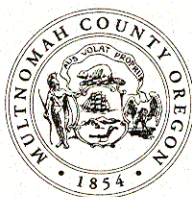




MULTNOMAH COUNTY OREGON



COMPREHENSIVE ANNUAL FINANCIAL REPORT Fiscal Year Ended June 30, 2006



About the Cover

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

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

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



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

ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



DIANE LINN
Chair



MARIA ROJO DE STEFFEY
Commissioner District 1



SERENA CRUZ
Commissioner District 2



LISA NAITO
Commissioner District 3



LONNIE ROBERTS
Commissioner District 4



SUZANNE FLYNN
Auditor



BERNIE GIUSTO
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
Comprehensive Annual Financial Report
For the Year Ended June 30, 2006
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INTRODUCTORY SECTION



Department of County Management
MULTNOMAH COUNTY OREGON

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December 15, 2006

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

INTRODUCTION

We are pleased to submit the Comprehensive Annual Financial Report of Multnomah County, Oregon, for the fiscal year ended June 30, 2006, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by State law, Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

In addition, the County is required to have a comprehensive single audit of its Federal Assistance Programs in accordance with the Single Audit Act, Office of Management and Budget (OMB) Circular A-133 and the provisions of Government Auditing Standards promulgated by the U.S. Comptroller General as they pertain to financial and compliance audits. A report on the County's compliance with applicable Federal laws and regulations related to the Single Audit Act, OMB Circular A-133 is included with this report beginning on page 188.

This report is prepared in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada and the principles established by the Governmental Accounting Standards Board (GASB), including all effective GASB pronouncements. It presents fairly the financial position of the various funds of the County at June 30, 2006, and the results of operations of such funds and the cash flows of the proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America (US GAAP). The report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

US GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Multnomah County's MD&A can be found immediately following the independent auditors' report. Unless otherwise noted, dollar amounts are expressed in thousands.

PROFILE OF MULTNOMAH COUNTY, OREGON

Multnomah County, incorporated in 1854, is located in northwestern Oregon at the confluence of the Columbia and Willamette rivers, approximately 110 river miles and 80 highway miles from the Pacific Ocean. The County covers 465 square miles, and serves a population of 692,825 citizens. The cities of Portland and Gresham are the largest incorporated cities in the County.

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

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

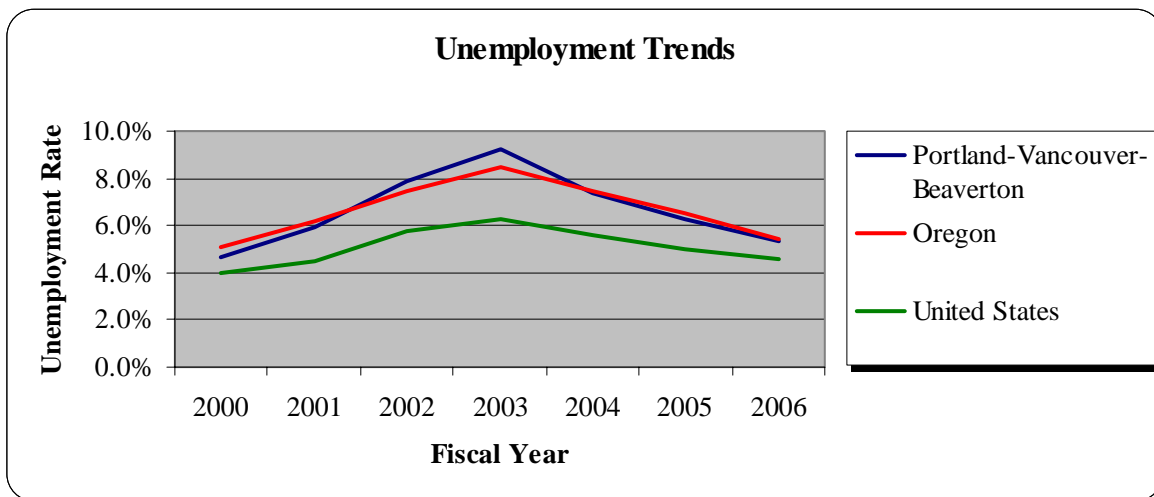
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse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

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund, the Federal State Program special revenue fund and the Willamette River Bridges fund the budget to actual comparisons are provided on pages 35-37 as part of the basic financial statements for the governmental funds. For all other governmental funds with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 80.

FACTORS AFFECTING FINANCIAL CONDITION

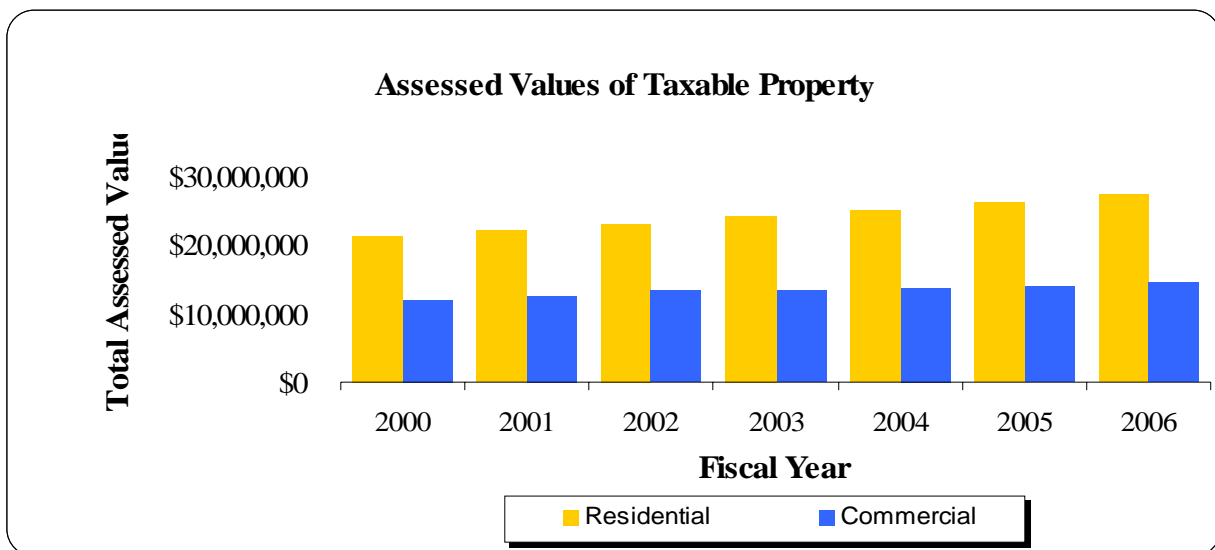
Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

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



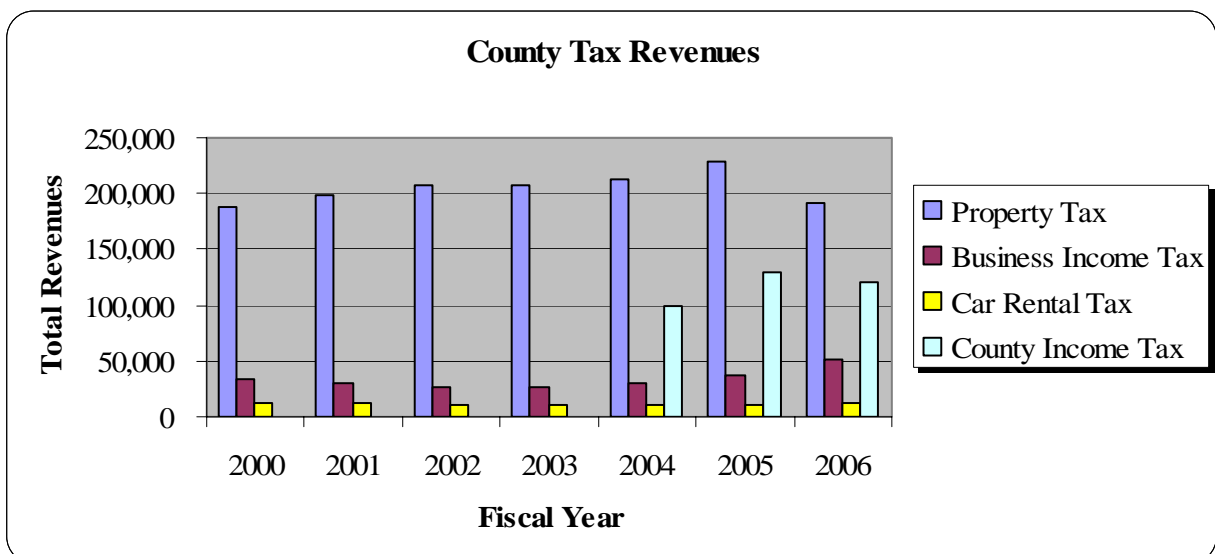
Financial outlook: The financial outlook for the County's general fund over the next five years is somewhat stronger than previous forecasts primarily due to gradual increases in economic conditions in the area. The regional economy is approaching a period of sustainable growth, but given the depth of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

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



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

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



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

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

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

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

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

AWARDS AND ACKNOWLEDGEMENTS

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

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

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

Respectfully Submitted,



Mindy Harris
Chief Financial Officer



Cara Fitzpatrick
Accounting Manager

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Multnomah County,
Oregon

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



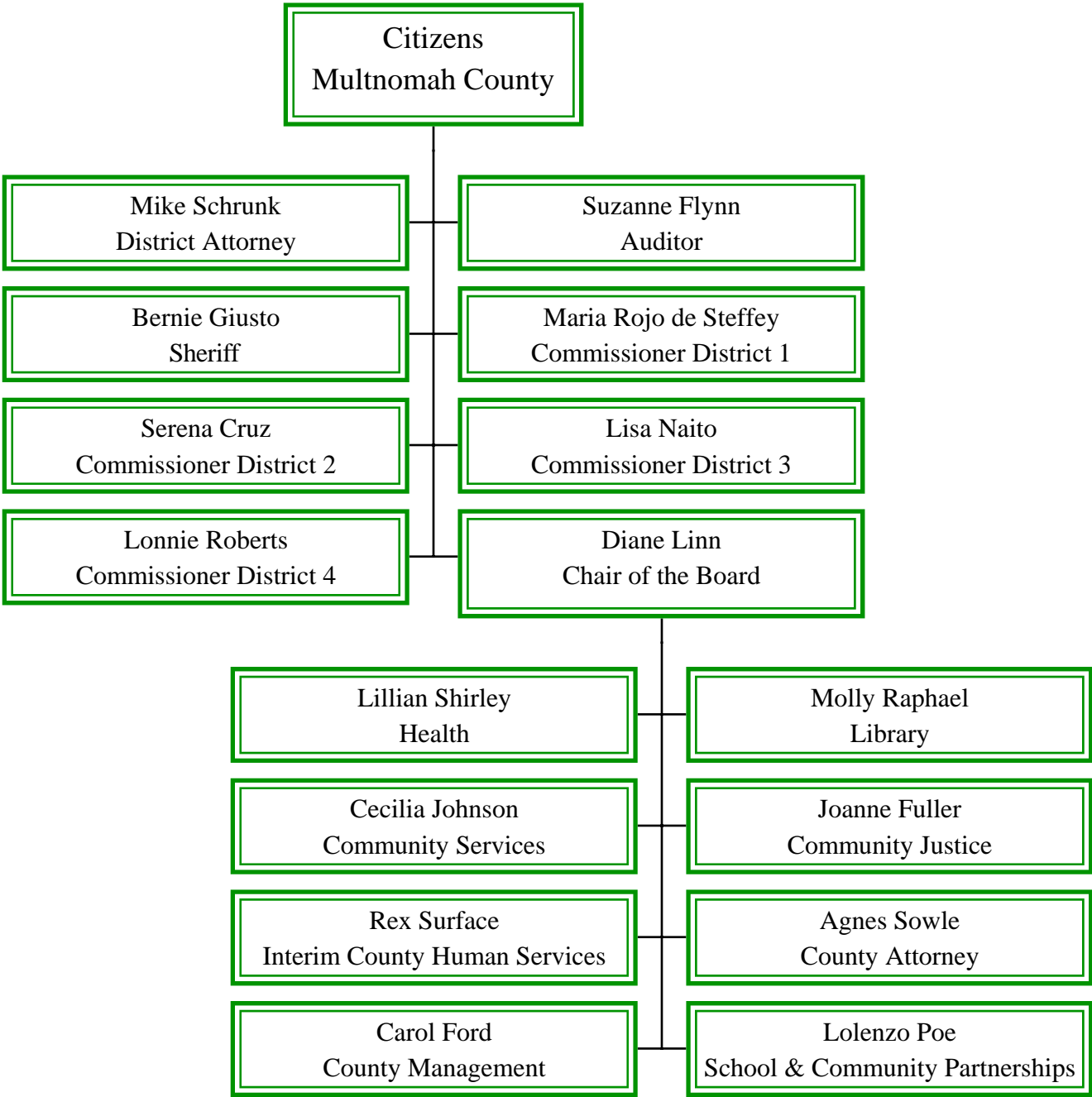
Carla E. Perry

President

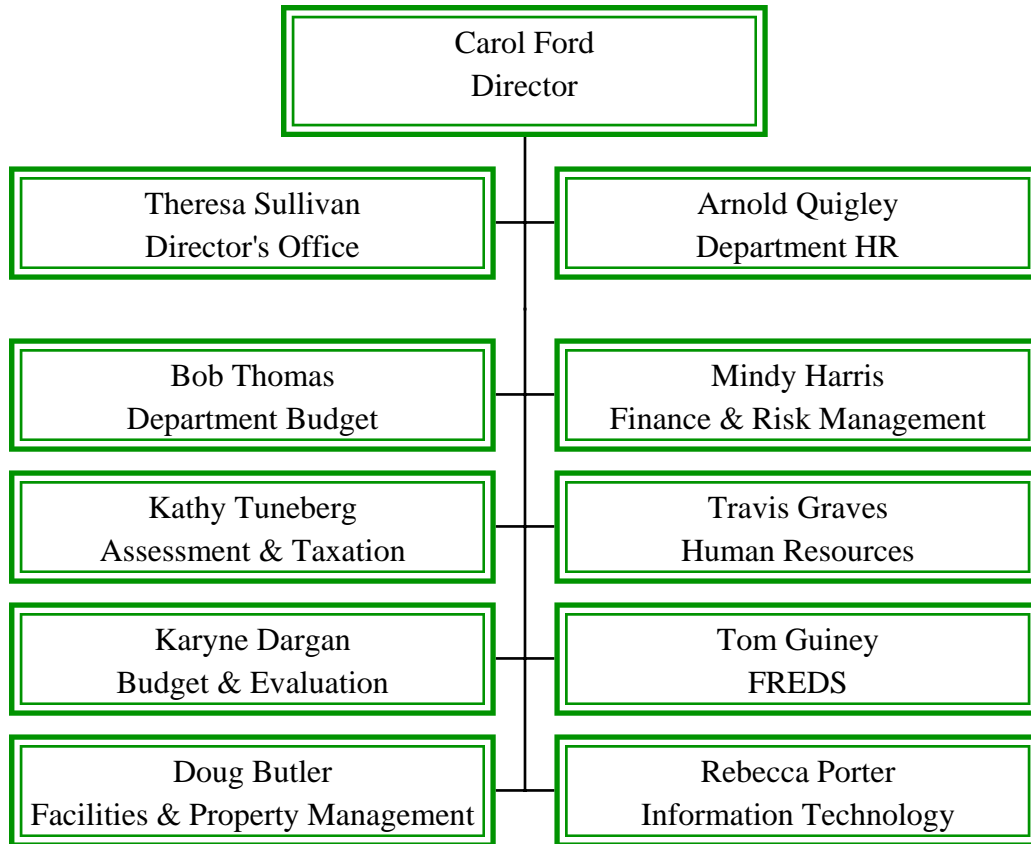
Jeffrey R. Emer

Executive Director

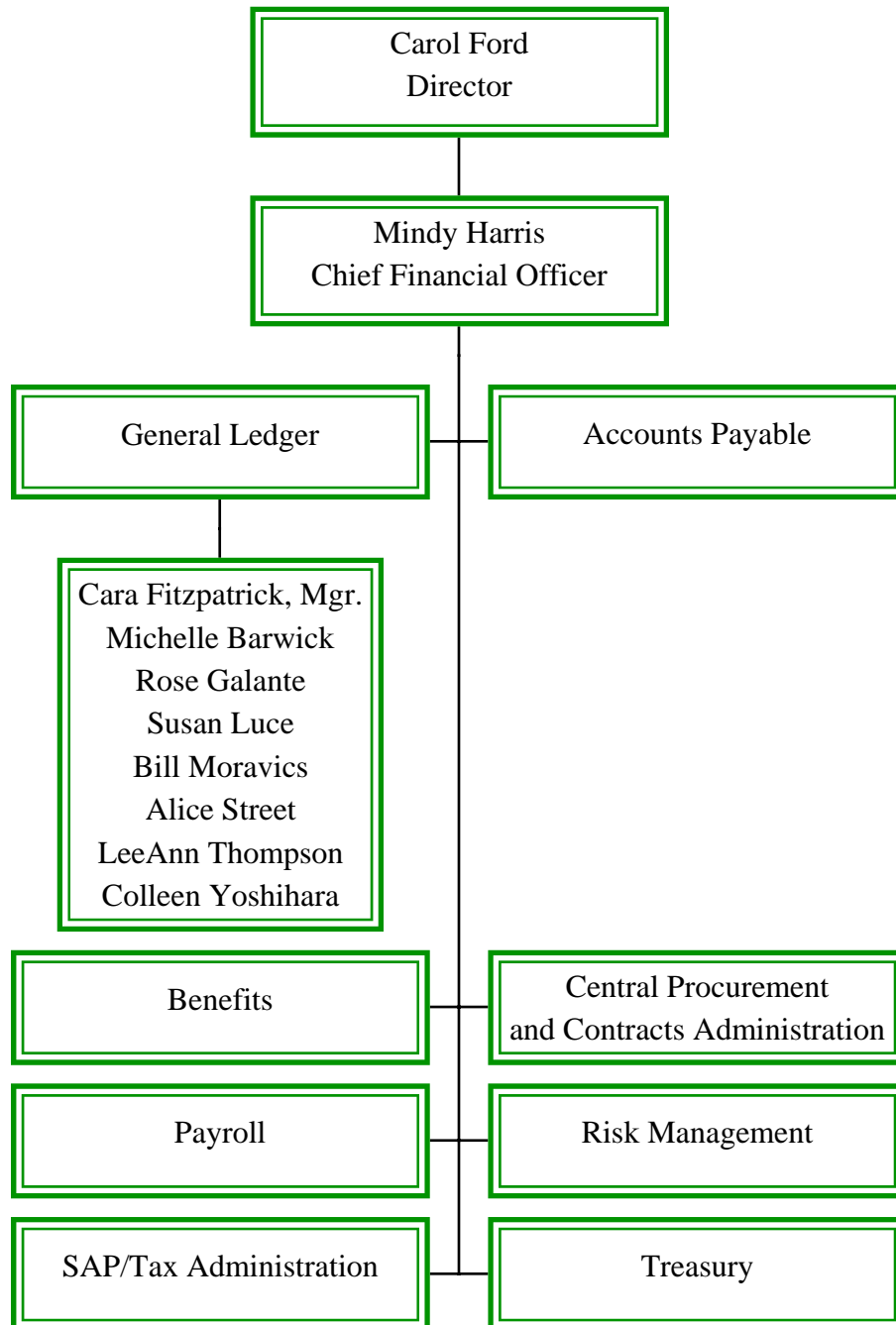
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



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



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

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

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Multnomah County, Oregon

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2006, on our consideration of Multnomah County, Oregon's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, budgetary comparison, and OPERS information on pages 14 through 27, 35 through 37, and 79 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures to the management's discussion and analysis on pages 14 through 27 which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The schedules of revenues, expenditures, and changes in fund balance – budget and actual, on pages 35 through 37 and the schedule of OPERS funding progress on page 79, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in relation to the basic financial statements taken as a whole.

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



For Moss Adams LLP
Eugene, Oregon
December 8, 2006



Department of County Management
MULTNOMAH COUNTY OREGON

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

Financial Highlights

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

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

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

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

The basic fiduciary fund financial statements can be found on pages 41-42 of this report. The combining balance sheet for agency funds and combining statement of changes in assets and liabilities for agency funds can be found on pages 131-132 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 43 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the notes to the basic financial statements. Combining and individual fund statements and schedules can be found beginning on page 80 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the County's financial position. The County's assets exceeded liabilities by \$544,274 at the close of the most recent fiscal year.

Multnomah County's Net Assets

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

The largest portion of the County's net assets, approximately 81%, reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the outstanding debt used to acquire the assets in the amount of \$437,851 as compared to \$526,183 a year ago. The decrease in the investment in capital assets net of related debt is related

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

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

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

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

Multnomah County's Changes in Net Assets

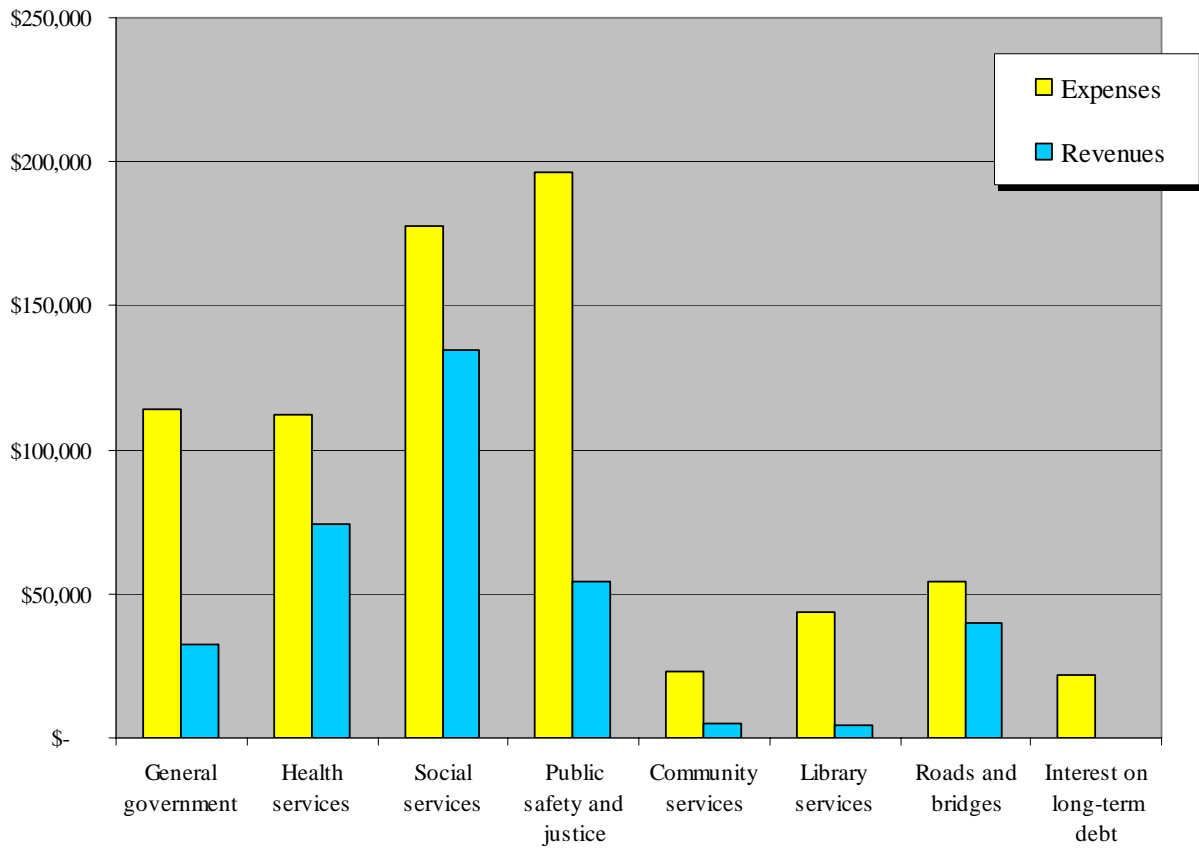
	Governmental Activities		Business-type Activities		Total	
	2006	2005 (Restated)	2006	2005	2006	2005 (Restated)
Revenues:						
Program revenues:						
Charges for services	\$ 91,180	\$ 85,955	\$35,268	\$30,184	\$126,448	\$116,139
Operating grants and contributions	247,933	256,489	-	-	247,933	256,489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

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

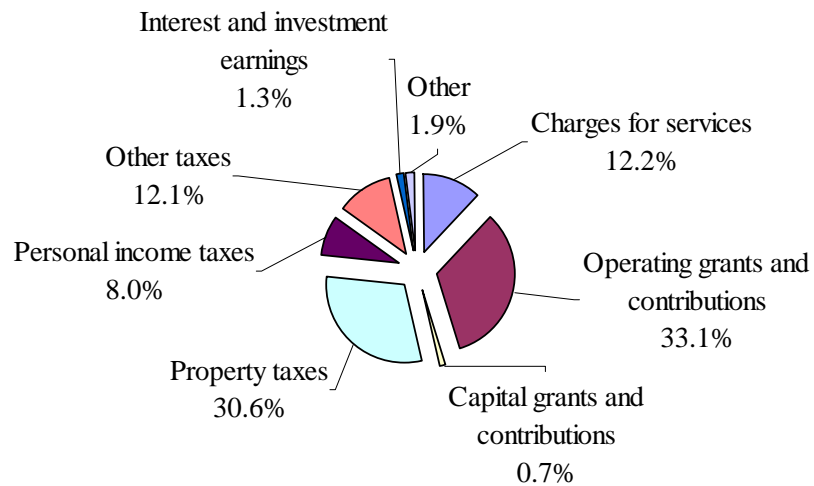
- Included in special items is the loss on disposal of capital assets of \$108,555 as a result of transferring ownership of County roads within to the City of Gresham. In January 2006, the County transferred approximately 50 miles of County roads to the City of Gresham. A feasibility study determined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

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

Expenses and Program Revenues - Governmental Activities



Revenues by Source, Governmental Activities



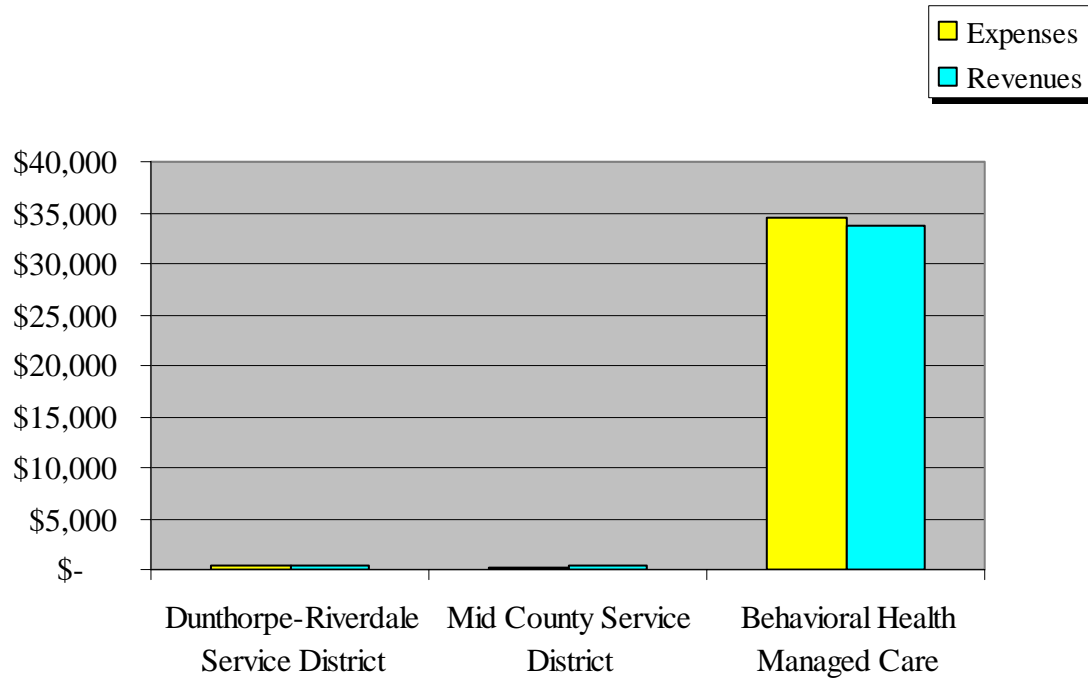
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

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

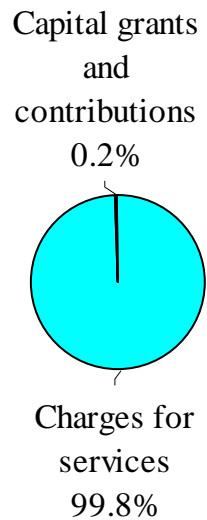
- Interest revenue increased by \$130, or approximately 107% from the prior year due to improved economic conditions and higher cash balances in 2006.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2006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

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

Expenses and Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

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

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

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

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

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

Proprietary funds. The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the proprietary funds at year end amounted to:

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

The total change in net assets for all proprietary funds was \$1,226. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The significant differences between the original budget and the final amended General Fund budget related to business income tax and personal income tax revenues. Budget modifications to the original budget included adjustments to increase the budget for personal income tax revenues and business income tax revenues. The budget for business income tax revenue was increased to reflect the stronger economy and higher collections realized throughout fiscal year 2006. Personal income tax was increased as calendar year 2005 was the final

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

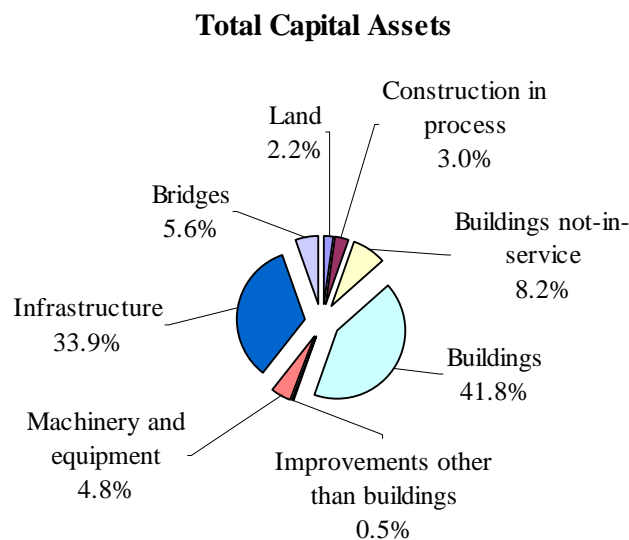
Capital Projects and Debt Administration

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

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

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

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



Long-term debt. At the end of the current fiscal year, the County had total debt outstanding of \$359,568. Of this amount, \$75,340 comprises debt backed by the general obligation bonds; \$257,915 represents debt backed by the full faith and credit bonds; \$449 comprises long term lease obligations; and the remainder of the County's debt represents bonds secured solely by specified sources (e.g., revenue bonds, capitalized leases). Both general obligation bonds and full faith and credit bonds are direct obligations pledging the full faith and credit of the County.

Multnomah County's Outstanding Debt

	Governmental Activities		Business- Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General obligation bonds	\$ 75,340	\$ 81,025	\$ -	\$ -	\$ 75,340	\$ 81,025
Revenue bonds	6,420	6,935	-	-	6,420	6,935
Full faith and credit bonds	257,915	267,225	-	-	257,915	267,225
Capital leases	19,444	27,971	-	-	19,444	27,971
Loans	449	542	-	-	449	542
Total outstanding debt	<u>\$ 359,568</u>	<u>\$ 383,698</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 359,568</u>	<u>\$ 383,698</u>

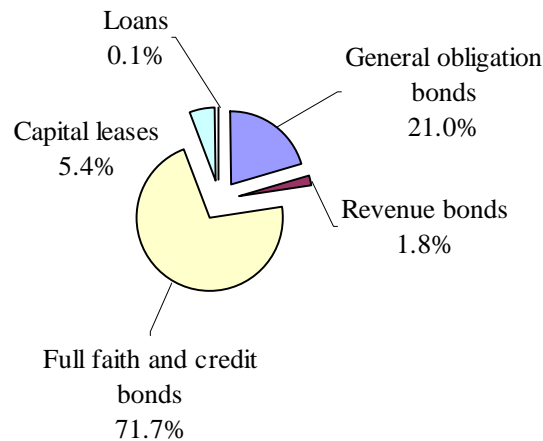
The County's total debt decreased by \$24,130 or approximately 6% during the current fiscal year. Significant changes to the County's long-term debt during 2006 include recording a capital lease in the amount of \$1,093 and reclassifying a capital lease in the amount of \$6,890 to an operating lease.

The County maintains an "Aa1" rating from Moody's for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$1,561,961, which is significantly in excess of the County's outstanding general obligation debt. State statutes also limit the amount of full faith and credit obligations to one percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for full faith and credit obligations is \$780,980, which is in excess of the County's outstanding full faith and credit debt.

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

Total Outstanding Long-Term Debt



Key Economic Factors and Budget Information for Next Year

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

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

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

Requests for Information

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

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

BASIC FINANCIAL STATEMENTS

MULTNOMAH COUNTY, OREGON

Statement of Net Assets

June 30, 2006

(amounts expressed in thousands)

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

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

MULTNOMAH COUNTY, OREGON

Statement of Activities

For the Year Ended June 30, 2006

(amounts expressed in thousands)

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

General revenues:

Taxes:

Property taxes, levied for general purposes

Property taxes, levied for debt service

Personal income taxes

Business income taxes

Selective excise and use taxes

Payments in lieu of taxes

State government shared unrestricted revenues

Grants and contributions not restricted to specific programs

Interest and investment earnings

Miscellaneous

Gain on sale of capital assets

Transfers

Special items:

Loss on transfer of County roads

Total general revenues and special items

Change in net assets

Net assets - as previously reported

Cumulative effect of change in accounting principle

Net assets - beginning, restated

Net assets - ending

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

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

MULTNOMAH COUNTY, OREGON

Balance Sheet

Governmental Funds

June 30, 2006

(amounts expressed in thousands)

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

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

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

Fund Balances - Governmental Funds		\$ 166,185
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Governmental capital assets	1,187,906	
Less accumulated depreciation	<u>(575,371)</u>	612,535
Other long-term assets		
Negative net pension asset	144,050	
Bond issuance costs	<u>426</u>	144,476
Accrued interest payable		(3,328)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds.		
Bonds payable	(339,675)	
Capital leases payable	(19,444)	
Loans payable	<u>(449)</u>	(359,568)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(17,574)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(7,902)
Net other post-employment benefits obligation		(44,742)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	8,917	
Personal income taxes	<u>8,447</u>	17,364
Internal service funds are used by management to charge the costs of certain activities to individual funds. Net assets of the internal service funds that are reported with governmental activities.		<u>31,013</u>
Net Assets of Governmental Activities		<u><u>\$ 538,459</u></u>

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

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

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

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

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

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

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

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MAJOR GOVERNMENTAL FUNDS

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

- **General Fund** – accounts for the financial operations of the County which are not accounted for in any other fund. The principal sources of revenues are property taxes, personal income taxes, and business income taxes. Primary expenditures in the General Fund are made for general government, public safety, and health and social services.
- **Federal and State Program Fund** – a special revenue fund that accounts for the majority of revenues and expenditures related to Federal and State financial assistance programs.
- **Willamette River Bridges Fund** – a special revenue fund that accounts for capital grants and contributions for County bridges, motor vehicle fees, and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.

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

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

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

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

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

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

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

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

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

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PROPRIETARY FUNDS

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

Enterprise Funds:

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

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

MULTNOMAH COUNTY, OREGON

Statement of Net Assets

Proprietary Funds

June 30, 2006

(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe- Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
ASSETS					
Current assets:					
Cash and investments	\$ 254	\$ 373	\$ 6,477	\$ 7,104	\$ 42,601
Receivables (net of allowances for uncollectibles:					
Accounts	3	-	-	3	1,271
Special assessments	17	12	-	29	-
Inventories	-	-	-	-	1,722
Prepaid items	-	-	-	-	618
Total current assets	274	385	6,477	7,136	46,212
Noncurrent assets:					
Capital assets (net of accumulated depreciation)	1,464	1,521	-	2,985	4,763
Total assets	1,738	1,906	6,477	10,121	50,975
LIABILITIES					
Current liabilities:					
Accounts payable	209	28	4,008	4,245	5,071
Claims and judgments payable	-	-	-	-	10,627
Payroll payable	-	-	15	15	576
Deferred revenue	-	-	-	-	107
Compensated absences	-	-	8	8	582
Total current liabilities	209	28	4,031	4,268	16,963
Noncurrent liabilities:					
Compensated absences	-	-	38	38	1,448
Incremental leases payable	-	-	-	-	1,551
Total noncurrent liabilities	-	-	38	38	2,999
Total liabilities	209	28	4,069	4,306	19,962
NET ASSETS					
Invested in capital assets	1,464	1,521	-	2,985	4,763
Unrestricted	65	357	2,408	2,830	26,250
Total net assets	\$ 1,529	\$ 1,878	\$ 2,408	\$ 5,815	\$ 31,013

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

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

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe-Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
OPERATING REVENUES					
Charges for sales and services	\$ 455	\$ 294	\$ 34,519	\$ 35,268	\$ 145,213
Insurance premiums	-	-	-	-	5,720
Experience ratings and other	-	-	-	-	784
Total operating revenues	<u>455</u>	<u>294</u>	<u>34,519</u>	<u>35,268</u>	<u>151,717</u>
OPERATING EXPENSES					
Cost of sales and services	322	221	31,240	31,783	144,015
Administration	37	53	2,400	2,490	2,443
Depreciation	<u>48</u>	<u>54</u>	<u>-</u>	<u>102</u>	<u>2,594</u>
Total operating expenses	<u>407</u>	<u>328</u>	<u>33,640</u>	<u>34,375</u>	<u>149,052</u>
Operating income (loss)	<u>48</u>	<u>(34)</u>	<u>879</u>	<u>893</u>	<u>2,665</u>
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	21	16	214	251	1,408
Gain on disposal of capital assets	-	-	-	-	407
Loss on disposal of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(121)</u>
Total nonoperating revenues	<u>21</u>	<u>16</u>	<u>214</u>	<u>251</u>	<u>1,694</u>
Income (loss) before contributions and transfers	69	(18)	1,093	1,144	4,359
Capital contributions in	-	82	-	82	30
Capital contributions out	-	-	-	-	(30)
Transfers in	-	-	-	-	642
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,641)</u>
Change in net assets	69	64	1,093	1,226	1,360
Total net assets - beginning	<u>1,460</u>	<u>1,814</u>	<u>1,315</u>	<u>4,589</u>	<u>29,653</u>
Total net assets - ending	<u>\$ 1,529</u>	<u>\$ 1,878</u>	<u>\$ 2,408</u>	<u>\$ 5,815</u>	<u>\$ 31,013</u>

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

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

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Dunthorpe - Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	\$ 458	\$ 294	\$ 34,520	\$ 35,272	\$ 151,705
Payments to suppliers	(227)	(213)	(28,259)	(28,699)	(73,561)
Payments to employees	(23)	(24)	(2,400)	(2,447)	(42,199)
Internal activity - payments to other funds	(14)	(26)	(697)	(737)	(25,190)
Net cash provided by operating activities	<u>194</u>	<u>31</u>	<u>3,164</u>	<u>3,389</u>	<u>10,755</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	642
Transfers out	-	-	-	-	(3,641)
Net cash used in noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,999)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(403)	(25)	-	(428)	(1,913)
Proceeds on sales of capital assets	-	-	-	-	150
Net cash used in capital and related financing activities	<u>(403)</u>	<u>(25)</u>	<u>-</u>	<u>(428)</u>	<u>(1,763)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	21	16	214	251	1,408
Net cash provided by investing activities	<u>21</u>	<u>16</u>	<u>214</u>	<u>251</u>	<u>1,408</u>
Net increase (decrease) in cash and cash equivalents	(188)	22	3,378	3,212	7,401
Balances at beginning of the year	442	351	3,099	3,892	35,200
Balances at end of the year	<u>\$ 254</u>	<u>\$ 373</u>	<u>\$ 6,477</u>	<u>\$ 7,104</u>	<u>\$ 42,601</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:					
Operating income (loss)	\$ 48	\$ (34)	\$ 879	\$ 893	\$ 2,665
Adjustments to reconcile operating income (loss) to net cash used in					
Cash flows reported in other categories:					
Depreciation	48	54	-	102	2,594
Changes in assets and liabilities:					
Receivables, net	2	1	-	3	(94)
Inventories	-	-	-	-	(564)
Due from other funds	-	-	-	-	5,250
Prepaid items	-	-	-	-	321
Accounts payable	96	10	2,256	2,362	(522)
Claims and judgments payable	-	-	-	-	387
Deferred revenue	-	-	-	-	107
Compensated absences	-	-	27	27	(37)
Due to other funds	-	-	-	-	(642)
Incremental leases payable	-	-	-	-	1,551
Payroll payable	-	-	2	2	(261)
Total adjustments	<u>146</u>	<u>65</u>	<u>2,285</u>	<u>2,496</u>	<u>8,090</u>
Net cash provided by operating activities	<u>\$ 194</u>	<u>\$ 31</u>	<u>\$ 3,164</u>	<u>\$ 3,389</u>	<u>\$ 10,755</u>
Noncash financing activities:					
Contributions of capital assets from government	\$ -	\$ 82	\$ -	\$ 82	\$ -

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

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FIDUCIARY FUNDS

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

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

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

	<u>Agency Funds</u>	<u>Library Retirement Pension Trust Fund</u>
ASSETS		
Cash and investments	\$ 14,267	\$ -
Taxes receivable	35,596	-
Restricted cash	849	-
Total assets	<u>50,712</u>	<u>-</u>
LIABILITIES		
Accounts payable	8,038	-
Due to other governmental units	33,062	-
Amounts held in trust	9,612	-
Total liabilities	<u>50,712</u>	<u>-</u>
NET ASSETS		
Held in trust for pension benefits and other purposes	<u>\$ -</u>	<u>\$ -</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, 2006
(amounts expressed in thousands)

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

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

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

Note 1. Summary of Significant Accounting Policies

A. Reporting entity

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

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

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

B. Government-wide and fund financial statements

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

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

are clearly identifiable with a specific function or segment. In addition, functional expenses on the statement of activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement preparation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The County reports the following major governmental funds:

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

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

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

The County reports the following major proprietary funds:

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

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

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

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

Additionally, the County reports the following fund types:

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

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

Capital projects funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the

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

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

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

Fiduciary Funds reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four categories: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement or applicable legislative enactment for individuals, private organizations or other governments and are therefore, not available to support the County's own programs. The County maintains a Library Retirement Pension Trust Fund that accounts for the pension benefits for former employees of the Library Association of Portland. Agency funds are custodial in nature (i.e. assets equal liabilities) and do not measure the results of operations. The County's agency funds are primarily established to account for the collection and disbursement of various taxes and to account for receipts and disbursements for individuals who are not capable of handling their own financial affairs.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer and lighting functions and various other functions of the County. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

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

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

D. Assets, liabilities, and net assets or equity

1. Cash and investments

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

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

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

2. Receivables and payables

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

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

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

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax is a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax has generated an estimated \$120,000 for each calendar year the tax is in effect. The revenues generated from the tax provide funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. Included in the financial statements is an allowance for uncollectible accounts of \$6,981 for personal income taxes. This amount is shown net with taxes receivable on both the fund financial statements and the statement of net assets. In the statement of activities the reduction is recorded to the related income tax revenues, and on the fund financial statements the offset is recorded in deferred revenues.

3. *Inventories and prepaid items*

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

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

4. *Fund balances and net assets*

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

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

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

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

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

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

5. *Capital assets*

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

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

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

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

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

6. *Other assets*

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

7. *Unearned / Deferred revenues*

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

8. *Compensated absences*

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

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

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

9. *Long-term obligations*

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

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

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

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

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

11. *Contributions*

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

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

12. Estimates

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

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

Note 3. Accounting changes

A. Change in accounting principle

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

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

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

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

B. Restatement of net assets

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

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

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

Note 4. Detailed notes on all funds

A. Cash and investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of June 30, 2006, the County had the following unrestricted cash and investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Yield</u>	<u>Risk Concentration</u>	<u>Weighted Average Maturity (in months)</u>
US Agencies	\$ 67,339	4.95%	30%	2
Corporate Debt	16,916	4.57%	8%	< 1
Commercial Paper	37,758	5.15%	17%	< 1
US Treasuries	4,971	4.68%	2%	< 1
Local Government Investment Pool	42,041	4.90%	19%	< 1
Cash and Equivalents	52,769	4.70%	24%	< 1
Total unrestricted cash and investments	<u>\$ 221,794</u>		<u>100%</u>	
Portfolio weighted average maturity				3

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

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

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

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

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

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B. Receivables

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

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MULTNOMAH COUNTY
Accounts Receivable

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

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

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

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

Amounts reported above as unearned are reported as unearned revenue in governmental activities on the Statement of Net Assets. Governmental activities also include Internal Service Funds, which report \$107 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$16,975.

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C. Capital assets

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

Primary Government

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

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

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

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

D. Other assets

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

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

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

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E. Interfund receivables, payables, and transfers

The County records “due to” and “due from” transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from reporting a negative cash balance. The composition of interfund balances as of June 30, 2006 is as follows:

Due to / from other funds:

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

Interfund Transfers:

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

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

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F. Short-term debt

Tax Revenue Anticipation Note

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

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

G. Long-term debt

General Obligation Bonds

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

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

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<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.70-5.65%	<u>\$ 75,340</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 5,960	\$ 3,256
2008	6,255	2,972
2009	6,555	2,677
2010	6,860	2,387
2011	7,160	2,093
2012 – 2016	35,905	5,576
2017	6,645	158
Total	<u>\$ 75,340</u>	<u>\$ 19,119</u>

Revenue Bonds

The County also issues bonds where the government pledges specific revenue sources or income derived from the acquired or constructed assets to pay debt service. In October 1998, the County issued \$3,155 of revenue bonds to finance constructing, renovating, improving and equipping County-owned facilities, and entered into a public / private partnership with the Regional Children's Campus (RCC), a 501(c)(3) non profit agency. In November 2000, the County issued \$2,000 of revenue bonds to finance the costs of acquiring land and constructing, renovating, improving and equipping certain facilities to be used as a vocational training center for developmentally disabled residents of Multnomah County. This debt issue is subject to Federal arbitrage regulations. The County entered into a public / private partnership with Port City Development, a 501(c)(3) non profit agency. Also in November 2000, the County issued \$3,500 of revenue bonds to re-finance the costs of acquiring real property and constructing facility improvements related to the Oregon Food Bank. The total original amount of bonds issued in prior years was \$8,655.

Revenue bonds outstanding at year-end are as follows:

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

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

Full Faith and Credit Bonds

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

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

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

On May 15, 2003, the County issued \$9,615 in Full Faith and Credit Refunding Obligations, Series 2003 with interest rates from 1.50% to 3.25%. At June 30, 2006, \$7,890 of these bonds were outstanding.

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On October 1, 2004, the County issued \$54,235 in Full Faith and Credit Refunding Obligations, Series 2004 at a premium of \$5,089, with interest rates from 3.00% to 5.00%. At June 30, 2006 the unamortized premium on the debt was \$4,580. This issue was used to refund \$27,985 of outstanding Full Faith and Credit Bonds, Series 2000 with interest rates from 5.00% to 5.50%, \$22,015 of outstanding Certificates of Participation, Series 1999 with interest rates from 4.00% to 4.75%, and \$4,960 of outstanding Certificates of Participation, Series 1998 with interest rates from 3.75% to 4.90%. The difference between the present value of the old debt service requirements and the present value of the new debt service requirements is a deferred charge of \$3,887, which is amortized as a component of interest expense over the life of the new debt. At June 30, 2006 the deferred charge was \$3,498. The entire amount of this debt issue was outstanding at June 30, 2006.

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	1.50-7.74%	<u>\$ 256,833</u>

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

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

Capital Leases

The County has entered into various lease/purchase agreements to acquire property and equipment. These lease agreements qualify as capital leases for accounting purposes and have been capitalized in accordance with accounting principles generally accepted in the United States of America. On June 30, 2005 the County entered into a new building lease which met the criteria for a capital lease. The

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

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

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	2.50-7.25%	<u>\$ 19,444</u>

Future minimum lease payments are as follows:

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

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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%	<u>\$ 449</u>

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2007	\$ 87	\$ 27
2008	83	22
2009	90	15
2010	67	10
2011	66	7
2012 – 2016	56	6
Total	<u>\$ 449</u>	<u>\$ 87</u>

Changes in long-term liabilities

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

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

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Defeased General Obligation Bonds

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

Defeased Full Faith and Credit Bonds

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

Defeased Certificates of Participation

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

Conduit Financing

Multnomah County Conduit Financing

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

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

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

The County's total conduit debt at June 30, 2006 was \$45,285. The County is not responsible or obligated for the repayment of conduit debt.

Hospital Facilities Authority of Multnomah County Conduit Financing

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). On March 1, 1999, the Authority issued \$26,000 in Hospital Revenue Bonds (Terwilliger Plaza). On December 4, 2003, the Authority issued an additional \$17,200 in Hospital Revenue Bonds (Holladay Park Plaza). On July 13, 2004, the Authority issued an additional \$100,000 in Hospital Revenue Bonds (Providence Health Systems). The proceeds of these bonds were used by health care facilities to finance various capital projects and refund outstanding bonds. The Hospital Revenue Bonds have not been recognized as a liability of the County or the Authority because the bonds are secured solely by the provisions of the Bond indenture and payments are made by the health care facilities. Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems have pledged the gross revenues of the health care facilities to secure payment of the bonds. The bonds shall not be payable from a charge upon any fund or asset, nor shall the County or the Authority be subject to any liability. No holder or holders of the bonds shall ever have the right to exercise the taxing power of the County to pay the bonds or the interest, nor to enforce payment against any property of the County. Upon completion of the project, the assets constructed or purchased are owned by Terwilliger Plaza, Holladay Park Plaza, and Providence Health Systems. Since neither the County nor the Authority own any

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

Note 5. Other information

A. Risk management

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

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

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

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

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B. Special Item

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

C. Subsequent events

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

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

D. Commitments and contingent liabilities

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

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

The following is a schedule by years of future minimum rental payments required under operating leases for certain land, buildings and equipment used in governmental operations that have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2006:

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

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

E. Post employment benefits other than pensions

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

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

MULTNOMAH COUNTY, OREGON
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Annual OPEB cost and net OPEB obligation. The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the County's annual OPEB cost for the fiscal year ending June 30, 2006, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

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

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

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

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

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates

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are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and historical pattern of sharing of benefit costs between the employer and the plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the most recently conducted, actuarial valuation (as of January 1, 2005), the unit credit method actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. The discount rate is selected based on historical and expected returns on the County's short-term investment portfolio. A discount rate of 3.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending down from 10.0% in 2005 to 5.25% in 2012 for the major medical component, which is representative for the overall plan. Both rates include a 2.5% inflation rate assumption. The County's unfunded actuarial accrued liability is being amortized using the level-dollar method with a closed group rolling 30 year amortization methodology. The remaining amortization period at June 30, 2006 is 30 years.

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

Pension plans

The County participates in the Oregon Public Employees Retirement System, a cost-sharing multiple-employer defined benefit public employee pension plan that covers substantially all employees; maintains a single employer defined benefit plan for employees transferred to the County from the former Library Association of Portland; and maintains a defined contribution plan for substantially all County employees for the purpose of individual retirement savings.
Oregon Public Employees Retirement System (PERS)

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

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

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

PERS
PO Box 23700
Tigard, OR 97281-3700

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

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

Annual pension cost. For 2006, the County's annual pension cost of \$41,616 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2003 actuarial valuation using the entry age normal actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 3.5% per year, and (c) projected wage growth, excluding seniority / merit raises, of 4.25% per year. The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five-year period. The County's unfunded actuarial accrued liability is being amortized using the closed group fixed term method. The remaining amortization period at December 31, 2003, was 24 years.

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

Three Year Trend Information for PERS

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

Following is a Schedule of Funding Progress for PERS:

Public Employees Retirement System Schedule of Funding Progress

<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	1,292,287	1,088,583	(203,703)	119%	207,148	(98)%
12/31/03	1,237,061	1,287,860	50,799	96%	209,437	24%

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

Multnomah County Library Retirement Plan

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

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

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

Deferred Compensation Plan

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

At June 30, 2006, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$142,839. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

MULTNOMAH COUNTY, OREGON
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2006
(dollar amounts expressed in thousands)

Other Postemployment Healthcare Benefits
Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Unit Credit (b)	Unfunded (Funded) AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
01/01/02	\$ -	\$ 61,290	\$ 61,290	0%	\$212,833	29%
01/01/05	-	109,895	109,895	0%	228,597	48%

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

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

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

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

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ 54,995	\$ 9,364	\$ -	\$ 64,359
Intergovernmental	33,296	-	1,746	35,042
Licenses and permits	3,710	-	-	3,710
Charges for services	8,272	1,152	1,055	10,479
Interest	1,531	1,239	599	3,369
Other	3,123	26,454	2,318	31,895
Total revenues	<u>104,927</u>	<u>38,209</u>	<u>5,718</u>	<u>148,854</u>
EXPENDITURES				
Current:				
General government	1,064	59	4,490	5,613
Health services	1,245	-	-	1,245
Social services	48	-	-	48
Public safety and justice	5,269	-	2,217	7,486
Community services	18,373	-	930	19,303
Library services	46,023	-	205	46,228
Roads and bridges	36,592	-	-	36,592
Capital outlay	1,447	-	8,088	9,535
Debt service:				
Principal	-	18,256	-	18,256
Interest	-	17,341	-	17,341
Total expenditures	<u>110,061</u>	<u>35,656</u>	<u>15,930</u>	<u>161,647</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,134)</u>	<u>2,553</u>	<u>(10,212)</u>	<u>(12,793)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of capital lease	-	-	1,093	1,093
Proceeds from sale of capital assets	-	570	1,418	1,988
Transfers in	15,522	7,944	8,891	32,357
Transfers out	(6,709)	-	-	(6,709)
Total other financing sources	<u>8,813</u>	<u>8,514</u>	<u>11,402</u>	<u>28,729</u>
Net change in fund balances	3,679	11,067	1,190	15,936
Fund balances - beginning	26,283	26,105	10,076	62,464
Fund balances - ending	<u>\$ 29,962</u>	<u>\$ 37,172</u>	<u>\$ 11,266</u>	<u>\$ 78,400</u>

NONMAJOR SPECIAL REVENUE FUNDS

These funds account for revenue derived from specific taxes or other earmarked revenue sources, including state gas tax, grants, and charges for services which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make the expenditures. The modified accrual basis of accounting is used to record revenues and expenditures. Funds included are:

- **Strategic Investment Program Fund** - accounts primarily for monies received from corporations receiving property tax abatements and paying fees for specific purposes as a part of the reduced tax agreement to be used for community service.
- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.
- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.
- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.
- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school districts.
- **General Reserve Fund** – accounts for a reserve maintained separate from the General Fund at approximately 5% of the total budgeted revenues of the General Fund, to be used only for extreme emergencies related to disaster relief or public life and safety issues.
- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.
- **Tax Title Land Sales Fund** - accounts for the receipt and sale of real property foreclosed upon by the County because of unpaid property taxes. Proceeds are subsequently distributed to all taxing districts.
- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.
- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.
- **Library Fund** - accounts for the public library operations.
- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.
- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.
- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes:				
Forest reserve yield	\$ 225	\$ 225	\$ 225	\$ -
Intergovernmental	-	25	15	(10)
Interest	1	1	-	(1)
Total revenues	<u>226</u>	<u>251</u>	<u>240</u>	<u>(11)</u>
EXPENDITURES				
Nondepartmental	<u>226</u>	<u>251</u>	<u>240</u>	<u>11</u>
Excess (deficiency) of revenues				
over (under) expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

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

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

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

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes - Gasoline	\$ 116	\$ 126	\$ 119	\$ (7)
EXPENDITURES				
County management	116	126	119	7
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

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

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

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

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

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

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

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NONMAJOR DEBT SERVICE FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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ENTERPRISE FUNDS

The County's Enterprise Funds are listed below.

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

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Dunthorpe-Riverdale Service District No. 1 Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

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

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mid County Service District No. 14 Fund
For the Year Ended June 30, 2006
(amounts expressed in thousands)

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

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

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

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INTERNAL SERVICE FUNDS

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

- **Risk Management Fund** - accounts for the County's risk management activities including insurance coverage.
- **Fleet Management Fund** - accounts for the County's motor vehicle fleet operations and electronics.
- **Information Technology Fund** - accounts for the County's data processing operations.
- **Mail / Distribution Fund** - accounts for the County's mail / distribution operations.
- **Facilities Management Fund** - accounts for the management of all County owned and leased property.
- **Business Services Fund** – accounts for the internal service reimbursements, revenues and expenses associated with the administration and operation of the County's human resource operations, financial operations and enterprise support system.

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MULTNOMAH COUNTY, OREGON

Internal Service Funds

Combining Statement of Net Assets

June 30, 2006

(amounts expressed in thousands)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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AGENCY FUNDS

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

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

MULTNOMAH COUNTY, OREGON

Agency Funds

Combining Balance Sheet

June 30, 2006

(amounts expressed in thousands)

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

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

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

**CAPITAL ASSETS USED
IN THE OPERATION OF
GOVERNMENTAL FUNDS**

- **Schedule by Source**
- **Schedule by Function and Activity**
- **Schedule of Changes by Function and Activity**

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

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

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

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

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

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

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OTHER SCHEDULES

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

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

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

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2006

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

*Note - Other taxes includes personal income, transient lodging, motor vehicle and other tax related transactions.

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds and Bond Interest Coupon Transactions
For the Year Ended June 30, 2006
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

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

GENERAL OBLIGATION BOND INTEREST COUPONS

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

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

REVENUE BONDS

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

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

GENERAL OBLIGATION BONDS

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

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

GENERAL LONG-TERM LEASE OBLIGATIONS

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

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

GENERAL LONG-TERM LOANS

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

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

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

FULL FAITH AND CREDIT BONDS

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

Series 2004			
Dated 10/01/04			
3.00 to 5.00%		Total	
Principal	Interest	Principal	Interest
\$ -	\$ 2,620	\$ 10,420	\$ 11,490
-	2,620	11,725	10,914
-	2,620	11,700	10,246
565	2,611	13,770	9,535
5,410	2,468	15,550	8,633
5,705	2,190	17,440	7,662
6,010	1,897	11,549	14,512
5,965	1,597	11,537	15,181
6,185	1,294	10,654	15,912
4,600	1,027	11,445	14,368
4,810	794	21,795	5,152
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
<u>\$ 54,235</u>	<u>\$ 22,750</u>	<u>\$ 256,833</u>	<u>\$ 445,318</u>

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

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

(continued)

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

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

* Indicates a Major Program

(continued)

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

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

(continued)

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

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education</u>			
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	02-21CCLC	551,773
Passed Through Oregon Department of Human Resources:			
Safe and Drug Free Schools and Communities State Grants	84.186	1936002309	100,000
Passed Through Portland Community College:			
Adult Education_State Grant Program	84.002	0410557-2	38,760
Total Department of Education			<u>690,533</u>
<u>U.S. Department of Health & Human Services</u>			
Direct Programs:			
Medical Reserve Corps Small Grant Program	93.008		36,974
Special Programs for the Aging_Title IV_and Title II_ Discretionary Projects	93.048		40,000
Injury Prevention and Control Research and State and Community Based Programs	93.136		179,693
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care and School Based Health Centers)	* 93.224		6,306,370
Consolidated Knowledge Development and Application (KD&A) Program	93.230		63,177
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	* 93.243		663,279
Drug Abuse and Addiction Research Programs	93.279		94,007
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283		374,401
Refugee and Entrant Assistance_Discretionary Grants	93.576		135,000
Health Care and Other Facilities	93.887		96,862
HIV Emergency Relief Project Grants	* 93.914		3,744,125
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	* 93.918		816,147
Healthy Start Initiative	93.926		877,229
Special Projects of National Significance	93.928		411,631
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	464812	54,312
Passed Through NW Family Services:			
Maternal and Child Health Federal Consolidated Programs	93.110	90AE0057	357,226
Passed Through Oregon Association of Hospitals Health Systems:			
National Bioterrorism Hospital Preparedness Program	93.889	Multnomah	97,008
Passed Through Oregon Commission on Children And Families:			
Promoting Safe and Stable Families	93.556	1936002309	155,046

* Indicates a Major Program

(continued)

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

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

(continued)

* Indicates a Major Program

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

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

(continued)

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

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

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

Note A – General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of Multnomah County, Oregon (the County) for the year ended June 30, 2006. The County's reporting entity is defined in Note 1 to the County's June 30, 2006 basic financial statements.

Note B – Basis of Accounting

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

Note C – Relationship to Basic Financial Statements

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

Note D – Noncash Awards

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

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

An award from the Department of Health and Human Resources is in the form of vaccines (CFDA #93.268 – Childhood Immunization Grants). The value of the Childhood Immunization Grant award was determined by the granting agency. The amount expended and advanced at June 30, 2006 is calculated on a proportionate basis.

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

NOTE E - SUBRECIPIENTS

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

Program Title	Federal CFDA number	Amount provided to subrecipients
Community Development Block Grants/Entitlement Grants	14.218	\$ 499,078
Supportive Housing Program	14.235	1,702,184
Supervised Visitation, Safe Havens for Children	16.527	98,163
Corrections and Law Enforcement Family Support	16.563	7,896
Byrne Memorial Formula Grant Program	16.579	16,946
Community Capacity Development Office	16.595	289,346
Community Prosecution and Project Safe Neighborhoods	16.609	71,537
Enforcing Underage Drinking Laws Program	16.727	49,277
Reduction and Prevention of Children's Exposure to Violence	16.730	8,330
Safe and Drug Free Schools and Communities - State Grants	84.186	49,129
Twenty-First Century Community Learning Centers	84.287	515,812
Special Programs for the Aging _Title III, Part D_Disease Prevention and Health Promotion Services	93.043	38,474
Special Programs for the Aging_Title III, Part B_Grants for Supportive Services and Senior Centers	93.044	112,870
Special Programs for the Aging_Title III, Part C_ Nutrition Services	93.045	868,377
Special Programs for the Aging_Title IV_and Title II_Discretionary Projects	93.048	15,000
National Family Caregiver Support	93.052	121,586
Nutrician Services Incentive Program	93.053	317,438
Injury Prevention and Control Research and State and Community Based Programs	93.136	15,000
Projects for Assistance in Transition From Homelessness (PATH)	93.150	206,250
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)	93.224	199,316
Consolidated Knowledge Development and Application (KD&A) Program	93.230	58,904
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	326,409
Alcohol Research Programs	93.273	3,898
Drug Abuse and Addiction Research Programs	93.279	52,571
Centers for Disease Control and Prevention_Investigations and Technical Assistance	93.283	70,166
Temporary Assistance for Needy Families	93.558	339,235
Low-Income Home Energy Assistance	93.568	344,511
Community Services Block Grant	93.569	667,205
Social Services Block Grant	93.667	727,896
HIV Emergency Relief Project Grants	93.914	2,669,847
Healthy Start Initiative	93.926	2,707

(continued)

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

NOTE E - SUBRECIPIENTS

(continued)

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

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STATISTICAL INFORMATION SECTION (UNAUDITED)

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

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

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

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

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

Source: Current and prior years' financial statements

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

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

(continued)

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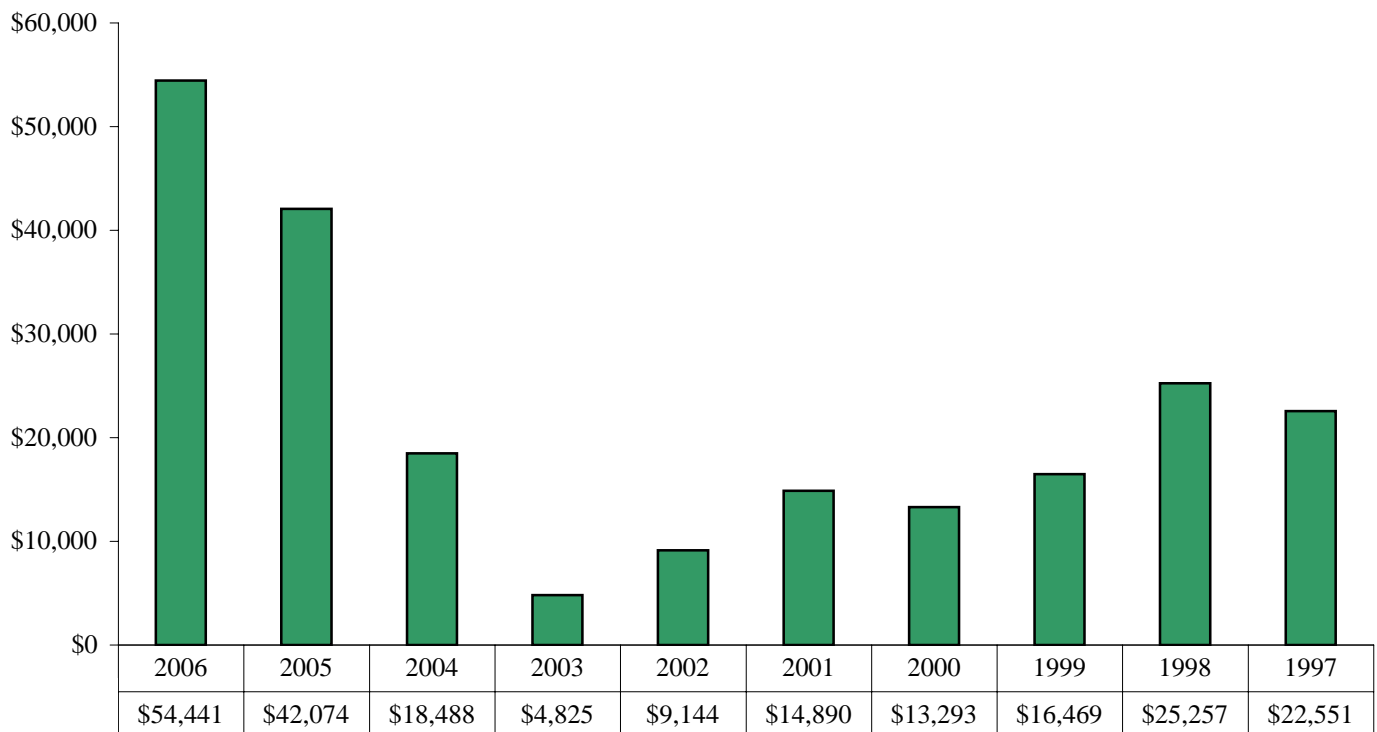
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Net Expense					
Governmental activities	\$(399,196)	\$(370,019)	\$(411,532)	\$(290,998)	\$(302,655)
Business-type activities	975	(40)	(248)	(687)	(2,074)
Total primary government net expense	<u>(398,221)</u>	<u>(370,059)</u>	<u>(411,780)</u>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

Source: Current and prior years' financial statements

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

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

Unreserved General Fund Balance



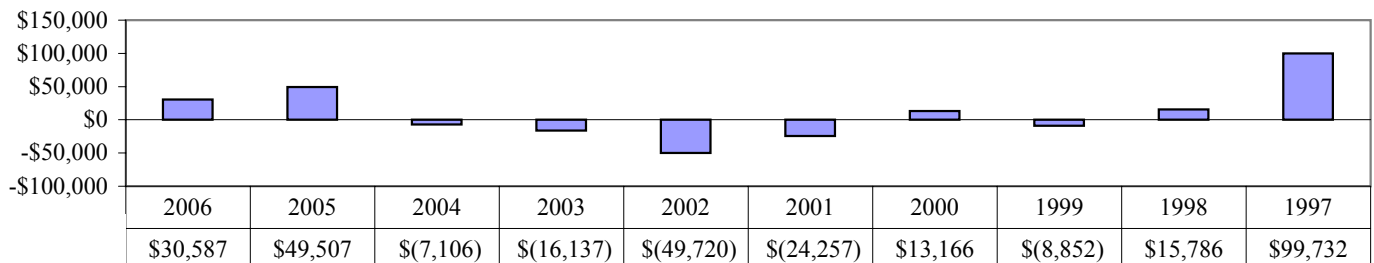
Source: Current and prior years' financial statements

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

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

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

Net Change in Fund Balance, Governmental Funds



Source: Current and prior years' financial statements

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

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

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

Source: Current and prior years' financial statements

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

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

Source: Current and prior years' financial statements

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

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

(1) Prior to the passage of Measure # 50 in 1997, assessed value equaled real market value.

(2) Under Measure #50, assessed value is used for computation of taxes.

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

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

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

Source: Current and prior years' financial statements

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

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

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

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

Source: Multnomah County Division of Assessment and Taxation

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

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

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

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

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

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income (1)	Per Capita
	General Obligation Bonds	Capitalized Lease Obligations	Full Faith and Credit Bonds	Revenue Bonds	Loans Payable			
1997	\$ 136,375	\$ 54,920	\$ -	\$ -	\$ 715	\$ 192,010	1.08 %	\$ 297
1998	128,470	65,058	-	-	4,977	198,505	1.05	304
1999	124,170	100,480	-	3,155	792	228,597	1.16	348
2000	115,555	57,705	281,888	3,155	939	459,242	2.15	694
2001	106,260	51,942	277,713	8,500	870	445,285	1.97	666
2002	96,535	46,613	272,833	8,335	797	425,113	1.84	629
2003	91,610	41,501	276,763	7,890	718	418,482	1.81	617
2004	86,445	28,596	270,203	7,425	634	393,303	1.62	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.58	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.48	517

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

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

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

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
1997	\$ 136,375	\$ (8,854)	\$ 127,521	0.71 %	0.33 %	\$ 197
1998	128,470	(11,977)	116,493	0.61	0.36	179
1999	124,170	(14,014)	110,156	0.56	0.31	167
2000	115,555	(11,775)	103,780	0.49	0.28	157
2001	106,260	(12,223)	94,037	0.42	0.24	141
2002	96,535	(9,484)	87,051	0.38	0.21	129
2003	91,610	(10,335)	81,275	0.35	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.30	0.16	106
2006	75,340	(7,993)	67,347	0.28	0.15	97

(1) See taxable assessed value schedule on page 160

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

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

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

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

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

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

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

Source: Municipal Debt Advisory Commission, Oregon State Treasury

MULTNOMAH COUNTY, OREGON
Pledged-Revenue Coverage
Last Eight Fiscal Years
(dollar amounts expressed in thousands)

Fiscal Year	Revenue Bonds						Coverage	
	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service				
				Principal	Interest			
1999	\$ -	\$ -	\$ -	\$ -	\$ 67	-	%	
2000	217	-	217	-	134	1.62		
2001	292	-	292	155	263	0.70		
2002	420	5	415	165	389	0.75		
2003	2,389	7	2,382	445	376	2.90		
2004	464	5	459	465	357	0.56		
2005	450	247	203	490	336	0.25		
2006	1,152	5	1,147	515	315	1.38		

Note: The County did not have any Revenue Bonds before fiscal year 1999. Details regarding the County's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

Source: Current and prior year financial statements

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

ORS 287.054 provides a debt limit on general obligation bonds of 2% of the real market value of all taxable property within the County's boundaries.

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

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

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

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

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

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

0.16%

0.19%

0.22%

0.27%

0.30%

0.35%

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

0.44%

0.49%

0.54%

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

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

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

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

(2) As of June 30, 2006

* Portland Metropolitan Statistical Area

MULTNOMAH COUNTY, OREGON

Principal Employers

Current Year and Nine Years Ago

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

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

* Portland Metropolitan Statistical Area

(1) As of June 30, 2006

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

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

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

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

Source: Multnomah County payroll records

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

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

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

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

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

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

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

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

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

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

* Community Service general elections are held on even years.

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

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

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

Sources: Multnomah County Departments
N/A = not available

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

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REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS REQUIRED BY STATUTES

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

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

Board of Commissioners
Multnomah County, Oregon

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

Compliance

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

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

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

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

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

Internal Control Over Financial Reporting

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

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

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



For Moss Adams LLP
Eugene, Oregon
December 8, 2006

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

The Board of County Commissioners
Multnomah County, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Multnomah County, Oregon (the County) as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 8, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

COMPLIANCE AND OTHER MATTERS

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

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

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

Moss Adams, LLP

Eugene, Oregon
December 8, 2006

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

The Board of County Commissioners
Multnomah County, Oregon

COMPLIANCE

We have audited the compliance of Multnomah County, Oregon (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

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

INTERNAL CONTROL OVER COMPLIANCE

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

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

Moss Adams, LLP

Eugene, Oregon
December 8, 2006

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified
Internal control over financial reporting:

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

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ yes X none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants
93.224	Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, Public Housing Primary Care, and School Based Health Centers)
93.243	Substance Abuse and Mental Health Services Projects of Regional and National Significance
93.914	HIV Emergency Relief Project Grants
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.569	Community Services Block Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 1,605,854
Auditee qualified as low-risk auditee? X yes _____ no

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

Section II - Financial Statement Findings

2006-1

Library cash receipts recording and reconciliation

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

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

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

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

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

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

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

There were no prior year financial statement findings.

Section III - Federal Award Findings and Questioned Costs

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