Nordstrom	Retail specialty stores	1,700
Target Stores	Retail stores	1,700
The Holland Inc.	Restaurants	1,700
PUBLIC EMPLOYERS		
Federal Government	Government	18,700
Oregon Health Sciences University	Health care & education	11,400
City of Portland	Government	8,485
State of Oregon	Government	6,883
Portland Public Schools	Education	5,600
Multnomah County	Government	4,570
Portland Community College	Education	4,123
Portland State University	Education	3,800
Beaverton School District	Education	3,439
Tri Met	Transportation	2,636
Bonneville Power	Power utility	2,500

Source: Portland Chamber of Commerce, State of Oregon Employment Division and Regional Financial Advisors, Inc.

MULTNOMAH COUNTY, OREGON
Miscellaneous Statistical Data
June 30, 2003
(unaudited)

GENERAL

Date of incorporation	1854
Date present charter adopted	1967
Date present charter amended	2001
Form of government	Home Rule Charter
Area - square miles	465

MULTNOMAH COUNTY EMPLOYEES

Management and exempt	668
Bargaining units:	
General employees (Local 88)	2,792
Electricians (Local 48)	22
Operating engineers (Local 701)	12
Paint makers (Local 1094)	3
Corrections (Teamsters 223)	467
Deputy sheriffs association	93
Oregon nurses association	269
Juvenile group workers (Local 86)	65
Prosecuting attorneys association	79
Total bargaining units	3,802
Temporary County employees	100
Total County employees	4,570

MILES OF STREETS

(MAINTAINED BY MULTNOMAH COUNTY)

Paved	326
Unpaved	24

ELECTIONS

Number of registered voters	363,843
Number of votes cast in last general election	245,238
Percentage of registered voters voting in last general election	67.4%

SEWAGE DISPOSAL

Number of accounts	528
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FIRE PROTECTION

Number of stations	29
Number of employees:	
Sworn	675
Non-sworn	76

SHERIFF PROTECTION

Number of arrests (Parts 1, 2 & 3 crimes)	2,986
Vehicular patrol units	35
Number of employees (sworn and civilian)	835
Jails:	
Facilities	3
Population	1,531

RECREATION

Parks:	
Number of acres	10,940
Number of facilities	560
Number of playgrounds	148
Number of golf courses	6

EDUCATION

Number of schools:	
Elementary	138
Secondary	28
Employees:	
Instructional	(1) 5,396
Administrative and support	(1) 4,123
Number of students (estimated)	93,921

STREET LIGHTING

Number of Lights	2,338
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(1) Most recent data available is from 2002

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

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

The Board of County Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County, Oregon, as of and for the year ended June 30, 2003, and have issued our report thereon dated December 9, 2003. 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, and *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 basic financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to Multnomah County, Oregon is the responsibility of the County's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Certain areas covered, as required by Oregon Administrative Rules 162-10-230 through 162-10-320 included, but were not limited to the following:

Accounting and Internal Control Structure - Our report on the accounting and internal control structure is presented separately under this cover.

Programs Funded from Outside Sources – Our report related to such programs is presented separately under this cover.

Financial Reporting Requirements - Whether financial reports and related data filed with other governmental agencies in conjunction with programs funded wholly or partially by such agencies were in agreement with or supported by the accounting records.

Compliance with Legal or Other Requirements

Accounting Records – Pertaining to the condition and adequacy of accounting records.

Collateral - Pertaining to the amount and adequacy of collateral pledged by depositories to secure the deposit of public funds (see requirements for public fund deposits as specified in Oregon Revised Statutes (ORS) 295).

Indebtedness - Relating to debt and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and compliance with provisions of indentures or agreements, including restrictions on the use of monies available to retire indebtedness.

Insurance - Relating to insurance and fidelity bond coverage.

Investments - Pertaining to the investment of public funds (see ORS Chapter 294.035 to 294.046).

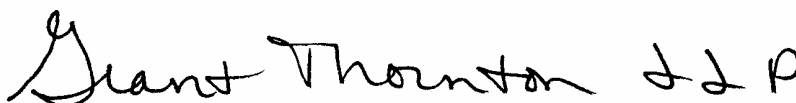
Budget - Relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year (see ORS 294.305 to 294.565).

Public Contracts and Purchasing - Pertaining to (as contained in ORS Chapter 279) the awarding of public contracts and the construction of public improvements.

Taxes on Motor Vehicle Use and Fuel and use of a Road Fund - Pertaining to (as contained in Article IX, section 3a of the Oregon Constitution) the use of revenue from taxes on motor vehicle use and fuel and use of a road fund (as contained in ORS 294 and 373).

The results of our tests indicate that, with respect to the items tested, Multnomah County, Oregon complied, in all material respects, with the provisions referred to above except the County had overexpenditures as listed in Note 2B of Notes to the Basic Financial Statements and one bank account exceeded its collateralization amount for three days. With respect to items not tested, nothing came to our attention that caused us to believe that the County had not complied, in all material respects, with those provisions.

This report is intended solely for the use of management, the Board of County Commissioners and the Secretary of State, Division of Audits, of the State of Oregon and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style.

Portland, Oregon
December 9, 2003

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

The Board of County Commissioners
Multnomah County, Oregon

We have audited the basic financial statements of Multnomah County, Oregon as of and for the year ended June 30, 2003, and have issued our report thereon dated December 9, 2003. 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.

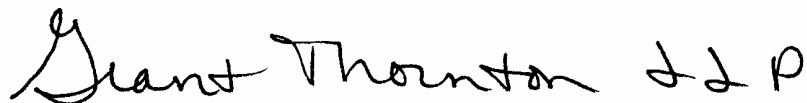
Compliance

As part of obtaining reasonable assurance about whether Multnomah County, Oregon's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Multnomah County, Oregon'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. 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 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 operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Board of County Commissioners and the Secretary of State, Division of Audits, of the State of Oregon and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Grant Thornton LLP". The signature is written in a cursive, flowing style. The "G" is large and loops around the "r". "ant" follows, then "Thornton" with a long horizontal stroke for the "n". Finally, "LLP" is written in a more compact, blocky cursive style.

Portland, Oregon
December 9, 2003