



**Multnomah County Oregon**

## **Board of Commissioners & Agenda**

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### **BOARD OF COMMISSIONERS**

**Ted Wheeler, Chair**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

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

Email: [mult.chair@co.multnomah.or.us](mailto:mult.chair@co.multnomah.or.us)

**Maria Rojo de Steffey, Commission Dist. 1**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

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

Email: [district1@co.multnomah.or.us](mailto:district1@co.multnomah.or.us)

**Jeff Cogen, Commission Dist. 2**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

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

Email: [district2@co.multnomah.or.us](mailto:district2@co.multnomah.or.us)

**Lisa Naito, Commission Dist. 3**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

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

Email: [district3@co.multnomah.or.us](mailto:district3@co.multnomah.or.us)

**Lonnie Roberts, Commission Dist. 4**

501 SE Hawthorne Boulevard, Suite 600  
Portland, Or 97214

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

Email: [lonnie.j.roberts@co.multnomah.or.us](mailto:lonnie.j.roberts@co.multnomah.or.us)

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**FEBRUARY 12 & 14, 2008**

### **BOARD MEETINGS**

#### **FASTLOOK AGENDA ITEMS OF INTEREST**

Pg 2	9:00 a.m. Tuesday Executive Session
Pg 2	9:30 a.m. Thursday Opportunity for Public Comment on Non-Agenda Matters
Pg 3	9:55 a.m. Intergovernmental Agreement for Dissolution of Tri-County Health Care Safety Net Enterprise (SNE)
Pg 3	10:15 a.m. Presentation Multnomah County Comprehensive Annual Financial Report
Pg 3	10:35 a.m. Briefing on the Urban and Rural Reserves Process
Pg 3	11:00 a.m. Thursday Opportunity for Board Comment on Non-Agenda Matters

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

Thursday, 9:30 AM, (LIVE) Channel 30

Saturday, 10:00 AM, Channel 29

Sunday, 11:00 AM, Channel 30

Tuesday, 8:15 PM, Channel 29

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

Tuesday, February 12, 2008 - 9:00 AM  
Multnomah Building, Sixth Floor Commissioners Conference Room 635  
501 SE Hawthorne Boulevard, Portland

## **EXECUTIVE SESSION**

- E-1 The Multnomah County Board of Commissioners will meet in Executive Session Pursuant to ORS 192.660(2)(d),(e) and/or (h). Only Representatives of the News Media and Designated Staff are allowed to attend. News Media and All Other Attendees are Specifically Directed Not to Disclose Information that is the Subject of the Session. No Final Decision will be made in the Session. Presented by County Attorney Agnes Sowle. 15-55 MINUTES REQUESTED.
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Tuesday, February 12, 2008 – 6:00-8:00 PM  
Parkrose High School - Community Room  
12003 NE Shaver Street, Portland  
(at NE 122nd Avenue and NE Shaver)

## **EAST PORTLAND ACTION PLAN COMMITTEE** **MONTHLY MEETING**

A quorum of the Multnomah County Board of Commissioners may be attending the East Portland Action Plan Committee Monthly Meeting. This meeting is open to the public. For agenda topics and/or further information, contact Barry Manning at [bmanning@ci.portland.or.us](mailto:bmanning@ci.portland.or.us).

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Thursday, February 14, 2008 - 9:30 AM  
Multnomah Building, First Floor Commissioners Boardroom 100  
501 SE Hawthorne Boulevard, Portland

## **REGULAR MEETING**

### **REGULAR AGENDA** **PUBLIC COMMENT - 9:30 AM**

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

## **DEPARTMENT OF COMMUNITY JUSTICE – 9:30 AM**

- R-1 Budget Modification DCJ-18 Transferring \$71,240 from Department of Community Justice and \$41,310 from General Fund Contingency for a Total Increase of \$112,550 to Multnomah County's Motor Pool for the Purchase of 5 Hybrid Vehicles in Collaboration with the Juvenile Services Division

## **DEPARTMENT OF COUNTY HUMAN SERVICES – 9:35 AM**

- R-2 Supplemental Budget Modification DCHS-23 Increasing the Department's Federal/State Appropriation by \$1,972,610 and General Fund Appropriation by \$132,193 Pursuant to ORS 150.294.480

## **DEPARTMENT OF COUNTY MANAGEMENT – 9:40 AM**

- R-3 Reallocation of Facilities Asset Preservation Project Funds FPM08-04, Juvenile Justice Complex (JJC), Roof Restoration Project
- R-4 RESOLUTION Exempting the Roof Restoration Project for the Juvenile Justice Complex (JJC) from Administrative Procedure FAC-1 Related To Construction of Major Facilities Capital Projects
- R-5 RESOLUTION Exempting the Roof Restoration Project for the Central Library Re-Roof / Green Roof from Administrative Procedure FAC-1 Related to Construction of Major Facilities Capital Projects

## **DEPARTMENT OF HEALTH – 9:55 AM**

- R-6 Intergovernmental Agreement for Dissolution of Tri-County Health Care Safety Net Enterprise (SNE) pursuant to ORS 190.080(6)

## **AUDITOR'S OFFICE – 10:05 AM**

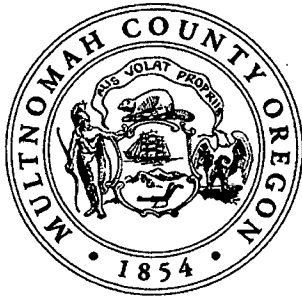
- R-7 Presentation of Multnomah County's Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards and Management Advisory Comment Letter for the year ending June 30, 2007

## **DEPARTMENT OF COMMUNITY SERVICES – 10:35 AM**

- R-8 Briefing on the Urban and Rural Reserves Process

## **BOARD COMMENT**

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



## **Ted Wheeler, Multnomah County Chair**

501 SE Hawthorne Blvd., Suite 600

Portland, Oregon 97214

Phone: (503) 988-3308

Email: [mult.chair@co.multnomah.or.us](mailto:mult.chair@co.multnomah.or.us)

### **MEMORANDUM**

**TO:** Commissioner Maria Rojo De Steffey  
Commissioner Jeff Cogen  
Commissioner Lisa Naito  
Commissioner Lonnie Roberts  
Clerk of the Board Deb Bogstad

**FROM:** Tara Bowen-Biggs Staff Assistant to Chair Ted Wheeler

**DATE:** January 28, 2008

**RE:** Board Meeting Excuse Memo

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Chair Wheeler will not participate in the Board Briefing and if-needed Executive Session scheduled February 12. He will be in Washington DC conducting Multnomah County business.



## **Commissioner Jeff Cogen, District 2**

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### **MULTNOMAH COUNTY OREGON**

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501 SE Hawthorne, Suite 600  
Portland, Oregon 97214  
(503) 988-5219 phone  
(503) 988-5440 fax  
[www.co.multnomah.or.us/cc/ds2/](http://www.co.multnomah.or.us/cc/ds2/)  
[district2@co.multnomah.or.us](mailto:district2@co.multnomah.or.us)

## **MEMORANDUM**

**TO:** Chair Ted Wheeler  
Commissioner Maria Rojo de Steffey  
Commissioner Lisa Naito  
Commissioner Lonnie Roberts  
Clerk of the Board Deb Bogstad

**FROM:** Marissa Madrigal  
Chief of Staff to Commissioner Jeff Cogen

**DATE:** 2/11/2008

**RE:** Board Meeting Excused Absences

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Commissioner Cogen will be unable to attend the Thursday, February 14th 2008 Board Meeting. Commissioner Cogen will be participating in a joint Portland Development Commission Budget Committee and Urban Renewal Advisory Group Meeting at that time. Please contact Marissa Madrigal ext. 85239 if you have any questions.



# MULTNOMAH COUNTY

## AGENDA PLACEMENT REQUEST (short form)

### Board Clerk Use Only

Meeting Date: 02-12-08  
Agenda Item #: E-1  
Est. Start Time: 9:00 AM  
Date Submitted: 02-06-08

**Agenda Title:** Executive Session Pursuant to ORS 192.660(2)(d),(e)and/or(h)

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

Requested Meeting Date: \_\_\_\_\_ Amount of Time Needed: 15-55 minutes  
Department: Non-Departmental Division: County Attorney  
Contact(s): Agnes Sowle  
Phone: 503 988-3138 Ext. 83138 I/O Address: 503/500  
Presenter(s): Agnes Sowle and Invited Others

### General Information

**1. What action are you requesting from the Board?**

No final decision will be made in the Executive Session.

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

Only representatives of the news media and designated staff are allowed to attend. Representatives of the news media and all other attendees are specifically directed not to disclose information that is the subject of the Executive Session.

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

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

ORS 192.660(2)(d),(e)and/or(h)

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

### Required Signature

Elected Official or  
Department/  
Agency Director:

Date: 02-06-08

## East Portland Action Plan

### Action Committee

February 12, 2008 – 6:00 pm to 8:00 pm

Parkrose High School - Community Room  
12003 NE Shaver Street (at NE 122nd Avenue and NE Shaver)

TriMet Lines 71 and 22

### AGENDA

Time	Topic Leader	Topic	Info	Discuss	Action
6:00 pm	Barry Manning, <i>Project Manager, Portland Bureau of Planning</i>	<b>Convene Meeting</b> <ul style="list-style-type: none"><li>Review meeting agenda and desired outcomes</li><li>Review 01.10.08 meeting minutes</li><li>Recap EPAP Project Scope and Action Plan outcomes</li></ul>	X		
6:20pm	Deb Meihoff, <i>Co-facilitator</i> Stefanie Slyman, <i>Co-facilitator</i>	<b>Project Administration</b> <ul style="list-style-type: none"><li>Revised Schedule</li><li>Other items</li></ul>		X	X
6:30	Deb Meihoff  Stefanie Slyman	<b>Subcommittee Reports</b> <ul style="list-style-type: none"><li>Built Subcommittee</li><li>Social Subcommittee</li></ul>	X	X	
7:00	Deb Meihoff  Stefanie Slyman	<b>Select Near-Term Actions for Further Scoping</b> <ul style="list-style-type: none"><li>Committee discussion and prioritization</li></ul>	X	X	X
7:45 pm	Barry Manning	<b>Public Comment &amp; Announcements</b>	X		
8:00 pm		<b>ADJOURN</b>			

### NEXT COMMITTEE MEETING

Date	Time	Topic
3.13.08	6PM – 8PM	<ul style="list-style-type: none"><li>Review Near-Term Action scopes</li><li>Identify Medium- and Long-Term Action Items</li><li>Develop selection criteria for subcommittees</li><li>Prepare for Open House</li></ul>

# **EAST PORTLAND ACTION PLAN**

## **ACTION PLAN COMMITTEE – JANUARY 10, 2008**

### **MEETING NOTES**

#### **MEETING OVERVIEW AND INTRODUCTIONS**

Barry Manning, Bureau of Planning Project Manager, opened the meeting and introduced new committee members Rey Espana of NAYA; Randy Leonard, Portland City Commissioner; Cynthia Thomas of Metropolitan Family Services and Robert Liberty, Metro Councilor. Pietro Ferrari of Hacienda Community Development Corporation was also appointed to the committee, but was out of the country for this meeting. Rod Monroe, State Senator, attended on behalf of Jeff Merkley.

Barry noted that the primary goal of the meeting was to identify a short list of near-term issues for subcommittees to use in identifying and prioritizing actions that could be initiated beginning in March 2008.

#### **PROJECT ADMINISTRATION**

Deb Meihoff, Co-facilitator, recapped the project schedule and upcoming subcommittee meetings that will be interspersed with the regular committee meetings. The project is on schedule.

Stefanie Slyman, Co-facilitator, reminded the committee of the Project Charter that was presented at the December Kick-Off meeting, which generally describes the committee's charge, desired outcomes, and decision-making and participation process. In recognition of the Committee's charge and responsibilities, members were asked to sign a "Participation Pledge" to indicate understanding of their roles and responsibilities in the process. A form was distributed to all committee members for their signature.

#### **DEFINING THE ISSUES**

Deb Meihoff, Co-facilitator, shared the key assets and challenges identified at the Kick-off meeting of December 10, 2007 as follows:

- | <b>RICHES</b>           | <b>CHALLENGES</b>                  |
|-------------------------|------------------------------------|
| ▪ The people            | ▪ Poverty/Community Wealth         |
| ▪ Diversity             | ▪ Funding for Basic Infrastructure |
| ▪ Location              | ▪ Crime                            |
| ▪ Environmental Aspects | ▪ Negative Perceptions             |
| ▪ Pride                 |                                    |

Committee members, in particular the new ones, were asked to contribute to the list of assets and challenges which yielded the following responses:



### **ADDITIONALLY IDENTIFIED ASSETS**

- East Portland is at the intersection of two light rail lines and two freeways, placing it in the region's center – it is less expensive to upgrade existing infrastructure than build new at the region's edge
- Redevelopment opportunities, especially on larger parcels
- Urban renewal proposal to allow non-contiguous urban renewal area boundary may help share the wealth with East Portland
- Agencies in East Portland are flexible and willing to partner for social services

### **ADDITIONALLY IDENTIFIED CHALLENGES**

- Shifting and improving central city is shifting poverty to East Portland
- Area is experiencing the burdens of growth without the benefits
- David Douglas School District second poorest in the State and is growing rapidly
- Subpar streets
- Promises to community for pedestrian improvements from 1996 Outer Southeast Community Plan have not been met
- Need to link job opportunities with skill development
- Neighborhood stability is lacking
- Expense of transportation improvements – need to leverage funds
- Struggles with engaging with the whole community, not just the “diverse” populations

### **NEAR TERM ISSUES AND ACTIONS**

Stefanie Slyman, Co-facilitator, led the committee discussion about issues to be addressed in the “near-term”, which is defined as six months to a year. The first major task of the committee, prior to identifying longer-term actions, is to identify a set of three to five “Actions” that can be implemented beginning in the Spring of 2008 that will demonstrate progress to East Portland residents and help to jump start livability improvements.

Prior to the meeting, committee members and technical advisors were asked to submit recommendations for potential near-term action items. These committee-generated recommendations were grouped by similarity into “issue areas” and represented on a chart showing the relationship to **visionPDX** categories. Some committee members were keen to see their specific suggestions. Ms. Slyman explained that the consultant team thought it more effective for the committee to focus on a defined set of issues, not the specific action items that the subcommittees will be tasked with evaluating. No detail will be lost as these action items are being catalogued and will be shared with the subcommittees for their consideration. Those who had not yet submitted their list were asked to do so as soon as possible.

The committee engaged in a spirited discussion about the pressing near-term issues for East Portland which led to the identification of the following priority “issue areas” for the subcommittees to pursue in identifying specific near-term actions:

- ➔ **Housing Development** –(Under visionPDX “Built” category) -- Impacts of single-family and multi-dwelling development on infrastructure and services; new code provisions for design and development standards

- ➔ **Transportation** – (*Under visionPDX “Built” category*) Pedestrian and bike improvements, transit service
- ➔ **Community Imaging & Public Relations** – (*Under visionPDX “Social” and “Economic” categories*) -- Engaging the community in events and forums; improving the image of East Portland , and getting the word out to residents about progress
- ➔ **Public Safety** – (*Under visionPDX “Social” category*) -- General safety, and MAX safety in particular; commercial/neighborhood cleanups
- ➔ **Service Provision** – (*Under visionPDX “Built” category*) -- Safety net services, City funding priorities and equity for East Portland, increasing/leveraging existing services, schools and kids
- ➔ **Parks** – (*Under visionPDX “Environmental” and “Built” categories*) – Schools and parks partnerships

Mental health and elderly communities were asked to be added to the chart of near-term issue areas. These will be added to the list of topics to be considered for other potential actions.

#### **INVENTORY OF ACTIVITIES UNDERWAY**

Deb Meihoff discussed the inventory of activities underway as reported thus far by committee members and technical advisors. Although the inventory is not complete, she noted some of the key activities already addressing livability in East Portland. She presented a table illustrating examples, such as the Courtyard Design Competition, Foster-Powell Corridor Study, East Portland Aquatic Center, Citywide Tree Policy, Parkrose School Foundation, Lents Homeownership Initiative and Neighborhood Newsletters.

Once complete, the inventory of activities underway will serve as a tool to identify what additional near-, medium- and long-term actions, not currently being undertaken, are needed in the East Portland Action Plan to address livability.

#### **CRITERIA FOR SELECTING NEAR-TERM ACTIONS**

The subcommittees will be asked to look into the issue areas and develop a list of potential near-term actions for the larger committee to consider at its February meeting. To guide the subcommittee's selection of such projects, committee members identified the following factors that these near-term action items should embody:

- Broad visibility
- Low cost/high impact
- Spread out through geographic area
- Stepping stone/foundational action that is economically sustainable
- High impact on children and total number of people impacted
- Community building projects leading to more community involvement
- Reflects East Portland's place in the *region*
- Leverage resources and partners involved in the East Portland Action Plan process
- Unifying actions
- “ Real things that we can point to”
- Illustrate larger objectives

Although not a factor for selecting an action plan item, committee members expressed the desire to have a public relations plan for all items to inform the East Portland community about progress in improving livability.

### **NEAR-TERM SUBCOMMITTEE VOLUNTEERS**

Committee members were polled for their interest and ability to participate in the subcommittees that will address near-term action items. Three subcommittee meetings are scheduled through the EPAP process, the first round of which will address actions that can be started in the Spring of 2008 and be implemented in the following six months to one year timeframe. The composition of the subcommittees for medium- and long-range actions may differ as those actions are addressed in future meetings. The following members expressed interest in participating in the following near-term issues:

- James Chasse (transportation/land use)
- Frank DiGregorio (interested in either committee/issues)
- Rod Monroe for Jeff Merkley (transportation)
- Jason Tell (transportation)
- James Pauley (interested in either committee/issues)
- Arlene Kimura (parks)
- Frieda Christopher (schools/housing connection)
- Frank DiGregorio (interested in either committee/issues)
- Vadim Riskin (schools and community building)
- Lawrence Kotan (transit safety)
- Nick Sauvie (community building & housing)
- Michelle Winningham (community identity)
- Mike Crebs (MAX safety)
- James Pauley (interested in either committee/issues)
- Tri-Met representative to be determined (MAX safety)
- Arlene Kimura (MAX safety)
- Mike VanderVeen (community building)
- Bryan Heron (community building)
- Mary Li (equitable distribution of services)
- Bob Earnest (MAX safety and public relations)
- Cynthia Thomas (Equity, schools, kids)
- Rey Espana (interested, but undecided)
- Katie Larsell (interested, but undecided)

### **PUBLIC COMMENT**

- Jefferson Smith discussed transportation issues and opportunities for committee members and the public to become involved on behalf of East Portland.

### **ADJOURNMENT**

Barry Manning thanked the committee participants and technical staff for their participation and attendance before adjourning the meeting at 8:10pm.

## MEETING ATTENDANCE

### COMMITTEE MEMBERS

James Chasse, SE Resident  
Frieda Christopher, SE Resident  
Mike Crebs, Portland Police Bureau  
Frank DiGregorio, SE Resident  
Bob Earnest, NE Resident  
Rey Espana, NAYA  
Karen Gray, Parkrose School District, for  
Barbara Rommell  
Brian Heron, Non-Profit/Faith Community  
Judith Huck, SE Business/Resident  
Arlene Kimura, SE Business/Resident  
Lawrence Kotan, NE Resident  
Katie Larsell, NE Resident  
Randy Leonard, Portland City Commissioner  
Mary Li, Multnomah County  
Robert Liberty, Metro Council  
Steve Kantz for Fred Hansen, TriMet  
Jim Pauley, SE Resident  
Vadim Riskin, SE Resident/Slavic  
Community  
Nick Sauvie, Non-profit- Housing  
Jason Tell, ODOT  
Cynthia Thomas, Metro. Family Service  
Jon Turino, NE Resident/Business  
Mike Vander Veen, SE Resident  
Ted Wheeler, Multnomah County  
Commission  
Will White, Bureau of Housing and  
Community Development  
Michelle Winningham, SE Resident

### CONVENERS

Rod Monroe for Jeff Merkley, House  
Speaker

### TECHNICAL GROUP MEMBERS

Richard Bixby, Portland Office of  
Neighborhood Involvement  
Betty Dominguez, Housing Authority of  
Portland  
Byron Estes, Portland Development  
Commission

Joan Fredriksen, Portland Bureau of  
Development Services  
Karen Gray, Parkrose School District  
Beth Kaye, Bureau of Housing and  
Community Development

Rick Larson, Centennial School District  
Lisa Miles, Metro  
Casey Short, Portland Office of Management  
and Finance  
Deborah Stein, Portland Bureau of Planning  
Riley Whitcomb, Portland Parks and  
Recreation

### OTHER ELECTED AND AGENCY

#### REPRESENTATIVES

Johnell Bell, Multnomah County  
Justin Douglas, Portland Development  
Commission  
Tim Hurley, David Douglas School District  
Veronica Valenzuela, City of Portland  
Sara Petrocine  
Ty Kovatch  
Shelli Romero  
Claire Griffin  
Steffeni Mendoza Gray

### INTERESTED PERSONS

James Barta  
Jefferson Smith  
Anne Kemp  
Mary Walker  
Shannon Brosseau  
Karyn Kell  
Lee Perlman

### STAFF/CONSULTANTS

Barry Manning, Project Manager  
Deb Meihoff, Consultant/Facilitator  
Stefanie Slyman, Consultant/Facilitator



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (long form)

### Board Clerk Use Only

Meeting Date: 02-14-08  
Agenda Item #: R-1  
Est. Start Time: 9:30 AM  
Date Submitted: 02-04-08

### BUDGET MODIFICATION: DCJ - 18

**Agenda Title:** Budget Modification DCJ-18 Transferring \$71,240 from Department of Community Justice and \$41,310 from General Fund Contingency for a Total Increase of \$112,550 to Multnomah County's Motor Pool for the Purchase of 5 Hybrid Vehicles in Collaboration with the Juvenile Services Division.

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

**Requested Meeting:** February 14, 2008  
**Amount of Time Needed:** 5 minutes  
**Department:** Dept. of Community Justice  
**Division:** Juvenile Services Division  
**Contact(s):** Shaun Coldwell and Richard Swift, FREDS  
**Phone:** 503-988-3961 Ext. 83961  
**I/O Address:** 503 / 250  
**Presenter(s):** Thach Nguyen and Richard Swift, FREDS

### General Information

#### 1. What action are you requesting from the Board?

The Department of Community Justice (DCJ) and the Department of County Management's FREDS Division request approval of a budget modification to appropriate \$112,550 to Multnomah County's Motor Pool. DCJ is transferring \$71,240 from program budgets to fleet services for the purchase of 5 vehicles for use by DCJ's Juvenile Services Division. Department of County Management FREDS Division is requesting the transfer of \$41,310 from general fund contingency to cover the difference between the costs of 5 regular vehicles versus 5 hybrids to be used in Motor Pool. FREDS will then transfer 5 existing vehicles to DCJ Juvenile Services Division.

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

DCJ has determined that it is more efficient and cost effective for Juvenile counselors to use county vehicles instead of their own vehicles. DCJ has 46 counselors receiving \$600 per year as a condition of employment plus mileage for using their own vehicles. DCJ will use the savings to pay for the

new cars by eliminating the condition of employment and reducing mileage reimbursement that is currently being paid to employees who use their own cars. FREDs will be reviewing long term County goals and reduce Multnomah County's carbon footprint.

**DCJ Impact**

One Time Purchase	\$71,240
On-going savings from Condition of Employment \$600 x 46	(\$27,600)
On-going savings in mileage reimbursement	(\$29,756)
On-going replacement costs	\$21,738
Net Savings annualized	(\$35,622)

DCJ has determined that 5 new vehicles are needed to meet the business needs of the Juvenile Services Division and that the additional vehicles will result in a net savings of \$35,622 annually. The use of County owned vehicles will bring DCJ in compliance with Administrative Procedure Fin-14 "At locations with access to County-owned assigned vehicles or motor pools, their use is required for work-related travel ..."

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

The Multnomah County Motor Pool revenue is being increased \$112,550 for fiscal year 2008.

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

According to the Fleet Division FRED's, the purchase of hybrids is directly in line with Multnomah County's Global Warming Action Plan adopted in 2001 promoting a sustainable future by reducing greenhouse gas emission. It also adheres to Multnomah County's Sustainable Procurement Strategy adopted in 2002 which promotes a balance between environmental issues and economic and equity issues in the expenditure of public funds and is consistent with the Sustainability Principles adopted in 2004.

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

N/A

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## ATTACHMENT A

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### Budget Modification

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If the request is a **Budget Modification**, please answer **all** of the following in detail:

- What revenue is being changed and why?

Multnomah County Motor Pool revenue is being increased by \$112,550.

- What budgets are increased/decreased?

Multnomah County Motor Pool Capital Equipment is being increased \$112,550. DCJ material and services budgets in Counseling Services and Treatment Services is being decreased to cover the cost of the new vehicles and General Fund Contingency is being decreased to cover the difference between the cost of 5 regular vehicles versus 5 hybrids.

- What do the changes accomplish?

DCJ Juvenile Services Division will receive 5 motor pool vehicles to be used by employees, thus reducing the amount of mileage reimbursement and condition of employment for personal vehicle usage, while Fleet Services increases the motor pool by 5 hybrids decreasing Multnomah County's carbon footprint on the environment.

- Do any personnel actions result from this budget modification? Explain.

N/A

- How will the county indirect, central finance and human resources and departmental overhead costs be covered?

N/A

- Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?

One-time only

- If a grant, what period does the grant cover?

N/A

- If a grant, when the grant expires, what are funding plans?

N/A

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### Contingency Request

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If the request is a **Contingency Request**, please answer **all** of the following in detail:

- Why was the expenditure not included in the annual budget process?

The work to determine the best use of County assets had not been completed by the time the budget process concluded for FY08. The opportunity to bring five hybrid vehicles into the fleet for use in the motor pool is a unique mid year opportunity.

- What efforts have been made to identify funds from other sources within the Department/Agency to cover this expenditure?

Fleet Management has spoken with County Budget staff and DCM Budget staff to determine the availability of other funds. A request for General Fund contingency was determined to be the best funding mechanism for this opportunity.

- Why are no other department/agency fund sources available?

No alternative funding sources exist at this time.

- **Describe any new revenue this expenditure will produce, any cost savings that will result, and any anticipated payback to the contingency account. What are the plans for future ongoing funding?**

This use of contingency will not result in new revenue. It is anticipated to result in fuel savings of \$31,170. This amount is dependent on fuel price and miles driven over time. The time period is set at 12 years. The replacement of the hybrid vehicles is capitalized through the hourly motor pool rate.

- **Has this request been made before? When? What was the outcome?**

This request has not been made before.

*NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense & Revenues Worksheet and/or a Budget Modification Personnel Worksheet.*



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## ATTACHMENT B

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**BUDGET MODIFICATION: DCJ -**

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### Required Signatures


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



**Date:** 02-04-08

**Budget Analyst:**



**Date:** 02-04-08



**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

Budget Office

501 SE Hawthorne Blvd., Suite 531  
Portland, Oregon 97214  
(503) 988-3312 phone  
(503) 988-5758 fax  
(503) 988-5170 TDD

TO: Board of County Commissioners

FROM: Christian Elkin, Sr. Budget Analyst

DATE: January 30, 2008

SUBJECT: General Fund Contingency Request for \$41,310 to purchase hybrid cars for the County's Motor Pool (Budget Modification DCJ-18).

The Department of County Management's Fleet Services Division requests \$41,310 from the General Fund Contingency in order to purchase five hybrid cars for the County's Fleet. This is a collaborative request with the Department of Community Justice, which is paying for five new cars for use in its Juvenile Services Division (*see below*).

DCJ's Juvenile Services Division Leadership Team has determined that it is more efficient and cost effective for Juvenile counselors to use county vehicles instead of their own vehicles. DCJ has 46 counselors receiving \$600 per year as a condition of employment plus mileage for using their own vehicles. By eliminating the condition of employment and reducing mileage reimbursement that is currently being paid to employees who use their own cars, DCJ can fund the purchase of five new gasoline-engine cars for the County's Fleet. The contingency request "upgrades" these new vehicles to hybrid cars by paying for the cost difference between gasoline-engine and hybrid sedans. This action leverages necessary County purchases toward more sustainable types of equipment for County use.

**General Fund Contingency Policy Compliance**

The Budget Office is required to inform the Board if contingency requests submitted for approval satisfy the general guidelines and policies for using the General Fund Contingency. The request is consistent with County Policy Criteria #1 as it funds a one-time purchase.

- Criteria 1 States contingency requests should be for one-time-only purposes. This request is one time only, though it will incur ongoing, incremental Fleet Fund replacement costs in the future.
- Criteria 2 Addresses emergencies and unanticipated situations. This request is not an emergency, and does not address an unanticipated situation.
- Criteria 3 Addresses items identified in Board Budget Notes. This item was not identified in a budget note.

Further, this request is consistent with the County's policy statement on the use of one-time resources, which reads in part:

*"The Board will consider the following when allocating these one-time-only resources....3) One-time-only spending proposals for projects or pilot programs, particularly investments that may result in innovative ideas or technology or long-term efficiencies or savings that do not require ongoing support."*

Budget Modification ID: **DCJ-18****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
1	50-50	1000	50007A	50		509000		60270	2,446	1,446	(1,000)		Decr local travel & mileage
2												(1,000)	JSD Management
3										0			
4										0			
5	50-50	1000	50007A	50		507000		60270	7,178	1,178	(6,000)		Decr local travel & mileage
6	50-50	1000	50007A	50		507000		60110	12,694	5,396	(7,298)		Decr Overtime
7	50-50	1000	50007A	50		507000		60130	48,307	45,962	(2,345)		Decr Sal Related 32.09%
8	50-50	1000	50007A	50		507000		60140	29,574	29,227	(347)		Decr Insurance 4.75%
9	50-50	1000	50007A	50		507000		60180	11,017	6,017	(5,000)		Decr printing
10												(20,990)	JSD Counseling Mgmnt
11										0			JSD Counseling Mgmnt
12										0			
13	50-50	1000	50014	50		507710		60270	12,520	2,520	(10,000)		Decr local travel & mileage
14										0		(10,000)	JSD GRIT
15										0			
16	50-50	1000	50013A	50		507600		60270	20,169	7,169	(13,000)		Decr local travel & mileage
17										0		(13,000)	JSD NE Office
18													
19	50-50	1000	50013A	50		508100		60270	8,418	2,418	(6,000)		Decr local travel & mileage
20										0		(6,000)	JSD East Office
21										0			
22	50-50	1000	50013A	50		507700		60270	9,467	2,467	(7,000)		Decr local travel & mileage
23										0		(7,000)	JSD SE Office
24										0			
25	50-50	1000	50013A	50		507900		60270	1,978	978	(1,000)		Decr local travel & mileage
26										0		(1,000)	JSD Central Office
27										0			
28	50-50	1000	50017	50		508300		60270	3,984	1,984	(2,000)		Decr local travel & mileage
29										0		(2,000)	JSD Sex Offender Tx Team
											(60,990)	(60,990)	Total - Page 1
											0	0	GRAND TOTAL

Budget Modification ID: **DCJ-18****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
					Internal Order	Cost Center						
30	50-50	1000	50013B	50		507510	60270	3,223	223	(3,000)		Decr local travel & mileage
31									0		(3,000)	JSD Gender Specific
32									0			
33	50-50	1000	50007A	50		506210	60180	2,500	0	(2,500)		Decr printing
34	50-50	1000	50007A	50		506210	60210	1,000	0	(1,000)		Decr rentals
35	50-50	1000	50007A	50		506210	60220	2,500	0	(2,500)		Decr repairs & maint
36	50-50	1000	50007A	50		506210	60250	500	250	(250)		Decr food
37	50-50	1000	50007A	50		506210	60340	2,000	1,000	(1,000)		Decr dues & subscriptions
38									0		(7,250)	JSD Treatment Svc Mgmnt
39									0			
40									0			
41	50-50	1000	50007A	50		507000	60410	26,830	82,630	55,800		Incr Motor Pool to purchase 4 new vehicles
42									0		55,800	JSD Counseling Mgmnt
43									0			
44	50-50	1000	50007A	50		506210	60410	0	15,440	15,440		Incr Motor Pool to purchase 1 new midsize vehicle
45									0		15,440	JSD Treatment Svc Mgmnt
46									0			
47	72-55	3501		20		904100	50310		(71,240)	(71,240)		Incr Motor Pool Revenue
48	72-55	3501		20		904100	60550		71,240	71,240		Incr Motor Pool Exp
49									0		0	Int'l Svc Motor Pool
50									0			
51									0			
52									0			
53									0			
54									0			
55									0			
56									0			
57									0			
58									0			

Budget Modification ID: **DCJ-18****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
											60,990	60,990	Total - Page 2
											0	0	GRAND TOTAL



# MULTNOMAH COUNTY

## AGENDA PLACEMENT REQUEST (long form)

APPROVED : MULTNOMAH COUNTY  
BOARD OF COMMISSIONERS  
AGENDA # R-2 DATE 2-14-08  
ANA KARNES, ASST BOARD CLERK

### Board Clerk Use Only

Meeting Date: 02/14/08  
Agenda Item #: R-2  
Est. Start Time: 9:35 AM  
Date Submitted: 01/22/08

### BUDGET MODIFICATION: DCHS - 23

**Supplemental Budget Modification DCHS- 23 Increasing the Department's  
Agenda Federal/State Appropriation by \$1,972,610 and General Fund Appropriation by  
Title: \$132,193 Pursuant to ORS 150.294.480**

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

Requested Meeting Date: February 14, 2008 Amount of Time Needed: 5 mins  
Developmental Disabilities Services;  
Mental Health and Addictions  
Services; SUN Service System; and  
Aging & Disabilities Services

Department: County Human Services Division:

Contact(s): Kathy Tinkle

Phone: 503 988-3691 Ext. 26858 I/O Address: 167/1/620

Presenter(s): Joanne Fuller

### General Information

#### 1. What action are you requesting from the Board?

The Department of County Human Services (DCHS) recommends approval of supplemental budget modification DCHS-23 increasing the department's Federal/State appropriation by \$1,972,610 and General Fund appropriation by \$132,193 pursuant to ORS 150.294.480.

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

A supplemental budget is the vehicle allowed by ORS Chapter 294 for the Board to address changes in financial conditions not anticipated at the time the budget was adopted. This supplemental budget addresses beginning working capital in the Department of County Human Services and does not increase any fund by more than 10%. Beginning working capital is considered one time only in nature. The program proposals are considered one time only activities; there is no ongoing fiscal impact. The following DCHS Divisions are impacted by this action:

### **Developmental Disabilities - \$998,595**

The local administration portion of the supplemental budget affects Program Offer 25010 DD Administration and Program Offer 25015 DD Crisis Services for Individuals with Developmental Disabilities. Developmental Disabilities Services Division (DDSD) sought to leverage local administrative funds through Medicaid to use in enhancing staff skills/knowledge and to refine processes for greater quality and efficiency in services to clients. Partial approval was received and budgeted for FY 2008, but the larger part of the proposal was only approved, verbally, in May, 2007, retroactive to July 1, 2006. Written confirmation was dated June 22, 2007, leaving little time to spend the funds before the end of the fiscal year.

This action appropriates \$883,045 of unspent 2007 funds from the DD Local Administrative Match project for use in the FY 2008 budget as Beginning Working Capital. The funds are not subject to recovery by the State and are to be used in support of the DD program to which it was first awarded. The State has reviewed and approved our plan.

This is one-time-only funding that will be used primarily for a Family Support Demonstration grant – including respite and training for families, culturally specific outreach and provider development training, and client services. About a third of the funds are for information technology improvements, to develop a much-needed replacement for the financial component of our client database, and to upgrade current technology. A limited duration Program Coordinator position will also be funded to provide Domestic Violence training to foster care and other providers, and DDSD staff, in all aspects of this issue. Indirect costs will be covered by the funding. It is expected that some of the projects will not be completed until next fiscal year and the funding will be carried forward to FY 09.

Regional Crisis Coordination Funds (DD 157) of \$115,550 were not spent in the FY 2005-07 biennium. These funds are also not recoverable by the State and retained by DDSD as Beginning Working Capital for the Region One, a five county resource cooperative providing crisis placement for vulnerable clients. The funding provides resources for crisis intervention, respite, and other specialized services. Multnomah County acts as the Region's fiscal agent. This impacts Program Offer 25015 Crisis Services for Individuals with Developmental Disabilities.

### **Mental Health - \$925,954**

Mental Health and Addiction Services Division (MHAD) Federal/State appropriation increases by \$925,954 due to unspent FY 2005-07 biennium allocations from the State. These funds are not recoverable by the State and are retained by MHAD as Beginning Working Capital. The funds are restricted to the services, clients, or providers originally designated by the state. About half of the funding is for services designated for a specific client(s). Services include case management, vocational and social services, habilitation, support to obtain and maintain housing, medication monitoring, individual, family and group counseling and therapy. Other designated services include: start up costs for special projects, emergency holds for uninsured indigent individuals, intensive case management, and residential vacancy exceptions.

The following program offers are impacted: 25098 Addictions Services Family Involvement Team, 25086 Addiction Services Alcohol and Drug Prevention, 25055 Mental Health Crisis Call Center, 25060 Mental Health Transitional Housing for Adults, 25061 Mental Health Residential Services for Adults.

### **SUN Service System - \$48,061**

The SUN Service System's Federal/State appropriation increases one time only by \$48,061 due to

\$36,430 of unspent Portland Parks and Recreation funds for support of the SUN Service System and \$11,631 of miscellaneous donations for program development, training and technical assistance. This impacts Program Offer 25145A SUN Community Schools.

**Aging & Disabilities - \$112,479**

Aging & Disabilities Public Guardian Program client fee appropriation increases by \$112,479 along with an allowance for bad debt expense. These funds are appropriated in the General Fund. The modification provides the technical correction to bring the budget in compliance with accounting rules. This impacts Program Offer 25026A.

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

The departments Federal/State appropriation increases by \$1,972,610 from Beginning Working Capital (BWC), and General fund appropriation by \$132,193. The funding is comprised from the following sources:

**Developmental Disabilities - \$998,595**

- \$883,045 DD Local Administration
- \$115,550 DD 157 Regional Crisis Coordination

**Mental Health - \$925,954**

- \$16,490 AD 60 Special Projects
- \$24,642 Local 2145
- \$24,418 MH 25 Community Crisis Services
- \$10,921 MH 39 Community Support Services Homeless
- \$139,524 MH 20 Non Residential Adult Mental Health
- \$110,906 MH 28 Residential Treatment Care Facilities
- \$5,739 MH 30 Psychiatric Security Review
- \$24,833 MH 35 Older/Disabled Adult Mental Health Services
- \$24,968 MH 38 Supported Employment Extended Services
- \$373,355 MH 201 Non Residential Adult Mental Health Designated Services
- \$83,738 MH 37 Special Projects
- \$86,420 MH 22 Child & Adolescent Mental Health Services

**SUN Service System - \$48,061**

- \$11,631 Miscellaneous Revenue
- \$36,430 Portland Parks & Recreation

**Aging & Disabilities - \$112,479**

- \$112,479 Licenses & Fees

**Department Director - \$19,714**

- \$19,714 Indirect

Expenditures and revenues will be changed as outlined above in order to keep the County's budget within the bounds of Oregon Budget Law and/or generally accepted accounting principles.

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

Supplemental budgets for the purposes outlined above are required by ORS Chapter 294, Local Budget Law.



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

Notice of this hearing will be published in the Oregonian not less than 5 days before the meeting. The notice will include the name of each fund being adjusted and the amount of change in each fund's resources and expenditures.

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## ATTACHMENT A

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### Budget Modification

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If the request is a **Budget Modification**, please answer all of the following in detail:

- **What revenue is being changed and why?**

Department of County Human Services Federal/State appropriation increases by \$1,972,610 from Beginning Working Capital and General Fund appropriation increases by \$132,193.

- **What budgets are increased/decreased?**

Department of County Human Services Federal/State appropriation increases by \$1,972,610 from Beginning Working Capital and General Fund appropriation increases by \$112,479 from Licenses & Fees and \$19,714 from grant paid indirect.

- **What do the changes accomplish?**

Brings the budget in compliance with ORS 294.

- **Do any personnel actions result from this budget modification? Explain.**

Yes, a limited duration Program Coordinator position is created for Domestic Violence training along with two temporary Office Assistant Senior positions for file maintenance in Developmental Disabilities Services.

- **How will the county indirect, central finance and human resources and departmental overhead costs be covered?**

Some of the indirect costs will be recovered (Service element 157 and Local Administration) in the amount of \$41,628.

- **Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?**

All of the funding and projects are considered one time only in nature.

- **If a grant, what period does the grant cover?**

N/A

- **If a grant, when the grant expires, what are funding plans?**

N/A

<p><i>NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense &amp; Revenues Worksheet and/or a Budget Modification Personnel Worksheet.</i></p>
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## ATTACHMENT B

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**BUDGET MODIFICATION: DCHS - 23**

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### Required Signatures


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



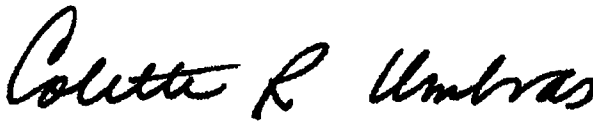
**Date:** 01/16/08

**Budget Analyst:**



**Date:** 01/16/08

**Department HR:**



**Date:** 01/16/08

Budget Modification ID: **DCHS-23****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
1	20-50	90000	25010	40			DD BWC ADM LA	50000	0	(733,045)	(733,045)		Beginning Working Capital
2	20-50	90000	25010	40			DD BWC ADM LA	60000	0	24,701	24,701		Permanent [Prg cord]
3	20-50	90000	25010	40			DD BWC ADM LA	60130	0	7,183	7,183		Salary Related Expenses
4	20-50	90000	25010	40			DD BWC ADM LA	60140	0	6,485	6,485		Insurance Benefits
5	20-50	90000	25010	40			DD BWC ADM LA	60155	0	165,000	165,000		Direct Client Assistance
6	20-50	90000	25010	40			DD BWC ADM LA	60170	0	247,865	247,865		Professional Services
7	20-50	90000	25010	40			DD BWC ADM LA	60260	0	20,000	20,000		Education & Training
8	20-50	90000	25010	40			DD BWC ADM LA	60350	0	19,378	19,378		Indirect - Central @2.29%
9	20-50	90000	25010	40			DD BWC ADM LA	60355	0	17,433	17,433		Indirect - Dept @2.06%
10	20-50	90000	25010	40			DD BWC ADM LA	60380	0	225,000	225,000		Data Processing
11													
12													
13													
14													
15													
16													
17													
18	20-50	81157	25015	40			DD CNTY 157	50190	(77,968)	(47,480)	30,488		IG-OP Fed Thru State
19	20-50	81157	25015	40			DD CNTY 157	60220	3	0	(3)		Repairs & Maint
20	20-50	81157	25015	40			DD CNTY 157	60260	561	0	(561)		Travel & Training
21	20-50	81157	25015	40			DD CNTY 157	60270	358	0	(358)		Local Travel & Training
22	20-50	81157	25015	40			DD CNTY 157	60340	10	0	(10)		Dues & subscriptions
23	20-50	81157	25015	40			DD CNTY 157	60350	1,711	1,042	(669)		Central Indirect @2.29%
24	20-50	81157	25015	40			DD CNTY 157	60355	1,540	938	(602)		Dept Indirect @2.06%
25	20-50	81157	25015	40			DD CNTY 157	60370	4,327	0	(4,327)		Telephone
26	20-50	81157	25015	40			DD CNTY 157	60380	17,222	0	(17,222)		Data Processing
27	20-50	81157	25015	40			DD CNTY 157	60410	2,826	0	(2,826)		Motor Pool
28	20-50	81157	25015	40			DD CNTY 157	60430	2,884	0	(2,884)		Building Mgmt
29	20-50	81157	25015	40			DD CNTY 157	60460	1,026	0	(1,026)		Distribution & Postage
											0	0	Total - Page 1
											0	0	GRAND TOTAL

Budget Modification ID: **DCHS-23****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
					Internal Order	Cost Center	WBS Element						
30	20-50	90000	25015	40			DD CNTY BWC LA	50000	0	(29,217)	(29,217)		Beginning Working Capital
31	20-50	90000	25015	40			DD CNTY BWC LA	60220	0	3	3		Repairs & Maint
32	20-50	90000	25015	40			DD CNTY BWC LA	60260	0	561	561		Travel & Training
33	20-50	90000	25015	40			DD CNTY BWC LA	60270	0	358	358		Local Travel & Training
34	20-50	90000	25015	40			DD CNTY BWC LA	60340	0	10	10		Dues & subscriptions
35	20-50	90000	25015	40			DD CNTY BWC LA	60370	0	4,327	4,327		Telephone
36	20-50	90000	25015	40			DD CNTY BWC LA	60380	0	17,222	17,222		Data Processing
37	20-50	90000	25015	40			DD CNTY BWC LA	60410	0	2,826	2,826		Motor Pool
38	20-50	90000	25015	40			DD CNTY BWC LA	60430	0	2,884	2,884		Building Mgmt
39	20-50	90000	25015	40			DD CNTY BWC LA	60460	0	1,026	1,026		Distribution & Postage
40													
41	20-50	90000	25015	40			DD REG BWC LA	50000	0	(120,783)	(120,783)		Beginning Working Capital
42	20-50	90000	25015	40			DD REG BWC LA	61000	0	27,996	27,996		Temporary
43	20-50	90000	25015	40			DD REG BWC LA	60135	0	2,520	2,520		Non Base Fringe
44	20-50	90000	25015	40			DD REG BWC LA	60145	0	1,120	1,120		Non Base Insurance
45	20-50	90000	25015	40			DD REG BWC LA	60150	0	19,000	19,000		County Match & Sharing
46	20-50	90000	25015	40			DD REG BWC LA	60170	0	70,147	70,147		Professional Services
47													
48	20-50	81157	25015	40			DD REG 157	50190	(1,002,135)	(1,032,623)	(30,488)		IG-OP Fed Thru State
49	20-50	81157	25015	40			DD REG 157	60170	86,857	116,074	29,217		Professional Svcs
50	20-50	81157	25015	40			DD REG 157	60350	21,997	22,666	669		Central Indirect @2.29%
51	20-50	81157	25015	40			DD REG 157	60355	19,581	20,183	602		Dept Indirect @2.06%
52													
53	72-10	3500		20		705210		50316		(7,605)	(7,605)		Svc Reim F/S to Risk
54	72-10	3500		20		705210		60330		7,605	7,605		Claims Paid
55													
56													
57													
58													
											0	0	Total - Page 2
											0	0	GRAND TOTAL

Budget Modification ID: **DCHS-23****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
					Internal Order	Cost Center	WBS Element						
59	72-60	3503		20		709105		60240		225,000	225,000		Supplies
60	72-60	3503		20		709105		50310		(225,000)	(225,000)		Svc Reim F/S to Info Tech
61													
62													
63													
64	20-50	90000	25015	40			DD BWC REG 157	50000	0	(115,550)	(115,550)		Beginning Working Capital
65	20-50	90000	25015	40			DD BWC REG 157	60170	0	74,733	74,733		Professional Services
66	20-50	90000	25015	40			DD BWC REG 157	60350	0	2,536	2,536		Central Indirect 2.29%
67	20-50	90000	25015	40			DD BWC REG 157	60355	0	2,281	2,281		Department Indirect 2.06%
68	20-50	90000	25015	40			DD BWC REG 157	60430	0	36,000	36,000		Building Mgmt
69													
70	72-50	3505		20		902575		50310		(36,000)	(36,000)		Svc Reim F/S to Fac Mgmt
71	72-50	3505		20		902575		60170		36,000	36,000		Professional Servcies
72													
73	26-00	1000	25000	40			CHSDO.IND1000	50370		(19,714)	(19,714)		Dept Indirect
74	26-00	1000	25000	40			CHSDO.IND1000	60240		19,714	19,714		Supplies
75													
76	20-80	90000	25098	40			MA AS CONT SP FIT BWC 60	50000	0	(16,490)	(16,490)		Beginning Working Capital
77	20-80	90000	25098	40			MA AS CONT SP FIT BWC 60	60160	0	16,490	16,490		Pass Thru & Prg Support
78													
79	20-80	90000	25086	40			MA AS CONT PRV BWC 2145	50000	0	(24,642)	(24,642)		Beginning Working Capital
80	20-80	90000	25086	40			MA AS CONT PRV BWC 2145	60170	0	14,608	14,608		contract extended to FY08
81	20-80	90000	25086	40			MA AS CONT PRV BWC 2145	60160	0	10,034	10,034		Pass Thru & Prg Support
82													
83	20-80	90000	25055	40			MA SN CR BWC 25	50000	0	(24,418)	(24,418)		Beginning Working Capital
84	20-80	90000	25055	40			MA SN CR BWC 25	60160	0	24,418	24,418		Pass Thru & Prg Support
85													
86	20-80	90000	25060	40			MA SN MC HM BWC 39	50000	0	(10,921)	(10,921)		Beginning Working Capital
87	20-80	90000	25060	40			MA SN MC HM BWC 39	60160	0	10,921	10,921		Pass Thru & Prg Support
											0	0	Total - Page 3
											0	0	GRAND TOTAL

Budget Modification ID: **DCHS-23****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
88	20-80	90000	25061	40			MA SN MC RES BWC 20	50000	0	(139,524)	(139,524)		Beginning Working Capital
89	20-80	90000	25061	40			MA SN MC RES BWC 20	60160	0	139,524	139,524		Pass Thru & Prg Support
90													
91	20-80	90000	25061	40			MA SN MC RES BWC 28	50000	0	(110,906)	(110,906)		Beginning Working Capital
92	20-80	90000	25061	40			MA SN MC RES BWC 28	60160	0	110,906	110,906		Pass Thru & Prg Support
93									0				
94	20-80	90000	25061	40			MA SN MC RES BWC 30	50000	0	(5,739)	(5,739)		Beginning Working Capital
95	20-80	90000	25061	40			MA SN MC RES BWC 30	60160	0	5,739	5,739		Pass Thru & Prg Support
96													
97	20-80	90000	25061	40			MA SN MC RES BWC 35	50000	0	(24,833)	(24,833)		Beginning Working Capital
98	20-80	90000	25061	40			MA SN MC RES BWC 35	60160	0	24,833	24,833		Pass Thru & Prg Support
99													
100	20-80	90000	25061	40			MA SN MC RES BWC 38	50000	0	(24,968)	(24,968)		Beginning Working Capital
101	20-80	90000	25061	40			MA SN MC RES BWC 38	60160	0	24,968	24,968		Pass Thru & Prg Support
102													
103	20-80	90000	25061	40			MA SN MC RES BWC 201	50000	0	(373,355)	(373,355)		Beginning Working Capital
104	20-80	90000	25061	40			MA SN MC RES BWC 201	60160	0	373,355	373,355		Pass Thru & Prg Support
105													
106	20-80	90000	25061	40			MA SN MC RES BWC 37	50000	0	(83,738)	(83,738)		Beginning Working Capital
107	20-80	90000	25061	40			MA SN MC RES BWC 37	60160	0	83,738	83,738		Pass Thru & Prg Support
108													
109	20-80	90000	25061	40			MA SN MC RES BWC 22	50000	0	(86,420)	(86,420)		Beginning Working Capital
110	20-80	90000	25061	40			MA SN MC RES BWC 22	60160	0	86,420	86,420		Pass Thru & Prg Support
111													
112													
113													
114													
115	22-20	90000	25145a	40			SCPSP.SUN.PDXP&R.BWC	50000	0	(36,430)	(36,430)		Beginning Working Capital
116	22-20	90000	25145a	40			SCPSP.SUN.PDXP&R.BWC	60160	0	36,430	36,430		Pass Thru & Prg Support
											0	0	Total - Page 4
											0	0	GRAND TOTAL

Budget Modification ID: **DCHS-23****EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with SAP.

Budget/Fiscal Year: 2008

Line No.	Fund Center	Fund Code	Program #	Func. Area	Internal Order	Accounting Unit		Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
						Cost Center	WBS Element						
117	22-20	90000	25145a	40			SCPSP.SUN.MISC.BWC	50000	0	(11,631)	(11,631)		Beginning Working Capital
118	22-20	90000	25145a	40			SCPSP.SUN.MISC.BWC	60170	0	11,631	11,631		Professional Services
119													
120	30-65	1000	25026	40			adsvdivpgfeegf	50220	(40,000)	(152,479)	(112,479)		Licenses & Fees
121	30-65	1000	25026	40			adsvdivpgfeegf	60170	12,000	35,431	23,431		Professional Services
122	30-65	1000	25026	40			adsvdivpgfeegf	60570	0	89,048	89,048		Bad Debt Expense
123													
124	19	1000		20		9500001000		50310		(21,914)	(21,914)		Svc Reim F/s to General
125	19	1000		20		9500001000		60470		21,914	21,914		Contingency
126													
127													
128													
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145													
											0	0	Total - Page 5
											0	0	GRAND TOTAL



**ANNUALIZED PERSONNEL CHANGE**Change on a full year basis even though this action affects only a part of the fiscal year (FY).

							ANNUALIZED			
Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
1505	6021	61128		Prog Coordinator	New	1.00	49,402	14,366	12,969	76,737
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
TOTAL ANNUALIZED CHANGES						1.00	49,402	14,366	12,969	76,737

**CURRENT YEAR PERSONNEL DOLLAR CHANGE**Calculate costs/savings that will take place in this FY; these should explain the actual dollar amounts being changed by this Bud Mod.

							CURRENT YEAR			
Fund	Job #	HR Org	CC/WBS/IO	Position Title	Position Number	FTE	BASE PAY	FRINGE	INSUR	TOTAL
1505	6022	61128		Prog Coordinator	New-LD	0.50	24,701	7,183	6,485	38,369
1505	6002	61137	dd reg bwc la	OA Sr	temp	0.42	13,998	1,260	560	15,818
1505	6002	61137	dd reg bwc la	OA Sr	temp	0.42	13,998	1,260	560	15,818
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
										0
TOTAL CURRENT FY CHANGES						1.34	52,697	9,703	7,605	70,005



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST

APPROVED : MULTNOMAH COUNTY  
BOARD OF COMMISSIONERS  
AGENDA # R-3 DATE 2-14-08  
ANA KARNES, ASST BOARD CLERK

### Board Clerk Use Only

Meeting Date: 02-14-08  
Agenda Item #: R-3  
Est. Start Time: 9:40 AM  
Date Submitted: 01-30-08

### PROJECT REALLOCATION: FPM08-04

**Agenda Title:** Reallocation of Facilities Asset Preservation Project Funds FPM08-04, Juvenile Justice Complex (JJC), Roof Restoration Project

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

<b>Date Requested:</b>	<u>February 14, 2008</u>	<b>Time Requested:</b>	<u>5 min</u>
<b>Department:</b>	<u>County Management</u>	<b>Division:</b>	<u>Facilities &amp; Property Mgmt.</u>
<b>Contact(s):</b>	<u>John Lindenthal, Alan Proffitt</u>		
<b>Phone:</b>	<u>503 988-4213</u>	<b>Ext.</b>	<u>I/O Address: 274</u>
<b>Presenter(s):</b>	<u>John Lindenthal, Alan Proffitt</u>		

### General Information

#### 1. What action are you requesting from the Board?

Requested action is to approve a reallocation of Capital funds for the Juvenile Justice Complex Roof Restoration Project in the amount of \$1,500,000 from the Asset Preservation Fund Unallocated Reserves (CP10.08.10). Total project authorization will be \$1,500,000 with this action.

#### 2. Please provide sufficient background information for the Board and the public to understand this issue.

The Board included the following Budget Note in the FY05 Adopted Budget: "No reallocation of funds from capital or maintenance projects shall occur without review and approval from the Chief Financial Officer. Projects that will exceed their budgeted appropriation in excess of five percent up to \$25,000 will need to be approved by the Chief Financial Officer, over \$25,000 will need to be brought back to the Board for approval. Facilities shall report to the Board on a semi annual basis the progress of capital projects and the financial status of capital and maintenance projects." This filing is in response to that requirement and complies with the new County Administrative Procedure, Fin-15, created to implement this process.

The Juvenile Justice Complex (JJC) Roof Restoration project is being moved up two fiscal years in the 5 year Capital plan so that it can be completed before the Solar panel installation in the summer/fall of 2008. Some of the reasons to move the project to FY08 are:

- 1) Roof restoration costs after solar installation would increase significantly
- 2) Would allow the roofing contractor and solar installer to work in parallel to install and flash the penetrations required for the solar arrays
- 3) New Energy Star reflective roof surface may improve solar performance and is the preferred surface for the Solar installer

New project authorization will be \$1,500,000 with this action.

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

Overall fund balance remains the same. \$1,500,000 in funds in the Asset Preservation Fund Unallocated Reserves (CP10.08.10) will be transferred to a JJC Roof Restoration Project. The JJC roof project is in the 5-year Capital plan for FY10. In FY10 the JJC roof planned budget will added to the Asset Preservation fund un-appropriated balance. Therefore, the overall AP fund effect is minimized due to this change.

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

None

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

None

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## ATTACHMENT A

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### Budget Modification

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If the request is a Budget Modification, please answer all of the following in detail:

- What revenue is being changed and why?  
N/A
- What budgets are increased/decreased?  
No budget change except at project level
- What do the changes accomplish?
- Do any personnel actions result from this budget modification? Explain.  
No
- How will the county indirect, central finance and human resources and departmental overhead costs be covered?  
N/A
- Is the revenue one-time-only in nature? Will the function be ongoing? What plans are in place to identify a sufficient ongoing funding stream?  
N/A
- If a grant, what period does the grant cover?  
N/A
- If a grant, when the grant expires, what are funding plans?  
N/A

<p><i>NOTE: If a Budget Modification or a Contingency Request attach a Budget Modification Expense &amp; Revenues Worksheet and/or a Budget Modification Personnel Worksheet.</i></p>
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## ATTACHMENT B

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PROJECT REALLOCATION: FPM08-04

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### Required Signatures

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Elected Official or  
Department/  
Agency Director:

*Carol M. Ford*

Date: 01/30/08

Budget Director:

*Kayne Dargatzis*

Date: 01-30-08

## Project Reallocation Formal Board Approval: FPM08-04

**EXPENDITURES & REVENUES**

Please show an increase in revenue as a negative value and a decrease as a positive value for consistency with MERLIN.

Line No.	Fund Center	Fund Code	Accounting Unit			Cost Element	Current Amount	Revised Amount	Change Increase/ (Decrease)	Subtotal	Description
			Formal FPM	Cost Center	WBS Element						
1	72-50	2507	FPM08-04	902575		60530	1,509,658	9,658	(1,500,000)		UNALLOCATED RESERVES
2	72-50	2507	FPM08-04		CP10.08.05	60530	0	1,500,000	1,500,000		JJC ROOF RESTORATION
3											
4											
5											
6											
7											
8											
9											
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28											
29											
									0	0	Total - Page 1
									0	0	GRAND TOTAL



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (short form)

### Board Clerk Use Only

Meeting Date: 02-14-08  
Agenda Item #: R-4  
Est. Start Time: 9:45 AM  
Date Submitted: 01-30-08

**Agenda Title:** Resolution Exempting the Roof Restoration Project for the Juvenile Justice Complex (JJC) from Administrative Procedure FAC-1 Relating To Construction of Major Facilities Capital Projects

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

Requested Meeting Date: February 14, 2008 Amount of Time Needed: 5 minutes  
Department: Department of County Management Division: FPM  
Contact(s): John Lindenthal, Alan Proffitt  
Phone: 503-988-4213 Ext. 84213 I/O Address:  
Presenter(s): John Lindenthal, Alan Proffitt

### General Information

**1. What action are you requesting from the Board?**

Resolution approving an exemption for the JJC roof project as a major capital maintenance project from Major Facilities Capital Project (MFCP) requirements, pursuant to Resolution 02-136 and FAC-1 administrative procedures.

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

Scope of work is a restoration of the Juvenile Justice Complex Roofs prior to solar power panel installation in the summer/fall of 2008. This work is maintenance in nature but exceeds the \$1,000,000 threshold triggered by FAC-1. Therefore, we are requesting the maintenance exemption as described by FAC-1.

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

None.

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

None.

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

None.

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**Required Signature**

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

*Carol M. Ford*

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**Date:** 01-30-08

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BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. \_\_\_\_\_**

Resolution Exempting the Roof Restoration Project for the Juvenile Justice Complex (JJC) from Administrative Procedure FAC-1 Relating To Construction of Major Facilities Capital Projects

**The Multnomah County Board of Commissioners Finds:**

- a. On October 17, 2002, by Resolution 02-136, the Board established a policy for construction of major facilities capital projects with budgets greater than \$1 million (major projects). As directed by the Board, Facilities and Property Management (FPM) developed administrative procedure FAC-1 for planning and management of major projects.
- b. As approved by the Chair, FAC-1 defines major projects, identifies participant roles and responsibilities and designates the key milestones for major project control and authorization by the Board. Section II.A.5. of FAC-1 states "If the project has been approved in the Facilities Management budget, a request for exemption from the requirements of Resolution 02-136 may be submitted to the Board for approval."
- c. The Board authorized a total of \$1,500,000 for the JJC Project in the 2007/2008 Budget. Because the JJC Roof Restoration Project work total budget exceeds \$1,000,000, Board review pursuant to Resolution 02-136 and FAC-1 is required.
- d. Because the work required is predominantly maintenance related, it is in the best interests of the County to exempt the JJC Roof Restoration Project from the requirements of Resolution 02-136 and FAC-1 as no purpose would be served by following the procedures set forth therein.

**The Multnomah County Board of Commissioners Resolves:**

1. The Board approves an exemption from the requirements of Resolution 02-136 and FAC-1 for the JJC Roof Restoration Project.

ADOPTED this 14th day of February, 2008

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

\_\_\_\_\_  
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
John S. Thomas, Deputy County Attorney



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (short form)

### Board Clerk Use Only

Meeting Date: 02-14-08  
Agenda Item #: R-5  
Est. Start Time: 9:50 AM  
Date Submitted: 01-31-08

**Agenda Title:** Resolution Exempting the Roof Restoration Project for the Central Library Re-Roof / Green Roof from Administrative Procedure FAC-1 Relating to Construction of Major Facilities Capital Projects

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

Requested Meeting Date: February 14, 2008 Amount of Time Needed: 5 minutes  
Department: Department of County Management Division: FPM  
Contact(s): John Lindenthal, Alan Proffitt  
Phone: 503-988-4213 Ext. 84213 I/O Address: 274  
Presenter(s): John Lindenthal, Alan Proffitt

### General Information

**1. What action are you requesting from the Board?**

Resolution approving an exemption for the Central Library roof project as a major capital maintenance project from Major Facilities Capital Project (MFCP) requirements, pursuant to Resolution 02-136 and FAC-1 administrative procedures.

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

Scope of work is a re-roof of the Central Library with the addition of a Green Roof. Total project cost is \$1,020,000. The Green Roof component is 88% funded by two grants from the City of Portland and DEQ in the amount of \$160,000. This work is maintenance in nature but exceeds the \$1,000,000 threshold triggered by FAC-1. Therefore, we are requesting the maintenance exemption as described by FAC-1.

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

None.

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

None.

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

None.

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**Required Signature**

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

*Carol M. Ford*

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**Date:** 01-31-08

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BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. \_\_\_\_\_**

Resolution Exempting the Roof Restoration Project for the Central Library Re-Roof / Green Roof from Administrative Procedure FAC-1 Relating to Construction of Major Facilities Capital Projects

**The Multnomah County Board of Commissioners Finds:**

- a. On October 17, 2002, by Resolution 02-136, the Board established a policy for construction of major facilities capital projects with budgets greater than \$1 million (major projects). As directed by the Board, Facilities and Property Management (FPM) developed administrative procedure FAC-1 for planning and management of major projects.
- b. As approved by the Chair, FAC-1 defines major projects, identifies participant roles and responsibilities and designates the key milestones for major project control and authorization by the Board. Section II.A.5. of FAC-1 states "If the project has been approved in the Facilities Management budget, a request for exemption from the requirements of Resolution 02-136 may be submitted to the Board for approval."
- c. The Board authorized a total of \$1,020,000 for the Central Library Re-Roof/Green Roof Project in the 2007/2008 Adopted Budget. Because the Central Library Re-Roof/Green Roof Project work total budget exceeds \$1,000,000, Board review pursuant to Resolution 02-136 and FAC-1 is required.
- d. Because the work required is predominantly maintenance related, it is in the best interests of the County to exempt the Central Library Re-Roof/Green Roof Project from the requirements of Resolution 02-136 and FAC-1 as no purpose would be served by following the procedures set forth therein.

**The Multnomah County Board of Commissioners Resolves:**

1. The Board approves an exemption from the requirements of Resolution 02-136 and FAC-1 for the Central Library Re-Roof/Green Roof Project.

ADOPTED this 14th day of February, 2008

BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

\_\_\_\_\_  
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By \_\_\_\_\_  
John S. Thomas, Deputy County Attorney

SUBMITTED BY:

Carol M. Ford, Director, Dept. of County Management

BEFORE THE BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

**RESOLUTION NO. 08-015**

Resolution Exempting the Roof Restoration Project for the Central Library Re-Roof / Green Roof from Administrative Procedure FAC-1 Relating to Construction of Major Facilities Capital Projects

**The Multnomah County Board of Commissioners Finds:**

- a. On October 17, 2002, by Resolution 02-136, the Board established a policy for construction of major facilities capital projects with budgets greater than \$1 million (major projects). As directed by the Board, Facilities and Property Management (FPM) developed administrative procedure FAC-1 for planning and management of major projects.
- b. As approved by the Chair, FAC-1 defines major projects, identifies participant roles and responsibilities and designates the key milestones for major project control and authorization by the Board. Section II.A.5. of FAC-1 states "If the project has been approved in the Facilities Management budget, a request for exemption from the requirements of Resolution 02-136 may be submitted to the Board for approval."
- c. The Board authorized a total of \$1,020,000 for the Central Library Re-Roof/Green Roof Project in the 2007/2008 Adopted Budget. Because the Central Library Re-Roof/Green Roof Project work total budget exceeds \$1,000,000, Board review pursuant to Resolution 02-136 and FAC-1 is required.
- d. Because the work required is predominantly maintenance related, it is in the best interests of the County to exempt the Central Library Re-Roof/Green Roof Project from the requirements of Resolution 02-136 and FAC-1 as no purpose would be served by following the procedures set forth therein.

**The Multnomah County Board of Commissioners Resolves:**

1. The Board approves an exemption from the requirements of Resolution 02-136 and FAC-1 for the Central Library Re-Roof/Green Roof Project.

ADOPTED this 14th day of February, 2008




BOARD OF COUNTY COMMISSIONERS  
FOR MULTNOMAH COUNTY, OREGON

  
Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY  
FOR MULTNOMAH COUNTY, OREGON

By   
John S. Thomas, Deputy County Attorney

SUBMITTED BY:  
Carol M. Ford, Director, Dept. of County Management



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (short form)

### Board Clerk Use Only

Meeting Date: 02-14-08  
Agenda Item #: R-6  
Est. Start Time: 9:55 AM  
Date Submitted: 02-04-08

**Agenda Title:** Intergovernmental Agreement for Dissolution of Tri-County Health Care Safety Net Enterprise (SNE) pursuant to ORS 190.080(6)

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

Requested Meeting Date: February 14, 2008  
Amount of Time Needed: 10 minutes  
Department: Health  
Division:  
Contact(s): Lillian Shirley  
Phone: 503-988-3674 Ext. 22686 I/O Address: 160/8  
Presenter(s): Lillian Shirley

### General Information

**1. What action are you requesting from the Board?**

Approval and signature of the Dissolution of Tri-County Health Care Safety Net Enterprise (SNE).

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

In May 2004, Washington County, Clackamas County and Multnomah County created an ORS Chapter 190 organization called Tri-County Health Care Safety Net Enterprise.

In July 2007, the SNE Board discussed the future direction of the organization and agreed to shift the purpose and activities of the SNE to one of advocacy and activism on behalf of the region's uninsured and that it made sense to expand the regional perspective by inviting Clark County, Washington to participate. The SNE Board agreed that an ORS Chapter 190 intergovernmental entity form is not the most conducive for approaching the group's new focus.

Section 8.2 of the SNE Intergovernmental Agreement and ORS 190.080, the Tri-County Health Care Safety Net Enterprise created by intergovernmental agreement under ORS 190.010 may be

terminated only by the unanimous vote of all the parties to the intergovernmental agreement.

Parties to SNE unanimously agree to the dissolution of the Tri-County Health Care Safety Net Enterprise.

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

SNE prepared an inventory of SNE's assets and liabilities and has determined SNE has addressed all current liabilities and assets will be distributed to the parties of SNE and if dissolved, the assets shall be divided equally among the parties to the Agreement.

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

The resolution has been reviewed by the Washington, Multnomah and Clackamas County Counsels, the SNE Board Chair and the three Health Department Directors, who are SNE board members. All have signed off and agreed to refer to their Boards. Each party agrees to prepare and execute appropriate local legislation to repeal any ordinance ratifying SNE pursuant to ORS 190.085.

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

Pursuant to ORS 190.080(6) all parties to this Intergovernmental Agreement shall sign this Agreement for it to become effective. This Agreement shall become effective upon the date the last party signs this Agreement. The SNE Intergovernmental Agreement is repealed upon signature of all parties to the Agreement.

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**Required Signature**

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

*Lillian Shirley*

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**Date:** 02/04/08

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# MULTNOMAH COUNTY CONTRACT APPROVAL FORM (CAF)

Pre-approved Contract Boilerplate (with County Attorney signature) ☒ Attached ☐ Not Attached

Contract #: 0708094

Amendment #:

CLASS I Based on Informal / Intermediate Procurement	CLASS II Based on Formal Procurement	CLASS III Intergovernmental Contract (IGA)
<input type="checkbox"/> Personal Services Contract	<input type="checkbox"/> Personal Services Contract	<input type="checkbox"/> Expenditure Contract
PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input checked="" type="checkbox"/> Non-Financial Agreement
<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> <b>INTER-DEPARTMENTAL AGREEMENT (IDA)</b>

Department: Health

Division/

Program: Directors Office

Date: 02/01/08

Originator: Lillian Shirley / Linda Pickthorn

Phone: x26837

Bldg/Room: 160/08

Contact: LaRisha Baker

Phone: x27499

Bldg/Room: 167/210

Description of Contract: Agreement will dissolve Tri-County Health Care Safety Net Enterprise.

RENEWAL: ☐ PREVIOUS CONTRACT #(S) \_\_\_\_\_

EEO CERTIFICATION EXPIRES \_\_\_\_\_

PROCUREMENT, EXEMPTION OR CITATION # \_\_\_\_\_ ISSUE DATE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ END DATE: \_\_\_\_\_

CONTRACTOR IS: ☐ MBE ☐ WBE ☐ ESB ☐ QRF State Cert# \_\_\_\_\_ or ☐ Self Cert ☐ Non-Profit ☐ N/A (Check all boxes that apply)

Contractor	Tri-County Health Care Safety Net Enterprise		Remittance address (If different)	
Address				
City/State			Payment Schedule / Terms:	
ZIP Code			<input type="checkbox"/> Lump Sum	<input type="checkbox"/> Due on Receipt
Phone			<input type="checkbox"/> Monthly	<input type="checkbox"/> Net 30
Employer ID# or SS#			<input type="checkbox"/> Other	<input type="checkbox"/> Other
Contract Effective Date	Exectuion	Term Date	<input type="checkbox"/> Price Agreement (PA) or Requirements Funding Info:	
Amendment Effect Date		New Term Date		
Original Contract Amount	\$	Original PA/Requirements Amount	\$	
Total Amt of Previous Amendments	\$	Total Amt of Previous Amendments	\$	
Amount of Amendment	\$	Amount of Amendment	\$	
Total Amount of Agreement	\$	Total PA/Requirements Amount	\$	

## REQUIRED SIGNATURES:

Department Manager \_\_\_\_\_

DATE \_\_\_\_\_

County Attorney **Jacquie Weber**

DATE 01/16/08

CPCA Manager \_\_\_\_\_

DATE \_\_\_\_\_

County Chair \_\_\_\_\_

DATE \_\_\_\_\_

Sheriff \_\_\_\_\_

DATE \_\_\_\_\_

Contract Administration \_\_\_\_\_

DATE \_\_\_\_\_

COMMENTS:



**CONTRACT NO. 0708094**  
**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

This Intergovernmental Agreement is entered into by and between the parties to the **TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE** Intergovernmental Agreement: **WASHINGTON COUNTY, MULTNOMAH COUNTY and CLACKAMAS COUNTY** pursuant to 190.080(6).

WHEREAS, in May 2004, Washington County, Clackamas County and Multnomah County created an ORS Chapter 190 organization called the "Tri-County Health Care Safety Net Enterprise" (SNE) to address barriers to health care access for low income uninsured residents in the Portland metropolitan area;

WHEREAS, since its inception the SNE initiated, sponsored, and participated in several worthwhile efforts, including working towards a funding mechanism for the provision of prenatal care for uninsured women; replicating "Project Access" a national program linking the uninsured with volunteer community physicians; and an unprecedented analysis of emergency department use at the twelve Portland metro area hospitals over a four-year period;

WHEREAS, in July 2007, the SNE Board met in retreat to discuss the future direction of the organization and at the meeting participants agreed to shift the purpose and activities of the SNE to one of advocacy and activism on behalf of the region's uninsured, and that it made sense to expand the regional perspective by inviting Clark County, Washington to participate;

WHEREAS, at the July 2007 retreat the SNE Board agreed that an ORS Chapter 190 intergovernmental entity form is not the most conducive for approaching the group's new focus because participating hospitals, clinics, etc. would be equal partners to counties in a new structure unlike under the current ORS Chapter 190 Intergovernmental entity form of organization;

WHEREAS, only Washington County, Multnomah County and Clackamas County are parties to SNE even though the SNE Board of Directors is composed of representatives from tri-county health care entities as well as the three counties;

WHEREAS, Pursuant to Section 8.2 of the SNE Intergovernmental Agreement and ORS 190.080, the Tri-County Health Care Safety Net Enterprise created by intergovernmental agreement under ORS 190.010 may be terminated only by the unanimous vote of all the parties to the intergovernmental agreement;

WHEREAS, SNE has prepared an inventory of SNE's assets and liabilities and has determined SNE has addressed all current liabilities and assets will be distributed to the parties of SNE; and

WHEREAS, Pursuant to Section 8.2 of the SNE Intergovernmental Agreement, if SNE is dissolved, the assets shall be divided equally among the parties to the Agreement.

**NOW THEREFORE, the parties mutually agree as follows:**

Section 1:

Pursuant to Section 8.2 of the SNE Intergovernmental Agreement and ORS 190.080(6), the Parties to SNE unanimously agree to the dissolution of the Tri-County Health Care Safety Net Enterprise.

Section 2:

Upon dissolution of SNE, each current Party to the SNE Intergovernmental Entity will accept all SNE assets and liabilities to be divided equally amongst the parties pursuant to Section 8.2 of the SNE Intergovernmental Agreement.

Section 3:

Each party agrees to prepare and execute appropriate local legislation to repeal any ordinance ratifying SNE pursuant to ORS 190.085.

Section 4:

Pursuant to ORS 190.080(6) all parties to this Intergovernmental Agreement shall sign this Agreement for it to become effective. This Agreement shall become effective upon the date the last party signs this Agreement.

Section 5:

The SNE Intergovernmental Agreement is repealed upon signature of all parties to this Agreement.

Section 6:

This Agreement may be executed in counterparts, the whole of which makes the entire Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by duly authorized persons whose signatures appear on each parties' attached signature pages.

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Clackamas County**

**CLACKAMAS COUNTY, OREGON:**

---

**Commission Chair**

**Date**

---

**Date**

**Approved as to Form:**

---

**County Counsel**

**Date**

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Multnomah County**

MULTNOMAH COUNTY, OREGON:

\_\_\_\_\_  
Commission Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Form:

\_\_\_\_\_  
County Counsel

\_\_\_\_\_  
Date

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Washington County**

WASHINGTON COUNTY, OREGON:

---

Chairman

Date

---

Recording Secretary

Date

Approved as to Form:

---

County Counsel

Date

Contract #0708094

G:\Board Clerk\WPDATA\Prior Agenda Packet Files\02-14-08\02-14-08\_R-6\Contract No-0708094\_Dissolution.doc C:\Documents and Settings\mh1rb\Local  
Settings\Temporary Internet Files\OLK88\DIssolution.doc

# MULTNOMAH COUNTY CONTRACT APPROVAL FORM (CAF)

Pre-approved Contract Boilerplate (with County Attorney signature) ☒ Attached ☐ Not Attached

Contract #: 0708094  
Amendment #:

CLASS I Based on Informal / Intermediate Procurement	CLASS II Based on Formal Procurement	CLASS III Intergovernmental Contract (IGA)
<input type="checkbox"/> Personal Services Contract PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract <input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> Personal Services Contract PCRB Contract <input type="checkbox"/> Goods or Services <input type="checkbox"/> Maintenance or Licensing Agreement <input type="checkbox"/> Public Works / Construction Contract <input type="checkbox"/> Architectural & Engineering Contract <input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input type="checkbox"/> Non-Financial Agreement	<input type="checkbox"/> Expenditure Contract <input type="checkbox"/> Revenue Contract <input type="checkbox"/> Grant Contract <input checked="" type="checkbox"/> Non-Financial Agreement <input type="checkbox"/> INTER-DEPARTMENTAL AGREEMENT (IDA)

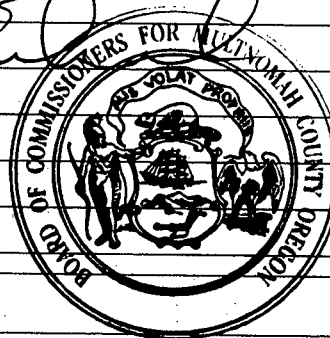
Department: Health Division/ Program: Directors Office Date: 02/01/08  
 Originator: Lillian Shirley / Linda Pickthorn Phone: x26837 Bldg/Room: 160/08  
 Contact: LaRisha Baker Phone: x27499 Bldg/Room: 167/210  
 Description of Contract: Agreement will dissolve Tri-County Health Care Safety Net Enterprise.

RENEWAL: ☐ PREVIOUS CONTRACT #(S) \_\_\_\_\_ EEO CERTIFICATION EXPIRES \_\_\_\_\_  
 PROCUREMENT, EXEMPTION OR CITATION # \_\_\_\_\_ ISSUE DATE: \_\_\_\_\_ EFFECTIVE DATE: \_\_\_\_\_ END DATE: \_\_\_\_\_  
 CONTRACTOR IS: ☐ MBE ☐ WBE ☐ ESB ☐ QRF State Cert# \_\_\_\_\_ or ☐ Self Cert ☐ Non-Profit ☐ N/A (Check all boxes that apply)

Contractor <u>Tri-County Health Care Safety Net Enterprise</u> Address _____ City/State _____ ZIP Code _____ Phone _____ Employer ID# or SS# _____ Contract Effective Date _____ Amendment Effect Date _____	Remittance address (If different) _____ Payment Schedule / Terms: <input type="checkbox"/> Lump Sum <input type="checkbox"/> Due on Receipt <input type="checkbox"/> Monthly <input type="checkbox"/> Net 30 <input type="checkbox"/> Other <input type="checkbox"/> Other <input type="checkbox"/> Price Agreement (PA) or Requirements Funding Info:
Original Contract Amount \$ _____ Total Amt of Previous Amendments \$ _____ Amount of Amendment \$ _____ Total Amount of Agreement \$ _____	Original PA/Requirements Amount \$ _____ Total Amt of Previous Amendments \$ _____ Amount of Amendment \$ _____ Total PA/Requirements Amount \$ _____

## REQUIRED SIGNATURES:

Department Manager Lillian Shirley DATE 2/04/08  
 County Attorney Jacquie Weber DATE 01/16/08  
 CPCA Manager \_\_\_\_\_ DATE \_\_\_\_\_  
 County Chair RED WHEELER DATE 2/14/08  
 Sheriff \_\_\_\_\_ DATE \_\_\_\_\_  
 Contract Administration \_\_\_\_\_ DATE \_\_\_\_\_



COMMENTS:

**CONTRACT NO. 0708094**

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

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WHEREAS, since its inception the SNE initiated, sponsored, and participated in several worthwhile efforts, including working towards a funding mechanism for the provision of prenatal care for uninsured women; replicating "Project Access" a national program linking the uninsured with volunteer community physicians; and an unprecedented analysis of emergency department use at the twelve Portland metro area hospitals over a four-year period;

WHEREAS, in July 2007, the SNE Board met in retreat to discuss the future direction of the organization and at the meeting participants agreed to shift the purpose and activities of the SNE to one of advocacy and activism on behalf of the region's uninsured, and that it made sense to expand the regional perspective by inviting Clark County, Washington to participate;

WHEREAS, at the July 2007 retreat the SNE Board agreed that an ORS Chapter 190 intergovernmental entity form is not the most conducive for approaching the group's new focus because participating hospitals, clinics, etc. would be equal partners to counties in a new structure unlike under the current ORS Chapter 190 Intergovernmental entity form of organization;

WHEREAS, only Washington County, Multnomah County and Clackamas County are parties to SNE even though the SNE Board of Directors is composed of representatives from tri-county health care entities as well as the three counties;

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**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Multnomah County**

MULTNOMAH COUNTY, OREGON:

*Bob Wheeler*

Commission Chair



*2/14/08*

Date

Date

Approved as to Form:

*[Signature]*

County Counsel

*2/13/08*

Date

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Washington County**

WASHINGTON COUNTY, OREGON:

\_\_\_\_\_  
Chairman Date

\_\_\_\_\_  
Recording Secretary Date

Approved as to Form:

\_\_\_\_\_  
County Counsel Date

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Clackamas County**

**CLACKAMAS COUNTY, OREGON:**

\_\_\_\_\_  
Commission Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

Approved as to Form:

\_\_\_\_\_  
County Counsel

\_\_\_\_\_  
Date

2.14.08 -

FINAL  
executed**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

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DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)

SIGNATURE PAGE  
Washington County

WASHINGTON COUNTY, OREGON:

Via- *Dick Schuster* *2/19/08*  
Chairman Date  
*Barbara Hejtmanek* *2/19/08*  
Recording Secretary Date  
Approved as to Form:  
*Bud Arch* *2/8/08*  
County Counsel Date

APPROVED WASHINGTON COUNTY  
BOARD OF COMMISSIONERS

MINUTE ORDER # *08-65*

DATE *2-19-08*

BY *Barbara Hejtmanek*  
CLERK OF THE BOARD

**DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)**

**SIGNATURE PAGE  
Multnomah County**

MULTNOMAH COUNTY, OREGON:

TD WHEEL  
Commission Chair



2/14/08

Date

Date

Approved as to Form:

[Signature]  
County Counsel

2/13/08

Date

## DISSOLUTION OF TRI-COUNTY HEALTH CARE SAFETY NET ENTERPRISE (SNE)

**SIGNATURE PAGE**  
**Clackamas County**

**CLACKAMAS COUNTY, OREGON:**

Commission Chair 1-31-08  
Date 2008-10

Date \_\_\_\_\_

**Approved as to Form:**

County Counsel David W. Anderson Date 1/22/2008





## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (short form)

### Board Clerk Use Only

Meeting Date: 02-14-08  
Agenda Item #: R-7  
Est. Start Time: 10:05 AM  
Date Submitted: 02-06-08

**Agenda Title:** Presentation of Multnomah County's Comprehensive Annual Financial Report, Component Unit Financial Reports, and Schedule of Expenditures of Federal Awards and Management Advisory Comment Letter for the year ending June 30, 2007

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

**Requested Meeting Date:** February 14, 2008 **Amount of Time Needed:** 30 minutes  
**Department:** Non Departmental **Division:** Auditors Office  
**Contact(s):** Judy Rosenberger  
**Phone:** 83320 **Ext.:** **I/O Address:** 503/601  
**Presenter(s):** Brad McLean, LaVonne Griffin-Valade, Mindy Harris, Cara Fitzpatrick, Jim Lanzarotta, Debbie Smith

### General Information

**1. What action are you requesting from the Board?**

Board briefing of Comprehensive Annual Financial Report, Component Unit Financial Reports, and Report for the Schedule of Expenditures of Federal Awards for the year ending June 30, 2007. Review of the County's Management Advisory Comment Letter for fiscal year 2007. Financial reports can be accessed via the internet at the following URL:

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

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

The County's Comprehensive Annual Financial Report provides a summary of the County's overall financial condition, as well as the status of each fund managed by the County. This year the County's CAFR includes the Library Foundation as a component unit, since the Library

Foundation's primary purpose is to support the activities of the County's libraries. The stand alone component unit reports summarize the financial activities of the Dunthorpe Riverdale and Mid County Service Districts of Multnomah County. The report for the Schedule of Expenditures of Federal Awards notes the County's level of compliance with federal requirements for grant funded programs.

The highlights of the reports are:

- a. The County received an unqualified opinion from the auditors, indicating that the financial statements fairly represent the financial position of Multnomah County.
- b. The auditors and management did not encounter any disagreements.
- c. The financial reports were prepared according to generally accepted accounting principles.
- d. The auditors did not determine any audit adjustments.
- e. The County complied with:
  - i. The legal requirements related to debt.
  - ii. The appropriate laws pertaining to programs funded by other governmental agencies.
  - iii. ORS 279 regarding awarding of public contracts.
  - iv. Cost accounting guidelines
- f. In connection with the financial statement audit, there was one significant deficiency noted regarding the Health Dept's EPIC to SAP reconciliation. During fiscal year 2007 timely reconciliations were not performed with the exception of the 6/30/2007 reconciliation. Timely reconciliations are necessary in order to identify and correct discrepancies.
- g. In connection with the audit of the County's expenditures of Federal awards, the auditors identified findings and related questioned costs. Additional information on the findings and questioned costs is noted in the report for the schedule of expenditures of Federal awards.
- h. The auditors also issued two Advisory Comment Letters to management. One letter for the financial statement audit and one for the audit of our expenditures of federal awards. These letters note areas where management can improve upon in the upcoming year.

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

No fiscal impact.

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

N/A - none

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

N/A - none

---

**Required Signature**

---

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



**Date: Feb. 6, 2008**



## MULTNOMAH COUNTY AGENDA PLACEMENT REQUEST (short form)

### Board Clerk Use Only

Meeting Date: 02/14/08  
Agenda Item #: R-8  
Est. Start Time: 10:35 AM  
Date Submitted: 01/29/08

**Agenda Title:** **Briefing on the Urban and Rural Reserves Process**

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

Requested Meeting Date: February 14, 2008 Amount of Time Needed: 25 minutes  
Department: Non-Departmental Division: Commissioner Jeff Cogen  
Contact(s): Karol Collymore  
Phone: 503-988-6786 Ext. 86786 I/O Address: 503/600  
Presenter(s): Chuck Beasley and Karen Schilling, Land Use Transportation Planning

### General Information

**1. What action are you requesting from the Board?**

Informational briefing only.

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

The Urban and Rural Reserves process entails a new regional approach to managing the Metro region urban form. The expected outcome of the Reserves work will be a decision on designation of urban and rural reserves in Multnomah County as part of a process that includes collaboration with Washington and Clackamas Counties, Metro, cities, and others. This Reserves process will provide greater flexibility to decide what areas are best suited for future urbanization, and provide greater predictability for where growth is and is not expected to occur over the next 40 to 50 years. Land outside of the UGB will be studied to decide how to balance land needed to create great urban communities, to protect lands important to the viability of the agricultural and forest economies of the region, and protection of natural features that define the region.

Urban and rural reserves will be decided upon through intergovernmental agreements between each of the counties and Metro. A Regional Reserves Steering Committee, co-led by one elected official from each of the counties and Metro, will oversee the study and designation process and make a recommendation to the county commissions and Metro Council for final approval. The Steering Committee will also include representatives of cities in the region, state agencies, business groups, agricultural interests, land use advocates, natural resources organizations, and social/economic

equity groups.

Each of the three Counties will be responsible for conducting public involvement activities within their jurisdictions. Multnomah County is working with our partner cities within the county to put in place a coordinating committee that can bring citizen input into the process. There will also be public open house events at appropriate decision points or milestones, and other outreach efforts during the approximately 18 month process leading up to designating urban and rural reserves.

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

No impact.

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

Policy issues include recommendations on what Multnomah County lands will be designated for urban or rural reserves

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

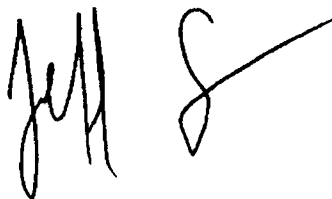
Other government bodies participating in the process are: Metro, Clackamas County, Washington County, and Portland Metro area cities. There will also be a public advisory group and public hearings held during this two year process.

---

**Required Signature**

---

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

A handwritten signature in black ink, appearing to be 'Jill S', written over a horizontal line.

**Date: 01/29/08**

# **MOSS ADAMS LLP**

## **MULTNOMAH COUNTY**

*We would like to thank you for the opportunity to provide audit services to Multnomah County*

### **NATURE OF SERVICES PROVIDED**

- Financial Statement audit for the County, Mid-County Street Lighting District and Dunthorpe-Riverdale Sanitary Services District
- Testing and reporting as required by the Oregon Secretary of State
- Single Audit of the County's federal grant programs and related reporting
- Additional review of the CAFR for GFOA Certificate of Excellence requirements

### **SIGNIFICANT AUDIT AREAS**

- Cash and investments
- Receivables
- Fixed assets
- Accounts payable/accrued liabilities
- Long-term debt
- Revenues
- Federal grant programs
- Oregon audit standards
- Auditor's consideration of fraud (SAS 99)
- Information technology review

## **AUDITOR'S REPORTS**

- Unqualified (clean) opinion on the financial statements (CAFR pages 12 & 13)
- Oregon audit standards report (CAFR pages 168 & 169)
  - One over-expenditure was noted in the Willamette River Bridges Fund
  - One significant deficiency noted – the Health Department's delay in reconciling EPIC to SAP
- Federal award findings and questioned costs (Schedule of Expenditures of Federal Awards and Reports of Independent Certified Public Accountants pages 14 through 18)
  - Payroll level of effort reporting (four programs affected)
  - Eligibility instance of noncompliance (Low-income Home Energy Assistance Program)
  - Allowable costs instance of noncompliance (Centers for Disease Control Program)

## **REQUIRED COMMUNICATIONS (SAS 61)**

- Auditor's responsibility under auditing standards
- Significant accounting policies
- Management judgments and accounting estimates
- Audit adjustments made and passed
- Management's consultation with other accountants
- Disagreements with management
- Difficulties in performing the audit
- Major issues discussed with management prior to our retention
- Audit observations and recommendations

## **ACKNOWLEDGEMENTS**

- CFO Mindy Harris
- General Ledger Supervisor Cara Fitzpatrick
- Finance Specialist Senior Susan Luce
- County Auditor's office
- All the staff at Multnomah County

January 17, 2008

Mindy Harris  
Multnomah County  
501 SE Hawthorne Blvd, Suite 531  
Portland, Oregon 97214

Dear Ms. Harris:

We have completed the Single Audit of Multnomah County, Oregon for the year ended June 30, 2007 and have issued our report thereon dated January 17, 2008. In planning and performing our audit, we considered Multnomah County's internal control over compliance with the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We considered the deficiencies in internal control over compliance and described them in the schedule of findings and questioned costs issued in a separate report dated January 17, 2008.

Multnomah County's written responses to the matters identified in our audit below have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

**MANAGEMENT ADVISORY COMMENTS:**

In addition to the findings noted in the Schedule of findings and Questioned costs, we also became aware of two matters that provide for an opportunity for strengthening internal controls and operating efficiency. These matters are noted below as management advisory comments.

**Centers for Disease Control – CFDA #93.283**

During our review of the Local Public Health Agreement (LPHA) with the State of Oregon, we noted that program reports were not consistently submitted timely. According to the agreement, the County is required to submit quarterly reports to the State of Oregon no later than the 25th day following the end of the quarter. In all four quarters during fiscal year 2007, the reports were submitted 1 to 10 days late.

**Recommendation.** We recommend the County monitor reporting requirements and submit all reports within the required deadlines.

**Management Response**

*The reporting delays of 1 to 10 days were the result of a Department grant accountant position that was vacant for part of fiscal year 2007 as well as the year-end general ledger closing which fell after grant reporting deadlines. In all instances the Health Department submitted extensions for our grant reporting and the extensions were approved by the granting agency. The Health Department Grants staff have made a number of improvements to their reporting processes to ensure timely grant reporting. These improvements include obtaining the data and documentation earlier for timely grant reporting, sharing the responsibilities for grant reporting across the unit and providing cross training among grant accountant staff. These changes will contribute to a timelier grant reporting process as well as assist with managing the grants division when employees are out of the office or if a position becomes vacant. If instances occur that prevent timely grant reporting, we will contact the grantor and the appropriate extensions will be filed for their review and approval.*

**Block Grant for Treatment of Substance Abuse – CFDA #93.959**

During our testing of subrecipient monitoring, we noted that a few of the subrecipient contracts selected for testing did not have a fiscal site review completed within the 2–3 year rotation. In addition, we noted that preliminary on-site review reports were not issued within the 30 days after the on-site review.

**Recommendation.** Given the resource constraints for on-site fiscal monitoring, we recommend that Multnomah County modify their policies and procedures and develop a risk-based approach to on-site monitoring that would better accommodate on-site rotation process, while still meeting the monitoring responsibilities on a timely basis.

**Management Response**

*The County has numerous contracts with Federal and State agencies which require fiscal compliance monitoring in addition to requirements outlined in the County's contracts. Given the division's resource constraints, ensuring fiscal compliance reviews are performed on all County contracts with Federal funds is a significant challenge. Therefore, developing a risk-based approach to on-site fiscal compliance reviews will be an effective method to managing and monitoring the County's contracts while meeting guidelines and regulations per the Office of Management and Budget Circular A-133. Fiscal Compliance will review and revise our current practices to implement a risk-based approach to on-site fiscal compliance monitoring. In addition, as we review and revise the on-site fiscal compliance process, we will work towards ensuring that on-site fiscal review reports are issued timely from the date the site visit is performed to provide timely and effective feedback to the organization.*



This report is intended solely for the information and use of the management of Multnomah County and is not intended to be and should not be used by anyone other than these specified parties. We appreciate the assistance of Multnomah County during our audit and would be happy to further discuss any of the items in this letter with you at your convenience.

*Moss Adams, LLP*

Eugene, Oregon  
January 17, 2008

November 21, 2007

Mindy Harris  
Multnomah County  
501 SE Hawthorne Blvd, Suite 531  
Portland, Oregon 97214

Dear Ms. Harris:

We have completed our audit of the financial statements of Multnomah County, Oregon for the year ended June 30, 2007 and have issued our report thereon dated November 21, 2007. In planning and performing our audit of the financial statements of Multnomah County as of and for the year ended June 30, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered the County's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Multnomah County's written response to the significant deficiency and management advisory comments identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Before we discuss the current year findings, we would like to commend the County for implementing our recommendations with regard to the management letter comments arising from our audit of the June 30, 2006 financial statements. The following conditions were addressed:

- Library cash receipts reconciliation
- Controls over the Library's accounting system
- Reconciliation of cash accounts held with fiscal agents
- Use of "one-time" vendors
- Vendors on the "Excluded Party" listing
- Tracking of land held for resale/disposal
- Approval of manual journal entries
- Countywide policy on reporting fraud
- Federally Qualified Health Center (FQHC) billings
- Segregation of duties
- Component unit reporting
- Interfund loan budgetary approval

#### SIGNIFICANT DEFICIENCY:

The following significant deficiency was identified during our audit of the June 30, 2007 financial statements and has been disclosed to the Board of County Commissioners in a separate communication:

EPIC to SAP Reconciliation. During our testing of accounts receivable it came to our attention that reconciliations between the accounting software used in the Health Department (EPIC) and the financial accounting software used by the County for financial reporting purposes (SAP) is not performed on a timely basis. In the prior year we recommended at least quarterly reconciliations be performed. We found there was only one reconciliation performed for the year as of June 30, 2007, and correcting entries were required to be made. We believe the lack of a more frequent reconciliation could result in more than an inconsequential error in the general ledger that would not be discovered timely by employees performing their normal duties.

Recommendation. We recommend performing reconciliations at least quarterly, within a month of the end of each quarter. These reconciliations should be reviewed by Health Department management for accuracy.

#### Management's Response

In fiscal year 2007, the EPIC to SAP reconciliation was not completed quarterly as anticipated, but rather reconciled once at year-end. Health Department staff turnover and a short supply of replacement staff skilled in SAP and EPIC contributed to the delay and errors in the reconciliation. Maintaining an accurate and timely reconciliation is a high priority for the Health Department. Therefore, one position within the Department will be assigned the primary responsibility for performing the reconciliation of EPIC to SAP monthly, appropriately documenting the process and continuing to refine it. In addition, corrections and adjustments will be posted to the general ledger at least quarterly so that discrepancies do not become errors. Health Department management will review and approve these adjustments in ensure the reconciliations are accurate and timely.

MANAGEMENT ADVISORY COMMENTS:

In addition to the significant deficiency noted above, during our audit we also became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. These matters are noted below as management advisory comments.

Authorized Bank SignersObservation

During our testing of cash, Umpqua Bank and US Bank returned confirmations listing authorized signers who are no longer employed by Multnomah County.

Recommendation

We recommend that the County contact these banks and have the signers removed from the account. Procedures to remove authorized signers when they leave the County should be reviewed for effectiveness.

Management's Response

Upon receiving this information during fieldwork, management contacted the banks and updated the authorized signature cards. The Treasury manager is responsible for ensuring current and authorized signatures are on file with our financial institutions and has taken steps to ensure bank signature cards are updated timely upon employee turnover.

Budget Over expenditureObservation

During our review of budget to actual, it came to our attention that the Willamette River Bridges Fund was over budget by approximately \$3.2 million.

Recommendation

We recommend that the County review the process for comparing expenditures to budget. Line items should clearly reflect whether they are available to be spent (capital outlay, personal services, etc.) or whether the money is reserved and needs Board approval before it can be spent (contingency and unappropriated ending fund balance).

### Management's Response

General Ledger has a year-end process to review Department budgets and identify any budget over expenditures or potential over expenditures. However, this over expenditure in the Bridge Fund was not properly identified during our year-end review process as certain line items in the budgetary report were improperly grouped together. In further reviewing our budget to actual review process, we have revised the reports to more clearly identify line items that may result in budget over expenditures and potential over expenditures.

In our discussions with the Department, the budget violation was caused by additional costs incurred earlier than anticipated in the budget related to the Sauvie Island Bridge replacement project. The budget anticipated flat spending from fiscal year 2007 through the end of the project in fiscal year 2009. However, the offsite fabrication of the bridge arch began in fiscal year 2007 concurrent with a surge in effort at the bridge site. This began to drive the actual expenditures over the budgeted level during fiscal year 2007. At year-end the overall Bridge Fund has approximately \$23 million in un-obligated funds.

Also in our discussions, it was noted that the Department of Community Services management has a process to review budget to actual expenditures periodically, however the process was not performed consistently for all dedicated funds including the Bridge Fund. Upon discovering the budget violation, the Department is revising and documenting their budget to actual review process to include all dedicated funds. In addition, the Department has added another level of review to the process that will be performed by the Business Manager to ensure any over-expenditures or potential over-expenditures are identified early.

### Payroll expenses coded to capital projects

#### Observation

Multnomah County capitalizes certain time worked by its employees on capital projects. Time is coded to this work using a special rate that includes a number of overhead items. For the first quarter of each year, the rate used is the rate applicable to the prior fiscal year. Once current-year rates are determined, the time recorded in the first quarter is updated to reflect the new rates. During our internal control testing of fixed assets, it came to our attention that payroll information had not been updated in bridge projects for the first quarter of fiscal year 07. Instead, time charged to bridge projects was left at the fiscal year 06 rate.

#### Recommendation

Rates used to capitalize time to projects should be reviewed periodically throughout the year. There may also be a more automated approach available in SAP that would eliminate the need to go back and update the first quarter of each year. We recommend County staff review features in SAP to see if such an approach is feasible.

Management's Response

Under the Department of Community Services' current approach, labor rates are updated annually within the first quarter of the new fiscal year. However, during fiscal year 2007, the rates for the first quarter were not retroactively updated in connection with the annual process. Also, currently the Department does not perform an additional review or periodically check labor rates for potential errors or irregularities. Going forward the Department will document the process to update labor rates and also include a procedure to periodically test or perform spot checks to ensure the appropriate labor rates are applied to capital projects. In addition, management will further explore the possibility of using a function within SAP to assist with this process.

Interfund loanObservation

The Federal and State Program Fund has extensive accounts receivable outstanding throughout the year. These assets allow the Fund to maintain a positive Net Fund Balance. However, the Fund frequently does not have enough cash to meet expenses, since the vast majority of the grants in the Fund are paid on a reimbursement basis (the money must be spent before the grant will be paid). Given this on-going situation, the General Fund has a "perpetual" cash loan to the Federal and State Program Fund for operations.

The County has always treated this as a short-term loan, meaning it will be paid back in one year. Given the on-going nature of the loan, it may be more appropriate to classify it as a long-term loan and reserve/designate part of the fund balance in the fund financial statements. As the financial statements are presented now, it appears that the General Fund has approximately \$23 million of fund balance that is available during the year. Since the Federal and State Program Fund does not generate a positive cash flow during the year, that money is not available to the General Fund.

Recommendation

We recommend management review this on-going loan between the General Fund and the Federal and State Program Fund to determine the true nature of the loan and document the accounting treatment the County will use for this transaction going forward.

Management's Response

At year-end the County's General Fund recorded a loan to the Federal State Program Fund for \$23 million. The purpose of the loan is directly related to receivables recorded in the Federal State Fund from the State of Oregon for the Health Department's Federally Qualified Health Center (FQHC) receivables. The balance of these receivables was approximately \$23 million and of this amount approximately \$12 million was outstanding beyond one year. Therefore, it may be more appropriate for management to record a portion of this loan as long-term and also reserve a corresponding amount of the

General Fund's fund balance for the Federal State Program Fund. Going forward management will develop an interfund loan procedure, where the underlying nature of the loan is reviewed and documented so that the accounting is consistent and appropriate.

This report is intended solely for the information and use of the management of Multnomah County and is not intended to be and should not be used by anyone other than these specified parties. We would be happy to further discuss any of the items in this letter with you at your convenience.

*Moss Adams, LLP*

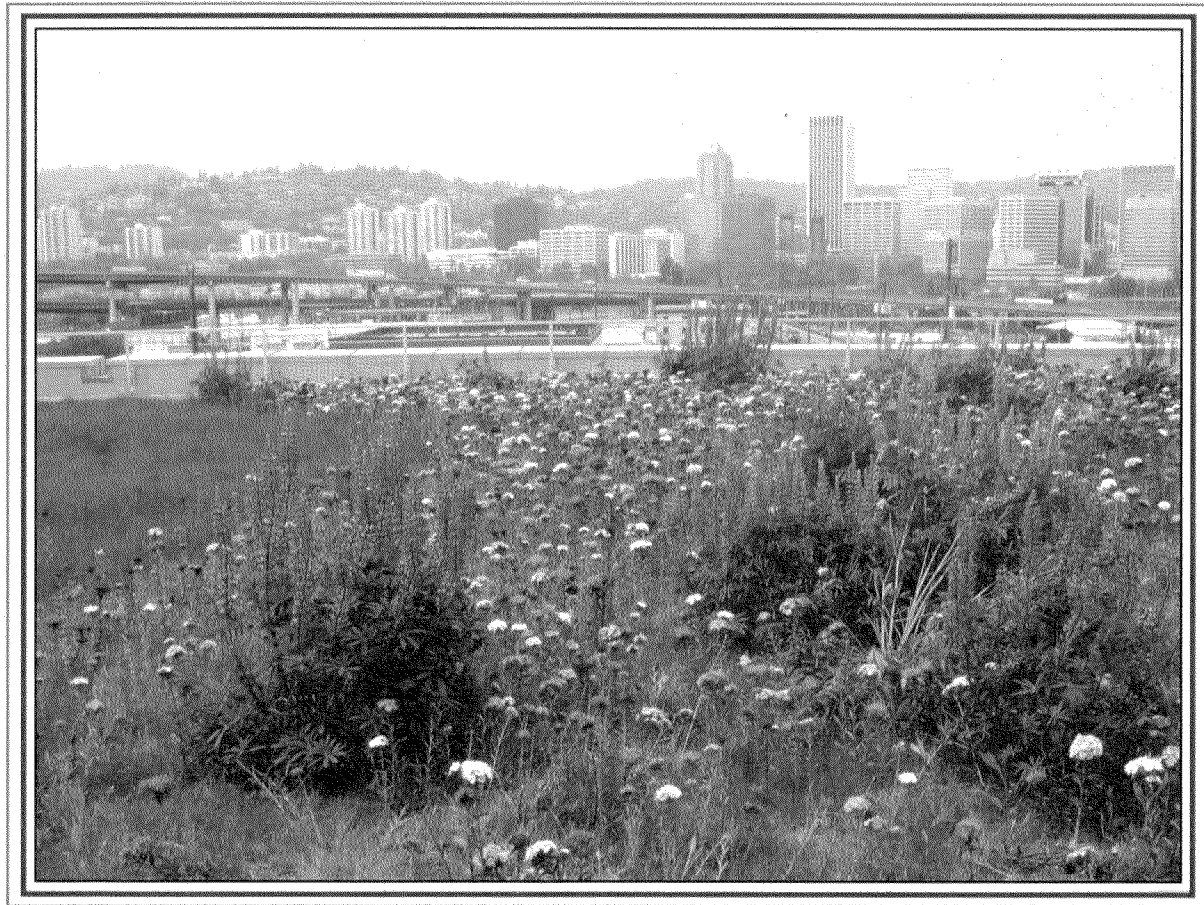
Eugene, Oregon  
November 21, 2007

If you do not need this report for  
your permanent file would you  
please return it to the Auditor's  
Office.





**MULTNOMAH COUNTY OREGON**



**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2007**



### *About the Cover*

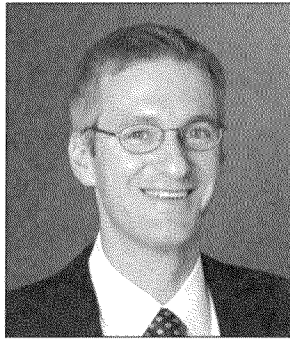
Pictured on the cover is the Multnomah County Amy Joslin Green Roof. The Amy Joslin Green Roof is one of the projects undertaken by the Multnomah County Sustainability Program to promote a healthy and sustainable community. Green roofs, otherwise known as eco-roofs, are being used in many countries around the world and are gaining recognition in the United States for their environmental, economic, and social benefits. Multnomah County proudly has one of the largest numbers of green roofs in the nation. Green roofs reduce rain water runoff, they reduce energy costs in buildings, they reduce the heat island effect in cities, they provide wildlife habitat, and they extend the lifespan of a roof. You can visit the Multnomah County Amy Joslin Green Roof at the Multnomah Building, 501 SE Hawthorne Blvd., during regular County business hours.

**MULTNOMAH COUNTY, OREGON**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2007**



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

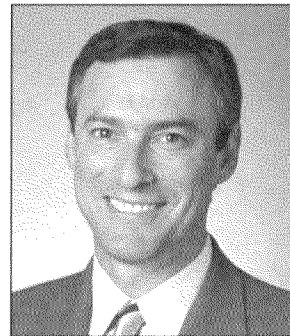
## ELECTED OFFICIALS - MULTNOMAH COUNTY OREGON



*TED WHEELER*  
*Chair*



*MARIA ROJO DE STEFFEY*  
*Commissioner District 1*



*JEFF COGEN*  
*Commissioner District 2*



*LISA NAITO*  
*Commissioner District 3*



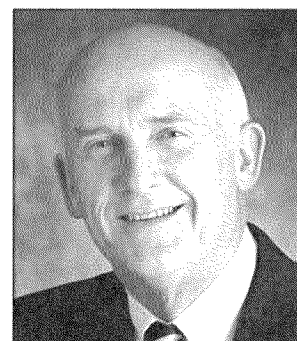
*LONNIE ROBERTS*  
*Commissioner District 4*



*LAVONNE GRIFFIN-VALADE*  
*Auditor*



*BERNIE GIUSTO*  
*Sheriff*



*MICHAEL SCHRUNK*  
*District Attorney*

**MULTNOMAH COUNTY, OREGON**  
**Comprehensive Annual Financial Report**  
**For the Year Ended June 30, 2007**  
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## INTRODUCTORY SECTION



**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

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

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November 21, 2007

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, 2007, together with the opinion thereon of our independent certified public accountants, Moss Adams LLP. This report, required by Oregon Revised Statutes 297.425, is prepared by the Department of County Management. Also included are Audit Comments and Disclosures required under the Minimum Standards for Audits of Oregon Municipal Corporations Section of the Oregon Administrative Rules.

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

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, 2007, 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 701,545 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. Also included in the County's financial statements is information on the Library Foundation, a tax-exempt foundation whose primary purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. The County also maintains a Hospital Facilities Authority whose primary purpose is to issue conduit debt for health care facilities. The Hospital Facilities Authority is also considered a component unit but it is not included in the County's financial statements. Additional information on these legally separate entities can be found in note 1 of the notes to the financial statements.

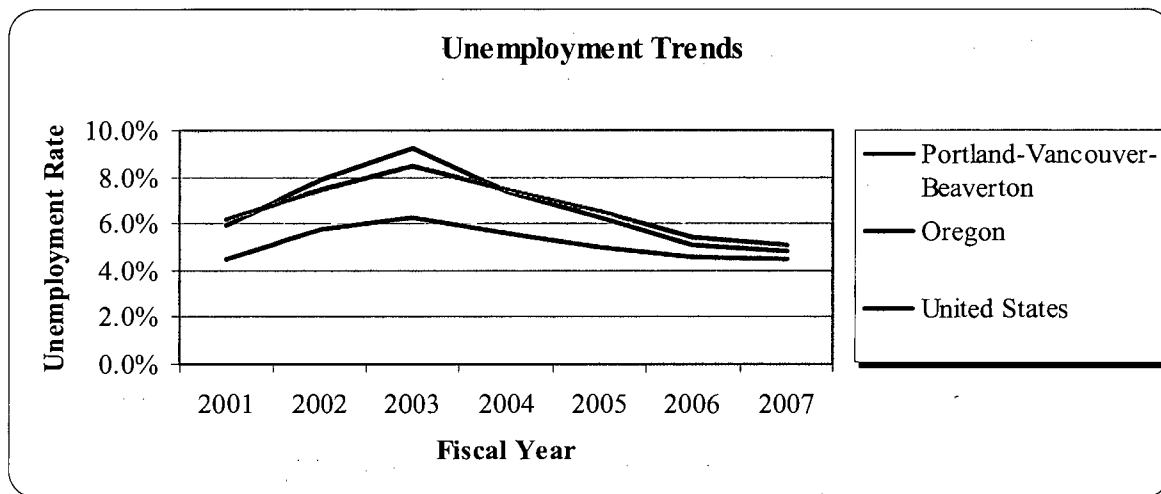
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse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

Budget to actual comparisons are provided in this report for each individual governmental and proprietary fund for which an appropriated annual budget has been adopted. For the General fund, the Federal State Program special revenue fund and the Willamette River Bridges special revenue 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 77.

## FACTORS AFFECTING FINANCIAL CONDITION

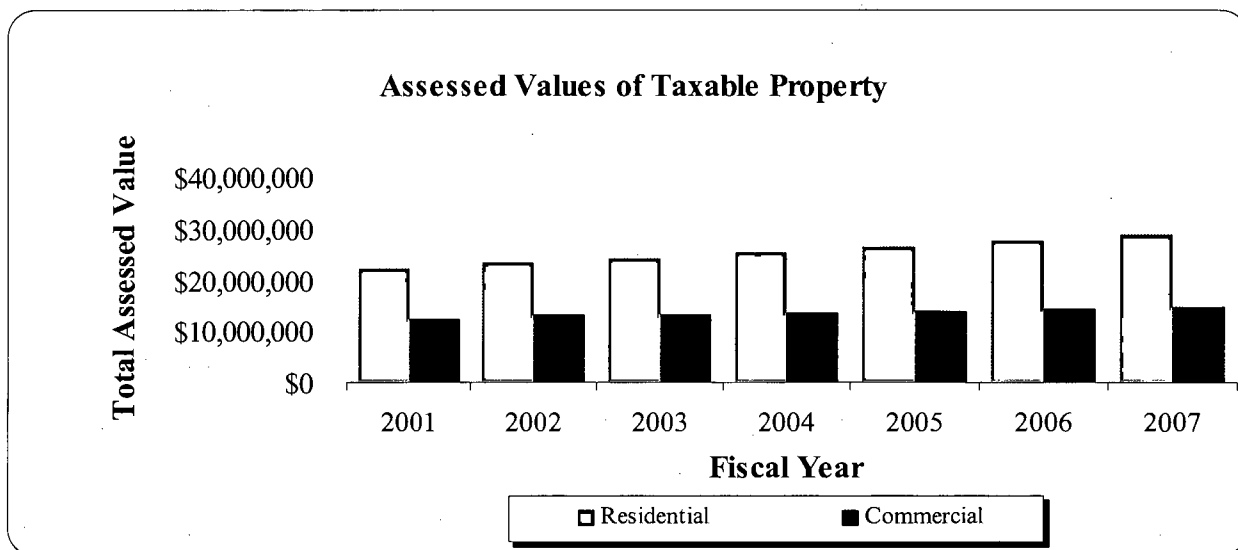
**Local Economy:** The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy improved throughout fiscal year 2007. The area's unemployment rate had improved to 4.8% at June 30, 2007 as compared to 5.1% a year ago. The unemployment rate for the area is still higher than the national average of 4.5% for June of 2007 compared to 4.6% for June 2006. The chart below compares the area's unemployment rate to the rates for the State and the Nation.



**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 the continued strength of economic conditions in the area. The regional economy has experienced a period of sustained growth, and it has bounced back incredibly well from the recession that gripped the state in the early 2000's. The State of Oregon has made a strong push for recovery and, in some respects, has performed better than the nation as a whole over the past few years.

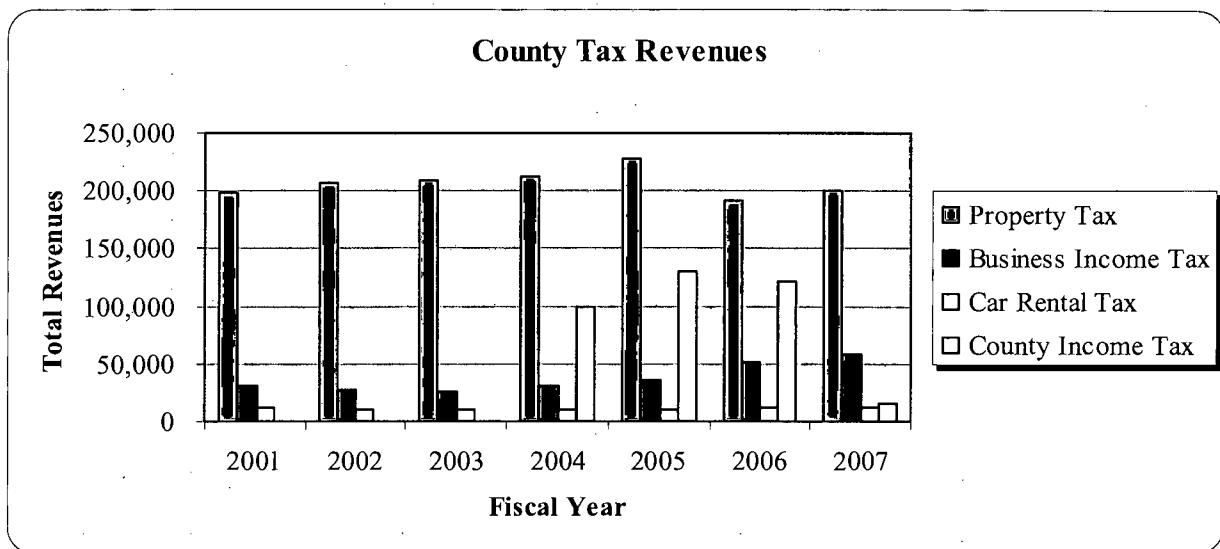
The region's growth will have an impact on the County's revenue stream. Property taxes are expected to grow at 3.8% over the next year and new residential and commercial construction will continue to have a major impact on the County in upcoming years. The chart on the following page measures the County's total residential and commercial assessed property tax values over the past seven years. Residential properties have experienced a 30% increase in taxable property values over a seven year period compared to a 27% 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 as a result of the downturn in 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 2007 reflect double-digit growth for the fourth year in a row. Business income tax collections in fiscal year 2007 rose by 12%, following on fiscal year 2006 collections that were nearly 40% higher than the previous year. The forecast for fiscal year 2008 calls for a slight decrease in revenue collections. Tax code changes enacted for fiscal year 2008 are expected to reduce collections by approximately 2% and many sources have predicted that the regional economy is due for a period of slower growth in the coming months.

Motor vehicle rental taxes which decreased in each of the three years immediately following the September 11<sup>th</sup> terrorist attacks are expected to grow by 3% which reflects the relative importance of travel and tourism to the regional economy. 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 in fiscal year 2007 the County's general fund recognized \$16,038 in collections on delinquent accounts as compared to \$120,919 in tax revenue in fiscal year 2006. The graph on the following page highlights the County's major tax sources.



**Financial and budget policies.** As a guideline for the budget process the County has established financial and budget policies which are reviewed and adopted annually by the Board of County Commissioners in connection with the budget process. Some of the goals of the financial policies include preserving capital through prudent budgeting and financial management, achieving a stable balance between the County's ongoing financial commitments and the continuing revenues available to the County, and to leverage local dollars with Federal and State funding grants. 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 generally provide for the County to use one time only resources for costs that will not recur in future years. However, the policies allow the use of one-time only resources when in the short 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 non-recurring costs. 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 established necessary general fund reserves to reduce the impact of the loss of the personal income tax revenues due to the sunset of the tax. The 2008 adopted budget includes approximately \$25,000 of one-time only funds. These one-time only funds are split roughly equally between public safety and health and human services programs. In preparing the 2009 budget, the County will be in the position of identifying programs that may 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 budgeted "corporate" revenues (i.e., property taxes, business income taxes, motor vehicle rental tax, interest and investment earnings) 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's Chief Financial Officer and Budget Director work closely with the Chair's Chief Operating Officer and Department Directors to develop short-term and long-term financial goals and to address the financial stability of the County. The County's

Chief Financial Officer and Budget Director also meet with City of Portland Financial and Budget Officers and with representatives from the City of Gresham as needed, 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 and other local jurisdictions to seek possible options to make use of the facility. 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 \$52,700 and the project is estimated to be completed in 2009. The County will continue to seek additional Federal and local funding for the repair and replacement on County bridges, specifically the Sellwood bridge. In addition, the County is working on developing a plan for a new courthouse and discussions are in place to consider available funding options. The County is also currently in the process of acquiring land to proceed with the construction of a new East County Justice facility to coordinate law enforcement efforts between the County and other jurisdictions.

#### 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, 2006. This was the twenty-second 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.

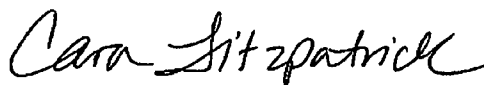
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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, 2006

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.



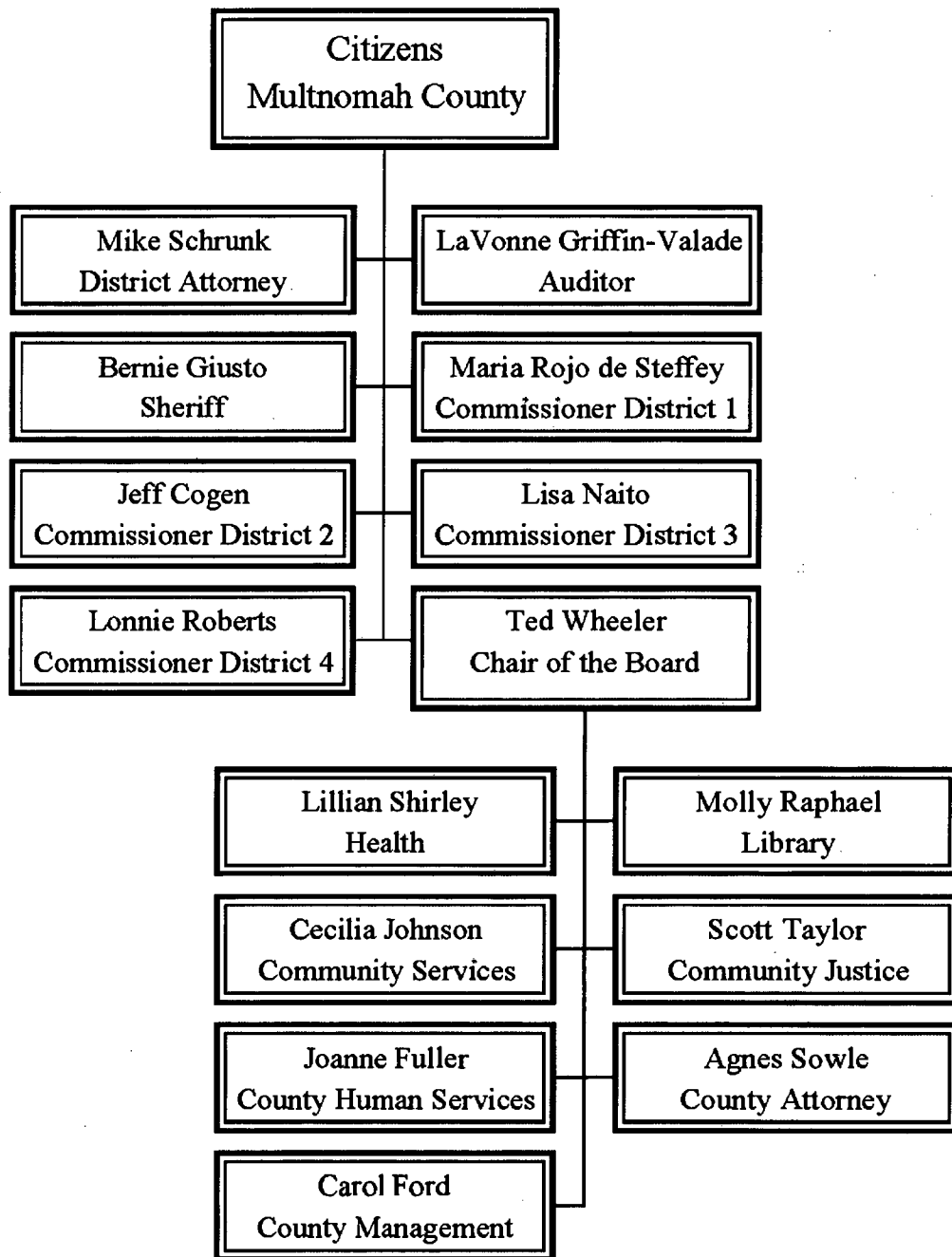
*Charles S. Cox*

President

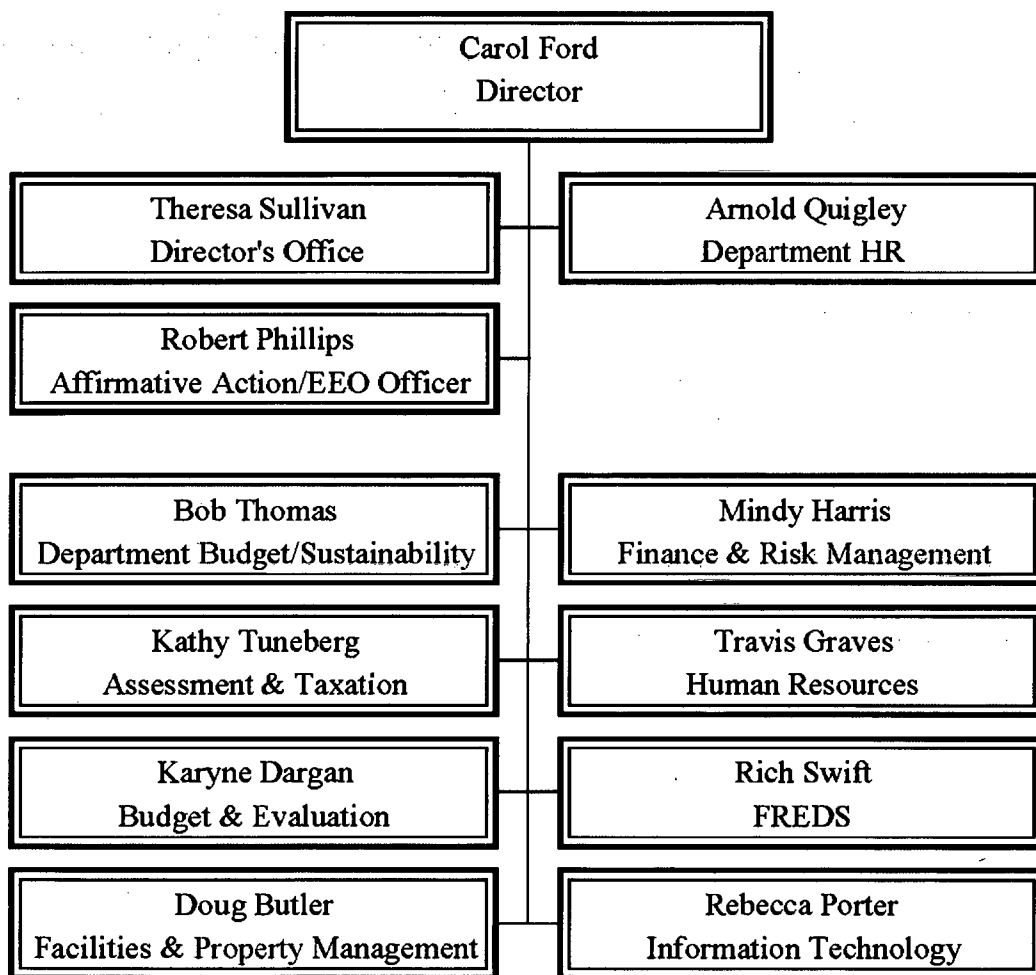
*Jeffrey R. Enner*

Executive Director

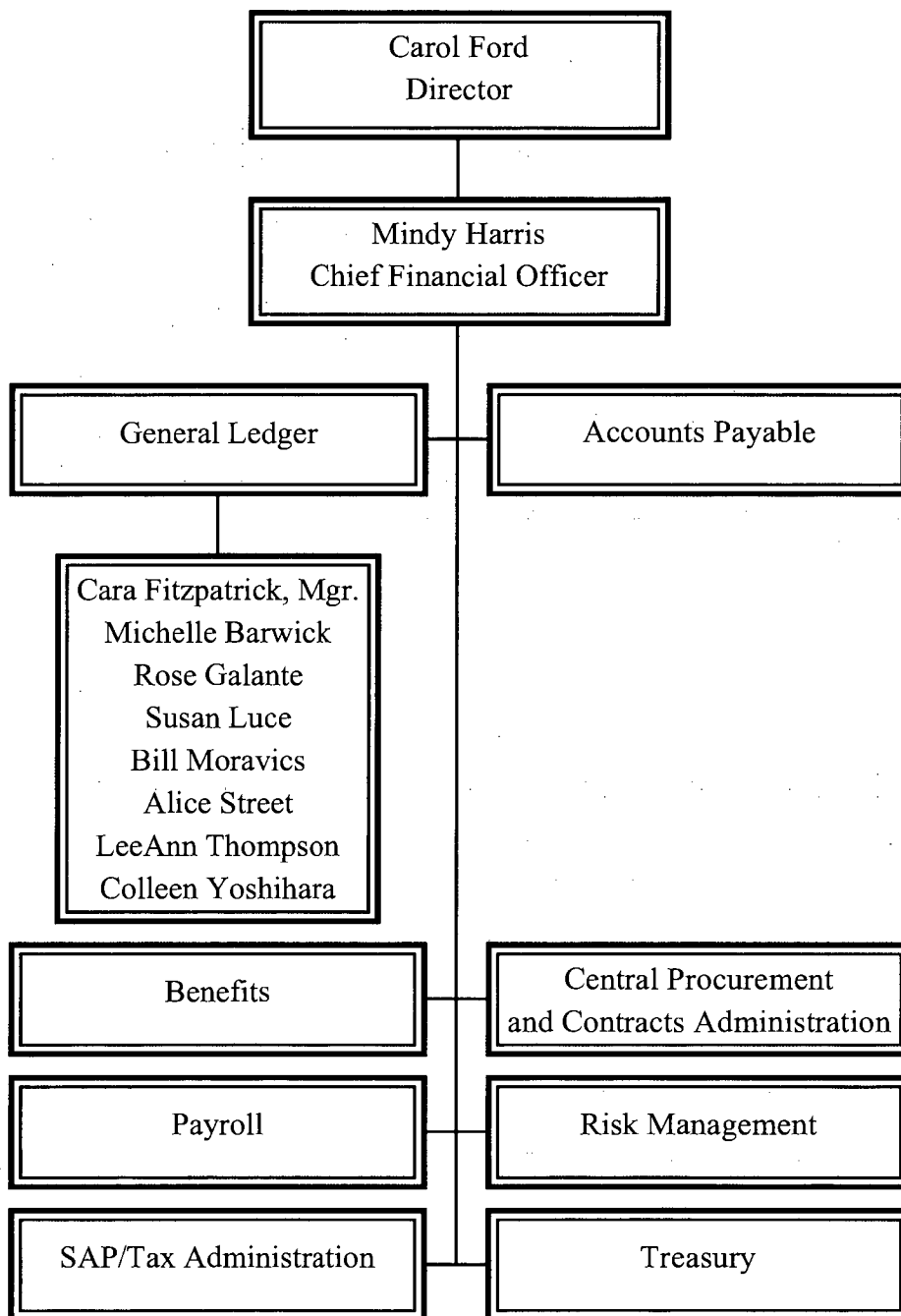
# MULTNOMAH COUNTY, OREGON



**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, 2007**  
**Principal Officers**

<u>Title</u>	<u>Name</u>	<u>Term Expires</u>
<u>Board of County Commissioners</u>		
Chair of Board	Ted Wheeler 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2010
District No. 1	Maria Rojo de Steffey 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2008
District No. 2	Jeff Cogen 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2010
District No. 3	Lisa Naito 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2008
District No. 4	Lonnie Roberts 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2008
<u>Other Elected Officers</u>		
County Auditor	Lavonne Griffin-Valade 501 SE Hawthorne Blvd, 6 <sup>th</sup> Floor Portland, OR 97214	12/31/2010
County District Attorney	Michael D. Schrunk 1021 SW Fourth Avenue Portland, OR 97204-1976	12/31/2008
County Sheriff	Bernie Giusto 501 SE Hawthorne Blvd, 3 <sup>rd</sup> Floor Portland, OR 97214	12/31/2010
<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, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Multnomah County, Oregon's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of The Library Foundation, a discretely presented component unit, which represents 1.37% and 0.79% of total assets and total revenues, respectively, for the year then ended. Those statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of other auditors.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Multnomah County, Oregon, as of June 30, 2007, 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 November 21, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of the 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 OPEB information on pages 14 through 27, 35 through 37, and 76 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 OPEB funding progress on page 76 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, and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules, and other schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.



For Moss Adams LLP  
Eugene, Oregon  
November 21, 2007



**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

**501 SE Hawthorne Blvd, Suite 531**  
**Portland, Oregon 97214**  
**(503) 988-3903 phone**  
**(503) 988-3292 fax**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Multnomah County, Oregon, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2007. 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, 2007, by \$558,131 (*net assets*). Of this amount, \$9,279 is restricted for capital improvement projects, \$6,400 is restricted for various community support programs and \$60,587 is restricted for future years' debt service.
- Total net assets increased by \$13,857 or 3% in fiscal year 2007. There is not one primary factor for the increase in net assets, but rather various reasons account for the overall increase in net assets which are discussed by management below.
- In governmental activities, business income tax revenues increased by \$6,419 or 13% 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 5% or \$11,095 over the prior year due to new construction and a stronger overall economy.
- Personal income tax revenues decreased by \$38,527 or 64% from the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections of delinquent accounts are recognized in fiscal year 2007.
- Interest and investment earnings for governmental activities increased by \$3,360 or 33% over the prior year due to a higher rate of return on investments.
- General government expenses for governmental activities decreased by \$26,906 or 24% from the prior year. The decrease in the County's distribution of personal income tax collections of \$41,500 or 78% is offset by other increases, including a one-time \$6,400 distribution to schools and \$2,605 in additional costs for other post-employment benefits over the prior year. Additionally, personnel costs were higher in fiscal year 2007 by \$5,400 as a result of personnel costs recorded to the general fund that had been previously charged to an internal service fund that the County closed at the end of fiscal year 2006.
- Net assets for business-type activities increased by \$1,817 or 31% in fiscal year 2007. The increase is primarily recorded in the net assets of the Behavioral Health Managed Care fund, and is related to a change to the incurred but not reported liability in the prior year and a change in the process to provide mental health services on a fee for service basis rather than a capitated services model. The change resulted in higher overall expenses in the prior year due to the partial year of capitated services and the higher incurred but not reported liability. In the current year, a further increase in the incurred but not reported liability was offset by increases in revenue from the State and additional interest earnings. In addition interest and investment earnings for business-type activities increased by \$244 or 97% over the prior year as a result of a greater return on investments in the current year.
- Total assets for business-type activities increased by \$2,942 or 29% over the prior year and total liabilities increased by \$1,125 or 26% from fiscal year 2006. The increase is primarily in the Behavioral Health Managed Care fund. Cash balances have increased for the fund over the prior year.

as a result of fee for service premiums received from the State and a lag in the corresponding disbursements for services using a fee for service model. The fund's incurred but not reported liability increased over the prior year due to additional historical claims data available to calculate the liability, as the fee for service model has now been in place for just over one year.

- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$160,670, a decrease of \$5,515 in comparison with the prior year's increase of \$30,587.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$59,561, or approximately 18% 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. The statements also include a legally separate, tax exempt foundation whose purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Financial information for the two *blended component units* and one *discretely presented component unit* is reported separately from the financial information presented for the County itself.

The government-wide financial statements can be found on pages 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, and facilities management operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 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 page 41 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 124-125 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 42 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 77 of this report.

### Required Supplementary Information (RSI)

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its other post employment healthcare benefits obligations. Required supplementary information can be found on page 76.

### 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 \$558,131 at the close of the most recent fiscal year.

#### Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 448,340	\$ 457,974	\$9,643	\$7,136	\$ 457,983	\$ 465,110
Capital assets	623,885	617,298	3,420	2,985	627,305	620,283
Total assets	1,072,225	1,075,272	13,063	10,121	1,085,288	1,085,393
Long-term liabilities outstanding	392,124	399,447	19	38	392,143	399,485
Other liabilities	129,603	137,366	5,412	4,268	135,014	141,634
Total liabilities	521,727	536,813	5,431	4,306	527,157	541,119
Net assets:						
Invested in capital assets, net of related debt	456,502	434,866	3,020	2,985	459,522	437,851
Restricted	76,266	71,388	-	-	76,266	71,388
Unrestricted	17,731	32,205	4,612	2,830	22,343	35,035
Total net assets	\$ 550,499	\$ 538,459	\$7,632	\$5,815	\$ 558,131	\$ 544,274

The largest portion of the County's net assets, approximately 82%, 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 \$459,922 as compared to \$437,851 a year ago. The increase in the investment in capital assets net of related debt is primarily due to the ongoing construction of the new Sauvie Island bridge, begun in fiscal year 2004 and expected to continue through 2009. During fiscal year 2007 the County paid approximately \$14,942 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 \$76,266 or approximately 14% are restricted for capital projects, debt service and various community support programs. Restricted net assets represent resources that are subject to external restrictions on how they may be used. The remaining balance is unrestricted net assets of \$22,343 or approximately 4%. 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 increased by \$13,857 during the current fiscal year. This increase is attributable to various factors discussed in the financial highlights section of management's discussion and analysis.

On the following page is a summary of the County's changes in net assets for fiscal years 2006 and 2007.

# Multnomah County's Changes in Net Assets

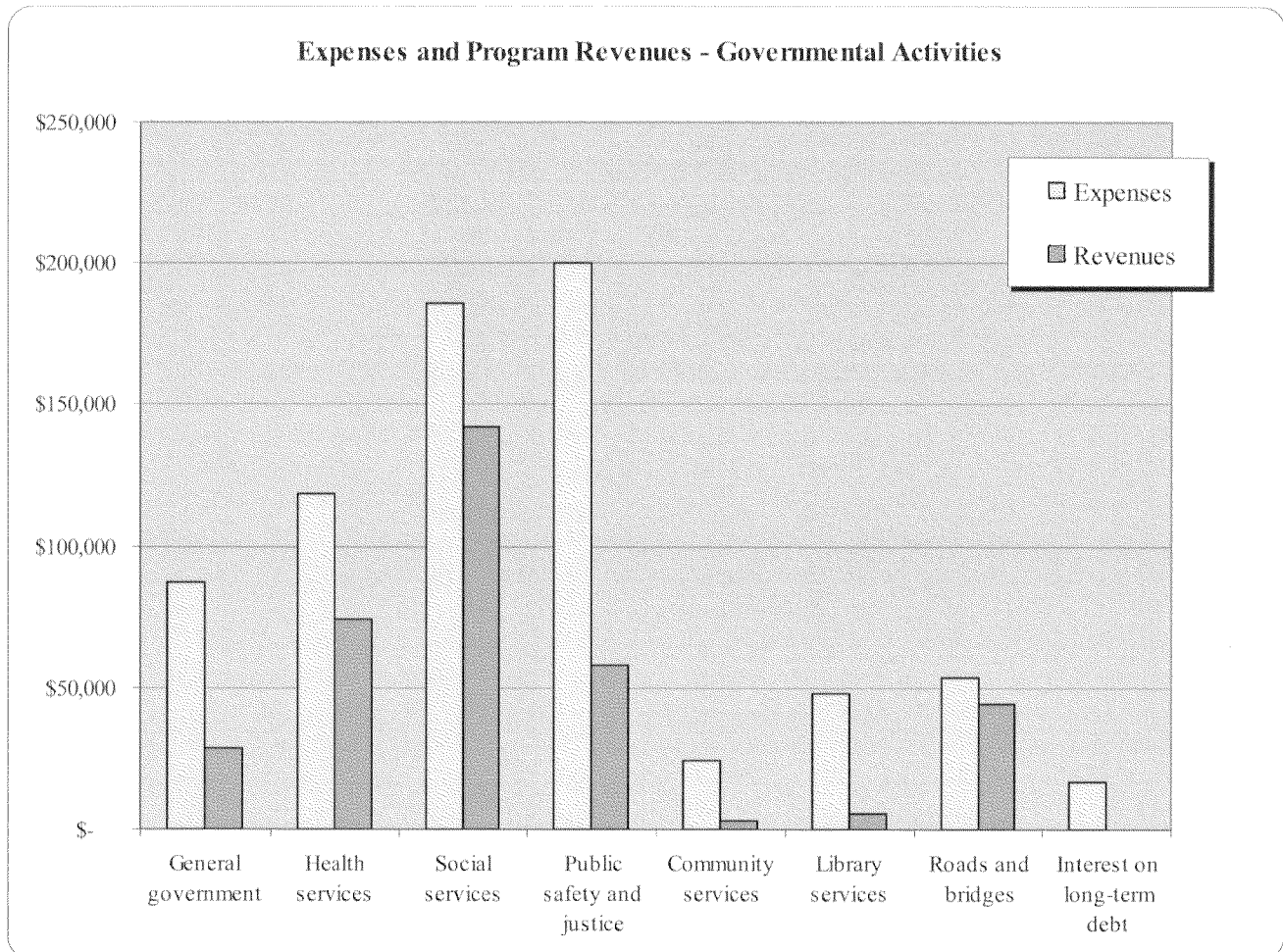
	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 92,419	\$ 91,180	\$35,759	\$35,268	\$128,178	\$126,448
Operating grants and contributions	257,810	247,933	-	-	257,810	247,933
Capital grants and contributions	5,594	5,272	76	82	5,670	5,354
<b>General revenues:</b>						
Taxes:						
Property taxes	240,322	229,227	-	-	240,322	229,227
Personal income taxes	21,237	59,764	-	-	21,237	59,764
Business income taxes	57,399	50,980	-	-	57,399	50,980
Other taxes	41,320	39,163	-	-	41,320	39,163
State government shared revenues	9,517	8,692	-	-	9,517	8,692
Grants and contributions not restricted to specific programs	6	2	-	-	6	2
Interest and investment earnings	13,454	10,094	495	251	13,949	10,345
Miscellaneous	6,771	4,007	467	-	7,238	4,007
Gain on sale of capital assets	228	1,607	-	-	228	1,607
<b>Total revenues</b>	<b>746,077</b>	<b>747,921</b>	<b>36,797</b>	<b>35,601</b>	<b>782,874</b>	<b>783,522</b>
<b>Expenses:</b>						
General government	87,472	114,378	-	-	87,472	114,378
Health services	118,380	112,201	-	-	118,380	112,201
Social services	185,672	177,891	-	-	185,672	177,891
Public safety and justice	199,850	196,167	-	-	199,850	196,167
Community services	24,136	23,336	-	-	24,136	23,336
Library services	47,872	43,530	-	-	47,872	43,530
Roads and bridges	53,701	54,256	-	-	53,701	54,256
Interest on long-term debt	16,954	21,822	-	-	16,954	21,822
Dunthorpe-Riverdale Service District Number 1	-	-	405	407	405	407
Mid County Service District Number 14	-	-	354	328	354	328
Behavioral Health Managed Care	-	-	34,221	33,640	34,221	33,640
<b>Total expenses</b>	<b>734,037</b>	<b>743,581</b>	<b>34,980</b>	<b>34,375</b>	<b>769,017</b>	<b>777,956</b>
<b>Special items:</b>						
Loss on transfer of County roads	-	(108,555)	-	-	-	(108,555)
Increase (decrease) in net assets	12,040	(104,215)	1,817	1,226	13,857	(102,989)
Beginning net assets	538,459	642,674	5,815	4,589	544,274	647,263
Ending net assets	<u>\$550,499</u>	<u>\$538,459</u>	<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$558,131</u>	<u>\$544,274</u>



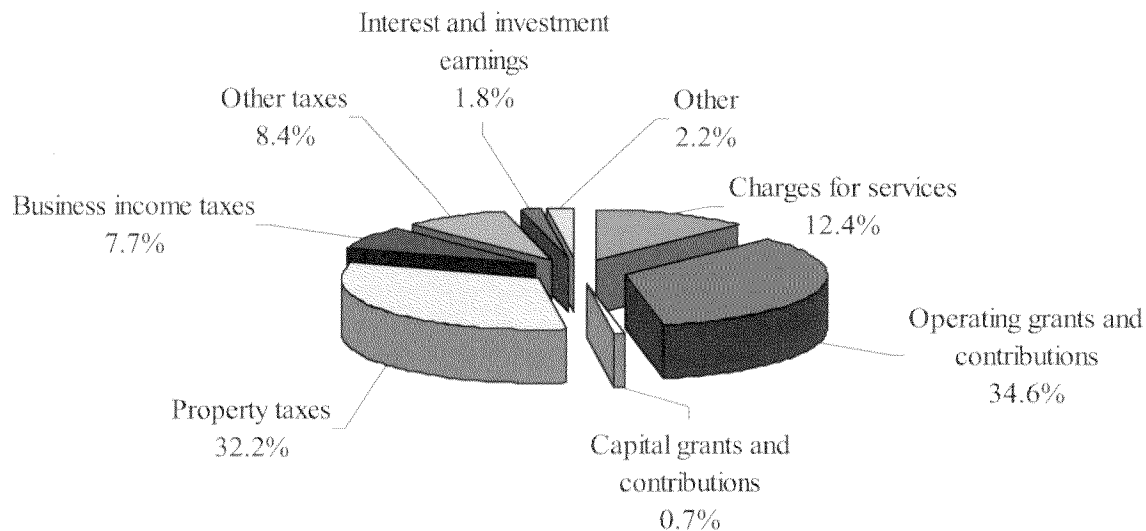
**Governmental activities.** Governmental activities increased the County's net assets by \$12,040; key elements of this increase are highlighted below:

- Program revenues grew steadily over the prior year, with an increase of \$11,438 or 3% in total program revenues. The major reason for the increase is noted in operating grants and contributions with an increase of \$9,877 or 4% over fiscal year 2006. The primary increase is in roads and bridges operating grants and contributions due to significant construction projects on County roads and bridges for rehabilitation, repair and maintenance. These road and bridge projects are primarily funded by Federal, State and local sources.
- General revenues for personal income taxes decreased by \$38,527 due to the sunset of the County's three year temporary personal income tax. Total distributions recorded in general government expenses are directly related to personal income tax revenues and were down by \$26,906 over the prior year. Calendar year 2005 was the last year for the three year temporary income tax, and only collections on delinquent accounts are recognized in fiscal year 2007.
- Business income taxes increased over the prior year by \$6,419 or 13%, reflecting the continued strength of the economy.
- The special item for the loss on the disposal of capital assets of \$108,555 in the prior year is the result of transferring approximately 50 miles of County roads to a neighboring jurisdiction, the City of Gresham.
- Interest on long-term debt decreased by \$4,868 primarily due to a decrease in the interest on the outstanding capital leases and full faith and credit obligations.

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



### Revenues by Source, Governmental Activities



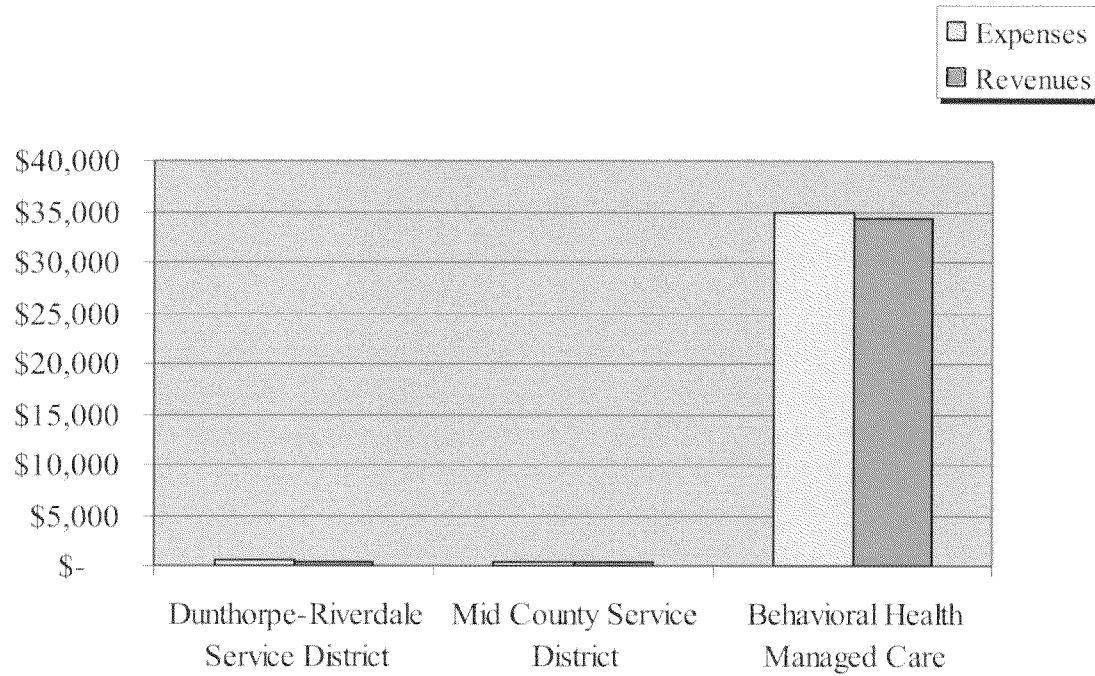
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

**Business-type activities.** Business-type activities increased the County's net assets by \$1,817, compared to an increase of \$1,226 in the prior year. The primary reasons for the current year's increase are:

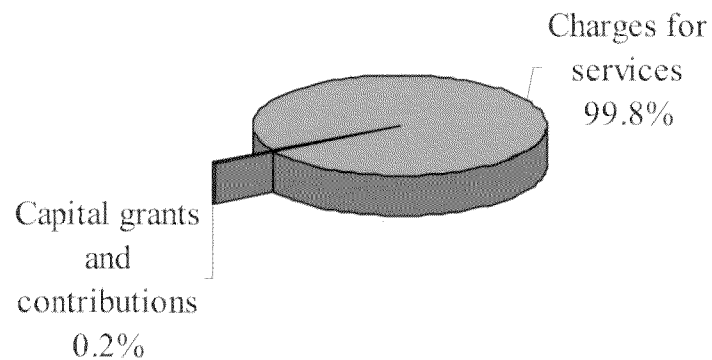
- Interest revenue increased by \$244, or approximately 97% from the prior year due to improved economic conditions and higher cash balances in 2007, particularly in the Behavioral Health Managed Care fund for reasons noted in the financial highlights discussion.
- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2007 the District collected \$306 in fines, fees and charges for services which is a slight increase over the prior year by \$12 or 4%.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2007 the District collected \$574 in fines, fees and charges for services which is an increase over the prior year by \$119 or 26% due to an increase in customer sewer user assessment fees to assist with rising utility costs and needed capital improvements.
- 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 were steady compared to the prior year with an increase of \$360 or approximately 1%. 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.
- Included in miscellaneous revenues is \$467 for the Behavioral Health Managed Care fund as a result of adjustments to the fund's incurred but not reported liabilities. This adjustment reflects changes by the County in redesigning the capitated services model to a fee for service model.

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 \$160,670, a decrease of \$5,515 over the prior year. Approximately 68% or \$108,696 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 prepaid items and inventories (\$2,879), 2) to pay debt service (\$40,444), or 3) to pay for ongoing capital projects (\$8,651).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was \$59,561 in the General Fund or approximately 99% of the total fund balance of \$60,218. This indicates a high degree of liquidity of the General Fund. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 19% of total General Fund expenditures.

The fund balance of the County's General Fund increased by \$5,254 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 and construction.

The Federal and State Program Special Revenue Fund has a total fund balance of \$3,432, of which \$991 is reserved for prepaid items and inventories. The remaining \$2,441 is unreserved. Federal revenues are closely matched with Federal expenditures and the fund balance decreased over the prior year by \$1,112.

The Willamette River Bridges Special Revenue Fund has a total fund balance of \$14,963, all of which is unreserved. The fund balance decreased from the prior year by \$13,314 as a result of ongoing construction on the Sauvie Island bridge project.

**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, \$243
- Mid County Service District Fund, \$388
- Behavioral Health Managed Care Fund, \$3,981

The total change in net assets for all proprietary funds was \$1,817. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

### General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for the differences between the original General Fund budget and the final adopted budget. Total budgeted revenues were increased by \$1,032 and total budgeted expenditures were increased by \$1,022. Transfers out were increased by \$10 to match the actual General Fund support for the County libraries reported

in a special revenue fund. There was no change on the projected General Fund budgetary fund balance as a result of these budget amendments. The following list highlights department expenditures that had changes from the original budget to the final adopted budget in the General Fund greater than \$2,000:

- Health services – The department's final budget exceeded the original budget by \$4,494. The Health Department management anticipated budget over-expenditures in corrections health and primary care divisions. In corrections health, a greater number of inmates were sent to area hospitals to receive health care than was anticipated in the budget. In primary care, a greater number of uninsured patients were seen in the clinics than had been anticipated in the budget. By year-end, corrections health had incurred nearly \$1,700 more in medical costs than had been anticipated. In addition primary care was facing a potential revenue shortfall related to the greater number of uninsured patients.
- Sheriff – The Sheriff's office final budget exceeded the original budget by \$2,050 primarily due to the approved use of contingency funds for investigatory services in unincorporated Multnomah County. In addition, amounts were added to the original budget for a project to install railing bar extensions at a County jail facility as well as increased funds from the State related to the State Criminal Alien Assistance Program.
- Contingency – The final budget for contingency decreased by \$6,878 from the original budget primarily due to approved uses of contingency for the Sheriff's office and the Health department as noted above. Contingency may only be used only when approved by the Board for a specific purpose and department.

#### **Capital Projects and Debt Administration**

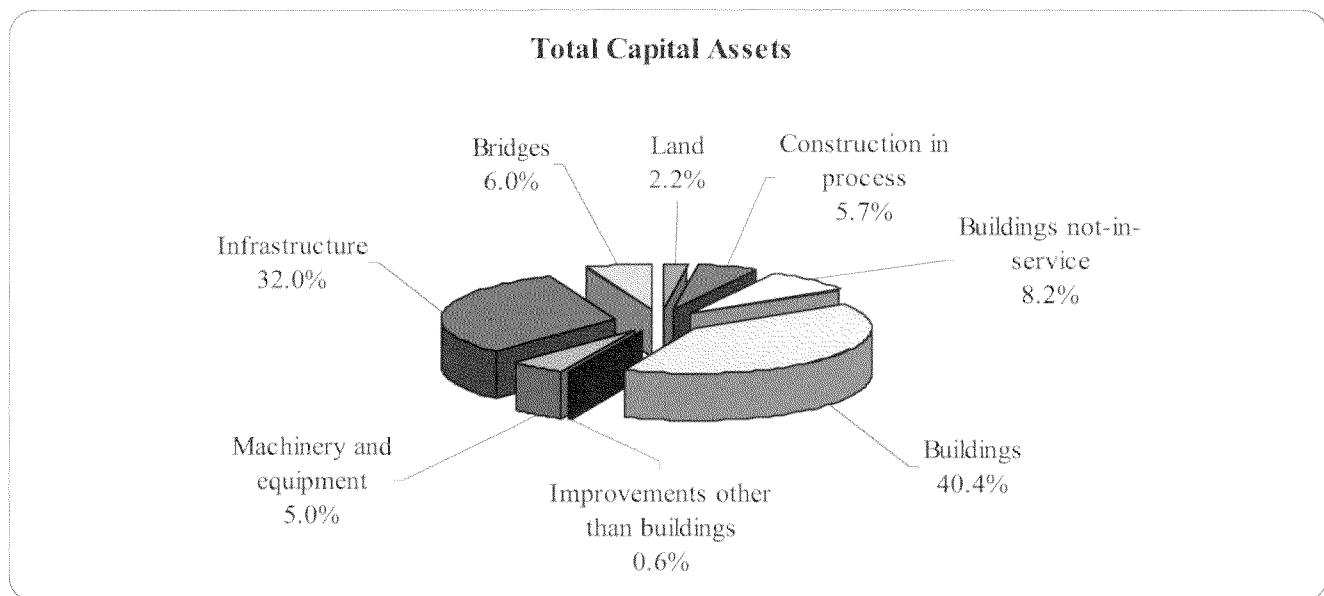
**Capital assets.** The County's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to \$627,305 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and 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 an increase of \$7,022 or approximately 1%. Major capital asset events during the current fiscal year included:

- Governmental construction in progress increased by \$17,396 or 95% over the prior year as the construction on the Sauvie Island bridge project continues.
- Buildings not-in-service represents a County jail facility whose construction was completed in fiscal year 2005, but for which the County does not currently have the resources to operate the facility.

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

	Governmental Activities		Business- Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Land	\$ 13,787	\$ 13,787	\$ -	\$ -	\$ 13,787	\$ 13,787
Construction in process	35,735	18,339	-	-	35,735	18,339
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	253,353	259,051	-	-	253,353	259,051
Improvements other than buildings	197	206	3,420	2,985	3,617	3,191
Machinery and equipment	31,606	29,708	-	-	31,606	29,708
Bridges	37,585	34,466	-	-	37,585	34,466
Infrastructure	200,458	210,577	-	-	200,458	210,577
Total capital assets	<u>\$ 623,885</u>	<u>\$ 617,298</u>	<u>\$ 2,985</u>	<u>\$ 2,985</u>	<u>\$ 627,305</u>	<u>\$ 620,283</u>

The following chart indicates the County's capital assets as of June, 30, 2007. Additional information on the County's capital assets can be found in note 3.C on pages 58-59 of this report.



**Long-term debt.** At the end of the current fiscal year, the County had total debt outstanding of \$339,656. Of this amount, \$69,380 comprises debt backed by the general obligation bonds; \$247,414 represents debt backed by the full faith and credit bonds; \$362 comprises long term loan obligations; and the remainder of the County's debt represents bonds secured solely by specified sources (e.g., revenue bonds, capitalized leases). Both general obligation bonds and full faith and credit bonds are direct obligations pledging the full faith and credit of the County.

### Multnomah County's Outstanding Debt

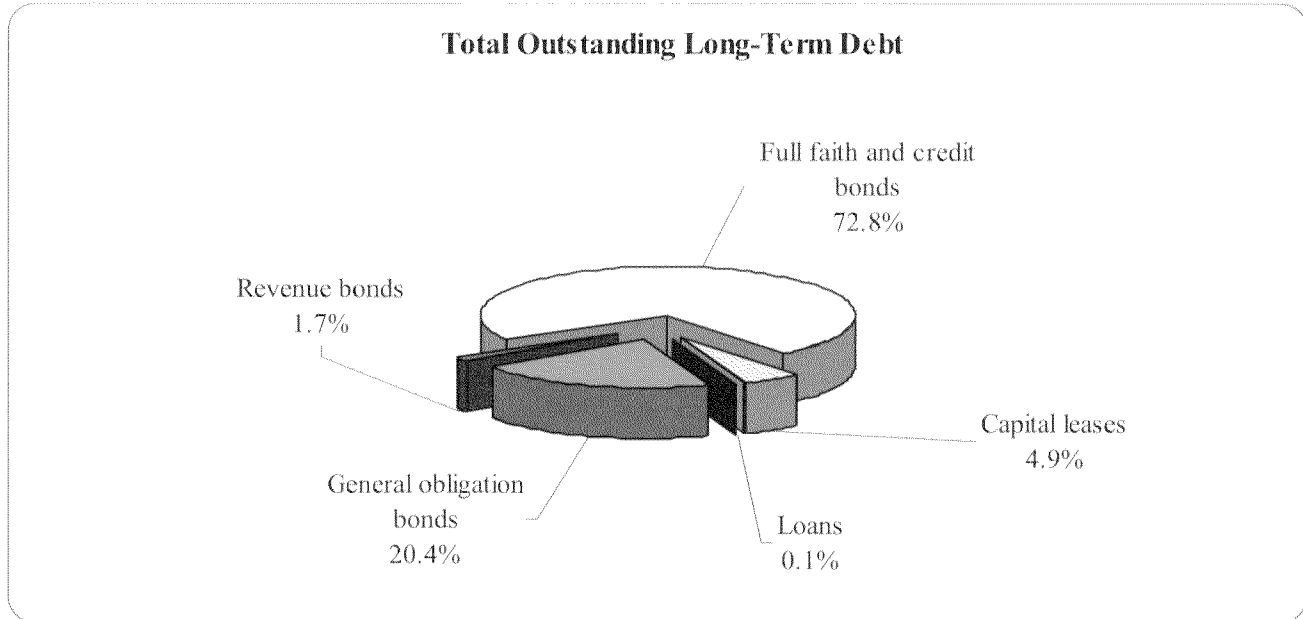
	Governmental Activities		Business- Type Activities		Total	
	2007	2006	2007	2006	2007	2006
General obligation bonds	\$ 69,380	\$ 75,340	\$ -	\$ -	\$ 69,380	\$ 75,340
Revenue bonds	5,880	6,420	-	-	5,880	6,420
Full faith and credit bonds	247,414	257,915	-	-	247,414	257,915
Capital leases	16,620	19,444	-	-	16,620	19,444
Loans	362	449	-	-	362	449
Total outstanding debt	\$ 339,656	\$ 359,568	\$ -	\$ -	\$ 339,656	\$ 359,568

The County's total debt decreased by \$19,912 or approximately 6% during the current fiscal year. Changes to the County's long-term debt during fiscal year 2007 consisted primarily of principal payments.

The County maintains an "Aa1" rating with a stable outlook from Moody's, for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to two percent of the real market value of all taxable property within the government's boundaries. The current debt limitation for the County for general obligation debt is \$1,741,155, 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 \$870,577, 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, 2007. Additional information on the County's long-term liabilities can be found in note 3.G on pages 62-69 of this report.



### Key Economic Factors and Budget Information for Next Year

- The unemployment rate for the Portland-Vancouver-Beaverton PMSA (Primary Metropolitan Statistical Area) at the close of the fiscal year was approximately 4.8% which is improved over the prior year's rate of 5.1%. The rate is not expected to change significantly before the end of the next fiscal year.

- It is anticipated that business income tax revenues will decrease slightly in the coming year as compared to the 2007 budgeted amount, as the County expects the local economy to begin to level off somewhat from prior years.
- 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 2007-2008.

During the current fiscal year, unreserved fund balance in the General Fund increased to \$59,561. 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, 2007**  
**(amounts expressed in thousands)**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Library Foundation
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 193,113	\$ 9,993	\$ 203,106	\$ 12,403
Receivables (net of allowance for uncollectibles):				
Taxes	33,529	-	33,529	-
Accounts	67,829	18	67,847	39
Loans	784	-	784	-
Interest	1,020	-	1,020	-
Special assessments	11	32	43	-
Contracts	6,049	-	6,049	-
Contributions	-	-	-	1,114
Internal balances	400	(400)	-	-
Inventories	3,872	-	3,872	-
Prepaid items	1,836	-	1,836	13
Contributions receivable from charitable remainder unitrust and life insurance policy	-	-	-	1,350
Restricted cash and investments	1,606	-	1,606	-
Noncurrent assets:				
Capital assets:				
Land and construction in progress	49,522	-	49,522	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	523,199	3,420	526,619	11
Other assets, net of amortization	138,291	-	138,291	-
Total assets	1,072,225	13,063	1,085,288	14,930
<b>LIABILITIES</b>				
Accounts payable	73,063	5,390	78,453	20
Claims and judgments payable	8,668	-	8,668	-
Accrued salaries and benefits	7,090	12	7,102	-
Accrued interest payable	3,065	-	3,065	-
Gift annuity payable	-	-	-	7
Unearned revenue	9,374	-	9,374	-
Due within one year:				
Compensated absences	6,123	10	6,133	-
Bonds payable	18,620	-	18,620	-
Capital leases payable	3,016	-	3,016	-
Loans payable	83	-	83	-
Notes payable	500	-	500	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	14,536	19	14,555	-
Bonds payable	304,054	-	304,054	-
Capital leases payable	13,604	-	13,604	-
Loans payable	279	-	279	-
Deferred lease obligation	1,661	-	1,661	-
Net other postemployment benefits obligation	57,990	-	57,990	-
Liabilities payable from restricted assets	-	-	-	-
Total liabilities	521,726	5,431	527,157	27
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	456,502	3,020	459,522	11
Restricted:				
Nonexpendable - Library operations	-	-	-	3,194
Expendable:				
Capital projects	9,279	-	9,279	-
Community support programs	6,400	-	6,400	-
Debt service	60,587	-	60,587	-
Library operations	-	-	-	4,890
Unrestricted	17,731	4,612	22,343	6,808
Total net assets	\$ 550,499	\$ 7,632	\$ 558,131	\$ 14,903

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, 2007**

**(amounts expressed in thousands)**

<b>Functions/Programs</b>	<b>Program Revenues</b>			
	<b>Expenses</b>	<b>Fees, Fines and Charges for Services</b>	<b>and Contributions</b>	<b>Capital Grants and Contributions</b>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 87,472	\$ 23,703	\$ 4,825	\$ 2
Health services	118,380	45,765	28,259	-
Social services	185,672	1,309	140,791	-
Public safety and justice	199,850	17,904	40,259	25
Community services	24,136	31	3,247	-
Library	47,872	1,745	3,494	63
Roads and bridges	53,701	1,962	36,935	5,504
Interest on long-term debt	16,954	-	-	-
Total governmental activities	<u>734,037</u>	<u>92,419</u>	<u>257,810</u>	<u>5,594</u>
Business-type activities:				
Dunthorpe-Riverdale service				
District Number 1	405	574	-	-
Mid County service				
District Number 14	354	306	-	76
Behavioral health managed care	34,221	34,879	-	-
Total business-type activities	<u>34,980</u>	<u>35,759</u>	<u>-</u>	<u>76</u>
<b>Total primary government</b>	<u><u>\$ 769,017</u></u>	<u><u>\$ 128,178</u></u>	<u><u>\$ 257,810</u></u>	<u><u>\$ 5,670</u></u>
<b>Component unit:</b>				
The Library Foundation	<u><u>\$ 3,019</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,890</u></u>	<u><u>\$ -</u></u>

**General revenues:**

**Taxes:**

Property taxes, levied for general purposes

Property taxes, levied for debt service

Personal income taxes

Business income taxes

Selective excise and use taxes

Payments in lieu of taxes

State government shared unrestricted revenues

Grants and contributions not restricted to specific programs

Interest and investment earnings

Miscellaneous

Gain on sale of capital assets

Total general revenues and special items

Change in net assets

Net assets - beginning

Net assets - ending

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

Net (Expenses) Revenues and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	The Library Foundation
\$ (58,942)	\$ -	\$ (58,942)	\$ -
(44,356)	-	(44,356)	-
(43,572)	-	(43,572)	-
(141,662)	-	(141,662)	-
(20,858)	-	(20,858)	-
(42,570)	-	(42,570)	-
(9,300)	-	(9,300)	-
(16,954)	-	(16,954)	-
(378,214)	-	(378,214)	-
-	169	169	-
-	28	28	-
-	658	658	-
-	855	855	-
(378,214)	855	(377,359)	-
-	-	-	871
231,073	-	231,073	-
9,249	-	9,249	-
21,237	-	21,237	-
57,399	-	57,399	-
39,582	-	39,582	-
1,738	-	1,738	-
9,517	-	9,517	-
6	-	6	600
13,454	495	13,949	1,730
6,771	467	7,238	9
228	-	228	-
390,254	962	391,216	2,340
12,040	1,817	13,857	3,210
538,459	5,815	544,274	11,693
\$ 550,499	\$ 7,632	\$ 558,131	\$ 14,903

**MULTNOMAH COUNTY, OREGON**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2007**  
(amounts expressed in thousands)

	<u>General Fund</u>	<u>Federal and State Special Revenue Fund</u>	<u>Willamette River Bridges Revenue Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and investments	\$ 46,238	\$ 10	\$ 14,614	\$ 81,626	\$ 142,488
Receivables:					
Taxes	29,261	-	-	4,268	33,529
Accounts	9,322	47,197	1,797	8,528	66,844
Loans	-	784	-	-	784
Interest	1,020	-	-	-	1,020
Special assessments	11	-	-	-	11
Contracts	1,536	-	-	4,513	6,049
Due from other funds	23,396	-	-	-	23,396
Inventories	362	420	-	1,064	1,846
Prepays and deposits	295	571	-	167	1,033
Restricted cash and investments	-	273	-	1,333	1,606
Total assets	<u>\$ 111,441</u>	<u>\$ 49,255</u>	<u>\$ 16,411</u>	<u>\$ 101,499</u>	<u>\$ 278,606</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 24,933	\$ 18,114	\$ 1,373	\$ 11,632	\$ 56,052
Payroll payable	3,449	2,198	75	802	6,524
Due to other funds	-	23,120	-	276	23,396
Deferred revenue	22,341	2,391	-	6,732	31,464
Notes payable	500	-	-	-	500
Total liabilities	<u>51,223</u>	<u>45,823</u>	<u>1,448</u>	<u>19,442</u>	<u>117,936</u>
<b>FUND BALANCES</b>					
Reserved for capital projects	-	-	-	8,651	8,651
Reserved for debt service	-	-	-	40,444	40,444
Reserved for inventories	362	420	-	1,064	1,846
Reserved for prepaid items	295	571	-	167	1,033
Unreserved, reported in:					
General fund	59,561	-	-	-	59,561
Special revenue funds	-	2,441	14,963	31,731	49,135
Total fund balances	<u>60,218</u>	<u>3,432</u>	<u>14,963</u>	<u>82,057</u>	<u>160,670</u>
Total liabilities and fund balances	<u>\$ 111,441</u>	<u>\$ 49,255</u>	<u>\$ 16,411</u>	<u>\$ 101,499</u>	<u>\$ 278,606</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, 2007**  
**(amounts expressed in thousands)**

Fund Balances - Governmental Funds		\$ 160,670
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	1,215,487	
Less accumulated depreciation	<u>(596,823)</u>	618,664
Other long-term assets		
Negative net pension asset	137,896	
Bond issuance costs	<u>395</u>	138,291
Accrued interest payable		(3,065)
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	(322,674)	
Capital leases payable	(16,620)	
Loans payable	<u>(362)</u>	(339,656)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(18,434)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(11,590)
Net other post-employment benefits obligation		(57,990)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	8,529	
Personal income taxes	<u>13,646</u>	22,175
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>41,434</u>
Net Assets of Governmental Activities		<u>\$ 550,499</u>

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

**MULTNOMAH COUNTY, OREGON**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2007**  
(amounts expressed in thousands)

	General	Federal and State Special	Willamette River Bridges	Other Governmental	Total Governmental
	Fund	Revenue Fund	Revenue Fund	Funds	Funds
<b>REVENUES</b>					
Taxes	\$ 288,537	\$ -	\$ -	\$ 68,145	\$ 356,682
Intergovernmental	17,507	204,748	2,202	36,092	260,549
Licenses and permits	9,966	2,286	-	3,682	15,934
Charges for services	9,906	43,852	13	9,020	62,791
Interest	5,060	62	914	4,801	10,837
Other	13,520	3,078	44	30,238	46,880
Total revenues	344,496	254,026	3,173	151,978	753,673
<b>EXPENDITURES</b>					
Current:					
General government	69,531	-	-	4,028	73,559
Health services	51,033	69,846	-	1,150	122,029
Social services	44,836	142,371	-	49	187,256
Public safety and justice	157,402	39,879	-	5,196	202,477
Community services	-	2,844	-	21,196	24,040
Library services	-	-	-	44,411	44,411
Roads and bridges	-	-	4,612	35,263	39,875
Capital outlay	700	198	16,739	13,952	31,589
Debt service:					
Principal	11	-	-	19,850	19,861
Interest	885	-	60	16,013	16,958
Total expenditures	324,398	255,138	21,411	161,108	762,055
Excess (deficiency) of revenues over (under) expenditures	20,098	(1,112)	(18,238)	(9,130)	(8,382)
<b>OTHER FINANCING SOURCES (USES)</b>					
Premium on short-term debt	157	-	-	-	157
Issuance of capital lease	33	-	-	-	33
Proceeds from sale of capital assets	-	-	-	35	35
Transfers in	1,522	-	5,164	20,310	26,996
Transfers out	(16,556)	-	(240)	(7,558)	(24,354)
Total other financing sources (uses)	(14,844)	-	4,924	12,787	2,867
Net change in fund balances	5,254	(1,112)	(13,314)	3,657	(5,515)
Fund balances - beginning	54,964	4,544	28,277	78,400	166,185
Fund balances - ending	\$ 60,218	\$ 3,432	\$ 14,963	\$ 82,057	\$ 160,670

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, 2007**  
**(amounts expressed in thousands)**

Net change in fund balances - Governmental Funds		\$ (5,515)
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	31,589	
Current year depreciation expense	<u>(30,000)</u>	1,589
Contributed and donated capital assets	5,547	
Proceeds on sale of capital assets	(35)	
Gain on disposal of capital assets	35	
Loss on disposal of capital assets	<u>(1,008)</u>	4,539
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	(388)	
Increase in deferred revenues - personal income taxes	<u>5,199</u>	4,811
Proceeds for installment purchase provide current financial resources to governmental funds, but an increase of long-term liabilities in the statement of net assets		(33)
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		(31)
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.		19,861
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(861)	
Decrease in accrued interest expense	263	
Increase in personal income tax distribution liability	<u>(3,688)</u>	(4,286)
Amortization expense on the net pension asset		(6,148)
Current year expense for net other post-employment benefits obligation		(13,248)
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>10,421</u>
Change in net assets of Governmental Activities		<u>\$ 12,040</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**

**General Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Favorable
				(Unfavorable)
REVENUES				
Taxes				
Property:				
Current	\$ 191,886	\$ 191,886	\$ 195,368	\$ 3,482
Prior	3,528	3,528	4,200	672
Penalties and interest	1,370	1,370	1,591	221
Payments in lieu of taxes	1,000	1,000	1,422	422
Transient lodging	-	-	4	4
Business income	40,500	40,500	57,399	16,899
Personal income	16,500	16,500	16,038	(462)
Motor vehicle rental	11,750	11,750	12,515	765
Intergovernmental:				
Federal	85	585	333	(252)
State	12,092	12,092	13,465	1,373
Local	3,377	3,377	3,709	332
Licenses and permits	9,131	9,322	9,966	644
Charges for services	9,058	9,094	9,906	812
Interest	2,200	2,200	5,060	2,860
Other:				
Non-governmental grants	3	7	33	26
Service reimbursements	12,894	13,195	12,014	(1,181)
Miscellaneous	1,143	1,143	1,473	330
Total revenues	316,517	317,549	344,496	26,947
EXPENDITURES				
Community justice	48,427	48,648	47,096	1,552
Community services	10,431	10,455	10,014	441
County management	29,194	29,242	28,988	254
District attorney	18,634	18,715	18,336	379
Health services	49,151	53,645	51,063	2,582
Human services	31,416	31,663	28,950	2,713
Library	-	-	-	-
Nondepartmental	33,102	33,195	31,971	1,224
School and community	15,478	16,213	15,887	326
Sheriff	91,885	93,935	92,060	1,875
Total expenditures	327,718	335,711	324,365	11,346
Excess (deficiency) of revenues over (under) expenditures	(11,201)	(18,162)	20,131	38,293
OTHER FINANCING SOURCES (USES)				
Premium on issuance of short term debt	-	-	157	157
Transfers in	1,682	1,682	1,522	(160)
Transfers out	(16,556)	(16,566)	(16,556)	10
Total other financing sources (uses)	(14,874)	(14,884)	(14,877)	7
Contingency	(7,625)	(654)	-	654
Net change in fund balances	(33,700)	(33,700)	5,254	38,954
Fund balances - beginning	47,200	47,200	54,964	7,764
Fund balances - ending	\$ 13,500	\$ 13,500	\$ 60,218	\$ 46,718

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

**MULTNOMAH COUNTY, OREGON**  
**Federal and State Program Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 188,154	\$ 210,823	\$ 204,748	\$ (6,075)
Licenses and permits	1,949	1,912	2,286	374
Charges for services	59,334	50,998	43,852	(7,146)
Interest	14	54	62	8
Other:				
Non-governmental grants	1,427	2,269	2,673	404
Service reimbursements	88	88	62	(26)
Miscellaneous	327	327	343	16
Total revenues	<u>251,293</u>	<u>266,471</u>	<u>254,026</u>	<u>(12,445)</u>
<b>EXPENDITURES</b>				
Community justice	26,621	27,433	26,399	1,034
Community services	514	524	350	174
County management	166	246	175	71
District attorney	5,066	5,339	5,035	304
Health services	74,152	75,532	70,005	5,527
Human services	120,826	131,898	126,230	5,668
Nondepartmental	1,879	2,587	2,319	268
School and Community	15,570	16,141	16,141	-
Sheriff	8,568	8,944	8,484	460
Total expenditures	<u>253,362</u>	<u>268,644</u>	<u>255,138</u>	<u>13,506</u>
Deficiency of revenues				
under expenditures	(2,069)	(2,173)	(1,112)	1,061
Fund balances - beginning	2,069	2,173	4,544	2,371
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,432</u>	<u>\$ 3,432</u>

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

**MULTNOMAH COUNTY, OREGON**  
**Willamette River Bridges Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 1,600	\$ 1,600	\$ 2,202	\$ 602
Licenses and permits	-	-	-	-
Charges for services	-	-	13	13
Interest	443	443	914	471
Other:				
Non-governmental grants	-	-	20	20
Service reimbursements	100	100	-	(100)
Miscellaneous	45	45	24	(21)
Total revenues	<u>2,188</u>	<u>2,188</u>	<u>3,173</u>	<u>985</u>
<b>EXPENDITURES</b>				
Community services	<u>18,190</u>	<u>18,190</u>	<u>21,411</u>	<u>(3,221)</u>
Total expenditures	<u>18,190</u>	<u>18,190</u>	<u>21,411</u>	<u>(3,221)</u>
Deficiency of revenues under expenditures	<u>(16,002)</u>	<u>(16,002)</u>	<u>(18,238)</u>	<u>(2,236)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,281	5,281	5,164	(117)
Transfers out	(300)	(300)	(240)	60
Total other financing sources (uses)	<u>4,981</u>	<u>4,981</u>	<u>4,924</u>	<u>(57)</u>
Net change in fund balances	<u>(11,021)</u>	<u>(11,021)</u>	<u>(13,314)</u>	<u>(2,293)</u>
Fund balances - beginning	<u>34,319</u>	<u>34,319</u>	<u>28,277</u>	<u>(6,042)</u>
Fund balances - ending	<u>\$ 23,298</u>	<u>\$ 23,298</u>	<u>\$ 14,963</u>	<u>\$ (8,335)</u>

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

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## PROPRIETARY FUNDS

The County utilizes eight Proprietary Funds made up of three Enterprise Funds and five Internal Service Funds. Internal Service Funds' statements begin on page 116.

### **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, 2007**  
(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	
<b>ASSETS</b>					
Current assets:					
Cash and investments	\$ 586	\$ 406	\$ 9,001	\$ 9,993	\$ 50,625
Receivables (net of allowances for uncollectibles):					
Accounts	18	-	-	18	985
Special assessments	20	12	-	32	-
Due from other funds	-	-	-	-	71
Inventories	-	-	-	-	2,026
Prepaid items	-	-	-	-	803
Total current assets	624	418	9,001	10,043	54,510
Noncurrent assets:					
Advances to other funds	-	-	-	-	329
Capital assets (net of accumulated depreciation)	1,880	1,540	-	3,420	5,221
Total assets	2,504	1,958	9,001	13,463	60,060
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	381	30	4,979	5,390	5,422
Claims and judgments payable	-	-	-	-	8,668
Payroll payable	-	-	12	12	566
Deferred revenue	-	-	-	-	85
Compensated absences	-	-	10	10	611
Due to other funds	71	-	-	71	-
Total current liabilities	452	30	5,001	5,483	15,352
Noncurrent liabilities:					
Compensated absences	-	-	19	19	1,613
Advances from other funds	329	-	-	329	-
Incremental leases payable	-	-	-	-	1,661
Total noncurrent liabilities	329	-	19	348	3,274
Total liabilities	781	30	5,020	5,831	18,626
<b>NET ASSETS</b>					
Invested in capital assets, net of related de	1,480	1,540	-	3,020	5,221
Unrestricted	243	388	3,981	4,612	36,213
Total net assets	\$ 1,723	\$ 1,928	\$ 3,981	\$ 7,632	\$ 41,434

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, 2007**  
**(amounts expressed in thousands)**

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Dunthorpe- Riverdale Service District</b>	<b>Mid County Service District</b>	<b>Behavioral Health Managed Care</b>	<b>Total</b>	<b>Governmental Activities - Internal Service Funds</b>
<b>OPERATING REVENUES</b>					
Charges for sales and services	\$ 574	\$ 306	\$ 34,879	\$ 35,759	\$ 137,140
Insurance premiums	-	-	-	-	5,629
Experience ratings and other	-	-	467	467	789
Total operating revenues	<u>574</u>	<u>306</u>	<u>35,346</u>	<u>36,226</u>	<u>143,558</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	313	255	31,976	32,544	131,737
Administration	36	42	2,245	2,323	2,919
Depreciation	56	57	-	113	2,304
Total operating expenses	<u>405</u>	<u>354</u>	<u>34,221</u>	<u>34,980</u>	<u>136,960</u>
Operating income (loss)	<u>169</u>	<u>(48)</u>	<u>1,125</u>	<u>1,246</u>	<u>6,598</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Interest revenue	25	22	448	495	2,119
Actuarial adjustment	-	-	-	-	4,157
Gain on disposal of capital assets	-	-	-	-	193
Loss on disposal of capital assets	-	-	-	-	(4)
Total nonoperating revenues	<u>25</u>	<u>22</u>	<u>448</u>	<u>495</u>	<u>6,465</u>
Income (loss) before contributions and transfers	194	(26)	1,573	1,741	13,063
Capital contributions in	-	76	-	76	-
Transfers in	-	-	-	-	968
Transfers out	-	-	-	-	(3,610)
Change in net assets	<u>194</u>	<u>50</u>	<u>1,573</u>	<u>1,817</u>	<u>10,421</u>
Total net assets - beginning	<u>1,529</u>	<u>1,878</u>	<u>2,408</u>	<u>5,815</u>	<u>31,013</u>
Total net assets - ending	<u>\$ 1,723</u>	<u>\$ 1,928</u>	<u>\$ 3,981</u>	<u>\$ 7,632</u>	<u>\$ 41,434</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, 2007**

**(amounts expressed in thousands)**

	<b>Business Type Activities - Enterprise Funds</b>				<b>Governmental Activities - Internal Service Funds</b>
	<b>Dunthorpe - Riverdale Service District</b>	<b>Mid County Service District</b>	<b>Behavioral Health Managed Care</b>	<b>Total</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 556	\$ 306	\$ 35,346	\$ 36,208	\$ 143,822
Payments to suppliers	(141)	(255)	(30,856)	(31,252)	(86,295)
Payments to employees	(16)	(19)	(2,245)	(2,280)	(33,295)
Internal activity - payments to other funds	(20)	(21)	(169)	(210)	(12,713)
Net cash provided by operating activities	<u>379</u>	<u>11</u>	<u>2,076</u>	<u>2,466</u>	<u>11,519</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Transfers in	-	-	-	-	968
Transfers out	-	-	-	-	(3,610)
Advances to other funds	-	-	-	-	(400)
Net cash used in noncapital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,042)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Purchases of capital assets	(472)	-	-	(472)	(2,765)
Advances from other funds	400	-	-	400	-
Proceeds on sales of capital assets	-	-	-	-	193
Net cash used in capital and related financing activities	<u>(72)</u>	<u>-</u>	<u>-</u>	<u>(72)</u>	<u>(2,572)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest received	25	22	448	495	2,119
Net cash provided by investing activities	<u>25</u>	<u>22</u>	<u>448</u>	<u>495</u>	<u>2,119</u>
Net increase in cash and cash equivalents	332	33	2,524	2,889	8,024
Balances at beginning of the year	254	373	6,477	7,104	42,601
Balances at end of the year	<u>\$ 586</u>	<u>\$ 406</u>	<u>\$ 9,001</u>	<u>\$ 9,993</u>	<u>\$ 50,625</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 169	\$ (48)	\$ 1,125	\$ 1,246	\$ 6,598
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Cash flows reported in other categories:					
Depreciation	56	57	-	113	2,304
Changes in assets and liabilities:					
Receivables, net	(18)	-	-	(18)	286
Inventories	-	-	-	-	(304)
Prepaid items	-	-	-	-	(185)
Accounts payable	172	2	971	1,145	351
Claims and judgments payable	-	-	-	-	2,198
Deferred revenue	-	-	-	-	(22)
Compensated absences	-	-	(17)	(17)	193
Incremental leases payable	-	-	-	-	110
Payroll payable	-	-	(3)	(3)	(10)
Total adjustments	210	59	951	1,220	4,921
Net cash provided by operating activities	<u>\$ 379</u>	<u>\$ 11</u>	<u>\$ 2,076</u>	<u>\$ 2,466</u>	<u>\$ 11,519</u>
<b>Noncash financing activities:</b>					
Contributions of capital assets from government	\$ -	\$ 76	\$ -	\$ 76	\$ -

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

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## FIDUCIARY FUNDS

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

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

**MULTNOMAH COUNTY, OREGON**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2007**  
**(amounts expressed in thousands)**

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	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments	\$ 14,581
Taxes receivable	35,044
Restricted cash	<u>977</u>
Total assets	<u>50,602</u>
<b>LIABILITIES</b>	
Accounts payable	9,591
Due to other governmental units	32,845
Amounts held in trust	<u>8,166</u>
Total liabilities	<u>50,602</u>
<b>NET ASSETS</b>	
Total net assets	<u>\$ -</u>

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

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**MULTNOMAH COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
**(dollar amounts expressed in thousands)**

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**Note 1. Summary of Significant Accounting Policies**

**A. Reporting entity**

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

**Blended component units.** The Dunthorpe-Riverdale Sanitary Service District 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.

**Discretely presented component unit.** The Library Foundation (TLF) is a legally separate, tax exempt component unit of the County. TLF's purpose is to support the County's libraries through raising, receiving, administering and disbursing funds, grants, bequests and gifts for the benefit of the County libraries. Although the County does not control the timing or amount of receipts from TLF, the majority of resources, or income thereon that TLF holds and invests are restricted to the County libraries' activities by the donors. TLF is a discretely presented component unit as the nature and relationship with the County is significant and to exclude TLF would cause the County's financial statements to be misleading.

**MULTNOMAH COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
**(dollar amounts expressed in thousands)**

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TLF is a private non-profit organization that reports under the Financial Accounting Standards Board (FASB) standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to TLF's financial information in the County's financial reporting entity for these differences. TLF is an organization that is tax-exempt under Section 501(c)(3) of the Internal Revenue Code. A complete copy of The Library Foundation's financial statements can be obtained by contacting: The Library Foundation, 522 SW Fifth Ave, Suite 1103, Portland, Oregon, 97204

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County (the primary government) and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the County is financially accountable. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. In addition, functional expenses on the statement of activities include allocated indirect expenses. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

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

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



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

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

The County reports the following major governmental funds:

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

The *Federal 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. This fund has been designated as a major fund by management due to the ongoing construction projects on the County's Willamette river bridges.

*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.

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

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

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

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial 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

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following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

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

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

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

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

**D. Assets, liabilities, and net assets or equity**

**1. Cash and investments**

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

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, municipal bonds, banker's acceptances, repurchase agreements, and the State Treasurer's Local Government Investment Pool (LGIP).

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

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

**2. *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.

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

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The tax generated an estimated \$120,000 for each calendar year the tax was in effect. The revenues generated from the tax provided funding for public school districts within Multnomah County in addition to funding for elderly, disabled and mentally ill persons, and programs for public safety and health. As of fiscal year 2007, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of \$5,674 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

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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 fund balances are generally available 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 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

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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.

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.

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**8.     *Compensated absences***

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

**9.     *Long-term obligations***

In the government-wide financial statements and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. When incurred, bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. The difference between the reacquisition price (funds required to refund the old debt) and the net carrying value of the refunded debt is an economic gain or loss, and 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 implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006. The County used a five year

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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 and in-kind donations***

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

**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.

**13. *Reclassifications***

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

**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



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and changes (increases) of appropriations between departments or funds require the approval of the Board. The legal level of budgetary control, (i.e., the level at which expenditures may not legally exceed appropriations) is the fund and department level. The Board approved one supplemental budget and several other budgetary appropriations throughout the year.

**B. Expenditures in excess of appropriations**

Oregon state law requires disclosure of fund expenditures in excess of budgeted appropriations. For fiscal year ended June 30, 2007, the Willamette River Bridge fund had total expenditures in excess of budgeted appropriations in the amount of \$3,221 due to significant progress on various bridge renovation and rehabilitation projects.

**Note 3. Detailed notes on all funds**

**A. Cash and investments**

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

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.

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

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

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 \$56,701 and the bank balance was \$56,667. The bank balance was covered by federal depository insurance (FDIC) or by collateral held by one or more of the State's authorized collateral pool managers 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><b>Maturity</b></u>	<u><b>Cumulative Constraint</b></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,

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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 pursuant to ORS 295. As of June 30, 2007, \$34 of the County's bank balance of \$56,701 was exposed to custodial credit risk because it was uninsured and uncollateralized.

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As of June 30, 2007, 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	\$ 76,256	5.19%	35%	<3
Corporate Debt	11,884	5.28%	5%	< 1
Commercial Paper	33,303	5.28%	15%	< 1
Bankers' Acceptances	5,918	5.32%	3%	< 1
Local Government Investment Pool	34,603	5.20%	16%	< 1
Cash and Equivalents	55,723	5.07%	26%	< 1
Total unrestricted cash and investments	<u>\$ 217,687</u>		<u>100%</u>	
Portfolio weighted average maturity				3

As of June 30, 2007, 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>\$ 2,583</u>	1.44%	<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	\$ 193,113	\$ 1,606	\$ 194,719
Business-type Activities	9,993	-	9,993
Fiduciary Funds	14,581	977	15,558
Total Cash and Investments	<u>\$ 217,687</u>	<u>\$ 2,583</u>	<u>\$ 220,270</u>

**B. Receivables**

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

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**Accounts Receivable**

	Governmental Activities						
	General Fund	Federal State Program Fund	Willamette River Bridge Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business- type Activities
Receivables:							
Taxes:							
Income	\$ 22,165	\$ -	\$ -	\$ -	\$ -	\$ 22,165	\$ -
Property	9,088	-	-	-	1,753	10,841	-
Other	3,822	-	-	-	2,515	6,337	-
Accounts	9,322	48,229	1,797	985	8,528	68,861	18
Loans	-	784	-	-	-	784	-
Interest	1,020	-	-	-	-	1,020	-
Special assessments	11	-	-	-	-	11	35
Contracts	1,536	-	-	-	4,513	6,049	-
Gross receivables	46,964	49,013	1,797	985	17,309	116,068	53
Less: allowance for discounts/uncollectibles	(5,814)	(1,032)	-	-	-	(6,846)	(3)
Net total receivables	\$ 41,150	\$ 47,981	\$ 1,797	\$ 985	\$ 17,309	\$109,222	\$ 50

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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	\$ 19,319	\$ -	\$ 19,319
Allowance for doubtful accounts – personal income tax	(5,674)	-	(5,674)
Property taxes receivable (General Fund)	7,149	-	7,149
Property taxes receivable (other governmental funds)	1,381	-	1,381
Grant draws prior to meeting all eligibility requirements	-	1,631	1,631
Contracts receivable	-	6,049	6,049
Contract revenue received in advance	-	429	429
Loans receivable	-	784	784
Tax title land sales inventory	-	385	385
Special assessments receivable	-	11	11
Total deferred revenue for governmental funds	<u>\$ 22,175</u>	<u>\$ 9,289</u>	<u>\$ 31,464</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 \$85 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of \$9,374.

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**C. Capital assets**

Capital asset activity for the year ended June 30, 2007 was as follows:

**Primary Government**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,787	\$ -	\$ -	\$ 13,787
Construction in process	18,339	17,396	-	35,735
Buildings-not in service	51,164	-	-	51,164
Total capital assets, not being depreciated	83,290	17,396	-	100,686
Capital assets, being depreciated:				
Buildings	365,806	4,238	(1,147)	368,897
Improvements other than buildings	343	-	-	343
Machinery and equipment	126,532	9,764	(11,699)	124,597
Bridges	94,674	4,827	-	99,501
Infrastructure	549,969	3,676	-	553,645
Total capital assets being depreciated	1,137,324	22,505	(12,846)	1,146,983
Less accumulated depreciation for:				
Buildings	(106,755)	(8,933)	144	(115,544)
Improvements other than buildings	(137)	(9)	-	(146)
Machinery and equipment	(96,824)	(7,858)	11,691	(92,991)
Bridges	(60,208)	(1,708)	-	(61,916)
Infrastructure	(339,392)	(13,795)	-	(353,187)
Total accumulated depreciation	(603,316)	(32,303)	11,835	(623,784)
Total capital assets being depreciated, net	534,008	(9,798)	(1,011)	523,199
Governmental activities capital assets, net	\$ 617,298	\$ 7,598	\$ (1,011)	\$ 623,885
<b>Business-type activities:</b>				
Capital assets, being depreciated:				
Improvements other than buildings	\$ 5,092	\$ 548	\$ -	\$ 5,640
Machinery and equipment	41	-	-	41
Total capital assets being depreciated	5,133	548	-	5,681
Less accumulated depreciation for:				
Improvements other than buildings	(2,107)	(113)	-	(2,220)
Machinery and equipment	(41)	-	-	(41)
Total accumulated depreciation	(2,148)	(113)	-	(2,261)
Business-type activities capital assets, net	\$ 2,985	\$ 435	\$ -	\$ 3,420

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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	\$ 12,983
Health services	102
Public safety & justice	1,188
Community services	107
Library	3,924
Roads and bridges	13,999
Total depreciation expense – governmental activities	<u>\$ 32,303</u>
Business-type activities:	
Sewer	\$ 56
Lighting	57
Total depreciation expense – business-type activities	<u>\$ 113</u>

**D. Other assets**

Other assets, net of accumulated amortization at June 30, 2007 consist of the following:

Bond issuance costs	\$ 395
Negative net pension asset	137,896
	<u>\$ 138,291</u>

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were \$31 and \$6,148, respectively for the year ended June 30, 2007.

**E. Interfund receivables, payables, and transfers**

Due from / to other funds:

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



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reporting a negative cash balance. There is also an amount payable to the Risk Fund related to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. These balances are expected to be collected in the subsequent year. The composition of interfund balances as of June 30, 2007 is as follows:

Receivable Funds	Payable Funds	Amount
General Fund	Federal State Fund	\$ 23,120
General Fund	Emergency Communications Fund	128
General Fund	Recreation Fund	1
General Fund	Library Construction Fund	147
Risk Fund*	Dunthorpe Riverdale Service District Fund	71
		<u>\$ 23,467</u>

\*Internal service fund

Advances to / from other funds:

The amounts payable to the Risk Fund relate to a capital loan for sewer improvements in the Dunthorpe Riverdale Service District Fund. None of the balance is scheduled to be collected in the subsequent year

Receivable Funds	Payable Funds	Amount
Risk Fund*	Dunthorpe Riverdale Service District Fund	\$ 329

\*Internal service fund

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2007. The general fund transfers to nonmajor governmental funds include a transfer to a debt service fund in addition to a large transfer to the Library special revenue fund to provide for various County Library upgrades and projects.

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Transfers out:	Transfers in:				Total
	General Fund	Willamette River Bridges Fund	Nonmajor Governmental Funds	Internal Service Funds	
General Fund	\$ -	\$ -	\$ 16,556	\$ -	\$16,556
Major Governmental Fund	240	-	-	-	240
Nonmajor Governmental Funds	1,282	5,164	144	968	7,558
Internal Service Funds	-	-	3,610	-	3,610
Total transfers out:	<u>\$1,522</u>	<u>\$ 5,164</u>	<u>\$ 20,310</u>	<u>\$ 968</u>	<u>\$27,964</u>

**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, 2006 the County issued \$20,000 in short-term debt, Series 2006. The County received \$400 in June 2006 as a good faith deposit and the remaining \$19,600 in tax revenue anticipation notes were issued on July 1, 2006. The notes carried an interest rate of 4.50% and were due at June 30, 2007. On July 1, 2007 the County issued short-term debt Series 2007 in the amount of \$29,850 with \$500 received prior to year-end as a good faith deposit. The remaining funds were received on July 2, subsequent to year-end. The 2007 Series debt has an interest rate of 4.25%. Short-term liability activity for the year-ended June 30, 2007 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax revenue anticipation note, Series 2006	\$ 400	\$ 19,600	\$ 20,000	\$ -	\$ -
Tax revenue anticipation note, Series 2007	-	500	-	500	500
Totals	<u>\$ 400</u>	<u>\$ 20,100</u>	<u>\$ 20,000</u>	<u>\$ 500</u>	<u>\$ 500</u>

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**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:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	3.70-5.65%	<u>\$ 69,380</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>
2008	\$ 6,255	\$ 2,972
2009	6,555	2,677
2010	6,860	2,387
2011	7,160	2,093
2012	7,470	1,780
2013 - 2017	35,080	3,954
Total	<u>\$ 69,380</u>	<u>\$ 15,863</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

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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%	\$ 5,880

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2008	\$ 560	\$ 267
2009	585	243
2010	620	215
2011	645	186
2012	680	155
2013 - 2016	2,790	269
Total	\$ 5,880	\$ 1,335

**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, 2007, \$4,850 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, 2007, \$170,908 of these bonds were outstanding.

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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, 2007, \$9,430 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, 2007, \$6,990 of these bonds were outstanding.

On October 1, 2004, the County issued \$54,235 in Full Faith and Credit Refunding Obligations, Series 2004 at a premium of \$5,089, with interest rates from 3.00% to 5.00%. At June 30, 2007 the unamortized premium on the debt was \$4,241. 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, 2007 the deferred charge was \$3,240. The entire amount of this debt issue was outstanding at June 30, 2007.

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>\$ 246,413</u>

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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>
2008	\$ 11,725	\$ 10,914
2009	11,700	10,246
2010	13,770	9,535
2011	15,550	8,633
2012	17,440	7,662
2013 – 2017	66,980	65,125
2018 – 2022	72,280	70,052
2023 – 2027	23,881	141,864
2028 – 2030	13,087	109,797
Total, before deferred charge	246,413	<u>\$ 433,828</u>
Deferred charge, net	(3,240)	
Premium on long-term debt, net	4,241	
Total	<u>\$ 247,414</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. Total assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Buildings	\$ 68,836
Less: Accumulated depreciation	<u>(22,817)</u>
Total	<u>\$ 46,019</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>\$ 16,620</u>

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Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2008	\$ 3,016	\$ 792
2009	2,847	743
2010	2,277	723
2011	2,384	584
2012	2,500	436
2013 – 2017	2,710	662
2018 – 2022	173	417
2023 – 2027	290	301
2028 – 2032	423	108
Total	<u>\$ 16,620</u>	<u>\$ 4,766</u>

Loans Payable

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

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Governmental activities	5.65-7.20%	<u>\$ 362</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>
2008	\$ 83	\$ 22
2009	90	15
2010	67	10
2011	66	7
2012	13	3
2013 – 2016	43	3
Total	<u>\$ 362</u>	<u>\$ 60</u>

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Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds	\$ 75,340	\$ -	\$ 5,960	\$ 69,380	\$ 6,255
Revenue Bonds	6,420	-	540	5,880	560
Full Faith and Credit Bonds	257,915	-	10,501	247,414	11,805
Capital Leases	19,444	33	2,857	16,620	3,016
Loans Payable	449	-	87	362	83
Long-term debt before other long-term liabilities	359,568	33	19,945	339,656	21,719
Compensated Absences	19,604	25,171	24,116	20,659	6,123
Governmental activity long-term liabilities:	<u>\$ 379,172</u>	<u>\$ 25,204</u>	<u>\$ 44,061</u>	<u>\$ 360,315</u>	<u>\$ 27,842</u>
<b>Business-Type Activities</b>					
Compensated Absences	<u>\$ 46</u>	<u>\$ 18</u>	<u>\$ 36</u>	<u>\$ 29</u>	<u>\$ 10</u>

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, 2007, 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, 2007, 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.



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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 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, 2007, \$34,795 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, 2007, \$8,495 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2007 was \$43,290. The County is not responsible or obligated for the repayment of conduit debt.

*Hospital Facilities Authority of Multnomah County Conduit Financing*

On December 3, 1998, the County created a component unit, the Hospital Facilities Authority of Multnomah County, Oregon (the Authority). The Authority issues hospital revenue bonds for construction and improvements to health facilities in Multnomah County. 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 \$100,000 in Hospital Revenue Bonds (Providence Health Systems). On December 12, 2006, the Authority issued \$39,765 in revenue

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bonds (Terwilliger Plaza). 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 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, 2007, \$179,775 of these bonds were outstanding.

**Note 4. Other information**

**A. Risk management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2007, 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

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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 6/30/07	Fiscal Year Ended 6/30/06
Unpaid claims, beginning of fiscal year	\$ 10,627	\$ 10,240
Incurred claims (including IBNRs)	18,794	17,559
Actuarial adjustment	(4,157)	-
Claim payments	(16,596)	(17,172)
Unpaid claims, end of fiscal year	<u>\$ 8,668</u>	<u>\$ 10,627</u>

**B. Subsequent events**

On July 2, 2007, the County issued \$29,850 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 \$500 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 3.F on page 61 for further detail. The interest rate on the notes is 4.25% and the yield is 3.73%. The notes mature on June 30, 2008.

On July 2, 2007, the Hospital Facilities Authority of Multnomah County issued \$8,200 as a tax-exempt loan. The tax-exempt debt has not been recognized as a liability of the County or the Authority because the notes are secured solely by the provisions of the loan agreement and payments are made by the retirement facility.

**C. 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.

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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, 2007.

<u>Year ended June 30</u>	
2008	2,828
2009	2,448
2010	1,949
2011	1,759
2012	1,622
2013 - 2017	6,220
2018 - 2022	18
2023 - 2025	11
Total minimum payments	<u>\$ 16,855</u>

The County recorded \$3,258 in rent expense for the year ended June 30, 2007.

**D. 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 implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* for fiscal year ending June 30, 2006.

*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 1.0% of annual covered payroll. At June 30, 2007, there were 598 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 2007, the County contributed \$1,835 to the plan or

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approximately 39% of total premiums. Plan members receiving benefits contributed \$2,832 or approximately 61% of the total premiums during fiscal year 2007.

*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, 2007, the amount actually contributed to the plan, and changes in the County's net OPEB obligation:

Annual required contribution (ARC)	\$ 15,696
Interest on net OPEB obligation	2,013
Adjustment to annual required contribution	<u>(2,626)</u>
Annual OPEB cost (expense)	15,083
Contributions made	<u>(1,835)</u>
Increase in net OPEB obligation	13,248
Net OPEB obligation - beginning of year	<u>44,742</u>
Net OPEB obligation - end of year	<u><u>\$ 57,990</u></u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2007 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
6/30/07	15,083	12%	57,990

*Funded status and funding progress.* As of January 1, 2007, the actuarial accrued liability for benefits was \$122,905, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$122,905. The covered payroll (annual payroll of active employees covered by the plan) was \$238,386 for fiscal year 2007 and the ratio of the UAAL to the covered payroll was 52%.

**MULTNOMAH COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
**(dollar amounts expressed in thousands)**

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Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the most recently conducted, actuarial valuation (as of January 1, 2007), 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 4.5% was used in the most recent actuarial valuation for the closed period. The report states health care costs rates are trending down from 9.5% in 2007 to 5.0% in 2014 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, 2007 is 30 years.

**E. Employee retirement systems, pension plans and deferred compensation plan**

**Pension plans**

The County participates in the Oregon Public Employees Retirement System, a cost-sharing multiple-employer defined benefit public employee pension plan that covers substantially all employees and maintains a defined contribution plan for substantially all County employees for the purpose of individual retirement savings.

**MULTNOMAH COUNTY, OREGON**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**June 30, 2007**  
**(dollar amounts expressed in thousands)**

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Oregon Public Employees Retirement System (PERS)

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

PERS  
PO Box 23700  
Tigard, OR 97281-3700

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

*Funding policy.* The contribution requirements of the County are established and may be amended by the State. The County is contractually obligated by collective bargaining agreements to pay the required employee contribution of 6.0% of annual covered payroll. The County is also required to contribute at an actuarially determined rate; the current rate is 11.05% of annual covered payroll. In addition to the funding requirements, the County also charges an internal rate of 6.75% of payroll to departments to fund the repayment of the pension obligation bonds issued in 1999.

*Annual pension cost.* For 2007, the County's annual pension cost of \$44,076 for PERS was equal to the County's required and actual contributions. The required contribution was determined as part of the December 31, 2005 actuarial valuation using the projected unit credit actuarial cost method. This actuarial valuation is the most recent available at the time of printing this report. The actuarial assumptions included (a) 8.0% investment rate of return (net of administrative expenses), (b) projected salary increases due to inflation of 2.75% per year, and (c) projected wage growth, excluding seniority / merit raises, of 3.75% 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, 2007**  
**(dollar amounts expressed in thousands)**

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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>
6/30/05	\$ 22,935	100%	\$ -
6/30/06	41,616	100%	-
6/30/07	44,076	100%	-

Deferred Compensation Plan

*Plan description.* The County offers employees a deferred compensation plan (the Plan) administered by the County. The Plan is a defined contribution plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all represented and non-represented County employees, and permits them to defer a portion of their salary until future years. 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, 2007, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to \$170,187. 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, 2007**  
**(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%
01/01/07	\$ -	\$ 122,905	\$ 122,905	0%	\$238,386	52%

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

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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, 2007**  
(amounts expressed in thousands)

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 34,254	\$ 38,695	\$ 8,677	\$ 81,626
Receivables:				
Taxes	3,843	425	-	4,268
Accounts	7,119	326	1,083	8,528
Contracts	367	3,530	616	4,513
Inventories	1,064	-	-	1,064
Prepaid items	167	-	-	167
Restricted assets:				
Cash with fiscal agent	-	1,333	-	1,333
Total assets	<u>\$ 46,814</u>	<u>\$ 44,309</u>	<u>\$ 10,376</u>	<u>\$ 101,499</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 10,896	\$ -	\$ 736	\$ 11,632
Payrolls payable	801	-	1	802
Due to other funds	129	-	147	276
Deferred revenue	2,026	3,865	841	6,732
Total liabilities	<u>13,852</u>	<u>3,865</u>	<u>1,725</u>	<u>19,442</u>
<b>FUND BALANCES</b>				
Reserved for capital projects	-	-	8,651	8,651
Reserved for debt service	-	40,444	-	40,444
Reserved for inventories	1,064	-	-	1,064
Reserved for prepaid items	167	-	-	167
Unreserved, undesignated	31,731	-	-	31,731
Total fund balances	<u>32,962</u>	<u>40,444</u>	<u>8,651</u>	<u>82,057</u>
Total liabilities and fund balances	<u>\$ 46,814</u>	<u>\$ 44,309</u>	<u>\$ 10,376</u>	<u>\$ 101,499</u>

**MULTNOMAH COUNTY, OREGON**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Total Nonmajor Special Revenue Funds</b>	<b>Total Nonmajor Debt Service Funds</b>	<b>Total Nonmajor Capital Projects Funds</b>	<b>Total Nonmajor Governmental Funds</b>
<b>REVENUES</b>				
Taxes	\$ 58,874	\$ 9,271	\$ -	\$ 68,145
Intergovernmental	36,092	-	-	36,092
Licenses and permits	3,682	-	-	3,682
Charges for services	7,343	335	1,342	9,020
Interest	2,214	2,007	580	4,801
Other	3,070	26,273	895	30,238
Total revenues	<u>111,275</u>	<u>37,886</u>	<u>2,817</u>	<u>151,978</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,302	39	2,687	4,028
Health services	1,150	-	-	1,150
Social services	49	-	-	49
Public safety and justice	5,104	-	92	5,196
Community services	20,522	-	674	21,196
Library services	44,225	-	186	44,411
Roads and bridges	35,263	-	-	35,263
Capital outlay	9,601	-	4,351	13,952
Debt service:				
Principal	-	19,850	-	19,850
Interest	-	16,013	-	16,013
Total expenditures	<u>117,216</u>	<u>35,902</u>	<u>7,990</u>	<u>161,108</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,941)</u>	<u>1,984</u>	<u>(5,173)</u>	<u>(9,130)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	35	-	-	35
Transfers in	15,412	1,288	3,610	20,310
Transfers out	(6,506)	-	(1,052)	(7,558)
Total other financing sources (uses)	<u>8,941</u>	<u>1,288</u>	<u>2,558</u>	<u>12,787</u>
Net change in fund balances	<u>3,000</u>	<u>3,272</u>	<u>(2,615)</u>	<u>3,657</u>
Fund balances - beginning	<u>29,962</u>	<u>37,172</u>	<u>11,266</u>	<u>78,400</u>
Fund balances - ending	<u>\$ 32,962</u>	<u>\$ 40,444</u>	<u>\$ 8,651</u>	<u>\$ 82,057</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**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2007**  
**(amounts expressed in thousands)**

	<u>Strategic Investment Program</u>	<u>Road</u>	<u>Emergency Communications</u>	<u>Bicycle Path Construction</u>	<u>County School</u>	<u>General Reserve</u>
<b>ASSETS</b>						
Cash and investments	\$ 490	\$ 2,567	\$ -	\$ 477	\$ -	\$ 14,427
Receivables:						
Taxes	-	-	-	-	-	-
Accounts	3	5,681	128	-	-	-
Contracts	-	-	-	-	-	-
Inventories	-	679	-	-	-	-
Prepaid items	-	-	-	-	-	-
Total assets	<u>\$ 493</u>	<u>\$ 8,927</u>	<u>\$ 128</u>	<u>\$ 477</u>	<u>\$ -</u>	<u>\$ 14,427</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 88	\$ 6,287	\$ -	\$ -	\$ -	\$ -
Payroll Payable	-	124	-	-	-	-
Due to other funds	-	-	128	-	-	-
Deferred revenue	-	204	-	-	-	-
Total liabilities	<u>88</u>	<u>6,615</u>	<u>128</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Reserved for inventories	-	679	-	-	-	-
Reserved for prepaid items	-	-	-	-	-	-
Unreserved, undesignated	405	1,633	-	477	-	14,427
Total fund balances	<u>405</u>	<u>2,312</u>	<u>-</u>	<u>477</u>	<u>-</u>	<u>14,427</u>
Total liabilities and fund balances	<u>\$ 493</u>	<u>\$ 8,927</u>	<u>\$ 128</u>	<u>\$ 477</u>	<u>\$ -</u>	<u>\$ 14,427</u>

<u>Land Corner Preservation</u>	<u>Tax Title Land Sales</u>	<u>Animal Control</u>	<u>Recreation</u>	<u>Library</u>	<u>Justice Services Special Operations</u>	<u>Inmate Welfare</u>	<u>Special Excise Tax</u>	<u>Total</u>
\$ 1,754	\$ 288	\$ 388	\$ -	\$ 11,838	\$ 238	\$ 1,039	\$ 748	\$ 34,254
6	-	-	-	1,328	-	-	2,509	3,843
-	139	67	18	218	864	1	-	7,119
-	367	-	-	-	-	-	-	367
-	385	-	-	-	-	-	-	1,064
-	-	-	-	167	-	-	-	167
<u>\$ 1,760</u>	<u>\$ 1,179</u>	<u>\$ 455</u>	<u>\$ 18</u>	<u>\$ 13,551</u>	<u>\$ 1,102</u>	<u>\$ 1,040</u>	<u>\$ 3,257</u>	<u>\$ 46,814</u>
\$ 16	\$ 126	\$ 1	\$ 17	\$ 1,261	\$ 167	\$ 48	\$ 2,885	\$ 10,896
11	3	-	-	605	46	12	-	801
-	-	-	1	-	-	-	-	129
-	752	-	-	1,049	21	-	-	2,026
<u>27</u>	<u>881</u>	<u>1</u>	<u>18</u>	<u>2,915</u>	<u>234</u>	<u>60</u>	<u>2,885</u>	<u>13,852</u>
-	385	-	-	-	-	-	-	1,064
-	-	-	-	167	-	-	-	167
<u>1,733</u>	<u>(87)</u>	<u>454</u>	<u>-</u>	<u>10,469</u>	<u>868</u>	<u>980</u>	<u>372</u>	<u>31,731</u>
<u>1,733</u>	<u>298</u>	<u>454</u>	<u>-</u>	<u>10,636</u>	<u>868</u>	<u>980</u>	<u>372</u>	<u>32,962</u>
<u>\$ 1,760</u>	<u>\$ 1,179</u>	<u>\$ 455</u>	<u>\$ 18</u>	<u>\$ 13,551</u>	<u>\$ 1,102</u>	<u>\$ 1,040</u>	<u>\$ 3,257</u>	<u>\$ 46,814</u>

**MULTNOMAH COUNTY, OREGON**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Strategic Investment Program</b>	<b>Roads</b>	<b>Emergency Communications</b>	<b>Bicycle Path Construction</b>	<b>County School</b>	<b>General Reserve</b>
<b>REVENUES</b>						
Taxes	\$ 467	\$ 7,792	\$ -	\$ -	\$ 228	\$ -
Intergovernmental	-	34,733	244	-	16	-
Licenses and permits	-	69	-	-	-	-
Charges for services	3	968	-	-	-	-
Interest	-	395	4	21	-	718
Other:						
Non-governmental grants	-	-	-	-	-	-
Service reimbursements	-	-	-	-	-	-
Miscellaneous	-	34	-	-	-	-
Total revenues	<u>470</u>	<u>43,991</u>	<u>248</u>	<u>21</u>	<u>244</u>	<u>718</u>
<b>EXPENDITURES</b>						
Current:						
General government	719	-	-	-	-	-
Health services	-	-	-	-	-	-
Social services	49	-	-	-	-	-
Public safety and justice	100	-	-	-	-	-
Community services	-	-	277	-	244	-
Library services	-	-	-	-	-	-
Roads and bridges	-	34,682	-	-	-	-
Capital outlay	-	3,676	-	-	-	-
Total expenditures	<u>868</u>	<u>38,358</u>	<u>277</u>	<u>-</u>	<u>244</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>(398)</u>	<u>5,633</u>	<u>(29)</u>	<u>21</u>	<u>-</u>	<u>718</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of capital assets	-	35	-	-	-	-
Transfers in	-	-	-	60	-	-
Transfers out	(217)	(5,224)	-	-	-	-
Total other financing sources (uses)	<u>(217)</u>	<u>(5,189)</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(615)	444	(29)	81	-	718
Fund balance - beginning	1,020	1,868	29	396	-	13,709
Fund balance - ending	<u>\$ 405</u>	<u>\$ 2,312</u>	<u>\$ -</u>	<u>\$ 477</u>	<u>\$ -</u>	<u>\$14,427</u>

Land Corner Preservation	Tax Title Land Sales	Animal Control	Recreation	Library	Justice Services Special Operations	Inmate Welfare	Special Excise Tax	Total
\$ -	\$ 150	\$ -	\$ 102	\$ 30,284	\$ -	\$ -	\$ 19,851	\$ 58,874
-	138	60	-	804	97	-	-	36,092
-	-	868	-	109	2,636	-	-	3,682
922	182	130	-	1,636	2,025	1,477	-	7,343
87	43	21	-	813	11	54	47	2,214
-	-	175	-	2,689	-	3	-	2,867
7	-	-	-	-	109	-	-	116
-	-	1	-	28	10	14	-	87
<u>1,016</u>	<u>513</u>	<u>1,255</u>	<u>102</u>	<u>36,363</u>	<u>4,888</u>	<u>1,548</u>	<u>19,898</u>	<u>111,275</u>
-	515	68	-	-	-	-	-	1,302
-	-	-	-	-	1,150	-	-	1,150
-	-	-	-	-	-	-	-	49
-	-	-	-	-	3,274	1,730	-	5,104
-	-	-	102	-	-	-	19,899	20,522
-	-	-	-	44,225	-	-	-	44,225
581	-	-	-	-	-	-	-	35,263
92	-	-	-	5,810	23	-	-	9,601
<u>673</u>	<u>515</u>	<u>68</u>	<u>102</u>	<u>50,035</u>	<u>4,447</u>	<u>1,730</u>	<u>19,899</u>	<u>117,216</u>
<u>343</u>	<u>(2)</u>	<u>1,187</u>	<u>-</u>	<u>(13,672)</u>	<u>441</u>	<u>(182)</u>	<u>(1)</u>	<u>(5,941)</u>
-	-	-	-	-	-	-	-	35
-	-	-	-	15,352	-	-	-	15,412
-	-	(1,065)	-	-	-	-	-	(6,506)
-	-	(1,065)	-	15,352	-	-	-	8,941
343	(2)	122	-	1,680	441	(182)	(1)	3,000
1,390	300	332	-	8,956	427	1,162	373	29,962
<u>\$ 1,733</u>	<u>\$ 298</u>	<u>\$ 454</u>	<u>\$ -</u>	<u>\$ 10,636</u>	<u>\$ 868</u>	<u>\$ 980</u>	<u>\$ 372</u>	<u>\$ 32,962</u>

**MULTNOMAH COUNTY, OREGON**  
**Strategic Investment Program Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Taxes	\$ 911	\$ 911	\$ 467	\$ (444)
Charges for services	-	-	3	3
Total revenues	911	911	470	(441)
<b>EXPENDITURES</b>				
Human services	-	26	19	7
Community justice services	100	100	100	-
Nondepartmental	959	933	719	214
School and community	201	201	30	171
Total expenditures	1,260	1,260	868	392
Deficiency of revenues under expenditures	(349)	(349)	(398)	(49)
<b>OTHER FINANCING USES</b>				
Transfers out	(257)	(257)	(217)	40
Total other financing sources (uses)	(257)	(257)	(217)	40
Contingency	(40)	(40)	-	40
Net change in fund balances	(646)	(646)	(615)	31
Fund balances - beginning	646	646	1,020	374
Fund balances - ending	\$ -	\$ -	\$ 405	\$ 405

**MULTNOMAH COUNTY, OREGON**

**Road Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Gasoline	\$ 7,367	\$ 7,367	\$ 7,110	\$ (257)
Forest reserve yield	650	650	682	32
Intergovernmental	37,278	37,278	34,733	(2,545)
Licenses and permits	65	65	69	4
Charges for services	587	587	968	381
Interest	250	250	395	145
Other:				-
Service reimbursements	542	542	-	(542)
Miscellaneous	3,730	3,730	34	(3,696)
Total revenues	<u>50,469</u>	<u>50,469</u>	<u>43,991</u>	<u>(6,478)</u>
<b>EXPENDITURES</b>				
Community services	<u>47,778</u>	<u>47,778</u>	<u>38,358</u>	<u>9,420</u>
Excess revenues over expenditures	<u>2,691</u>	<u>2,691</u>	<u>5,633</u>	<u>2,942</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of capital assets	-	-	35	35
Transfers out	<u>(5,345)</u>	<u>(5,345)</u>	<u>(5,224)</u>	<u>121</u>
Total other financing sources (uses)	<u>(5,345)</u>	<u>(5,345)</u>	<u>(5,189)</u>	<u>156</u>
Net change in fund balances	<u>(2,654)</u>	<u>(2,654)</u>	<u>444</u>	<u>3,098</u>
Fund balances - beginning	<u>2,654</u>	<u>2,654</u>	<u>1,868</u>	<u>(786)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,312</u>	<u>\$ 2,312</u>

**MULTNOMAH COUNTY, OREGON**  
**Emergency Communications Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Intergovernmental	\$ 297	\$ 297	\$ 244	\$ (53)
Interest	-	-	4	4
Total revenues	297	297	248	(49)
<b>EXPENDITURES</b>				
Sheriff	317	317	277	40
Deficiency of revenues under expenditures	(20)	(20)	(29)	(9)
Fund balances - beginning	20	20	29	9
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**MULTNOMAH COUNTY, OREGON**  
**Bicycle Path Construction Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Interest	\$ 10	\$ 10	\$ 21	\$ 11
<b>EXPENDITURES</b>				
Community services	464	464	-	464
Excess (deficiency) of revenues over (under) expenditures	(454)	(454)	21	475
<b>OTHER FINANCING SOURCES</b>				
Transfers in	64	64	60	(4)
Net change in fund balances	(390)	(390)	81	471
Fund balances - beginning	390	390	396	6
Fund balances - ending	\$ -	\$ -	\$ 477	\$ 477



**MULTNOMAH COUNTY, OREGON**  
**County School Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Taxes:				
Forest reserve yield	\$ 260	\$ 260	\$ 228	\$ (32)
Intergovernmental	14	14	16	2
Interest	1	1	-	(1)
Total revenues	<u>275</u>	<u>275</u>	<u>244</u>	<u>(31)</u>
<b>EXPENDITURES</b>				
Nondepartmental	<u>275</u>	<u>275</u>	<u>244</u>	<u>31</u>
Excess of revenues over expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**MULTNOMAH COUNTY, OREGON****General Reserve Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2007****(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest	500	500	718	218
Fund balances - beginning	13,000	13,000	13,709	709
Fund balances - ending	<u>\$ 13,500</u>	<u>\$ 13,500</u>	<u>\$ 14,427</u>	<u>\$ 927</u>

**MULTNOMAH COUNTY, OREGON**  
**Land Corner Preservation Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 850	\$ 850	\$ 922	\$ 72
Interest	-	-	87	87
Other:				
Service reimbursements	185	185	7	(178)
Total revenues	1,035	1,035	1,016	(19)
<b>EXPENDITURES</b>				
Community services	1,125	1,125	673	452
Excess (deficiency) of revenues				
over (under) expenditures	(90)	(90)	343	433
Contingency	(1,060)	(1,060)	-	1,060
Net change in fund balances	(1,150)	(1,150)	343	1,493
Fund balances - beginning	1,150	1,150	1,390	240
Fund balances - ending	\$ -	\$ -	\$ 1,733	\$ 1,733

**MULTNOMAH COUNTY, OREGON****Tax Title Land Sales Fund****Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual****For the Year Ended June 30, 2007****(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Payments in lieu of taxes	24	24	150	126
Intergovernmental	200	200	138	(62)
Licenses and permits	1	1	-	(1)
Charges for services	324	324	182	(142)
Interest	31	31	43	12
Total revenues	580	580	513	(67)
<b>EXPENDITURES</b>				
Community services	880	880	515	365
Deficiency of revenues under expenditures	(300)	(300)	(2)	298
Fund balances - beginning	300	300	300	-
Fund balances - ending	\$ -	\$ -	\$ 298	\$ 298

**MULTNOMAH COUNTY, OREGON**  
**Animal Control Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 100	\$ 100	\$ 60	\$ (40)
Licenses and permits	882	882	868	(14)
Charges for services	98	98	130	32
Interest	-	-	21	21
Other:				
Non-governmental grants	-	102	175	73
Service reimbursements	45	45	-	(45)
Miscellaneous	-	60	1	(59)
Total revenues	<u>1,125</u>	<u>1,287</u>	<u>1,255</u>	<u>(32)</u>
<b>EXPENDITURES</b>				
Community services	<u>-</u>	<u>198</u>	<u>68</u>	<u>130</u>
Excess of revenues over expenditures	<u>1,125</u>	<u>1,089</u>	<u>1,187</u>	<u>98</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(1,125)</u>	<u>(1,125)</u>	<u>(1,065)</u>	<u>60</u>
Total other financing sources (uses)	<u>(1,125)</u>	<u>(1,125)</u>	<u>(1,065)</u>	<u>60</u>
Contingency	<u>-</u>	<u>(296)</u>	<u>-</u>	<u>296</u>
Net change in fund balances	<u>-</u>	<u>(332)</u>	<u>122</u>	<u>454</u>
Fund balances - beginning	<u>-</u>	<u>332</u>	<u>332</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 454</u>	<u>\$ 454</u>

**MULTNOMAH COUNTY, OREGON**

**Recreation Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Taxes	\$ 120	\$ 120	\$ 102	\$ (18)
<b>EXPENDITURES</b>				
County management	120	120	102	18
Excess of revenues over expenditures	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**MULTNOMAH COUNTY, OREGON**

**Library Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Taxes - property	\$ 28,229	\$ 28,229	\$ 30,280	\$ 2,051
Payments in lieu of taxes	-	-	4	4
Intergovernmental	586	586	804	218
Licenses and permits	54	54	109	55
Charges for services	1,365	1,365	1,636	271
Interest	76	76	813	737
Other:				
Non-governmental grants	866	2,158	1,905	(253)
Service reimbursements	63	70	-	(70)
Miscellaneous	2	2	28	26
Total revenues	<u>31,241</u>	<u>32,540</u>	<u>35,579</u>	<u>3,039</u>
<b>EXPENDITURES</b>				
Library	<u>49,693</u>	<u>51,002</u>	<u>49,251</u>	<u>1,751</u>
Deficiency of revenues under expenditures	<u>(18,452)</u>	<u>(18,462)</u>	<u>(13,672)</u>	<u>4,790</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>15,352</u>	<u>15,362</u>	<u>15,352</u>	<u>(10)</u>
Net change in fund balances	<u>(3,100)</u>	<u>(3,100)</u>	<u>1,680</u>	<u>4,780</u>
Fund balances - beginning	<u>3,100</u>	<u>3,100</u>	<u>8,956</u>	<u>5,856</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>10,636</u>	<u>\$ 10,636</u>
Reconciliation to GAAP Basis:				
In kind contributions			784	
Consumption of in kind contributions			<u>(784)</u>	
Fund balance as reported on the Combined Statement of				
Revenues, Expenditures, and Changes in Fund Balances, page 80			<u>\$ 10,636</u>	

**MULTNOMAH COUNTY, OREGON**  
**Justice Services Special Operations Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental	\$ 67	\$ 67	\$ 97	\$ 30
Licenses and permits	2,670	2,670	2,636	(34)
Charges for services	1,491	1,491	2,025	534
Interest	16	16	11	(5)
Other:				
Service reimbursements	102	102	109	7
Miscellaneous	493	493	10	(483)
Total revenues	<u>4,839</u>	<u>4,839</u>	<u>4,888</u>	<u>49</u>
<b>EXPENDITURES</b>				
Community justice	944	944	944	-
Health services	1,325	1,325	1,150	175
District attorney	94	94	4	90
Sheriff	2,869	2,869	2,349	520
Total expenditures	<u>5,232</u>	<u>5,232</u>	<u>4,447</u>	<u>785</u>
Excess (deficiency) of revenues				
over (under) expenditures	(393)	(393)	441	834
Fund balances - beginning	393	393	427	34
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 868</u>	<u>\$ 868</u>



**MULTNOMAH COUNTY, OREGON**  
**Inmate Welfare Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 1,336	\$ 1,336	\$ 1,477	\$ 141
Interest	52	52	54	2
Other:				
Non-governmental grants	-	-	3	3
Miscellaneous	16	16	14	(2)
Total revenues	1,404	1,404	1,548	144
<b>EXPENDITURES</b>				
Community justice	41	41	41	-
Sheriff	2,388	2,388	1,689	699
Total expenditures	2,429	2,429	1,730	699
Deficiency of revenues under expenditures	(1,025)	(1,025)	(182)	843
Fund balances - beginning	1,025	1,025	1,162	137
Fund balances - ending	\$ -	\$ -	\$ 980	\$ 980

**MULTNOMAH COUNTY, OREGON**  
**Special Excise Tax Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Taxes	\$ 17,550	\$ 19,650	\$ 19,851	\$ 201
Interest	12	12	47	35
Total revenues	17,562	19,662	19,898	236
<b>EXPENDITURES</b>				
Nondepartmental	17,862	19,962	19,899	63
Deficiency of revenues under expenditures	(300)	(300)	(1)	299
Fund balances - beginning	300	300	373	73
Fund balances - ending	\$ -	\$ -	\$ 372	\$ 372

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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**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2007**  
(amounts expressed in thousands)

	<b>Capital Debt Retirement</b>	<b>General Obligation Bond</b>	<b>PERS Pension Bond</b>	<b>Revenue Bond</b>	<b>Total</b>
<b>ASSETS</b>					
Cash and investments	\$ 6,655	\$ 8,343	\$ 21,085	\$ 2,612	\$ 38,695
Receivables:					
Taxes	-	425	-	-	425
Accounts	-	-	-	326	326
Contracts	-	-	-	3,530	3,530
Restricted assets:					
Cash with fiscal agent	1,012	-	-	321	1,333
Total assets	<u>\$ 7,667</u>	<u>\$ 8,768</u>	<u>\$ 21,085</u>	<u>\$ 6,789</u>	<u>\$ 44,309</u>
<b>LIABILITIES</b>					
Deferred revenue	\$ -	\$ 335	\$ -	\$ 3,530	\$ 3,865
Total liabilities	<u>-</u>	<u>335</u>	<u>-</u>	<u>3,530</u>	<u>3,865</u>
<b>FUND BALANCES</b>					
Reserved for debt service	7,667	8,433	21,085	3,259	40,444
Total liabilities and fund balances	<u>\$ 7,667</u>	<u>\$ 8,768</u>	<u>\$ 21,085</u>	<u>\$ 6,789</u>	<u>\$ 44,309</u>

**MULTNOMAH COUNTY, OREGON**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Capital Debt Retirement</b>	<b>General Obligation Bond</b>	<b>PERS Pension Bond</b>	<b>Revenue Bond</b>	<b>Total</b>
<b>REVENUES</b>					
Taxes	\$ -	\$ 9,271	\$ -	\$ -	\$ 9,271
Charges for services	-	-	-	335	335
Interest	387	384	1,090	146	2,007
Other - service reimbursements	9,927	1	15,965	380	26,273
Total revenues	<u>10,314</u>	<u>9,656</u>	<u>17,055</u>	<u>861</u>	<u>37,886</u>
<b>EXPENDITURES</b>					
Current:					
General government	4	-	23	12	39
Debt service:					
Principal	9,055	5,960	4,295	540	19,850
Interest	4,712	3,256	7,753	292	16,013
Total expenditures	<u>13,771</u>	<u>9,216</u>	<u>12,071</u>	<u>844</u>	<u>35,902</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,457)</u>	<u>440</u>	<u>4,984</u>	<u>17</u>	<u>1,984</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	1,204	-	-	84	1,288
Net change in fund balances	(2,253)	440	4,984	101	3,272
Fund balances - beginning	9,920	7,993	16,101	3,158	37,172
Fund balances - ending	<u>\$ 7,667</u>	<u>\$ 8,433</u>	<u>\$ 21,085</u>	<u>\$ 3,259</u>	<u>\$ 40,444</u>

**MULTNOMAH COUNTY, OREGON**

**Capital Debt Retirement Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Interest	\$ 235	\$ 235	\$ 387	\$ 152
Other - service reimbursements	10,624	10,624	9,927	(697)
Total revenues	10,859	10,859	10,314	(545)
<b>EXPENDITURES</b>				
Nondepartmental	14,645	14,645	13,771	874
Deficiency of revenues under expenditures	(3,786)	(3,786)	(3,457)	329
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,204	1,204	1,204	-
Net change in fund balances	(2,582)	(2,582)	(2,253)	329
Fund balances - beginning	8,589	8,589	9,920	1,331
Fund balances - ending	\$ 6,007	\$ 6,007	\$ 7,667	\$ 1,660

**MULTNOMAH COUNTY, OREGON**  
**General Obligation Bond Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Taxes:				
Property:				
Current year	\$ 8,909	\$ 8,909	\$ 9,035	\$ 126
Prior years'	172	172	198	26
Penalties and interest	-	-	38	38
Sales on foreclosures	-	-	1	1
Interest	150	150	384	234
Total revenues	9,231	9,231	9,656	425
<b>EXPENDITURES</b>				
Nondepartmental	9,216	9,216	9,216	-
Excess of revenues over expenditures	15	15	440	425
Fund balances - beginning	7,798	7,798	7,993	195
Fund balances - ending	\$ 7,813	\$ 7,813	\$ 8,433	\$ 620



**MULTNOMAH COUNTY, OREGON**  
**PERS Pension Bond Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Interest	\$ 180	\$ 180	\$ 1,090	\$ 910
Other - service reimbursements	12,000	12,000	15,965	3,965
Total revenues	12,180	12,180	17,055	4,875
<b>EXPENDITURES</b>				
Nondepartmental	12,173	12,173	12,071	102
Excess of revenues over expenditures	7	7	4,984	4,977
Fund balances - beginning	15,000	15,000	16,101	1,101
Fund balances - ending	\$ 15,007	\$ 15,007	\$ 21,085	\$ 6,078

**MULTNOMAH COUNTY, OREGON**

**Revenue Bond Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 2,876	\$ 2,876	\$ 335	\$ (2,541)
Interest	72	72	146	74
Other - service reimbursements	-	-	380	380
Total revenues	<u>2,948</u>	<u>2,948</u>	<u>861</u>	<u>(2,087)</u>
<b>EXPENDITURES</b>				
Nondepartmental	844	844	844	-
Excess of revenues over expenditures	<u>2,104</u>	<u>2,104</u>	<u>17</u>	<u>(2,087)</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	83	83	84	1
Net change in fund balances	2,187	2,187	101	(2,086)
Fund balances - beginning	2,613	2,613	3,158	545
Fund balances - ending	<u>\$ 4,800</u>	<u>\$ 4,800</u>	<u>\$ 3,259</u>	<u>\$ (1,541)</u>

## NONMAJOR CAPITAL PROJECTS FUNDS

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

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

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**MULTNOMAH COUNTY, OREGON**  
**Combining Balance Sheet**  
**Nonmajor Capital Projects Funds**  
**June 30, 2007**  
**(amounts expressed in thousands)**

	<u>Justice Bond Project</u>	<u>Building Project</u>	<u>Library Construction / 1996 Bonds</u>
<b>ASSETS</b>			
Cash and investments	\$ 432	\$ 324	\$ 1
Receivables:			
Accounts	574	-	181
Contracts	-	-	-
Total assets	<u>\$ 1,006</u>	<u>\$ 324</u>	<u>\$ 182</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 27	\$ 7	\$ 35
Payroll payable	-	-	-
Due to other funds	-	-	147
Deferred revenue	-	-	-
Total liabilities	<u>27</u>	<u>7</u>	<u>182</u>
<b>FUND BALANCES</b>			
Reserved for capital projects	979	317	-
Total liabilities and fund balances	<u>\$ 1,006</u>	<u>\$ 324</u>	<u>\$ 182</u>

<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
\$ 4,289	\$ 1,959	\$ 1,672	\$ 8,677
328	-	-	1,083
616	-	-	616
<u>\$ 5,233</u>	<u>\$ 1,959</u>	<u>\$ 1,672</u>	<u>\$ 10,376</u>
\$ 435	\$ 12	\$ 220	\$ 736
1	-	-	1
-	-	-	147
841	-	-	841
<u>1,277</u>	<u>12</u>	<u>220</u>	<u>1,725</u>
3,956	1,947	1,452	8,651
<u>\$ 5,233</u>	<u>\$ 1,959</u>	<u>\$ 1,672</u>	<u>\$ 10,376</u>

**MULTNOMAH COUNTY, OREGON**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Justice Bond Project</b>	<b>Building Project</b>	<b>Library Construction / 1996 Bonds</b>
<b>REVENUES</b>			
Charges for services	\$ 547	\$ -	\$ -
Interest	36	17	-
Other:			
Service reimbursements	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>583</u>	<u>17</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current:			
General government	-	-	-
Public safety and justice	92	-	-
Community services	-	25	-
Library services	-	-	186
Capital outlay	<u>467</u>	<u>-</u>	<u>11</u>
Total expenditures	<u>559</u>	<u>25</u>	<u>197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>24</u>	<u>(8)</u>	<u>(197)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	24	(8)	(197)
Fund balances - beginning	955	325	197
Fund balances - ending	<u>\$ 979</u>	<u>\$ 317</u>	<u>\$ -</u>

<u>Capital Improvement</u>	<u>Capital Acquisition</u>	<u>Asset Preservation</u>	<u>Total</u>
\$ 788	\$ 7	\$ -	\$ 1,342
276	102	149	580
-	96	-	96
768	4	27	799
<u>1,832</u>	<u>209</u>	<u>176</u>	<u>2,817</u>
2,419	268	-	2,687
-	-	-	92
-	-	649	674
-	-	-	186
2,723	52	1,098	4,351
<u>5,142</u>	<u>320</u>	<u>1,747</u>	<u>7,990</u>
<u>(3,310)</u>	<u>(111)</u>	<u>(1,571)</u>	<u>(5,173)</u>
3,061	-	549	3,610
-	(1,052)	-	(1,052)
<u>3,061</u>	<u>(1,052)</u>	<u>549</u>	<u>2,558</u>
(249)	(1,163)	(1,022)	(2,615)
4,205	3,110	2,474	11,266
<u>\$ 3,956</u>	<u>\$ 1,947</u>	<u>\$ 1,452</u>	<u>\$ 8,651</u>



**MULTNOMAH COUNTY, OREGON**  
**Justice Bond Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ -	\$ -	\$ 547	\$ 547
Interest	-	-	36	36
Total revenues	-	-	583	583
<b>EXPENDITURES</b>				
County management	1,500	1,500	559	941
Excess (deficiency) of revenues over (under) expenditures	(1,500)	(1,500)	24	1,524
Fund balances - beginning	1,500	1,500	955	(545)
Fund balances - ending	\$ -	\$ -	\$ 979	\$ 979

**MULTNOMAH COUNTY, OREGON**  
**Building Project Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Interest	\$ 17	\$ 17	\$ 17	\$ -
<b>EXPENDITURES</b>				
County management	342	342	25	317
Deficiency of revenues under expenditures	(325)	(325)	(8)	317
Fund balances - beginning	325	325	325	-
Fund balances - ending	\$ -	\$ -	\$ 317	\$ 317

**MULTNOMAH COUNTY, OREGON**  
**Library Construction / 1996 Bonds Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Interest	\$ 10	\$ 10	\$ -	\$ (10)
<b>EXPENDITURES</b>				
Library	210	210	197	13
Deficiency of revenues under expenditures	(200)	(200)	(197)	3
Fund balances - beginning	200	200	197	(3)
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

**MULTNOMAH COUNTY, OREGON**  
**Capital Improvement Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 20,306	\$ 20,306	\$ 788	\$ (19,518)
Interest	75	75	276	201
Other - miscellaneous	464	464	768	304
Total revenues	<u>20,845</u>	<u>20,845</u>	<u>1,832</u>	<u>(19,013)</u>
<b>EXPENDITURES</b>				
County management	<u>27,980</u>	<u>27,980</u>	<u>5,142</u>	<u>22,838</u>
Deficiency of revenues under expenditures	(7,135)	(7,135)	(3,310)	3,825
<b>OTHER FINANCING SOURCES</b>				
Transfers in	<u>3,062</u>	<u>3,062</u>	<u>3,061</u>	<u>(1)</u>
Net change in fund balances	(4,073)	(4,073)	(249)	3,824
Fund balances - beginning	<u>4,073</u>	<u>4,073</u>	<u>4,205</u>	<u>132</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,956</u>	<u>\$ 3,956</u>

**MULTNOMAH COUNTY, OREGON**  
**Capital Acquisition Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 14	\$ 14	\$ 7	\$ (7)
Interest	-	-	102	102
Other - service reimbursements	477	470	100	(370)
Total revenues	491	484	209	(275)
<b>EXPENDITURES</b>				
Nondepartmental	98	98	-	98
County management	3,352	3,345	320	3,025
Total expenditures	3,450	3,443	320	3,123
Deficiency of revenues under expenditures	(2,959)	(2,959)	(111)	2,848
<b>OTHER FINANCING USES</b>				
Transfer out	(1,052)	(1,052)	(1,052)	-
Net change in fund balances	(4,011)	(4,011)	(1,163)	2,848
Fund balances - beginning	4,011	4,011	3,110	(901)
Fund balances - ending	\$ -	\$ -	\$ 1,947	\$ 1,947

**MULTNOMAH COUNTY, OREGON**

**Asset Preservation Fund**

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

**For the Year Ended June 30, 2007**

**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Interest	\$ 50	\$ 50	\$ 149	\$ 99
Other - miscellaneous	-	-	27	27
Total revenues	50	50	176	126
<b>EXPENDITURES</b>				
County management	3,318	3,318	1,747	1,571
Deficiency of revenues under expenditures	(3,268)	(3,268)	(1,571)	1,697
<b>OTHER FINANCING SOURCES</b>				
Transfers in	1,449	1,449	549	(900)
Net change in fund balances	(1,819)	(1,819)	(1,022)	797
Fund balances - beginning	2,569	2,569	2,474	(95)
Fund balances - ending	\$ 750	\$ 750	\$ 1,452	\$ 702

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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, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Assessments - sewer:				
Current	\$ 531	\$ 531	\$ 534	\$ 3
Prior	-	-	9	9
Charges for services	2	2	29	27
Interest	10	10	25	15
Total revenues	<u>543</u>	<u>543</u>	<u>597</u>	<u>54</u>
<b>EXPENDITURES</b>				
Community services	<u>943</u>	<u>943</u>	<u>822</u>	<u>121</u>
Deficiency of revenues under expenditures	(400)	(400)	(225)	175
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	<u>200</u>	<u>400</u>	<u>400</u>	-
Total other financing source	200	400	400	-
Contingency	<u>(25)</u>	<u>(25)</u>	-	25
Net change in fund balances	(225)	(25)	175	200
Fund balances - beginning	225	25	52	27
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>227</u>	<u>\$ 227</u>
<b>Reconciliation to GAAP basis:</b>				
Invested in capital assets			1,480	
Deferred revenue on assessments			18	
Allowance for uncollectible accounts, assessments			(2)	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 39			<u>\$ 1,723</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, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Assessments - street lighting:				
Current	\$ 275	\$ 275	\$ 300	\$ 25
Prior	-	-	6	6
Interest	15	15	22	7
Total revenues	<u>290</u>	<u>290</u>	<u>328</u>	<u>38</u>
<b>EXPENDITURES</b>				
Community services	<u>386</u>	<u>386</u>	<u>296</u>	<u>90</u>
Excess (deficiency) of revenues				
over (under) expenditures	(96)	(96)	32	128
Contingency	<u>(25)</u>	<u>(25)</u>	-	25
Net change in fund balances	(121)	(121)	32	153
Fund balances - beginning	<u>340</u>	<u>340</u>	<u>346</u>	<u>6</u>
Fund balances - ending	<u>\$ 219</u>	<u>\$ 219</u>	<u>378</u>	<u>\$ 159</u>
<b>Reconciliation to GAAP basis:</b>				
Invested in capital assets			1,540	
Deferred revenue on assessments			11	
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>\$ 1,928</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, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Intergovernmental:				
Federal, state and local	\$ 34,877	\$ 35,110	\$ 34,879	\$ (231)
Interest	82	82	448	366
Other - miscellaneous	-	-	467	467
Total revenues	<u>34,959</u>	<u>35,192</u>	<u>35,794</u>	<u>602</u>
<b>EXPENDITURES</b>				
Human services	<u>34,877</u>	<u>35,110</u>	<u>34,221</u>	<u>889</u>
Excess of revenues over expenditures	82	82	1,573	1,491
Contingency	<u>(1,647)</u>	<u>(1,647)</u>	-	1,647
Net change in fund balances	<u>(1,565)</u>	<u>(1,565)</u>	<u>1,573</u>	<u>3,138</u>
Fund balances - beginning	<u>1,565</u>	<u>1,565</u>	<u>2,408</u>	<u>843</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,981</u>	<u>\$ 3,981</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>\$ 3,981</u>	

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## INTERNAL SERVICE FUNDS

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

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

**MULTNOMAH COUNTY, OREGON**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2007**  
(amounts expressed in thousands)

	<b>Government Activities - Internal Service Funds</b>					
	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Information Technology</b>	<b>Mail / Distribution</b>	<b>Facilities Management</b>	<b>Internal Service</b>
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 31,341	\$ 3,697	\$ 10,518	\$ 956	\$ 4,113	\$ 50,625
Receivables:						
Accounts	-	277	171	215	322	985
Due from other funds	71	-	-	-	-	71
Inventories	-	502	851	673	-	2,026
Prepaid items	388	-	405	-	10	803
Total current assets	<u>31,800</u>	<u>4,476</u>	<u>11,945</u>	<u>1,844</u>	<u>4,445</u>	<u>54,510</u>
Noncurrent assets:						
Advances to other funds	329	-	-	-	-	329
Capital assets (net of accumulated depreciation)	47	3,740	1,411	23	-	5,221
Total assets	<u>\$ 32,176</u>	<u>\$ 8,216</u>	<u>\$ 13,356</u>	<u>\$ 1,867</u>	<u>\$ 4,445</u>	<u>\$ 60,060</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 1,035	\$ 400	\$ 1,598	\$ 370	\$ 2,019	\$ 5,422
Claims and judgments payable	8,668	-	-	-	-	8,668
Payroll payable	65	43	287	27	144	566
Deferred revenue	-	-	11	5	69	85
Compensated absences	63	54	323	25	146	611
Total current liabilities	<u>9,831</u>	<u>497</u>	<u>2,219</u>	<u>427</u>	<u>2,378</u>	<u>15,352</u>
Noncurrent liabilities:						
Compensated absences	197	104	858	56	398	1,613
Incremental leases payable	-	-	-	-	1,661	1,661
Total noncurrent liabilities	<u>197</u>	<u>104</u>	<u>858</u>	<u>56</u>	<u>2,059</u>	<u>3,274</u>
Total liabilities	<u>10,028</u>	<u>601</u>	<u>3,077</u>	<u>483</u>	<u>4,437</u>	<u>18,626</u>
<b>NET ASSETS</b>						
Invested in capital assets	47	3,740	1,411	23	-	5,221
Unrestricted	22,101	3,875	8,868	1,361	8	36,213
Total net assets	<u>\$ 22,148</u>	<u>\$ 7,615</u>	<u>\$ 10,279</u>	<u>\$ 1,384</u>	<u>\$ 8</u>	<u>\$ 41,434</u>

**MULTNOMAH COUNTY, OREGON**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Government Activities - Internal Service Funds</b>					
	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Information Technology</b>	<b>Mail / Distribution</b>	<b>Facilities Management</b>	<b>Internal Service</b>
<b>OPERATING REVENUES</b>						
Charges for services	\$ 59,145	\$ 6,034	\$ 29,566	\$ 5,916	\$ 36,479	\$ 137,140
Insurance premiums	5,629	-	-	-	-	5,629
Experience ratings and other	668	43	73	4	1	789
Total operating revenues	<u>65,442</u>	<u>6,077</u>	<u>29,639</u>	<u>5,920</u>	<u>36,480</u>	<u>143,558</u>
<b>OPERATING EXPENSES</b>						
Cost of sales and services	61,977	4,826	27,159	5,250	32,525	131,737
Administration	853	381	839	419	427	2,919
Depreciation	5	1,092	1,201	6	-	2,304
Total operating expenses	<u>62,835</u>	<u>6,299</u>	<u>29,199</u>	<u>5,675</u>	<u>32,952</u>	<u>136,960</u>
Operating income (loss)	<u>2,607</u>	<u>(222)</u>	<u>440</u>	<u>245</u>	<u>3,528</u>	<u>6,598</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Interest revenue	1,376	186	503	35	19	2,119
Actuarial adjustment	4,157	-	-	-	-	4,157
Gain on disposal of capital assets	-	129	64	-	-	193
Loss on disposal of capital assets	-	-	(4)	-	-	(4)
Total nonoperating revenues	<u>5,533</u>	<u>315</u>	<u>563</u>	<u>35</u>	<u>19</u>	<u>6,465</u>
Income before contributions and transfers	8,140	93	1,003	280	3,547	13,063
Transfers in	-	-	968	-	-	968
Transfers out	-	-	-	-	(3,610)	(3,610)
Change in net assets	8,140	93	1,971	280	(63)	10,421
Total net assets - beginning	14,008	7,522	8,308	1,104	71	31,013
Total net assets - ending	<u>\$ 22,148</u>	<u>\$ 7,615</u>	<u>\$ 10,279</u>	<u>\$ 1,384</u>	<u>\$ 8</u>	<u>\$ 41,434</u>

**MULTNOMAH COUNTY, OREGON**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Governmental Activities - Internal Service Funds</b>					<b>Total Internal Service Funds</b>
	<b>Risk Management</b>	<b>Fleet Management</b>	<b>Information Technology</b>	<b>Mail / Distribution</b>	<b>Facilities Management</b>	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>						
Receipts from customers	\$ 65,442	\$ 6,056	\$ 29,604	\$ 5,886	\$ 36,834	\$ 143,822
Payments to suppliers	(54,141)	(1,829)	(9,723)	(3,315)	(17,287)	(86,295)
Payments to employees	(5,953)	(2,246)	(16,427)	(1,562)	(7,107)	(33,295)
Internal activity - payments to other funds	(973)	(909)	(2,044)	(891)	(7,896)	(12,713)
Net cash provided by operating activities	<u>4,375</u>	<u>1,072</u>	<u>1,410</u>	<u>118</u>	<u>4,544</u>	<u>11,519</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Transfers in	-	-	968	-	-	968
Transfers out	-	-	-	-	(3,610)	(3,610)
Advances to other funds	(400)	-	-	-	-	(400)
Net cash provided by (used in) noncapital and related financing activities	<u>(400)</u>	<u>-</u>	<u>968</u>	<u>-</u>	<u>(3,610)</u>	<u>(3,042)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Purchases of capital assets	-	(1,691)	(1,046)	(28)	-	(2,765)
Proceeds on sales of capital assets	-	129	64	-	-	193
Net cash used in capital and related financing activities	<u>-</u>	<u>(1,562)</u>	<u>(982)</u>	<u>(28)</u>	<u>-</u>	<u>(2,572)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest received	1,376	186	503	35	19	2,119
Net cash provided by investing activities	<u>1,376</u>	<u>186</u>	<u>503</u>	<u>35</u>	<u>19</u>	<u>2,119</u>
Net increase (decrease) in cash and cash equivalents	5,351	(304)	1,899	125	953	8,024
Balances at beginning of the year	25,990	4,001	8,619	831	3,160	42,601
Balances at the end of the year	<u>\$ 31,341</u>	<u>\$ 3,697</u>	<u>\$ 10,518</u>	<u>\$ 956</u>	<u>\$ 4,113</u>	<u>\$ 50,625</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>						
Operating income (loss)	\$ 2,607	\$ (222)	\$ 440	\$ 245	\$ 3,528	\$ 6,598
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	5	1,092	1,201	6	-	2,304
Changes in assets and liabilities:						
Receivables	2	(21)	(46)	(39)	390	286
Inventories	-	10	(156)	(158)	-	(304)
Prepaid items	(103)	-	(72)	-	(10)	(185)
Accounts payable	(362)	158	(101)	67	589	351
Claims and judgments payable	2,198	-	-	-	-	2,198
Deferred revenue	-	-	11	5	(38)	(22)
Compensated absences	29	57	136	(8)	(21)	193
Incremental leases payable	-	-	-	-	110	110
Payroll payable	(1)	(2)	(3)	-	(4)	(10)
Total adjustments	<u>1,768</u>	<u>1,294</u>	<u>970</u>	<u>(127)</u>	<u>1,016</u>	<u>4,921</u>
Net cash provided by operating activities	<u>\$ 4,375</u>	<u>\$ 1,072</u>	<u>\$ 1,410</u>	<u>\$ 118</u>	<u>\$ 4,544</u>	<u>\$ 11,519</u>



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Risk Management Fund**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 6,090	\$ 6,090	\$ 5,695	\$ (395)
Interest	300	300	1,376	1,076
Other:				
Service reimbursements	62,459	63,130	59,118	(4,012)
Experience ratings and other	366	366	629	263
Total revenues	69,215	69,886	66,818	(3,068)
<b>EXPENDITURES</b>				
County management	80,972	81,243	60,235	21,008
Nondepartmental	2,672	2,672	2,595	77
Total expenditures	83,644	83,915	62,830	21,085
Excess (deficiency) of revenues over (under) expenditures	(14,429)	(14,029)	3,988	18,017
<b>OTHER FINANCING SOURCES (USES)</b>				
Miscellaneous - actuarial adjustment	-	-	4,157	4,157
Advance to service district	-	(400)	(400)	-
Total other financing sources (uses)	-	(400)	3,757	4,157
Net change in fund balances	(14,429)	(14,429)	7,745	22,174
Fund balances - beginning	14,429	14,429	13,956	(473)
Fund balances - ending	\$ -	\$ -	21,701	\$ 21,701
Reconciliation to GAAP basis:				
Advance to service district			400	
Invested in capital assets			47	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			\$ 22,148	

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Fleet Management Fund**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 976	\$ 976	\$ 984	\$ 8
Interest	75	75	186	111
Other:				
Miscellaneous	57	57	43	(14)
Service reimbursements	5,627	5,631	5,050	(581)
Total revenues	<u>6,735</u>	<u>6,739</u>	<u>6,263</u>	<u>(476)</u>
<b>EXPENDITURES</b>				
County management	<u>10,586</u>	<u>10,590</u>	<u>6,898</u>	<u>3,692</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,851)</u>	<u>(3,851)</u>	<u>(635)</u>	<u>3,216</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of assets	<u>201</u>	<u>201</u>	<u>129</u>	<u>(72)</u>
Total other financing sources	<u>201</u>	<u>201</u>	<u>129</u>	<u>(72)</u>
Contingency	<u>(812)</u>	<u>(812)</u>	<u>-</u>	<u>812</u>
Net change in fund balances	<u>(4,462)</u>	<u>(4,462)</u>	<u>(506)</u>	<u>3,956</u>
Fund balances - beginning	<u>4,462</u>	<u>4,462</u>	<u>4,381</u>	<u>(81)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>3,875</u>	<u>\$ 3,875</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>3,740</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 7,615</u>	

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Information Technology Fund**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 1,789	\$ 1,789	\$ 781	\$ (1,008)
Interest	100	100	503	403
Other:				
Miscellaneous	-	-	73	73
Service reimbursements	27,930	27,956	28,785	829
Total revenues	<u>29,819</u>	<u>29,845</u>	<u>30,142</u>	<u>297</u>
<b>EXPENDITURES</b>				
County management	33,387	33,413	29,045	4,368
Nondepartmental	1,400	1,400	-	1,400
Total expenditures	<u>34,787</u>	<u>34,813</u>	<u>29,045</u>	<u>5,768</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,968)</u>	<u>(4,968)</u>	<u>1,097</u>	<u>6,065</u>
<b>OTHER FINANCING SOURCES</b>				
Proceeds from sale of assets	-	-	64	64
Transfers in	968	968	968	-
Total other financing sources	<u>968</u>	<u>968</u>	<u>1,032</u>	<u>64</u>
Net changes in fund balances	<u>(4,000)</u>	<u>(4,000)</u>	<u>2,129</u>	<u>6,129</u>
Fund balances - beginning	4,000	4,000	6,739	2,739
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8,868</u>	<u>\$ 8,868</u>
Reconciliation to GAAP basis:				
Invested in capital assets			<u>1,411</u>	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 10,279</u>	

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Mail/Distribution Fund**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 3,273	\$ 3,273	\$ 2,749	\$ (524)
Interest	7	7	35	28
Other:				
Miscellaneous	32	32	4	(28)
Service reimbursements	3,170	3,203	3,167	(36)
Total revenues	<u>6,482</u>	<u>6,515</u>	<u>5,955</u>	<u>(560)</u>
<b>EXPENDITURES</b>				
County management	<u>6,667</u>	<u>6,700</u>	<u>5,697</u>	<u>1,003</u>
Excess (deficiency) of revenues				
over (under) expenditures	(185)	(185)	258	443
Contingency	<u>(860)</u>	<u>(860)</u>	-	860
Net changes in fund balances	(1,045)	(1,045)	258	1,303
Fund balances - beginning	1,045	1,045	1,103	58
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>1,361</u>	<u>\$ 1,361</u>
Reconciliation to GAAP basis:				
Invested in capital assets			23	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 117			<u>\$ 1,384</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, 2007**  
**(amounts expressed in thousands)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>favorable</b>
				<b>(unfavorable)</b>
<b>REVENUES</b>				
Charges for services	\$ 2,260	\$ 2,260	\$ 2,908	\$ 648
Intergovernmental - Local	-	-	41	41
Interest	-	-	19	19
Other:				
Miscellaneous	854	854	4	(850)
Service reimbursements	34,954	35,495	33,527	(1,968)
Total revenues	<u>38,068</u>	<u>38,609</u>	<u>36,499</u>	<u>(2,110)</u>
<b>EXPENDITURES</b>				
County management	<u>33,892</u>	<u>34,433</u>	<u>32,952</u>	<u>1,481</u>
Excess of revenues over expenditures	4,176	4,176	3,547	(629)
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(4,511)</u>	<u>(4,511)</u>	<u>(3,610)</u>	<u>901</u>
Net change in fund balances	(335)	(335)	(63)	272
Fund balances - beginning	<u>335</u>	<u>335</u>	<u>71</u>	<u>(264)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>8</u>	<u>\$ 8</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 117			<u>\$ 8</u>	

## AGENCY FUNDS

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

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

**MULTNOMAH COUNTY, OREGON**  
**COMBINING BALANCE SHEET**  
**AGENCY FUNDS**  
**June 30, 2007**  
(amounts expressed in thousands)

	<b>Sundry Taxing Bodies</b>	<b>Department and Offices Agency</b>	<b>Public Guardian</b>	<b>Visitors' Facilities Trust</b>	<b>Total</b>
<b>ASSETS:</b>					
Cash and Investments	\$ 5,327	\$ 6,920	\$ 804	\$ 1,530	\$ 14,581
Receivables:					
Taxes	32,934	218	-	1,892	35,044
Restricted cash	-	977	-	-	977
Total assets	<u>\$ 38,261</u>	<u>\$ 8,115</u>	<u>\$ 804</u>	<u>\$ 3,422</u>	<u>\$ 50,602</u>
<b>LIABILITIES:</b>					
Accounts payable	\$ 5,271	\$ 2,131	\$ 65	\$ 2,124	\$ 9,591
Due to other governmental units	32,845	-	-	-	32,845
Amounts held in trust	145	5,984	739	1,298	8,166
Total liabilities	<u>\$ 38,261</u>	<u>\$ 8,115</u>	<u>\$ 804</u>	<u>\$ 3,422</u>	<u>\$ 50,602</u>

**MULTNOMAH COUNTY, OREGON**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2007**  
**(amounts expressed in thousands)**

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
<b>SUNDRY TAXING BODIES:</b>				
Assets:				
Cash and investments	\$ 5,204	\$ 1,534,431	\$ 1,534,308	\$ 5,327
Taxes receivable	33,124	779,391	779,581	32,934
Total assets	<u>\$ 38,328</u>	<u>\$ 2,313,822</u>	<u>\$ 2,313,889</u>	<u>\$ 38,261</u>
Liabilities:				
Accounts payable	\$ 5,152	\$ 725,577	\$ 725,458	\$ 5,271
Due to other governmental units	33,062	739,591	739,808	32,845
Amounts held in trust	114	750,389	750,358	145
Total liabilities	<u>\$ 38,328</u>	<u>\$ 2,215,557</u>	<u>\$ 2,215,624</u>	<u>\$ 38,261</u>
<b>DEPARTMENT AND OFFICES AGENCY:</b>				
Assets:				
Cash and investments	\$ 8,073	\$ 1,074,034	\$ 1,075,187	\$ 6,920
Taxes receivable	72	990,201	990,055	218
Accounts receivable	-	2,098	2,098	-
Restricted cash	849	4,583	4,455	977
Total assets	<u>\$ 8,994</u>	<u>\$ 2,070,916</u>	<u>\$ 2,071,795</u>	<u>\$ 8,115</u>
Liabilities:				
Accounts payable	\$ 426	\$ 37,090	\$ 35,385	\$ 2,131
Amounts held in trust	8,568	1,044,629	1,047,213	5,984
Total liabilities	<u>\$ 8,994</u>	<u>\$ 1,081,719</u>	<u>\$ 1,082,598</u>	<u>\$ 8,115</u>
<b>PUBLIC GUARDIAN:</b>				
Assets:				
Cash and investments	\$ 789	\$ 3,128	\$ 3,113	\$ 804
Accounts receivable	-	1,471	1,471	-
Total assets	<u>\$ 789</u>	<u>\$ 4,599</u>	<u>\$ 4,584</u>	<u>\$ 804</u>
Liabilities:				
Accounts payable	\$ 66	\$ 2,806	\$ 2,807	\$ 65
Amounts held in trust	723	1,390	1,374	739
Total liabilities	<u>\$ 789</u>	<u>\$ 4,196</u>	<u>\$ 4,181</u>	<u>\$ 804</u>
<b>VISITORS FACILITIES TRUST:</b>				
Assets:				
Cash and investments	\$ 201	\$ 20,946	\$ 19,617	\$ 1,530
Taxes receivable	2,400	10,706	11,214	1,892
Total assets	<u>\$ 2,601</u>	<u>\$ 31,652</u>	<u>\$ 30,831</u>	<u>\$ 3,422</u>
Liabilities:				
Accounts payable	\$ 2,394	\$ 8,667	\$ 8,937	\$ 2,124
Amounts held in trust	207	10,835	9,744	1,298
Total liabilities	<u>\$ 2,601</u>	<u>\$ 19,502</u>	<u>\$ 18,681</u>	<u>\$ 3,422</u>
<b>TOTAL - ALL AGENCY FUNDS:</b>				
Assets:				
Cash and investments	\$ 14,267	\$ 2,632,539	\$ 2,632,225	\$ 14,581
Taxes receivable	35,596	1,780,298	1,780,850	35,044
Accounts receivable	-	3,569	3,569	-
Restricted cash	849	4,583	4,455	977
Total assets	<u>\$ 50,712</u>	<u>\$ 4,420,989</u>	<u>\$ 4,421,099</u>	<u>\$ 50,602</u>
Liabilities:				
Accounts payable	\$ 8,038	\$ 774,140	\$ 772,587	\$ 9,591
Due to other governmental units	33,062	739,591	739,808	32,845
Amounts held in trust	9,612	1,807,243	1,808,689	8,166
Total liabilities	<u>\$ 50,712</u>	<u>\$ 3,320,974</u>	<u>\$ 3,321,084</u>	<u>\$ 50,602</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, 2007**  
(amounts expressed in thousands)

	<u>June 30, 2007</u>	<u>June 30, 2006</u>
<b>GOVERNMENTAL FUNDS CAPITAL ASSETS</b>		
Land	\$ 13,787	\$ 13,787
Construction in progress	35,735	18,339
Buildings-not in service	51,164	51,164
Buildings	368,897	365,806
Improvements other than buildings	343	343
Machinery and equipment	124,596	126,532
Bridges	99,502	94,674
Infrastructure	553,645	549,969
Total governmental funds capital assets	<u>\$ 1,247,669</u>	<u>\$ 1,220,614</u>
 <b>INVESTMENTS IN GOVERNMENTAL FUNDS</b>		
<b>CAPITAL ASSETS BY SOURCE</b>		
Beginning balance	\$ 1,220,614	\$ 1,464,720
General fund	(1,108)	(3,416)
Road fund	3,663	(268,601)
Federal and state program fund	137	(19)
Willamette river bridges fund	22,240	20,878
Library fund	(1,091)	2,785
Land corner preservation fund	75	24
Inmate welfare fund	-	(59)
Justice services special operations	23	(7)
Justice bond capital project fund	467	4,627
Building project fund	(313)	-
Library construction fund/1996	(311)	1,143
Capital improvement fund	2,723	(1,796)
Capital acquisition fund	(23)	6
Asset preservation fund	1,098	1,651
Risk management fund	(21)	55
Fleet management fund	757	54
Information technology fund	(1,290)	(1,472)
Mail distribution fund	28	(7)
Facilities management fund	-	48
Total governmental funds capital assets, ending balance	<u>\$ 1,247,669</u>	<u>\$ 1,220,614</u>

**MULTNOMAH COUNTY, OREGON**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Schedule by Function and Activity**  
**June 30, 2007**  
(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>
<b>FUNCTION AND ACTIVITY</b>								
General government:								
Legislative	\$ 227	\$ -	\$ 6,927	\$ -	\$ -	\$ -	\$ -	\$ 7,154
Administrative	2,338	-	70,900	-	43,238	-	-	116,476
	<u>2,565</u>	<u>-</u>	<u>77,827</u>	<u>-</u>	<u>43,238</u>	<u>-</u>	<u>-</u>	<u>123,630</u>
Health and social services:								
Health	2,461	-	29,990	-	507	-	-	32,958
Social	3,301	-	22,539	-	468	-	-	26,308
	<u>5,762</u>	<u>-</u>	<u>52,529</u>	<u>-</u>	<u>975</u>	<u>-</u>	<u>-</u>	<u>59,266</u>
Public safety:								
Law enforcement	987	-	144,661	37	5,093	-	-	150,778
Justice services	430	-	49,792	-	806	-	-	51,028
	<u>1,417</u>	<u>-</u>	<u>194,453</u>	<u>37</u>	<u>5,899</u>	<u>-</u>	<u>-</u>	<u>201,806</u>
Community services:								
Community service development	32	-	2,623	108	14	-	-	2,777
Recreation	203	-	-	-	-	-	-	203
Library	2,987	-	60,270	140	72,406	-	-	135,803
	<u>3,222</u>	<u>-</u>	<u>62,893</u>	<u>248</u>	<u>72,420</u>	<u>-</u>	<u>-</u>	<u>138,783</u>
Roads and bridges:								
Roads and bridges	359	35,735	5,700	58	2,065	99,501	553,645	697,063
	<u>359</u>	<u>35,735</u>	<u>5,700</u>	<u>58</u>	<u>2,065</u>	<u>99,501</u>	<u>553,645</u>	<u>697,063</u>
External organizations:								
External use	462	-	26,659	-	-	-	-	27,121
	<u>\$ 13,787</u>	<u>\$35,735</u>	<u>\$420,061</u>	<u>\$ 343</u>	<u>\$124,597</u>	<u>\$99,501</u>	<u>\$ 553,645</u>	<u>\$1,247,669</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, 2007**  
**(amounts expressed in thousands)**

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2006	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2007
General government:				
Legislative	\$ 4,457	\$ 96	\$ 2,601	\$ 7,154
Administrative	111,445	3,581	1,452	116,478
	<u>115,902</u>	<u>3,677</u>	<u>4,053</u>	<u>123,632</u>
Health and social services:				
Health	31,897	784	277	32,958
Social	34,576	65	(8,333)	26,308
	<u>66,473</u>	<u>849</u>	<u>(8,056)</u>	<u>59,266</u>
Public safety:				
Law enforcement	149,429	1,740	(391)	150,778
Justice services	49,919	285	824	51,028
	<u>199,348</u>	<u>2,025</u>	<u>433</u>	<u>201,806</u>
Community services:				
Community service development	2,221	93	463	2,777
Recreation	203	-	-	203
Library	137,032	6,019	(7249)	135,802
	<u>139,456</u>	<u>6,112</u>	<u>(6786)</u>	<u>138,782</u>
Roads and bridges:				
Roads and bridges	676,705	27,032	(6,674)	697,063
	<u>676,705</u>	<u>27,032</u>	<u>(6,674)</u>	<u>697,063</u>
External organizations:				
External use	22,730	206	4,184	27,120
	<u>\$ 1,220,614</u>	<u>\$ 39,901</u>	<u>\$ (12,846)</u>	<u>\$ 1,247,669</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 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 Revenue Bonds Outstanding

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Property Tax Collections and Outstanding Balances**  
**For the Year Ended June 30, 2007**  
(amounts expressed in thousands)

<b>Tax Year</b>	<b>Taxes Receivable June 30, 2006</b>	<b>Current Levy</b>	<b>Add (Deduct) Corrections and Adjustments</b>	<b>Add Interest on Delinquent Taxes</b>	<b>Deduct Discounts Allowed</b>	<b>Deduct Collections Including Interest on Delinquent Taxes</b>	<b>Taxes Receivable June 30, 2007</b>
2006-07	\$ -	\$ 986,852	\$ (2,406)	\$ 426	\$ (24,142)	\$ (933,984)	\$ 26,746
2005-06	26,110	-	(1,498)	849	27	(16,233)	9,255
2004-05	9,161	-	(456)	670	9	(4,903)	4,481
2003-04 and prior	8,613	-	(950)	1,219	8	(5,652)	3,238
	<u>\$ 43,884</u>	<u>\$ 986,852</u>	<u>\$ (5,310)</u>	<u>\$ 3,164</u>	<u>\$ (24,098)</u>	<u>\$ (960,772)</u>	<u>\$ 43,720</u>

**SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2007**

	<b>Current Years' Levy</b>	<b>Prior Years' Levies</b>	<b>Total Property Taxes</b>	<b>Other Taxes*</b>	<b>Total</b>
General fund	\$ 5,593	\$ 3,495	\$ 9,088	\$ 20,173	\$ 29,261
Special revenue funds:					
Library fund	843	485	1,328	-	1,328
Land corner preservation fund	-	-	-	6	6
Special excise tax fund	-	-	-	2,509	2,509
Total special revenue funds	843	485	1,328	2,515	3,843
General obligation bond fund	257	167	424	1	425
Agency funds	20,030	12,814	32,844	2,200	35,044
Sub-total taxes receivable	26,723	16,961	43,684	24,889	68,573
Special assessments collected through taxes	23	13	36	-	36
Total receivables	<u>\$ 26,746</u>	<u>\$ 16,974</u>	<u>\$ 43,720</u>	<u>\$ 24,889</u>	<u>\$ 68,609</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, 2007**  
**(amounts expressed in thousands)**

**GENERAL OBLIGATION BONDS**

	<u>Outstanding June 30, 2006</u>		<u>2006-07 Transactions</u>			<u>Outstanding June 30, 2007</u>	
	<u>Matured</u>	<u>Unmatured</u>	<u>Issued</u>	<u>Matured</u>	<u>Refunded or Paid</u>	<u>Matured</u>	<u>Unmatured</u>
Dated October 1, 1996	\$ -	\$ 11,770	\$ -	\$ 3,940	\$ 3,940	\$ -	\$ 7,830
Dated February 1, 1999	-	63,570	-	2,020	2,020	-	61,550
	<u>\$ -</u>	<u>\$ 75,340</u>	<u>\$ -</u>	<u>\$ 5,960</u>	<u>\$ 5,960</u>	<u>\$ -</u>	<u>\$ 69,380</u>

**GENERAL OBLIGATION BOND INTEREST COUPONS**

Dated October 1, 1996	\$ 72
Dated February 1, 1999	671
	<u>\$ 743</u>



**MULTNOMAH COUNTY, OREGON**  
**Schedule of General Obligation Bonds Outstanding**  
**June 30, 2007**  
(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
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>\$ 655</u>	<u>\$ 16</u>	<u>\$ 7,175</u>	<u>\$ 363</u>	<u>\$ 61,550</u>	<u>\$ 15,484</u>	<u>\$ 69,380</u>	<u>\$ 15,863</u>

**MULTNOMAH COUNTY, OREGON**  
**Schedule of General Long-Term Lease Obligations**  
**June 30, 2007**  
(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%		Dated 06/30/07	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 306	\$ 26	\$ 2,690	\$ 658	\$ 10	\$ 108	\$ 10	\$ -
2009	-	-	2,825	636	11	107	11	-
2010	-	-	2,265	617	12	106	-	-
2011	-	-	2,370	480	14	104	-	-
2012	-	-	2,485	333	15	103	-	-
2013	-	-	2,605	175	17	101	-	-
2014	-	-	-	-	19	100	-	-
2015	-	-	-	-	21	98	-	-
2016	-	-	-	-	23	95	-	-
2017	-	-	-	-	25	93	-	-
2018	-	-	-	-	28	90	-	-
2019	-	-	-	-	31	87	-	-
2020	-	-	-	-	34	84	-	-
2021	-	-	-	-	38	80	-	-
2022	-	-	-	-	42	76	-	-
2023	-	-	-	-	47	71	-	-
2024	-	-	-	-	52	66	-	-
2025	-	-	-	-	57	61	-	-
2026	-	-	-	-	64	55	-	-
2027	-	-	-	-	70	48	-	-
2028	-	-	-	-	78	40	-	-
2029	-	-	-	-	86	32	-	-
2030	-	-	-	-	96	22	-	-
2031	-	-	-	-	106	12	-	-
2032	-	-	-	-	57	2	-	-
	<u>\$ 306</u>	<u>\$ 26</u>	<u>\$ 15,240</u>	<u>\$ 2,899</u>	<u>\$ 1,053</u>	<u>\$ 1,841</u>	<u>\$ 21</u>	<u>\$ -</u>

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Total	
Principal	Interest
\$ 3,016	\$ 792
2,847	743
2,277	723
2,384	584
2,500	436
2,622	276
19	100
21	98
23	95
25	93
28	90
31	87
34	84
38	80
42	76
47	71
52	66
57	61
64	55
70	48
78	40
86	32
96	22
106	12
57	2
<u>\$ 16,620</u>	<u>\$ 4,766</u>

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Loans Outstanding**  
**June 30, 2007**  
(amounts expressed in thousands)

**GENERAL LONG-TERM LOANS**

<b>Fiscal Year of Maturity</b>	<b>Dated 02/15/96 7.2%</b>		<b>Dated 07/05/96 5.65%</b>		<b>Dated 08/01/99 5.9%</b>		<b>Dated 10/11/99 5.9%</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2008	\$ 45	\$ 13	\$ 2	\$ 1	\$ 19	\$ 2	\$ 17	\$ 6
2009	48	9	2	1	21	1	19	4
2010	52	6	2	1	-	-	13	3
2011	52	3	3	1	-	-	11	3
2012	-	-	3	1	-	-	10	2
2013	-	-	3	1	-	-	12	1
2014	-	-	3	-	-	-	13	1
2015	-	-	3	-	-	-	6	-
2016	-	-	3	-	-	-	-	-
	<u>\$ 197</u>	<u>\$ 31</u>	<u>\$ 24</u>	<u>\$ 6</u>	<u>\$ 40</u>	<u>\$ 3</u>	<u>\$ 101</u>	<u>\$ 20</u>

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Total	
Principal	Interest
\$ 83	\$ 22
90	15
67	10
66	7
13	3
15	2
16	1
9	-
3	-
<u>\$ 362</u>	<u>\$ 60</u>

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Full Faith and Credit Bonds Outstanding**  
**June 30, 2007**  
(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
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>\$ 4,850</u>	<u>\$ 313</u>	<u>\$ 9,430</u>	<u>\$ 924</u>	<u>\$ 170,908</u>	<u>\$ 411,717</u>	<u>\$ 6,990</u>	<u>\$ 744</u>

Series 2004 Dated 10/01/04 3.00 to 5.00%			
Principal		Interest	
Principal		Interest	
\$	-	\$	2,620
	-		2,620
565	2,611		13,770
5,410	2,468		15,550
5,705	2,190		17,440
6,010	1,897		11,549
5,965	1,597		11,537
6,185	1,294		10,654
4,600	1,027		11,445
4,810	794		21,795
5,055	560		24,525
4,845	338		27,045
5,085	114		10,404
-	-		5,208
-	-		5,098
-	-		4,989
-	-		4,881
-	-		4,775
-	-		4,670
-	-		4,566
-	-		4,463
-	-		4,362
-	-		4,262
\$ 54,235	\$ 20,130	\$ 246,413	\$ 433,828

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Revenue Bonds Outstanding**  
**June 30, 2007**  
(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
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>\$ 1,915</u>	<u>\$ 367</u>	<u>\$ 1,440</u>	<u>\$ 351</u>	<u>\$ 2,525</u>	<u>\$ 617</u>	<u>\$ 5,880</u>	<u>\$ 1,335</u>





## STATISTICAL INFORMATION SECTION (UNAUDITED)

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

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

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year. 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 Six Fiscal Years**  
(dollar amounts expressed in thousands)  
(accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>Restated 2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
<b>Governmental Activities:</b>						
Invested in capital assets, net of related debt	\$ 456,502	\$ 434,866	\$ 523,606	\$ 511,277	\$ 475,949	\$ 472,133
Restricted	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	<u>17,731</u>	<u>32,205</u>	<u>18,912</u>	<u>(12,431)</u>	<u>(26,225)</u>	<u>(139,086)</u>
Total governmental activities net assets	<u>\$ 550,499</u>	<u>\$ 538,459</u>	<u>\$ 642,674</u>	<u>\$ 561,800</u>	<u>\$ 512,259</u>	<u>\$ 408,020</u>
<b>Business-Type Activities:</b>						
Invested in capital assets, net of related debt	\$ 3,020	\$ 2,985	\$ 2,577	\$ 2,480	\$ 2,474	\$ 2,405
Unrestricted	<u>4,612</u>	<u>2,830</u>	<u>2,012</u>	<u>1,915</u>	<u>2,095</u>	<u>3,136</u>
Total business-type activities net assets	<u>\$ 7,632</u>	<u>\$ 5,815</u>	<u>\$ 4,589</u>	<u>\$ 4,395</u>	<u>\$ 4,569</u>	<u>\$ 5,541</u>
<b>Primary Government:</b>						
Invested in capital assets, net of related debt	\$ 459,522	\$ 437,851	\$ 526,183	\$ 513,757	\$ 478,423	\$ 474,538
Restricted	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	<u>22,343</u>	<u>35,035</u>	<u>20,924</u>	<u>(10,516)</u>	<u>(24,130)</u>	<u>(135,950)</u>
Total primary government net assets	<u>\$ 558,131</u>	<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 Six Fiscal Years**  
(dollar amounts expressed in thousands)  
(accrual basis of accounting)

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

(continued)

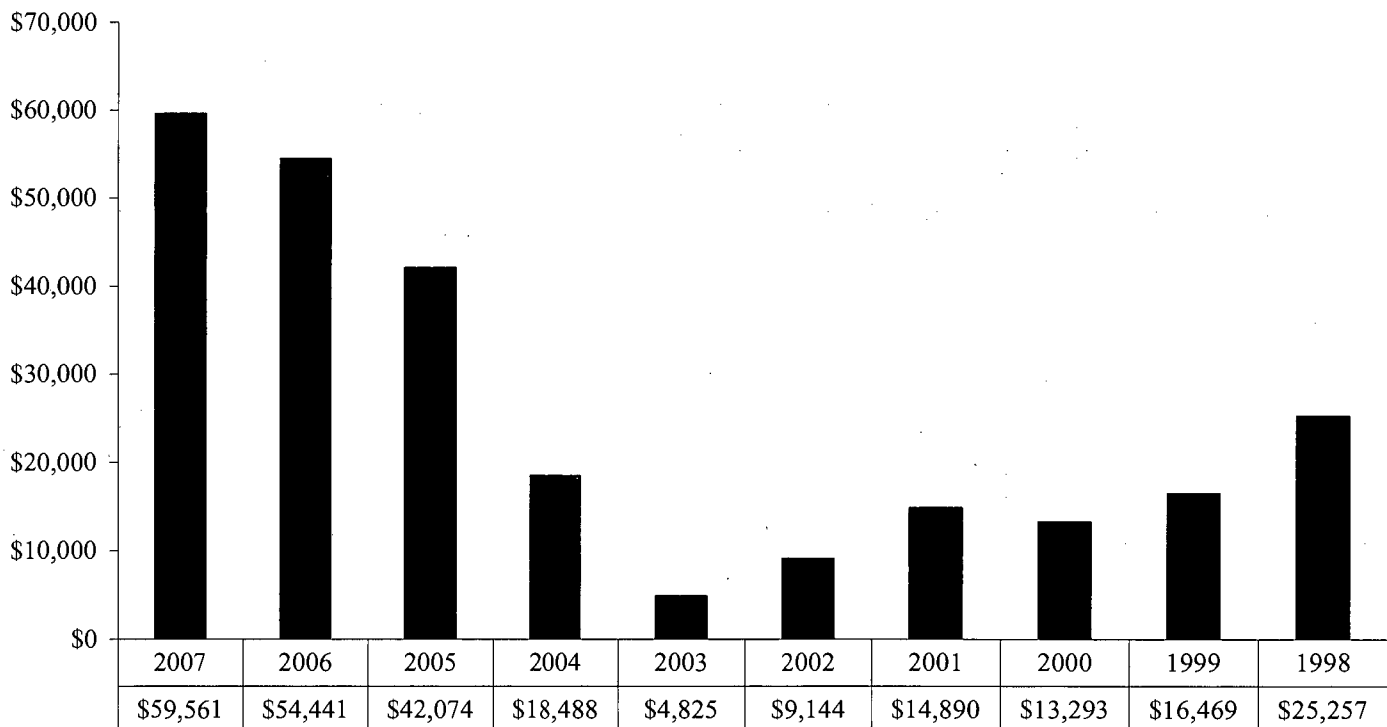
(continued)						
	2007	2006	2005	2004	2003	2002
<b>Net Expense</b>						
Governmental activities	\$ (378,214)	\$ (399,196)	\$ (370,019)	\$ (411,532)	\$ (290,998)	\$ (302,655)
Business-type activities	855	975	(40)	(248)	(687)	(2,074)
Total primary government net expense	(377,359)	(398,221)	(370,059)	(411,780)	(291,685)	(304,729)
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
Taxes:						
Property and other local taxes levied for:						
General purposes	231,073	219,854	209,056	201,278	193,912	195,130
Debt service	9,249	9,373	7,815	7,326	9,699	11,114
Personal income taxes	21,237	59,764	124,577	175,325	-	-
Business income taxes	57,399	50,980	36,463	30,286	26,491	26,935
Selective excise and use taxes	39,582	36,914	33,646	32,404	33,199	32,799
Payments in lieu of taxes	1,738	2,249	3,012	2,184	2,899	1,810
State government shared revenues	9,517	8,692	6,741	7,584	6,206	-
Grants and contributions not restricted to specific programs						
	6	2	1,150	166	70	60
Interest and investment earnings	13,454	10,094	4,943	2,443	4,226	7,982
Miscellaneous	6,771	4,007	2,233	1,877	2,917	4,496
Gain on sale of capital assets	228	1,607	166	200	1,711	-
Transfers	-	-	-	-	440	(3)
Special items:						
Loss on transfer of County roads	-	(108,555)	-	-	-	-
Total governmental activities	390,254	294,981	429,802	461,073	281,770	280,323
Business-type activities:						
Interest and investment earnings	495	251	121	74	131	339
Miscellaneous	467	-	113	-	24	6
Transfers	-	-	-	-	(440)	3
Total business-type activities	962	251	234	74	(285)	348
Total primary government	391,216	295,232	430,036	461,147	281,485	280,671
<b>Change in Net Assets</b>						
Governmental activities	12,040	(104,215)	59,783	49,541	(9,228)	(22,332)
Cumulative effect of change in accounting principle						
	-	-	21,091	-	-	-
Total governmental activities	12,040	(104,215)	80,874	49,541	(9,228)	(22,332)
Business-type activities	1,817	1,226	194	(174)	(972)	(1,726)
Total primary government change in net assets	\$ 13,857	\$ (102,989)	\$ 81,068	\$ 49,367	\$ (10,200)	\$ (24,058)

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)

	2007	2006	2005	2004
General Fund				
Reserved	\$ 657	\$ 523	\$ 342	\$ 1,004
Unreserved	59,561	54,441	42,074	18,488
Total general fund	60,218	54,964	42,416	19,492
All Other Governmental Funds				
Reserved	51,317	53,964	37,292	39,224
Unreserved, reported in:				
Special revenue funds	49,135	57,257	55,890	27,375
Total all other governmental funds	100,452	111,221	93,182	66,599
Total governmental funds	\$ 160,670	\$ 166,185	\$ 135,598	\$ 86,091

**Unreserved General Fund Balance**



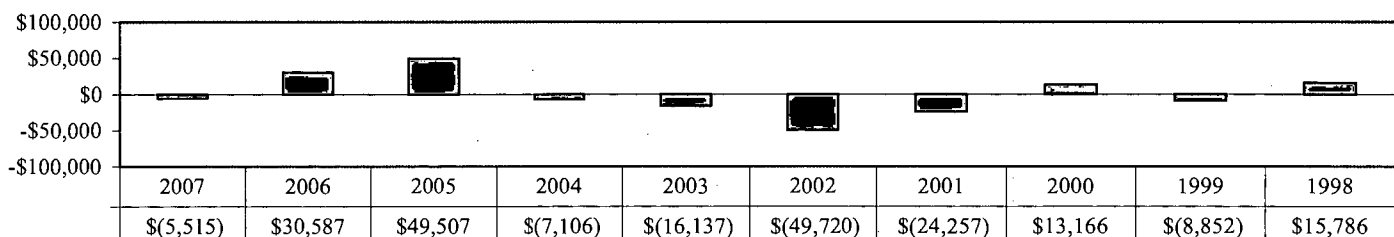
Source: Current and prior years' financial statements

2003	2002	2001	2000	1999	1998
\$ 961	\$ -	\$ 869	\$ 969	\$ 605	\$ 616
4,825	9,144	14,890	13,293	16,469	25,257
5,786	9,144	15,759	14,262	17,074	25,873
63,810	75,627	123,342	145,418	126,815	125,499
23,601	24,563	19,953	23,625	26,250	27,619
87,411	100,190	143,295	169,043	153,065	153,118
\$ 93,197	\$ 109,334	\$ 159,054	\$ 183,305	\$ 170,139	\$ 178,991

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

	2007	2006	2005	2004
<b>Revenues</b>				
Taxes	\$ 356,682	\$ 441,579	\$ 422,212	\$ 375,204
Intergovernmental	260,549	250,855	284,527	252,978
Licenses and permits	15,934	16,025	14,743	14,760
Charges for services	62,791	62,245	61,399	55,180
Interest	10,837	8,347	4,134	1,960
Miscellaneous	46,880	46,090	51,926	50,385
Total revenues	753,673	825,141	838,941	750,467
<b>Expenditures</b>				
Current:				
General government	73,559	136,726	146,626	124,459
Health services	122,029	115,778	112,562	111,745
Social services	187,256	178,736	184,335	168,648
Public safety and justice	202,477	198,774	198,608	197,251
Community services	24,040	23,468	22,266	19,318
Library	44,411	46,228	44,546	42,753
Roads and bridges	39,875	42,283	39,844	40,454
Capital Outlay	31,589	22,150	9,288	11,968
Debt service:				
Principal	19,861	18,256	16,929	25,179
Interest	16,958	18,235	17,928	19,543
Total expenditures	762,055	800,634	792,932	761,318
Excess (deficiency) of revenues over (under) expenditures	(8,382)	24,507	46,009	(10,851)
<b>Other Financing Sources (Uses)</b>				
Certificates of participation proceeds	-	-	-	-
Proceeds from sale of capital assets	35	1,988	5	425
Proceeds of refunding certificates of participation	-	-	-	-
Issuance of capital lease	33	1,093	-	-
Bond proceeds	-	-	-	-
Proceeds from refunding bonds	-	-	54,235	-
Loan proceeds	-	-	-	-
Payment to escrow agent - refunded debt	-	-	(58,847)	-
Premium on short-term debt	157	-	-	-
Premium on long-term debt	-	-	5,089	-
Transfers in	26,996	47,004	29,907	32,641
Transfers out	(24,354)	(44,005)	(26,891)	(29,321)
Total other financing sources (uses)	2,867	6,080	3,498	3,745
Net change in fund balances	\$ (5,515)	\$ 30,587	\$ 49,507	\$ (7,106)
Debt service as a percentage of noncapital expenditures	5.0%	4.9%	4.7%	6.3%

**Net Change in Fund Balance, Governmental Funds**



Source: Current and prior years' financial statements



2003	2002	2001	2000	1999	1998
\$ 268,225	\$ 267,641	\$ 266,466	\$ 254,514	\$ 250,416	\$ 215,100
261,020	290,077	308,993	242,966	232,715	223,962
14,496	8,134	5,037	2,734	3,026	2,934
66,325	18,586	20,234	15,008	15,515	14,471
3,499	6,972	14,760	12,201	11,688	12,080
37,495	58,415	51,994	49,575	42,337	37,190
651,060	649,825	667,484	576,998	555,697	505,737
52,375	53,134	36,612	219,323	35,786	28,474
106,408	95,847	285,999	237,566	209,788	190,941
168,329	186,280	-	-	-	-
200,114	190,122	183,897	179,799	165,792	140,510
19,398	21,552	85,143	72,429	75,996	47,764
40,741	42,706	-	-	-	-
39,497	36,829	35,110	35,969	37,604	35,197
17,770	31,822	30,517	37,141	59,425	36,773
15,186	18,711	17,863	13,695	11,540	14,071
20,082	21,050	22,069	14,857	9,953	10,206
679,900	698,053	697,210	810,779	605,884	503,936
(28,840)	(48,228)	(29,726)	(233,781)	(50,187)	1,801
-	-	-	60,835	36,125	15,694
-	-	-	-	-	-
-	-	-	-	-	28,621
-	-	-	-	-	-
-	-	5,499	184,548	3,155	-
9,615	-	-	-	66,115	-
-	-	-	204	154	-
-	-	-	-	(67,057)	(28,886)
-	-	-	-	-	-
-	-	-	-	-	-
39,819	128,682	124,819	131,026	126,334	77,814
(36,731)	(130,174)	(124,849)	(129,666)	(123,491)	(79,258)
12,703	(1,492)	5,469	246,947	41,335	13,985
\$ (16,137)	\$ (49,720)	\$ (24,257)	\$ 13,166	\$ (8,852)	\$ 15,786
5.6%	6.3%	6.4%	3.8%	4.1%	5.5%

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

	2007	2006	2005	2004	2003	2002
<b>Function/Program</b>						
Governmental activities:						
General government	\$ 28,530	\$ 32,587	\$ 33,367	\$ 31,429	\$ 23,463	\$ 24,644
Health services	74,024	74,003	71,924	77,315	72,730	63,191
Social services	142,100	134,894	139,569	126,534	136,045	140,391
Public safety and justice	58,188	54,278	62,497	63,534	71,518	57,336
Community services	3,278	4,712	4,387	1,830	2,730	2,530
Library	5,302	4,106	4,079	4,018	4,572	3,502
Roads and bridges	44,401	39,805	60,770	36,260	34,701	29,812
Total governmental activities	<u>355,823</u>	<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	574	455	423	344	256	251
Mid County	382	376	527	235	484	570
Behavioral Health	34,879	34,519	29,472	26,038	33,124	32,781
Total business-type activities	<u>35,835</u>	<u>35,350</u>	<u>30,422</u>	<u>26,617</u>	<u>33,864</u>	<u>33,602</u>
Total primary government	<u>\$ 391,658</u>	<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)**

<u>Year</u>	<u>Property Taxes</u>	<u>Business Income Taxes</u>	<u>Transient Lodging Taxes</u>	<u>Motor Vehicle Rental Taxes</u>	<u>County Gasoline Taxes</u>	<u>Personal Income Taxes</u>	<u>Other Taxes</u>	<u>Total</u>
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	14,886	7,115	120,919	3,573	441,579
2007	240,710	57,399	16,726	15,644	7,110	16,038	3,055	356,682

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 (4)</u>	<u>Estimated Real Market Value</u>
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		27,361,638	14,456,811	2,262,162	2,269,165	46,349,776	5.10	78,109,995
2007		28,695,852	14,825,459	2,376,350	2,328,560	48,226,221	5.12	87,070,081

(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.

(4) See Property Tax Rates - Total Direct on page 150.

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

<b>Fiscal Year Ended June 30</b>	<b>Taxes Levied for the Fiscal Year (Original Levy)</b>		<b>Adjustments</b>	<b>Total Adjusted Levy</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
					<b>Amount</b>	<b>Percentage of Levy</b>		<b>Amount</b>	<b>Percentage of Levy</b>
1998	\$	158,856	\$ (1,065)	\$157,791	\$152,342	95.90 %	\$ 5,424	\$157,766	99.31 %
1999		188,837	(5,123)	183,714	178,736	94.65	4,962	183,698	97.28
2000		193,076	(5,751)	187,325	181,772	94.15	5,530	187,302	97.01
2001		205,468	(5,913)	199,555	192,777	93.82	6,745	199,522	97.11
2002		212,329	(7,768)	204,561	198,884	93.67	5,611	204,495	96.31
2003		210,411	(7,122)	203,289	197,233	93.74	5,947	203,180	96.56
2004		215,031	(6,769)	208,262	202,692	94.26	5,154	207,846	96.66
2005		224,978	(7,798)	217,180	211,480	94.00	4,654	216,134	96.07
2006		236,631	(7,065)	229,566	223,312	94.37	3,905	227,217	96.02
2007		246,944	(6,643)	240,301	233,608	94.60	-	233,608	94.60

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

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

<u>Year</u>	<u>Multnomah County Direct Rates</u>				<u>Overlapping Rates</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>	<u>Total</u>
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
2007	4.28	0.64	0.20	5.12	6.61	0.55	6.56	0.01	0.08	1.55	20.48

(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, 2006 and December 31, 1997**  
**(dollar amounts expressed in thousands)**

<b>December 31, 2006</b>				
<b>Taxpayer</b>	<b>Tax</b>	<b>Real Property Assessed Valuation (1)</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
Portland General Electric	\$ 5,575	\$ 347,235	1	0.68 %
Port of Portland	6,249	308,375	2	0.60
QWEST Corporation	4,793	298,636	3	0.58
Pacificorp (PP&L)	3,837	240,248	4	0.47
Boeing Co	2,837	174,307	5	0.34
Oregon Steel Mills	3,207	163,511	6	0.32
Northwest Natural Gas	2,496	153,345	7	0.30
LC Portland LLC	2,901	143,836	8	0.28
United Airlines Inc	2,239	132,003	9	0.26
One Eleven Tower LLC	2,261	112,303	10	0.22
	<u>\$ 30,820</u>	<u>\$ 1,726,564</u>		<u>3.36 %</u>

Total Assessed Valuation \$ 51,433,028

<b>December 31, 1997</b>			
<b>Taxpayer</b>	<b>Real Property Assessed Valuation (1)</b>	<b>Rank</b>	<b>Percentage of Total Assessed Valuation</b>
US West Communications	\$ 409,076	1	1.25 %
Portland General Electric	227,561	2	0.70
Pacificorp (PP&L)	179,416	3	0.55
Boeing Co	163,907	4	0.50
Oregon Arena Corporation	133,920	5	0.41
Alaska Airlines	127,188	6	0.39
United Airlines	114,845	7	0.35
Delta Airlines	91,756	8	0.28
SI - Lloyd Associates	88,938	9	0.27
Fujitsu Microelectronics Inc	75,088	10	0.23
	<u>\$ 1,611,695</u>		<u>4.94 %</u>

Total Assessed Valuation \$ 32,657,161

(1) Assessed valuation based on the valuation of property for tax collection years 2006-07 and 1996-97 respectively.  
Note: Tax amounts not available for year ended December 31, 1997.

Source: Multnomah County Division of Assessment & Taxation

**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			
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	1.79	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	1.50	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.41	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.33	483

Note: 2006 and 2007 percentages calculated using 2005 personal income data, which is the most recent available.  
(1) See population and personal income data on page 158

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)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Restricted to Repaying Principal</u>	<u>Total</u>	<u>Percentage of Personal Income (2)</u>	<u>Percentage of Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
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	0.29	0.16	106
2006	75,340	(7,993)	67,347	0.26	0.15	96
2007	69,380	(8,433)	60,947	0.24	0.13	87

Note: 2006 and 2007 personal income percentages calculated using 2005 data, which is the most recent available.

(1) See taxable assessed value schedule on page 148.

(2) See population and personal income data on page 158.

Source: Current Prior year financial statements, Multnomah County division of Assessment and Taxation, Center for Population Research and Census at Portland State University and US Department of Commerce-Bureau of Economic Analysis

**MULTNOMAH COUNTY, OREGON**  
**Computation of Direct and Overlapping Debt**  
**June 30, 2007**  
**(dollar amounts expressed in thousands)**  
**(unaudited)**

Overlapping District (1)	Percent Overlapping	Overlapping	
		Gross (2) Direct Debt	Net (3) Direct Debt
Clackamas County RFPD #1	0.12 %	\$ 31	\$ 7
Clackamas County SD 7J (Lake Oswego)	0.32	402	251
City of Lake Oswego	5.31	1,481	1,482
City of Milwaukie	0.63	37	10
Columbia County SD 1J (Scappoose)	18.25	202	202
Northwest Regional ESD	0.53	43	0
Port of Portland	43.64	32,185	0
Multnomah County Drainage Dist No 1	100.00	6,045	0
Metro	47.42	144,343	107,451
Tri-Metropolitan Transport District	47.69	111,460	32,862
Sauvie Island RFPD 30	95.28	167	167
Multnomah County SD 1 (Portland)	99.21	480,984	0
Multnomah County SD 3 (Parkrose)	100.00	13,935	13,935
Multnomah County SD 7 (Reynolds)	100.00	145,013	47,910
Multnomah County SD 28J (Centennial)	92.59	35,729	35,113
Multnomah County SD 39 (Corbett)	100.00	4,505	4,505
Multnomah County SD 40 (David Douglas)	100.00	44,895	44,895
Multnomah County SD 51J (Riverdale)	94.96	11,723	10,166
Multnomah County SD 10J (Gresham-Barlow)	81.75	97,799	49,734
Multnomah County SD 10J (Orient 6 Bond)	55.79	297	297
Multnomah ESD	97.77	36,776	0
Mt Hood Community College	82.61	46,390	0
Portland Community College	44.57	117,311	28,271
City of Fairview	100.00	3,506	1,865
City of Gresham	100.00	29,828	940
City of Portland	99.54	696,708	68,218
City of Troutdale	100.00	11,020	11,020
City of Wood Village	100.00	190	80
Tualatin Valley Fire & Rescue Dist	1.66	380	47
Washington County SD 48J (Beaverton)	0.44	2,542	1,738
Washington County SD 1J (Hillsboro)	0.04	14	10
Clackamas County ESD	0.06	17	0
		<u>\$ 2,075,958</u>	<u>\$ 461,176</u>

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2007.

(2) Gross Direct Debt includes all General Obligation bonds and Full Faith & Credit bonds.

(3) Net Direct Debt includes Gross Direct Debt less self-supporting Unlimited Tax General Obligation and less self-supporting Full Faith & Credit 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 Nine Fiscal Years**  
(dollar amounts expressed in thousands)

Revenue Bonds						
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				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
2007	335	12	323	540	292	0.39

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

Source: Current and prior year financial statements

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Real market value	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	1,741,402	1,562,200	1,409,153	1,329,820
Less bonded debt at June 30	69,380	75,340	81,025	86,445
Legal debt margin	<u>\$ 1,672,022</u>	<u>\$ 1,486,860</u>	<u>\$ 1,328,128</u>	<u>\$ 1,243,375</u>
Total net debt applicable to the limit as a percentage of debt limit.	3.98%	4.82%	5.75%	6.50%

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Real market value	\$ 87,070,081	\$ 78,109,995	\$ 70,457,625	\$ 66,491,001
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	870,701	781,100	704,576	664,910
Less bonded debt at June 30	246,413	256,833	266,063	270,203
Legal debt margin	<u>\$ 624,288</u>	<u>\$ 524,267</u>	<u>\$ 438,513</u>	<u>\$ 394,707</u>
Total net debt applicable to the limit as a percentage of debt limit.	28.30%	32.88%	37.76%	40.64%

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

2003	2002	2001	2000	1999	1998
\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770	\$ 45,532,239	\$ 42,432,442
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,267,827	1,226,902	1,127,542	1,045,375	910,645	848,649
91,610	96,535	106,260	115,555	124,170	128,470
\$ 1,176,217	\$ 1,130,367	\$ 1,021,282	\$ 929,820	\$ 786,475	\$ 720,179

7.23%

7.87%

9.42%

11.05%

13.64%

15.14%

\$ 63,391,339	\$ 61,345,077	\$ 56,377,119	\$ 52,268,770
1.00%	1.00%	1.00%	1.00%
633,913	613,451	563,771	522,688
276,763	272,833	277,713	281,888
\$ 357,150	\$ 340,618	\$ 286,058	\$ 240,800

43.66%

44.48%

49.26%

53.93%

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

<u>Year</u>	<u>Population</u>	<u>Personal Income (thousands)</u>	<u>Per Capita Income</u>	<u>PMSA* Unemployment Rate</u>
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	32,323	4.5
2001	668,969	22,589,707	33,771	6.1
2002	675,438	23,078,170	34,166	7.8
2003	677,850	23,388,512	34,516	8.3
2004	685,950	24,214,231	36,078	7.1
2005	692,825	25,436,032	37,798	5.8
2006	701,545	N/A	N/A	5.1
2007	701,545 (1)	N/A	N/A	4.8 (2)

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

(1) Population data for July 1, 2007 is not available at this time.

(2) As of June 30, 2007

\* Portland Metropolitan Statistical Area

**MULTNOMAH COUNTY, OREGON**

**Principal Employers**

**Current Year and Nine Years Ago**

<b>2006-07</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total PMSA* Employment</b>
State of Oregon	21,000	1	1.84 %
U.S. Government	18,000	2	1.58
Intel Corporation	16,740	3	1.47
Precision Castparts	15,384	4	1.35
Providence Health System	14,639	5	1.28
Oregon Health and Science University	11,500	6	1.01
Fred Meyer Stores	8,500	7	0.75
Kaiser Foundation Health Plan	8,221	8	0.72
Legacy Health System	8,196	9	0.72
City of Portland	8,104	10	0.71
	<u>130,284</u>		<u>11.43 %</u>
Total PMSA* employment	<u>1,140,650 (1)</u>		

<b>1997-98</b>			
<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total PMSA* Employment</b>
U.S. Government	16,000	1	1.50 %
Intel Corporation	11,000	2	1.03
State of Oregon	9,900	3	0.93
Providence Health System	8,938	4	0.84
Fred Meyer Stores	8,905	5	0.84
Kaiser Foundation Health Plan	7,663	6	0.72
U.S. Bancorp	6,242	7	0.59
Portland School District	6,200	8	0.58
City of Portland	5,172	9	0.49
Legacy Health System	4,900	10	0.46
	<u>84,920</u>		<u>7.98 %</u>
Total PMSA* employment	<u>1,064,295</u>		

\* Portland Metropolitan Statistical Area

(1) As of June 30, 2007

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Function/Program</b>				
Governmental activities:				
General government	603.5	665.5	676.0	695.0
Health services	864.5	841.5	802.5	832.5
Social services	582.5	573.0	596.0	538.5
Public safety and justice	1,538.5	1,559.0	1,585.0	1,584.5
Community services	75.0	81.0	73.0	73.0
Library	423.0	411.0	413.5	487.5
Roads and bridges	150.0	139.0	159.5	164.0
Total governmental activities	<u>4,237.0</u>	<u>4,270.0</u>	<u>4,305.5</u>	<u>4,375.0</u>
Business-type activities:				
Behavioral Health	7.0	11.0	17.0	45.5
Total business-type activities	<u>7.0</u>	<u>11.0</u>	<u>17.0</u>	<u>45.5</u>
Total primary government budgeted FTE	<u>4,244.0</u>	<u>4,281.0</u>	<u>4,322.5</u>	<u>4,420.5</u>
 <b>MULTNOMAH COUNTY EMPLOYEES</b>				
Management and exempt	<u>659</u>	<u>668</u>	<u>669</u>	<u>654</u>
Bargaining units:				
General employees (Local 88)	2,602	2,623	2,648	2,785
Electricians (Local 48)	19	17	21	21
Operating engineers (Local 701)	11	12	14	13
Paint makers (Local 1094)	2	2	2	2
Corrections (Teamsters 223)	432	449	450	454
Deputy sheriffs association	91	98	96	97
Oregon nurses association	228	238	239	256
Juvenile group workers (Local 86)	60	58	56	58
Prosecuting attorneys association	83	85	86	86
Parole and Probation Officers	133	133	133	0
Total bargaining units	<u>3,661</u>	<u>3,715</u>	<u>3,745</u>	<u>3,772</u>
Temporary County employees	114	91	109	92
Total actual County employees	<u>4,434</u>	<u>4,474</u>	<u>4,523</u>	<u>4,518</u>

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

Source: Multnomah County payroll records



2003	2002	2001	2000	1999	1998
657.5	658.5	565.0	583.0	593.0	731.0
892.5	884.5	864.5	820.5	853.0	1,268.0
565.5	754.0	788.5	783.0	692.0	700.0
1,596.0	1,740.5	1,803.0	1,863.0	1,740.0	1,819.0
72.0	96.0	93.0	91.0	N/A	N/A
465.5	462.0	491.5	456.0	494.0	551.0
176.0	184.0	182.0	186.0	190.0	185.0
4,425.0	4,779.5	4,787.5	4,782.5	4,562.0	5,254.0
34.5	38.0	32.0	35.0	32.0	30.0
34.5	38.0	32.0	35.0	32.0	30.0
4,459.5	4,817.5	4,819.5	4,817.5	4,594.0	5,284.0
668	735	794	742	N/A	N/A
2,792	3,012	N/A	N/A		
22	22	N/A	N/A		
12	13	N/A	N/A		
3	3	N/A	N/A		
467	497	N/A	N/A		
93	89	N/A	N/A		
269	263	N/A	N/A		
65	69	N/A	N/A		
79	85	N/A	N/A		
0	0	N/A	N/A		
3,802	4,053	4,033	4,068		
100	481	N/A	N/A		
4,570	5,269	N/A	N/A		

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

<b>FUNCTION/PROGRAM</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Governmental Activities:</b>			
<b>General Government</b>			
Number of property tax accounts - residential	234,567	225,597	225,445
Number of property tax accounts - personal	63,279	64,126	58,082
Number of property tax accounts - commercial	34,210	34,152	34,199
Number of marriage licenses issued	6,383	6,542	6,203
<b>Health Services</b>			
Total clinic visits	298,313	293,917	277,736
County residents who rate their health good or better	N/A	86%	85%
Environmental health inspections	4,690	9,126	9,039
Women, infants, and children (WIC) served in the WIC program	30,339	30,672	31,144
Flu vaccinations at health clinics	10,130	5,084	3,283
<b>Social Services</b>			
Households that have received assistance with energy bills	13,676	12,482	12,450
Clients with developmental disabilities served	3,780	3,613	3,477
Senior and physically disabled clients served	N/A	44,664	45,241
Alcohol and drug treatment clients / episodes (e)	10,829	9,391	8,478
Early childhood mental health clients	7,700	7,737	7,708
Families served in early childhood programs	768	887	848
Students enrolled in extended day school activities	17,052	16,315	14,384
<b>Public Safety and Justice</b>			
<b>Sheriff</b>			
Responses to calls for services	41,601	43,327	41,260
Number of arrests (parts 1, 2 and 3 crimes)	2,708	3,204	3,548
<b>Corrections</b>			
Number of inmates booked	37,113	38,726	37,577
Average daily jail population	1,641	1,612	1,577
Average length of jail stay in days	18	17	17
Inmates held for court at Courthouse	11,632	13,905	12,506
<b>Juvenile</b>			
Youth admitted to detention center	1,992	2,018	2,161
Average length of stay in days in youth detention center	11.7	10.9	9.0
Community service & restitution hours completed (1)	22,749	18,409	15,349
Average number of youth on probation per month	523	556	582
(continued)			

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

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

(1) Prior to 2005 only community service hours completed reported

2004	2003	2002	2001	2000	1999	1998
224,367	219,682	218,911	217,041	214,770	213,138	206,862
63,497	62,171	60,999	60,140	39,346	36,626	60,163
33,173	33,182	33,410	33,683	31,744	33,488	32,681
9,037	6,297	5,878	6,270	6,078	6,006	6,044
288,201	348,619	340,639	342,869	339,478	327,571	302,573
82%	84%	86%	88%	N/A	N/A	N/A
9,978	9,204	10,245	9,847	10,503	8,757	N/A
31,471	24,810	25,158	24,091	22,337	23,589	24,112
3,629	3,666	2,640	2,251	3,017	3,197	3,158
10,868	11,787	15,813	15,733	11,754	12,432	N/A
3,417	3,300	3,336	2,577	3,050	2,975	2,779
41,454	44,055	47,678	43,562	N/A	33,688	32,625
8,284	7,508	(e) 22,386	(e) 23,780	(e) 27,114	(e) 24,806	(e) 24,877
7,899	7,053	7,226	7,000	3,038	1,523	1,400
687	956	1,004	798	N/A	N/A	N/A
9,721	3,863	3,798	N/A	N/A	N/A	N/A
35,500	36,972	36,063	37,414	36,346	N/A	N/A
3,383	3,714	3,165	3,634	3,311	2,412	1,925
36,260	35,532	37,658	40,120	43,078	N/A	N/A
1,654	1,682	1,871	2,054	2,036	N/A	N/A
18	19	20	20	18	18	N/A
14,144	13,545	13,558	14,334	14,133	14,319	11,573
2,207	2,357	2,611	2,816	2,913	3,940	4,116
10.0	10.3	11.1	10.9	8.9	11.2	11.9
6,733	7,672	10,117	9,606	11,754	14,142	N/A
573	606	704	735	850	946	N/A

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

<b>FUNCTION/PROGRAM</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>
<b>Public Safety and Justice (continued)</b>			
<u>Adult</u>			
Community service hours completed	80,131	84,818	91,886
Adults participating in educational classes	481	584	630
Clients receiving GED's	62	67	99
Average no. adults on probation & post-prison supervision/month	9,619	9,763	9,118
<u>District Attorney</u>			
Cases of adult criminal activity prosecuted	21,415	22,563	21,936
Juvenile delinquency cases prosecuted	817	946	944
Hours of Community Court community service completed	15,477	16,984	18,123
<b>Community Services</b>			
Number of registered voters	380,298	430,693	430,693
Number of votes cast in last general election	262,628	365,530	365,530
Percent of registered voters who voted in last general election	69%	85%	85%
Animal Control - Total Intake - Dogs and Cats	9,879	9,808	9,597
<u>Library</u>			
New library cards issued annually	67,379	69,973	74,805
Books circulated	19,900,816	19,589,530	19,462,344
Borrowers who used their cards in last three years	431,429	455,296	474,292
Library Satisfaction	N/A	97.0%	96.4%
Web site hits	85,874,532	86,262,554	111,433,518
<b>Business-type activities:</b>			
<b>Dunthorpe-Riverdale Service Districts</b>			
Sewage disposal - number of accounts	582	579	578

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

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

\* Community Service general elections are held on even years.

2004	2003	2002	2001	2000	1999	1998
109,349	122,391	127,439	117,890	N/A	105,774	101,382
554	596	567	531	446	519	545
50	73	95	66	49	64	N/A
9,347	9,171	9,042	10,603	10,674	10,198	9,454
22,008	22,530	20,436	21,933	23,154	22,041	N/A
1,013	947	1,127	1,487	1,236	1,510	2,011
4,668	8,464	11,403	11,516	3,064	2,719	777
363,589	363,843	383,915	365,596	341,210	381,939	389,337
245,238	245,238	300,065	300,065	217,894	217,894	273,594
*67%	67%	*82%	82%	*57%	57%	*68%
8,939	8,448	7,739	7,534	6,979	8,763	9,306
76,161	73,012	70,219	68,599	68,752	67,626	65,592
18,762,556	17,854,110	16,133,945	14,008,166	12,152,743	9,450,963	8,486,034
465,223	436,104	509,949	515,184	444,219	393,610	N/A
95.5%	96.8%	96.1%	97.3%	N/A	N/A	N/A
93,764,392	66,650,158	44,568,574	43,346,524	42,323,312	9,203,676	1,067,797
578	575	570	569	567	565	553

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

<b>FUNCTION/PROGRAM</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>
<b>Governmental Activities:</b>				
<b>General Government</b>				
Buildings owned	83	84	87	88
Buildings leased	59	59	59	62
Automobiles	301	311	302	311
Vehicles (excluding automobiles)	292	295	292	300
Heavy equipment	132	136	135	139
<b>Health Services</b>				
Health & dental centers	8	8	8	8
School based health centers	12	12	13	13
<b>Social Services</b>				
Aging & Disability offices	6	7	9	9
<b>Public Safety and Justice</b>				
<b>Sheriff</b>				
Vehicular patrol units	47	43	48	44
Number of employees (sworn and civilian)	798	794	814	847
River Patrol offices	3	3	3	3
<b>Corrections</b>				
Jails:				
Facilities	3	3	4	4
Population	1,690	1,690	1,537	1,651
<b>Community Justice</b>				
Adult probation & parole offices	6	6	6	6
Adult housing program offices	4	4	5	5
Juvenile counseling offices	4	4	4	5
<b>Library</b>				
Regional	2	2	2	2
Neighborhood	14	14	14	13
Leased	4	4	4	4
<b>Roads &amp; Bridges</b>				
Miles of streets maintained by County:				
Paved	273	273	326	326
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	21	21	21	21
<b>Business-type activities:</b>				
<b>Mid County</b>				
Street lighting - lights and poles	4,439	4,400	4,219	3,974
<b>Dunthorpe-Riverdale</b>				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments  
N/A = not available

2003	2002	2001	2000	1999	1998
86	86	85	N/A	N/A	51
67	71	72	N/A	N/A	53
322	339	419	355	371	350
272	289	320	296	275	279
140	138	146	142	142	139
8	8	8	8	8	8
13	13	13	13	12	12
11	13	13	13	13	13
35	36	34	34	30	26
835	896	934	961	914	831
3	3	3	3	3	3
3	5	5	5	5	5
1,531	1,775	1,860	2,001	1,990	1,677
7	8	9	9	8	8
5	6	5	N/A	N/A	N/A
6	6	6	6	6	6
2	2	2	2	2	2
13	13	15	15	15	16
4	4	1	1	1	-
326	365	365	245	245	245
24	11	11	25	30	30
6	6	6	6	6	6
21	21	21	21	21	21
3,710	3,837	3,837	3,612	3,693	3,225
1	1	1	1	1	1
15	15	15	15	15	15

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## **REPORTS OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS REQUIRED BY STATE 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

**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, 2007 and have issued our report thereon dated November 21, 2007. 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 2007 and 2008.
- 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.

## **Expenditures in Excess of Appropriations**

The results of our tests disclosed one instance of noncompliance relating to over expenditures of budgeted appropriations that is described in Note 2B of the County's financial statements.

## **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 significant deficiency. Significant deficiencies involve 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. The County Health Department uses EPIC, a separate software program, to process billings and receivables for services provided. County finance uses SAP for the general ledger to record the Health Department activity for budget and financial reporting purposes. We identified an issue in the prior year in the County's lack of preparing periodic reconciliations between the two systems, and recommended at least a quarterly reconciliation be performed. We found that there was only one reconciliation performed for the year as of June 30, 2007, and there were correcting entries required to be made in the general ledger at year-end. We believe the lack of a more frequent reconciliation could result in more than an inconsequential error in the general ledger that would not be discovered timely by employees performing their normal duties.

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  
November 21, 2007

**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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 21, 2007. That report states that we did not audit the financial statements of The Library Foundation, a discretely presented component unit, which were audited by other auditors, and that our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a significant deficiency because, in our judgment, it 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. The County Health Department uses EPIC, a separate software program, to process billings and receivables for services provided. County finance uses SAP for the

general ledger to record the Health Department activity for budget and financial reporting purposes. We identified an issue in the prior year in the County's lack of preparing periodic reconciliations between the two systems, and recommended at least a quarterly reconciliation be performed. We found that there was only one reconciliation performed for the year as of June 30, 2007, and there were correcting entries required to be made in the general ledger at year-end. We believe the lack of a more frequent reconciliation could result in more than an inconsequential error in the general ledger that would not be discovered timely by employees performing their normal duties.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

#### **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, 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 November 21, 2007.

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.



Eugene, Oregon  
November 21, 2007

If you do not need this report for  
your permanent file would you  
please return it to the Auditor's  
Office..

**MULTNOMAH COUNTY, OREGON**

**Schedule of Expenditures of Federal Awards and  
Reports of Independent Certified Public Accountants**

**For the Fiscal Year Ended June 30, 2007**



Prepared by:

Department of County Management

Mindy Harris, Chief Financial Officer

501 SE Hawthorne Blvd, Suite 531

Portland, Oregon 97214



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards and**  
**Reports of Independent Certified Public Accountants**  
**For the Year Ended June 30, 2007**  
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**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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 21, 2007. That report states that we did not audit the financial statements of The Library Foundation, a discretely presented component unit, which were audited by other auditors, and that our opinion, insofar as it relates to the amounts included for The Library Foundation, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

We consider the deficiency 2007-01 described in the accompanying schedule of findings and questioned costs to be a significant deficiency in internal control over the financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that the significant deficiency 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 noted certain matters that we reported to management of the County in separate letters dated November 21, 2007.

The County's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

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  
November 21, 2007

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

The Board of County Commissioners  
Multnomah County, Oregon

**COMPLIANCE**

We have audited the compliance of Multnomah County (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, 2007. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questions costs as items 2007-02, 2007-03 and 2007-04.

**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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the County's internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2007-02 and 2007-04 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses.

The County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the County's response and, accordingly, we express no opinion on it.

#### ***SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***

We have audited the basic financial statements of the County as of and for the year ended June 30, 2007, and have issued our report thereon dated November 21, 2007. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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  
January 17, 2008, except for  
the Schedule of Expenditure of  
Federal Awards, which is dated November 21, 2007

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Expenditures of Federal Awards**  
**For the Year ended June 30, 2007**

<u>Grantor and Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed Through State Department of Administrative Services:			
Schools and Roads Grants to States	10.665	PL 106-393	\$ 1,043,318
Passed Through State Department of Education:			
Food Donation	10.550	2613007	4,446
School Breakfast Program	10.553	2613007	58,653
National School Lunch Program	10.555	2613007	105,400
Passed Through State Department of Human Services:			
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	1936002309	2,342,736
WIC Grants to States (WGS)	10.578	1936002309	7,752
State Administrative Matching Grants for Food Stamp Program	10.561	1936002309	1,292,562
Total Department of Agriculture			<u>4,854,867</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Programs:			
Community Development Block Grants/Entitlement Grants	14.218		207,870
Supportive Housing Program	* 14.235		1,945,217
Healthy Homes Demonstration Grants	14.901		358,568
Passed Through City of Portland-Bureau of Community Development:			
Housing Opportunities for Persons with AIDS	14.241	37470	3,331
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	35679	11,252
Passed Through City of Portland-Water Bureau:			
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	36728	120,051
Passed Through Housing Authority of Portland:			
HOME Investment Partnerships Program	14.239	936002309	27,135
HOME Investment Partnerships Program	14.239	936002309	32,510
Passed Through State Department of Human Resources:			
Housing Opportunities for Persons with AIDS	14.241	1936002309	32,618
Total Department of Housing and Urban Development			<u>2,738,552</u>
<u>U.S. Department of Interior</u>			
Direct Programs:			
Payment in Lieu of Taxes	15.226		15,260
Distribution of Receipts to State and Local Governments	15.227		1,248,410
Total Department of Interior			<u>1,263,670</u>
<u>U.S. Department of Justice</u>			
Direct Programs:			
Services for Trafficking Victims	16.320		107,730
Supervised Visitation, Safe Havens for Children	16.527		206,722
Corrections and Law Enforcement Family Support	16.563		63,184

\* Indicates a Major Program

(continued)

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

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Justice</u> (continued):			
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590		159,788
Community Capacity Development Office	16.595		468,073
State Criminal Alien Assistance Program	16.606		333,267
Bulletproof Vest Partnership Program	16.607		19,545
Community Prosecution and Project Safe Neighborhoods	16.609		153,533
Reduction and Prevention of Children's Exposure to Violence	16.730		167,294
Anti-Gang Initiative	16.744		176,871
Passed Through City of Portland Bureau of Police:			
Public Safety Partnership and Community Policing Grants	16.710	2006CKw0500	43,875
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-F3851-OR-DJ	326,433
Passed Through SE Uplift:			
Community Capacity Development Office	16.595	Multnomah County	27,893
Passed Through Oregon Department of Corrections:			
Prisoner Reentry Initiative Demonstration	16.202	1936002309	3,750
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	04-2266/05-2440	135,691
Passed Through State Police:			
Juvenile Accountability Incentive Block Grants	16.523	03-659/04-625	140,176
Violence Against Women Formula Grants	16.588	04-761/05-761	35,200
Byrne Memorial Formula Grant Program	16.579	03-049	37,974
Total Department of Justice			<u>2,606,999</u>
<u>U.S. Department of Labor</u>			
Passed Through Worksystems, Inc.:			
WIA Pilots, Demonstrations, and Research Projects	17.261	FY-14836-05-06	94,917
Total Department of Labor			<u>94,917</u>
<u>U.S. Department of Transportation</u>			
Passed Through Oregon Sheriff's Association, Inc.:			
Occupant Protection	20.602	Multnomah County	24,906
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	Multnomah County	7,616
Passed Through State Department of Transportation:			
Highway Planning and Construction	* 20.205	1936002309	2,625,444
Total Department of Transportation			<u>2,657,966</u>
<u>Federal Mediation and Conciliation Services</u>			
Direct Programs:			
Labor Management Cooperation	34.002		60,154
Total Federal Mediation and Conciliation Services			<u>60,154</u>

\* Indicates a Major Program

(continued)

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

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>Institute of Museum and Library Services</u>			
Passed Through Oregon State Library:			
Grants to States	45.310	05-5-6P	14,572
Grants to States	45.310	05-05-1P	25,484
Grants to States	45.310	06-06-P5	42,607
Grants to States	45.310	05-0-1/06-01-1	335,319
Total Institute of Museum and Library Services			<u>417,982</u>
<u>National Endowment for the Humanities</u>			
Direct Programs:			
Promotion of the Humanities Public Programs	45.164		- 2,000
Total National Endowment for the Humanities			<u>2,000</u>
<u>U.S. Environmental Protection Agency</u>			
Direct Programs:			
Brownsfield Assessment and Cleanup Cooperative Agreement	66.818		138,391
Passed Through National Association of Counties			
Surveys, Studies, Investigations Demonstrations and Special			
Purpose Activities Relating to the Clean Air Act	66.034	NACORF-EPA	5,000
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	4,835
TSCA Title IV State Lead Grants Certification of Lead-Based			
Paint Professionals	66.707	1936002309	14,676
Surveys, Studies, Training Demonstrations and Educational			
Outreach	66.716	1936002309	9,997
Total U.S. Environmental Protection Agency			<u>178,599</u>
<u>U.S. Department of Energy</u>			
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	210009	495,248
Total Department of Energy			<u>495,248</u>
<u>U.S. Department of Education</u>			
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	02-21CCLC	664,201
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	18,645
Total Department of Education			<u>782,846</u>

(continued)



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

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>Elections Assistance Commission</u>			
Passed Through Oregon Secretary of State:			
Help America Vote Requirements Payments	90.401	1936002309	2,264
Total Elections Assistance Commission			2,264
<u>U.S. Department of Health &amp; Human Services</u>			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		386,776
Injury Prevention and Control Research and State and Community Based Programs	93.136		498,461
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		6,634,941
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		1,065,376
Drug Abuse and Addiction Research Programs	93.279		63,621
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283		128,875
Refugee and Entrant Assistance Discretionary Grants	93.576		150,000
Health Care and Other Facilities	93.887		133,926
HIV Emergency Relief Project Grants	93.914		3,256,555
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918		827,945
Healthy Start Initiative	93.926		904,411
Special Projects of National Significance	93.928		182,977
Passed Through John Hopkins University:			
Nursing Research	93.361	1936002309	12,998
Passed Through Mount Hood Community College Head Start:			
Head Start	93.600	0210115-5	55,941
Passed Through National Association of City and County Health Officials:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283	2007-050201	21,205
Passed Through NW Family Services:			
Healthy Marriage Promotion and Responsible Fatherhood	93.086	90FE0079	162,581
Passed Through Oregon Association of Hospitals and Health Systems:			
National Bioterrorism Hospital Preparedness Program	93.889	Multnomah	67,647
Passed Through Oregon Commission on Children and Families:			
Promoting Safe and Stable Families	93.556	1936002309	192,324
Child Care and Development Block Grant	93.575	1936002309	309,175
Social Services Block Grant	93.667	1936002309	804,517

(continued)

\* Indicates a Major Program

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

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Passed Through Oregon Housing and Community Services:			
Temporary Assistance for Needy Families	93.558	0310559	127,897
Low-Income Home Energy Assistance	* 93.568	0310559	4,251,999
Community Services Block Grant	93.569	0310559	800,206
Passed Through Oregon Health Sciences University:			
Ryan White HIV/AIDS Dental Reimbursements / Community Based Partnerships	93.924	GPBH0012A©	14,211
Maternal and Child Health Services Block Grant to the States	93.994	4 B04MC06604-01-03	126,455
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	13,692
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services	93.043	1936002309	40,341
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	93.044	1936002309	834,277
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	1936002309	906,801
Special Programs for the Aging Title IV and Title III Discretionary Projects	93.048	1936002309	53,682
National Family Caregiver Support	93.052	1936002309	246,036
Nutrition Services Incentive Program	93.053	1936002309	366,212
Project Grants & Cooperative Agreements for Tuberculosis Control Programs	93.116	1936002309	151,879
Projects for Assistance in Transition From Homelessness (PATH)	93.150	1936002309	235,348
Surveillance of Hazardous Substance Emergency Kits	93.204	1936002309	1,000
Family Planning Services	93.217	1936002309	258,257
Abstinence Education Program	93.235	1936002309	75,259
Immunization Grants	93.268	1936002309	1,740,997
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283	1936002309	965,143
Temporary Assistance for Needy Families	93.558	1936002309	342,112
National Bioterrorism Hospital Preparedness Program	93.889	1936002309	337,958
HIV Care Formula Grants	93.917	1936002309	26,567
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	1936002309	60,088
HIV Prevention Activities Health Department Based	93.940	1936002309	550,809
Syndrome (AIDS) Surveillance	93.944	1936002309	109,561
Block Grants for Community Mental Health Services	93.958	1936002309	650,253
Block Grant for Prevention and Treatment of Substance Abuse	* 93.959	1936002309	4,151,028
Maternal and Child Health Services Block Grant to the States	93.994	1936002309	422,574

(continued)

\* Indicates a Major Program

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

<b>Grantor and Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Health &amp; Human Services</u> (continued)			
Passed Through Oregon Department of Justice:			
Child Support Enforcement	* 93.563	1936002309	1,660,576
Passed Through Oregon Research Institute:			
Alcohol Research Programs	93.273	R01AA11510	218,263
Cancer Cause and Prevention Research	93.393	RO CA086169	49,534
Passed Through Portland State University:			
Injury Prevention and Control Research and State and Community Based Programs	93.136	CDC sub050139 MCHD	282,585
Passed Through University of California:			
Drug Abuse and Addiction Research Programs	93.279	2000 G FN565	130,915
Passed Through University of Washington:			
AIDS Education and Training Centers	93.145	269812	96,751
Passed Through Washington State Department of Health:			
Centers for Disease Control and Prevention Investigations and Technical Assistance	* 93.283	N15002	77,949
Total Department of Health and Human Services			<u>36,237,467</u>
<u>US Department of Homeland Security</u>			
Passed Through City of Portland Department of Emergency, Communications:			
Urban Area Security Initiative	97.008	52304	39,401
Passed Through City of Portland Department of Fiscal Administration:			
State Homeland Security Program (SHSP)	97.073	52151	26,709
Passed Through Oregon State Police:			
State Homeland Security Program (SHSP)	97.073	1936002309	142,415
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	1936002309	36,397
Emergency Management Performance Grants	97.042	1936002309	145,251
Passed Through Oregon State Marine Board:			
Boating Safety Financial Assistance	97.012	1936002309	686,442
Passed Through United Way:			
Emergency Food and Shelter National Board Program	97.024	708000-009	564,620
Total Department of Homeland Security			<u>1,641,235</u>
<u>Other Federal Assistance (No CFDA)</u>			
<u>Department of Agriculture</u>			
Direct Programs:			
Operation TALON	10.936002309		5,000
Total Other Federal Assistance			<u>5,000</u>
Total Federal Expenditures			<u>\$ 54,039,766</u>

\* Indicates a Major Program

**MULTNOMAH COUNTY, OREGON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

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**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, 2007. The County's reporting entity is defined in Note 1 to the County's June 30, 2007 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**

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

**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, 2007 is calculated on a proportionate basis.

**MULTNOMAH COUNTY, OREGON**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2007**

**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	\$ 178,023
Supportive Housing Program	14.235	1,563,092
Supervised Visitation, Safe Havens for Children	16.527	143,429
Corrections and Law Enforcement Family Support	16.563	15,000
Byrne Formula Grant Program	16.579	21,750
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	100,239
Community Capacity Development Office	16.595	467,651
Anti-Gang Initiative	16.744	65,728
Reduction and Prevention of Children's Exposure to Violence	16.730	141,025
Twenty-First Century Community Learning Centers	84.287	606,228
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	266,869
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	900,907
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	51,692
National Family Caregiver Support	93.052	97,175
Nutrician Services Incentive Program	93.053	366,212
Injury Prevention and Control Research and State and Community Based Programs	93.136	79,221
Projects for Assistance in Transition From Homelessness (PATH)	93.150	207,202
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	32,379
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	608,486
Alcohol Research Programs	93.273	4,398
Drug Abuse Research Programs	93.279	50,000
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	13,239
Temporary Assistance for Needy Families	93.558	377,234
Low-Income Home Energy Assistance Program	93.568	415,864
Community Services Block Grant	93.569	625,014
Social Services Block Grant	93.667	490,047
HIV Emergency Relief Project Grants	93.914	2,457,617
Healthy Start Initiative	93.926	11,502
Special Programs of National Significance	93.928	38,310
HIV Prevention Activities Health Department Based	93.940	287,299
Block grant for Community Mental Health Services	93.958	322,896
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,473,726
Urban Area Security Initiative	97.008	14,582
Emergency Food and Shelter National Board Program	97.024	552,770
State Homeland Security Program (SHSP)	97.073	84,769
Total subrecipient pass-through		<u>\$ 15,170,049</u>

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

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**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiencies(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
- Significant deficiencies (s) identified that are not considered to be material weaknesses?   X   yes    \_\_\_\_\_ 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?   X   yes    \_\_\_\_\_ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.235	Supportive Housing Program
20.205	Highway Planning & Construction
93.283	Centers for Disease Control
93.563	Child Support Enforcement Program
93.568	Low-Income Energy Assistance program
93.959	Block Grant for Treatment of Substance Abuse

Dollar threshold used to distinguish between type A and type B programs: \$ 1,621,193 \_\_\_\_\_

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

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**Section II - Financial Statement Findings**

***Finding 2007-01 Lack of Timely and Frequent Reconciliations***

During our testing of accounts receivable it came to our attention that reconciliations between the accounting software used in the Health Department (EPIC) and the financial accounting software used by the County for financial reporting purposes (SAP) are not performed on a timely basis. EPIC is the original point of entry for financial information regarding patient visits in the Health Department. Journal entries are then prepared to transfer the information to SAP, which is the source of the information in the annual financial report. Therefore reconciliations between the two systems is an important internal control over financial reporting. In the prior year we recommended at least quarterly reconciliations be performed. We found there was only one reconciliation performed for the year as of June 30, 2007, and correcting entries were required to be made. According to the County, lack of staff resources is why the reconciliations were not completed. We believe the lack of a more frequent reconciliation could result in more than an inconsequential error in the general ledger that would not be discovered timely by employees performing their normal duties.

***Recommendation***

We recommend performing reconciliations at least quarterly, within a month of the end of each quarter. These reconciliations should be reviewed by Health Department management for accuracy.

***Management's Response***

In fiscal year 2007, the EPIC to SAP reconciliation was not completed quarterly as anticipated, but rather reconciled once at year-end. Health Department staff turnover and a short supply of replacement staff skilled in SAP and EPIC contributed to the delay and errors in the reconciliation. Maintaining an accurate and timely reconciliation is a high priority for the Health Department. Therefore, one position within the Department will be assigned the primary responsibility for performing the reconciliation of EPIC to SAP monthly, appropriately documenting the process and continuing to refine it. In addition, corrections and adjustments will be posted to the general ledger at least quarterly so that discrepancies do not become errors. Health Department management will review and approve these adjustments in ensure the reconciliations are accurate and timely.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2007-02 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance**

***Federal Program:*** Supportive Housing Program, CFDA #14.235  
Centers for Disease Control, CFDA #93.283  
Low-Income Home Energy Assistance Program, CFDA #93.568  
Block Grant for Treatment of Substance Abuse, CFDA #93.959

***Federal Agency:***

U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services

***Award Year:*** 2006-2007

***Criteria:***

Per OMB Cost Circular A-87, Cost Principles for State, Local and Indian Tribal Governments, 2 CFR Part 225, Appendix B, paragraph 8(h)(3) states where employees are expected to work solely

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

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on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee. In addition, paragraph 8(h)(4) states where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8 (h)(5), such as after-the-fact distribution of the actual activity, account for total activity in which the employee was compensated and must be prepared monthly and signed by the employee. Paragraph 8 (h)(5)(e) goes on to state that budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim account purposes if the estimates produce reasonable approximation of the activity actually performed, if quarterly comparisons are made of actual to budgeted costs and the budgeted estimates are revised quarterly, to reflect changed circumstances. Paragraph 8 (h)(6) goes on to state that substitute systems for allocating salaries and wages to Federal awards are acceptable, but are subject to approval by cognizant agency.

***Condition:***

The County does not currently require periodic certifications that the employee worked solely on a single Federal award or cost objective. In addition, the County does not currently require actual time records, time studies or the equivalent in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, are charged to the Federal grants based on budgeted or estimated amounts. The County has not adopted a substitute system as permitted by Circular A-87.

***Questioned Costs:***

Initial questioned costs for payroll allocation were approximately \$624,000. Specifically, initial questioned costs for each program were as follows: approximately \$21,000 for the Supportive Housing Program, \$490,000 for the Centers for Disease Control, \$46,000 for the Low Income Energy Assistance Program and \$67,000 for the Block Grant for Treatment of Substance Abuse. We did not question costs for those employees working solely on a single Federal award, as we obtained job descriptions, time cards and reviewed other supporting documentation to substantiate those costs. However, periodic certifications were not obtained, which we will address in our recommendation. The County is currently obtaining training on Time and Effort Reporting for federal programs. Based on that training, the County will implement a process to review actual to budget payroll costs and based on this review, we expect the actual questioned costs to be significantly lower than this initial amount.

***Context:***

The County requires semi-monthly timesheets that are certified by supervisors. However, employees are not currently required to record their actual time per program or activity. Instead these forms are used to track days off due to vacation or sickness. Budgeted amounts are used to charge payroll costs to the individual Federal grant. In addition, for those employees that work solely on a single Federal award, there are no periodic certifications signed by the employee or supervisor having first hand knowledge of the work performed by the employee.

***Effect:***

Personnel costs charged to the Federal grant are not adequately supported per OMB Circular A-87 and may not be reflective of the personnel costs actually attributable to the program.



**MULTNOMAH COUNTY, OREGON**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

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***Cause:***

Timesheets that record actual program time incurred, time studies, or the equivalent are not utilized. Periodic certifications for employees working solely on single Federal awards are not being obtained.

***Recommendation:***

We recommend that the County develop and implement a system to track actual personnel compensation by program for those individuals working on multiple Federal grants. Further, while initial allocations may be made based on budget estimates, we recommend that the County revise its processes so that adjustments are made to reflect actual payroll costs by program on at least a quarterly basis to enable proper allocations to each Federal grant. We also recommend that for those employees working on Federal awards, the County should obtain periodic employee certifications, at least semi-annually, signed by the employee or supervisor having first hand knowledge of the work performed by the employee.

***Management's Response:***

Management understands the importance of accurately accounting, tracking and documenting actual personnel costs, therefore, Department grant accountants and supervisors recently attended a training course on time and effort reporting for Federal grants. Due to the wide array of services provided by multiple County departments, procedures and processes to track and record time worked on grants may vary across the County. Management is currently reviewing existing department practices to track, account for and support payroll costs charged to Federal grants. We will develop procedures and processes that will be in compliance with the Federal rules and guidelines for payroll costs charged to grants. For those grants which are divided among multiple County departments, management will institute a consistent County-wide process to allocate and support the applicable payroll costs. In addition, periodic time certifications will be performed and documented for those employees working solely on a single grant activity.

**FINDING 2007-03 Eligibility – Instance of Noncompliance**

***Federal Program:*** Low-Income Home Energy Assistance Program, CFDA #93.568

***Federal Agency:*** U.S. Department of Health and Human Services

***Award Year:*** 2006-2007

***Criteria:***

Per OMB Circular A-133 Compliance Supplement for the Low-Income Home Energy Assistance Program, grantees may provide assistance to: (a) households in which one or more individuals are receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, or certain needs-tested veterans benefits; or (b) households with incomes which do not exceed the greater of 150 percent of the State's established poverty level, or 60 percent of the State median income. Grantees may establish lower income eligibility criteria, but no household may be excluded solely on the basis of income if the household income is less than 110 percent of the State's poverty level. Grantees may give priority to those households with the highest home energy costs or needs in relation to income (42 USC 8624(b)(2)).

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

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***Condition:***

Weatherization program staff has procedures in place to verify applicant information. However, during testing we noted that one out of the five applications sampled did not have an income verification completed, though the proper documents were filed. Therefore, the person did not meet the eligibility requirements to receive Weatherization awards.

***Questioned Costs:*** None to be reported.

***Context:***

There are two programs housed under Low-Income Home Energy Assistance: Home Energy Assistance and Weatherization programs. The applicant in question was already receiving Home Energy Assistance funding, when they applied for Weatherization assistance. It appears that though the Weatherization staff member who took this application received proof of income from the applicant, they instead relied on the determination of the Home Energy Assistance program. However, when this application was taken, it was not the practice of the Home Energy Assistance program to require income proof for all participants because subrecipients were contracted to determine eligibility. Instead, the Home Energy Assistance program staff performed subrecipient monitoring of eligibility, performing regular spot checks, only. In the year under audit, this practice was changed.

***Effect:*** The applicant received Weatherization assistance for which they were not entitled.

***Cause:*** The Weatherization program staff did not perform an income eligibility determination.

***Recommendation:***

We recommend that income eligibility calculations are performed on all weatherization applications, regardless of applicants' eligibility determination by another program.

***Management's Response:***

Upon management's investigation, it became clear that there was some confusion among Weatherization staff regarding the income verification process. The staff understood that approval for LIEAP assistance would suffice for Weatherization approval. Management has instructed all Weatherization staff that an independent income verification must be completed on all Weatherization applicants, regardless of assistance approval from any other program. Moving forward, income verifications are being done for each Weatherization applicant.

**FINDING 2007-4 Allowable Costs – Fraud, Significant Deficiency in Internal Controls and Instance of Noncompliance**

***Federal Program:*** Centers for Disease Control, CFDA #93.283

***Federal Agency:*** U.S. Department of Health & Human Services

***Award Year:*** 2006-2007

***Criteria:***

OMB Circular – Compliance Supplement, Section B, Allowable Costs/Costs Principles states that costs charged to the federal grant must be reasonable and necessary for the performance and administration of the award.

**MULTNOMAH COUNTY, OREGON**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2007**

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***Condition:***

From March 2006 to August 2007, a County employee embezzled Federal funds from a petty checking account. The funds were intended to be used to issue checks to clients in exchange for completing a survey. The employee issued checks to herself from this account and created fraudulent client names for the check register, passing them off as client payments. The fraud was eventually detected by a program manager during budget development. The County performed an investigation, and the internal controls over petty checking accounts within the Health Department have been revised.

***Questioned Cost:***

Initial questioned costs of \$38,960; however, the County has paid those funds back to the Federal awarding agency.

***Context:***

During the 18 months of theft, there were 5 different supervisors responsible for monitoring the employee's work. There were no check signing controls in place and the employee had complete control over the petty cash checkbook.

***Effect:***

The theft resulted in a total of 781 checks written to the employee, all issued for \$50 or less, for a total loss of funds of \$38,960.

***Cause:***

The County performed an inadequate review of the check register detail. In addition there were improper controls over the check signing procedures. During the 18 months of theft, there were 5 different supervisors responsible for monitoring the employee's work.

***Recommendation:***

We recommend the continued implementation of revised internal controls over petty checking and petty cash accounts in the Health Department. We also recommend the review of internal controls in all petty checking accounts across Multnomah County to ensure proper segregation of duties and monitoring.

***Management's Response:***

The County is making a number of changes to bank accounts in the Health Department's name, including strengthening internal controls, offering training and implementing an internal audit function. Strengthening internal controls includes eliminating single signer accounts and requiring two signatures on all accounts. All checking accounts will have check copies returned to Health Department Business Services along with the bank statement. Petty cash custodians, alternates and account supervisors will be required to attend formal petty cash training. Management will perform internal audits of all petty cash drawers or checking accounts, which will include physical verification of internal controls and compliance with County cash handling policies and procedures. Any instances of account abnormalities (overdraft, high-volume un-cashed checks, or changes in account activity) will flag the account and it will be forwarded to the Business Services Director to initiate an internal review by the Department. Any flagged bank accounts will be frozen without replenishment and no changes will be allowed until the internal review has been completed.

If you do not need this report for  
your permanent file would you  
please return it to the Auditor's  
Office.

Financial Statements and Reports of  
Independent Certified Public Accountants

**Mid County Service District No. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**

June 30, 2007 and 2006



## INTRODUCTORY SECTION

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**

BOARD OF COUNTY COMMISSIONERS\* AS OF JUNE 30, 2007  
501 SE Hawthorne Blvd, 6<sup>th</sup> floor  
Portland, Oregon 97214

	<u>Term Expires</u>
Ted Wheeler, Chair of the Board	December 31, 2010
Jeff Cogen, Commissioner	December 31, 2010
Lisa Naito, Commissioner	December 31, 2008
Lonnie Roberts, Commissioner	December 31, 2008
Maria Rojo de Steffey, Commissioner	December 31, 2008

**REGISTERED AGENT**

Mindy L. Harris

**REGISTERED OFFICE**

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

\* Governing body of Mid County Service District No. 14 reported on herein.

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
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**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

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

November 21, 2007

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

### **INTRODUCTION**

We are pleased to submit the Basic Financial Statements for Mid County Service District No. 14, Portland, Oregon (the District), for the fiscal years ended June 30, 2007 and 2006. This report includes the opinion of our independent auditors, Moss Adams LLP.

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

Accounting principles generally accepted in the United States of America (US GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Mid County's MD&A can be found immediately following the independent auditors' report.

### **PROFILE OF THE DISTRICT**

Mid County Service District No. 14 was organized in 1968 as Tulip Acres Lighting District under the provisions of ORS Chapter 451. The District now provides street lighting to the unincorporated urban areas of the County, and the cities of Maywood Park, Troutdale and Fairview. Administration of the District is managed by the Multnomah County Department of Community Services (DCS). Portland General Electric provides energy and maintenance services to the District and the County's DCS Land Use and Transportation Division provides illumination, engineering and design.

The District is accounted for as an enterprise fund. Enterprise funds generate revenue for operations by charging user fees to recover costs of providing goods and services to the public. The measurement focus is on a flow of economic resources and the accrual basis of accounting is used. Under the accrual basis of accounting, revenues are recorded at the time they are earned and expenses are recorded at the time the liabilities are incurred.

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

### FACTORS AFFECTING FINANCIAL CONDITION

The District's operating budget has stabilized with the substantial completion of municipal annexations. Operations are funded by charging user fees, which stayed unchanged from the prior year at \$42 per household for fiscal year 2007. The fees are collected via special assessments that are added to property tax bills for properties served by the District.

Operating revenues in total generally follow population levels. Historically (the last 10 years) operating revenues have increased approximately 5.9% annually and operating expenses have increased approximately 5.0% over the same time period. During fiscal year 2007, operating revenues increased only 4.3% from the prior year as a result of no rate change.

In fiscal year 2004, the District implemented a new capital asset initiative to replace 15% of their lights and poles that were past their life expectancy. Under this initiative the District began purchasing more lights and poles rather than renting these assets from Portland General Electric and therefore reducing capital contributions. Since then the District continues to record capital contributions for light and poles and also purchase replacements, but at a scaled down rate. Over time the District anticipates that capital contributions will continue to decrease as capital asset acquisitions increase. In fiscal year 2006 management revised the estimates on the useful lives of the District's lights and poles from 15 years to 30 years as new lights and poles are constructed from stronger more durable materials. The District continues to maintain a strong working capital position and has no long-term debt. Following is a summary of some key financial data which is summarized from current and prior years' financial statements:

	Year Ended June 30,				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating revenue	\$ 306,343	\$ 293,850	\$ 289,181	\$ 235,601	\$ 232,777
Depreciation expense	57,110	54,059	103,412	158,527	93,413
Operating loss	(47,249)	(34,196)	(159,829)	(264,606)	(122,132)
Change in net assets	50,606	64,047	41,742	(478,284)	37,063
Capital contributions	75,702	82,031	238,322	-	251,677
Net working capital	388,062	356,048	345,315	441,706	833,639
Total assets	1,958,800	1,906,006	1,831,673	1,788,873	2,268,709
Total net assets	1,928,187	1,877,581	1,813,534	1,771,792	2,250,076

## AWARDS AND ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Mindy Harris".

Mindy L. Harris  
Chief Financial Officer

**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

Board of County Commissioners  
Mid County Service District No. 14

We have audited the accompanying financial statements of the Mid County Service District No. 14, a component unit of Multnomah County, as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mid County Service District No. 14 as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

Our audits were made for the purpose of forming an opinion on the financial statements that collectively compromise the Mid County Service District No. 14's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Mid County Service District No. 14. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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

November 21, 2007



**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

As management of Mid County Service District No. 14, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages iii-iv of this report.

### **Financial Highlights**

- Mid County's assets exceeded its liabilities at June 30, 2007, by \$1,928,187. Of this amount, \$388,062 is unrestricted and may be used to meet the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$50,606 in fiscal year 2007 primarily due to capital contributions of \$75,702.
- Capital asset additions decreased by \$31,671 from \$107,373 for fiscal year 2006 to \$75,702 for fiscal year 2007 primarily due to the completed property annexations that began in prior fiscal years and no new purchases of lights and poles.

### **Overview of the Financial Statements**

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

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

The main source of revenue, street lighting assessments, is collected through property taxes. The user charges remained the same at \$42 per household for fiscal year 2007 generating \$306,343 in revenues.

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

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

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

### Financial Analysis of the District

Net assets may serve over time as a useful indicator of a government's financial position. As noted earlier, Mid County's total assets exceeded liabilities by \$1,928,187 at the close of the most recent fiscal year. Included in this amount, the District had \$1,540,125 or 80% of total net assets invested in capital assets. The investment in capital assets is the District's street lighting system, with no related debt. The District uses these capital assets to provide services to its member households; consequently, these assets are not available for future spending.

#### Mid County's Net Assets June 30,

	2007	2006	2005
Current assets	\$ 418,675	\$ 384,473	\$ 363,454
Capital assets	1,540,125	1,521,533	1,468,219
Total assets	1,958,800	1,906,006	1,831,673
Current liabilities	30,613	28,425	18,139
Net assets:			
Invested in capital assets	1,540,125	1,521,533	1,468,219
Unrestricted	388,062	356,048	345,315
Total net assets	\$ 1,928,187	\$ 1,877,581	\$ 1,813,534

At the end of the current and prior fiscal years, the District is able to report positive balances in the above categories of net assets.

**Mid County's Changes in Fund Net Assets  
For the Year Ended June 30,**

	<u>2007</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 306,343	\$ 293,850	\$ 289,181
Nonoperating revenues:			
Investment earnings	22,153	16,212	10,090
Total revenues	<u>328,496</u>	<u>310,062</u>	<u>299,271</u>
<b>Expenses</b>			
Operating expenses:			
District operating expenses	353,592	328,046	449,010
Nonoperating expenses:			
Loss on disposal of capital assets	-	-	46,841
Total expenses	<u>353,592</u>	<u>328,046</u>	<u>495,851</u>
Loss before contributions	(25,096)	(17,984)	(196,580)
Capital contributions	75,702	82,031	238,322
Increase in net assets	50,606	64,047	41,742
Beginning fund net assets	1,877,581	1,813,534	1,771,792
Ending fund net assets	<u>\$ 1,928,187</u>	<u>\$ 1,877,581</u>	<u>\$ 1,813,534</u>

The District's ending fund net assets increased by \$50,606, \$64,047, and \$41,742 during the fiscal years 2007, 2006, and 2005 respectively. The primary reasons for the increases in fund net assets are:

- Capital contributions by developers continue, but at a reduced rate as the District's growth has stabilized with the substantial completion of municipal annexations. Capital contributions were \$75,702 for fiscal year 2007 which is a slight decrease of \$6,329 from fiscal year 2006 capital contributions of \$82,031. Fiscal year 2006's capital contributions represented a significant decrease of \$156,291 in comparison to capital contributions of \$238,322 in fiscal year 2005. The large amount of contributions in 2005 were due to the completion of new construction throughout the fiscal year.
- Investment earnings continue to increase as the economy remains strong and interest rates continue to rise. Investment earnings in fiscal year 2007 increased by \$5,041 over fiscal year 2006 as compared to a comparable increase in fiscal year 2006 of \$6,122 over fiscal year 2005.
- Operating expenses increased by \$25,546 in fiscal year 2007 but decreased by \$120,964 from fiscal year 2005 to fiscal year 2006. This was largely due to a change in estimated useful lives of lights and poles (from 15 to 30 years) resulting in a decrease in depreciation expense of \$49,353.

**Capital assets.** The District's investment in capital assets as of June 30, 2007, amounts to \$1,540,125 (net of accumulated depreciation). This entire investment in capital assets is the street lighting system. The net increase in the District's investment in capital assets for the current fiscal year was \$18,592 or 1.2% due to capital additions of \$75,702 less depreciation of \$57,110. Additional information on the District's capital assets can be found in notes A.5 and C.3 on page 11 and 13 of this report.



**Budgetary highlights.** Total budgeted expenditures for the District were \$411,250 in fiscal year 2007 compared to actual expenditures of \$296,603. Expenditures were under budget by \$114,647 primarily due to contingency which is reserved for special circumstances and capital outlay, both of which had no actual expenditures. The District budgeted \$100,000 for capital outlay. There were no expenditures for new lights and poles in capital outlay. The only expenditures were for light replacements which were charged to repairs and maintenance.

#### **Key Economic Factors and Budget Information for Next Year**

The District has completed a large capital pole and lighting replacement program over the past three years, targeting facilities that were past their life expectancy. In the fiscal year 2008 budget, the District is proposing a \$50,000 capital pole replacement program.

The District's current assessment is \$42 per household. For fiscal year 2008 the District budget committee plans to reduce the rate to \$35 per household due to the completion of capital work the previous three years. The rate should provide the District with sufficient operating resources to match engineering, maintenance and operational demands.

#### **Requests for information**

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

Multnomah County  
Department of County Management  
501 SE Hawthorne Blvd, Suite 531  
Portland, OR 97293-0700

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Statement of Net Assets**

	June 30,	
	2007	2006
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 406,400	\$ 372,476
Receivables (net of allowance for uncollectibles):		
Accounts	38	27
Special assessments	12,237	11,970
Total current assets	418,675	384,473
Noncurrent assets:		
Capital assets	2,585,529	2,509,827
Accumulated depreciation	(1,045,404)	(988,294)
Total noncurrent assets	1,540,125	1,521,533
Total assets	1,958,800	1,906,006
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	30,613	28,425
Total current liabilities	30,613	28,425
<b>NET ASSETS</b>		
Invested in capital assets	1,540,125	1,521,533
Unrestricted	388,062	356,048
Total net assets	\$ 1,928,187	\$ 1,877,581

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

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets**

	Years Ended June 30,	
	2007	2006
<b>OPERATING REVENUES</b>		
Street lighting assessments	\$ 306,343	\$ 293,850
<b>OPERATING EXPENSES</b>		
Cost of sales and services	254,486	221,166
Administration	41,996	52,821
Depreciation	57,110	54,059
Total operating expenses	353,592	328,046
Operating loss	(47,249)	(34,196)
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Interest revenue	22,153	16,212
Loss before contributions	(25,096)	(17,984)
Capital contributions	75,702	82,031
Change in net assets	50,606	64,047
Total net assets - beginning	1,877,581	1,813,534
Total net assets - ending	\$ 1,928,187	\$ 1,877,581

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

# MID COUNTY SERVICE DISTRICT NO. 14

## A Component Unit of Multnomah County, Oregon Statement of Cash Flows

	Years Ended June 30,	
	2007	2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 306,185	\$ 294,318
Payments to suppliers	(254,803)	(212,846)
Payments to County employees	(19,237)	(24,643)
Internal activity - payments to other funds	(20,374)	(26,412)
Net cash provided by operating activities	11,771	30,417
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	-	(25,342)
Net cash used in capital and related financing activities	-	(25,342)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	22,153	16,212
Net cash provided by investing activities	22,153	16,212
Net increase in cash and investments	33,924	21,287
Balances at beginning of the year	372,476	351,189
Balances at end of the year	\$ 406,400	\$ 372,476
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>		
Operating loss	\$ (47,249)	\$ (34,196)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:		
Depreciation	57,110	54,059
Changes in assets and liabilities:		
Receivables, net	(278)	268
Accounts payable	2,188	10,286
Total adjustments	59,020	64,613
Net cash provided by operating activities	\$ 11,771	\$ 30,417
<b>Noncash financing activities</b>		
Contributions of capital assets	\$ 75,702	\$ 82,031

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

## MID COUNTY SERVICE DISTRICT NO. 14

### A Component Unit of Multnomah County, Oregon Notes to Basic Financial Statements June 30, 2007 and 2006

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#### Note A. Summary of significant accounting policies

##### 1. Nature of business

Mid County Service District No. 14 (the District) was organized in 1968 under the provisions of Oregon Revised Statutes (ORS) Chapter 451 to provide street lighting in unincorporated urban areas of Multnomah County (the County) and the cities of Maywood Park, Troutdale and Fairview. The Multnomah County Board of Commissioners is the governing body of the District, as provided for by ORS 451.485.

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

##### 2. Measurement focus, basis of accounting, and financial statement preparation

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

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

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

**MID COUNTY SERVICE DISTRICT NO. 14**

**A Component Unit of  
Multnomah County, Oregon  
Notes to Basic Financial Statements  
June 30, 2007 and 2006**

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**Note A. Summary of significant accounting policies - continued**

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

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

**3. Cash and investments**

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

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

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

**MID COUNTY SERVICE DISTRICT NO. 14**

**A Component Unit of  
Multnomah County, Oregon  
Notes to Basic Financial Statements  
June 30, 2007 and 2006**

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**Note A. Summary of significant accounting policies - continued**

**4. Receivables and payables**

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

**5. Capital assets**

Capital assets are stated at historical cost or estimated historical cost at time of acquisition, or fair value for donated assets. Capital assets valued at estimated historical costs are minor. Infrastructure with a value of greater than \$10,000 are capitalized. Normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Gain or loss on retirement or disposal is reflected in income.

Depreciation on property and equipment is provided on the straight-line method at rates based on the estimated lives for all the lights and poles. During fiscal year 2006 management revised the estimated useful lives of the District's lights and poles. Based on management's review the useful lives of the lights and poles were extended from 15 years to 30 years. In recent years the materials used in constructing the District's lights and poles have become more durable and are engineered to last longer than those previously built. The District now uses a 30 year useful life for lights and poles.

**6. Annexations and intergovernmental agreements**

In 1983 the Board of County Commissioners passed Resolution A which stated the County's intention to phase out municipal services provided to urbanized unincorporated areas of the County. As a result, large areas of the District have been annexed by other jurisdictions and further annexations are expected. At the ultimate dissolution of the District, its remaining assets will be distributed to the successors in proportion to the number of customers absorbed by each entity.

**7. Use of estimates**

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

**MID COUNTY SERVICE DISTRICT NO. 14**

**A Component Unit of  
Multnomah County, Oregon  
Notes to Basic Financial Statements  
June 30, 2007 and 2006**

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**Note B. Stewardship, compliance, and accountability**

**1. Budgets**

The District's budget is prepared in accordance with Oregon local budget law. All annual appropriations lapse at fiscal year end. During the month of February each year, the District submits requests for appropriations to the County Chair so that a budget may be prepared. By May 15, the proposed budget is presented to the County Board of Commissioners for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30.

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

**Note C. Detailed notes on the Fund**

**1. Cash and investments**

The District's cash and investments reported on the statement of net assets represent the District's share of the County's cash and investment pool. The District's participation in the cash and investment pool is involuntary. Interest earnings from this pool are allocated to the District on a monthly basis. At June 30, 2007 and 2006 the District's share of the County's cash and investment pool totaled \$406,400 and \$372,476, respectively. This fund's ending cash balance is pooled with the County's cash, and represents a portion of the year-end bank balances.

**2. Receivables**

	June 30,	
	2007	2006
Street lighting assessments	\$ 13,957	\$ 13,810
Allowance for doubtful accounts	(1,720)	(1,840)
Subtotal	12,237	11,970
Receivables from foreclosures	38	27
Receivables, net	\$ 12,275	\$ 11,997

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



**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

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**3. Capital assets**

Capital assets are summarized as follows:

	June 30,	
	2007	2006
Street lights and poles at beginning of year	\$ 2,509,827	\$ 2,402,454
Additions	75,702	107,373
Total capital assets at end of year	2,585,529	2,509,827
Accumulated depreciation	(1,045,404)	(988,294)
Investment in capital assets	\$ 1,540,125	\$ 1,521,533

**4. Transactions with Multnomah County**

The County Department of Community Services provides operating management and planning for the District. General administrative functions are performed by other units of the County. All services are performed on an internal cost reimbursement basis. Reimbursements to the County were \$20,144 and \$13,850 for fiscal years 2007 and 2006, respectively, and are included in the financial statement line item for Administration on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

**Note D. Risk management**

As a component unit of the County, the District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has established risk management programs for liability insurance coverage. The District is covered under the policies and programs insuring the County. The County maintains an internal service fund, risk management fund, to account for and finance its risks of loss. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the risk management fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the risk management fund. As of June 30, 2007, interfund premiums exceeded reimbursable expenditures. Settlements have not exceeded coverages for each of the past three fiscal years.

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

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**Note E. Pension plans**

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's pension plans. The County's Comprehensive Annual Financial Report (CAFR) provides further details on these plans.

**Note F. Commitments**

As of the year ended June 30, 2007 the District has no significant commitments on future capital projects.



## **SUPPLEMENTARY INFORMATION**

**MID COUNTY SERVICE DISTRICT NO. 14**

**A Component Unit of  
Multnomah County, Oregon**

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The following Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the District is prepared on a budgetary basis which differs from accounting principles generally accepted in the United States of America and the accompanying component unit financial statements in the following respects:

- Street lighting assessment revenue is recognized as it becomes measurable and available;
- Capital outlay is reflected as an expenditure;
- Contributed capital, other than non-current assets, is reflected as revenue;
- Depreciation is not recorded; and,
- Expenses related to uncollectible accounts receivable are not recorded.

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Assessments - street lighting:				
Current	\$ 275,000	\$ 275,000	\$ 300,397	\$ 25,397
Prior	-	-	6,322	6,322
Interest	15,000	15,000	22,153	7,153
Other	-	-	43	43
Total revenues	290,000	290,000	328,915	38,915
<b>EXPENDITURES</b>				
Community services	386,250	386,250	296,603	89,647
Excess (deficiency) of revenues				
over (under) expenditures	(96,250)	(96,250)	32,312	128,562
Contingency	(25,000)	(25,000)	-	25,000
Net change in fund balances	(121,250)	(121,250)	32,312	153,562
Fund balances - beginning	339,725	339,725	346,419	6,694
Fund balances - ending	\$ 218,475	\$ 218,475	378,731	\$ 160,256
Reconciliation to GAAP basis:				
Invested in capital assets			1,540,125	
Deferred revenue on property taxes			11,051	
Allowance for uncollectible accounts, assessments			(1,720)	
Net Assets as reported on the Statement of Revenues,				
Expenses and Changes in Fund Net Assets, page 7			\$ 1,928,187	

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Schedules of Special Assessment Transactions**  
**For the Year Ended June 30, 2007**

	<b>Amounts Uncollected June 30, 2006</b>	<b>Levy/ Assessments as Extended by Assessor</b>	<b>Discounts Allowed</b>	<b>Interest Received</b>	<b>Cancellations and Adjustments</b>	<b>Interest and Tax/ Assessment Collections</b>	<b>Amounts Uncollected June 30, 2007</b>
<b>General Fund Special Assessment</b>							
2006-2007	\$ -	\$ 314.471	\$ (7,693)	\$ 165	\$ (810)	\$ (297,610)	\$ 8,523
2005-2006	8,485	-	9	343	(494)	(5,335)	3,008
2004-2005	2,845	-	3	249	(141)	(1,564)	1,392
2003-2004	1,281	-	1	214	(86)	(941)	469
2002-2003	561	-	1	121	(57)	(500)	126
2001-2002	155	-	-	7	(39)	(48)	75
2000-2001	99	-	-	28	(21)	(74)	32
1999-2000	35	-	-	4	(8)	(9)	22
1998-1999	24	-	-	3	(4)	(7)	16
1997-1998 and prior years	325	-	-	43	(8)	(66)	294
	<u>\$ 13,810</u>	<u>\$ 314.471</u>	<u>\$ (7,679)</u>	<u>\$ 1,177</u>	<u>\$ (1,668)</u>	<u>\$ (306,154)</u>	<u>\$ 13,957</u>

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Schedules of Special Assessment Transactions**  
**For the Year Ended June 30, 2006**

	<u>Amounts Uncollected June 30, 2005</u>	<u>Levy/ Assessments as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Received</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax/ Assessment Collections</u>	<u>Amounts Uncollected June 30, 2006</u>
<b>General Fund Special Assessment</b>							
2005-2006	\$ -	\$ 302,998	\$ (7,384)	\$ 188	\$ (1,389)	\$ (285,928)	\$ 8,485
2004-2005	8,665	-	16	362	(964)	(5,234)	2,845
2003-2004	2,728	-	11	218	(428)	(1,248)	1,281
2002-2003	1,489	-	8	216	(292)	(860)	561
2001-2002	642	-	3	138	(11)	(617)	155
2000-2001	152	-	-	12	1	(66)	99
1999-2000	61	-	-	16	(3)	(39)	35
1998-1999	29	-	-	3	-	(8)	24
1997-1998	36	-	-	3	-	(7)	32
1996-1997 and prior years	357	-	-	112	(11)	(165)	293
	<u>\$ 14,159</u>	<u>\$ 302,998</u>	<u>\$ (7,346)</u>	<u>\$ 1,268</u>	<u>\$ (3,097)</u>	<u>\$ (294,172)</u>	<u>\$ 13,810</u>

**MID COUNTY SERVICE DISTRICT NO. 14**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections**  
**For the Years Ended June 30, 2007 and 2006**

---

	<b>Years Ended June 30</b>	
	<b>2007</b>	<b>2006</b>
<b>Revenues, per Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:</b>		
Current year special assessments	\$ 300,397	\$ 288,574
Prior years' special assessments	6,322	5,201
Sixty day tax/assessment accrual, net	(565)	397
<b>Interest and Tax/Assessment Collections, per Schedule of Special Assessment Transactions</b>	<b>\$ 306,154</b>	<b>\$ 294,172</b>



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

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

Board of County Commissioners  
Mid County Service District No. 14

We have audited the financial statements of the Mid County Service District No. 14 as of and for the year ended June 30, 2007, and have issued our report thereon dated November 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2007 and 2008.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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

Internal Control Over Financial Reporting

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

internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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



James Lanzarotta, Partner  
For Moss Adams LLP  
Certified Public Accountants  
Eugene, Oregon

November 21, 2007

If you do not need this report for  
your permanent file would you  
please return it to the Auditor's  
Office.

Financial Statements and Reports of  
Independent Certified Public Accountants

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

June 30, 2007 and 2006

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

BOARD OF COUNTY COMMISSIONERS\* AS OF JUNE 30, 2007  
501 SE Hawthorne Blvd, 6<sup>th</sup> floor  
Portland, Oregon 97214

	<u>Term Expires</u>
Ted Wheeler, Chair of the Board	December 31, 2010
Jeff Cogen, Commissioner	December 31, 2010
Lisa Naito, Commissioner	December 31, 2008
Lonnie Roberts, Commissioner	December 31, 2008
Maria Rojo de Steffey, Commissioner	December 31, 2008

REGISTERED AGENT

Mindy L. Harris

REGISTERED OFFICE

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

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

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
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**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

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

November 21, 2007

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

## **INTRODUCTION**

We are pleased to submit the Basic Financial Statements for Dunthorpe-Riverdale Service District No. 1, Portland, Oregon (the District), for the fiscal years ended June 30, 2007 and 2006. This report includes the opinion of our independent auditors, Moss Adams LLP.

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

Accounting principles generally accepted in the United States of America (US GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Dunthorpe-Riverdale's MD&A can be found immediately following the independent auditors' report.

## **PROFILE OF THE DISTRICT**

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

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



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

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

### FACTORS AFFECTING FINANCIAL CONDITION

The District consists of approximately 582 households at June 30, 2007, including 14 in northern Clackamas County. District growth has stabilized due to substantial completion of municipal annexations. Operations are funded by user fees and connection charges sufficient to recover all costs of goods and services. The fees are collected via special assessments that are added to property tax bills for properties served by the District.

Prior to fiscal year 2005, slowed District development and increases in utility costs resulted in overall operating losses and decreases in net assets. Between fiscal year 2005 and the current fiscal year, it has been necessary to increase monthly per household rates from \$62 to \$80 to cover rising utility costs and provide for necessary capital improvements. This has resulted in overall operating gains and increases in net assets. Despite the current year addition of a five year intergovernmental loan, the District continues to maintain a strong net working capital position, with an increase in fiscal year 2007 primarily due to increased user rate revenue. Following is a summary of some key financial data which has been summarized from current and prior years' financial statements:

	Year Ended June 30,				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Operating revenue	\$ 574,225	\$ 455,363	\$ 423,403	\$ 344,358	\$ 256,103
Depreciation expense	56,369	47,616	43,625	42,321	40,274
Operating gain (loss)	168,977	48,204	42,733	(10,981)	(87,835)
Change in net assets	193,539	68,822	59,222	(5,110)	(75,599)
Net working capital	171,173	65,211	351,469	251,178	347,869
Total assets	2,504,135	1,737,776	1,572,909	1,477,002	1,473,489
Total net assets	1,722,658	1,529,119	1,460,297	1,401,075	1,406,185

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

## AWARDS AND ACKNOWLEDGEMENTS

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Mindy Harris".

Mindy L. Harris  
Chief Financial Officer

**FINANCIAL SECTION**

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of the Dunthorpe-Riverdale Service District No. 1, a component unit of Multnomah County, as of and for the years ended June 30, 2007 and 2006. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on the financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Dunthorpe-Riverdale Service District No. 1 as of June 30, 2007 and 2006, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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

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



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

November 21, 2007



**Department of County Management**  
**MULTNOMAH COUNTY OREGON**

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

As management of Dunthorpe-Riverdale Service District No. 1, we offer readers of the District's basic financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2007. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal, which can be found on pages iii-v of this report.

### **Financial Highlights**

- Dunthorpe-Riverdale's assets exceeded its liabilities at June 30, 2007, by \$1,722,658. Of this amount, \$242,487 is unrestricted and may be used for the District's ongoing obligations to citizens and creditors.
- The District's total net assets increased by \$193,539 in fiscal year 2007 compared to a \$68,822 increase in fiscal year 2006. The overall increase is primarily due to the increase in monthly per household customer sewer user assessment fees, from \$67 in fiscal year 2006 to \$80 in fiscal year 2007. The user fee increase was necessary to assist with rising utility costs and required capital improvements.
- Interest revenue was \$24,562 for fiscal year 2007 compared to \$20,618 for fiscal year 2006 due to an infusion of loan-related cash towards the end of the fiscal year as well as slightly higher interest rates throughout the year.
- The District expended \$472,632 on capital improvements to the Tryon Creek and Riverview pump stations in the current year compared to \$402,696 in the prior year. To facilitate additional necessary capital improvements to the same pump stations, the District has received a \$400,000 loan from the County's Risk Management Fund payable over the next five fiscal years.

### **Overview of the Financial Statements**

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

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

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

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

The main source of revenue, sewer assessments, is collected through property taxes. In the current year the fees were raised from \$67 to \$80 per month per household and generated \$574,225 of revenue. Current sewer assessments are intended to meet anticipated treatment, maintenance, debt repayment and capital requirements for the upcoming year.

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

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

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

### **Financial Analysis of the District**

Net assets may serve over time as a useful indicator of a government's financial position. As noted earlier, Dunthorpe-Riverdale's total assets exceeded liabilities by \$1,722,658 at the close of the most recent fiscal year, an increase of \$193,539 over the prior year. At June 30, 2007, the District's largest portion of net assets, \$1,480,171 or 86%, is invested in capital assets. This amount increased by \$16,263 over the prior year. The investment in capital assets is the District's sanitary sewer system, with related debt of \$400,000. The District uses these capital assets to provide services to its member households; consequently, these assets are not available for future spending. In fiscal year 2007 the District spent \$472,632 on capital improvements to the Tryon Creek and Riverview pump stations.

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

	2007	2006	2005
Current assets	\$ 623,964	\$ 273,868	\$ 464,081
Capital assets	1,880,171	1,463,908	1,108,828
Total assets	<u>2,504,135</u>	<u>1,737,776</u>	<u>1,572,909</u>
Current liabilities	<u>452,791</u>	<u>208,657</u>	<u>112,612</u>
Net assets:			
Invested in capital assets	1,480,171	1,463,908	1,108,828
Unrestricted net assets	242,487	65,211	351,469
Total net assets	<u>\$ 1,722,658</u>	<u>\$ 1,529,119</u>	<u>\$ 1,460,297</u>

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

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

	2007	2006	2005
<b>Revenues</b>			
Operating revenues:			
Charges for services	\$ 574,225	\$ 455,363	\$ 423,403
Nonoperating revenues:			
Investment earnings	24,562	20,618	10,368
Rebate revenue	-	-	112,504
Total revenues	<u>598,787</u>	<u>475,981</u>	<u>546,275</u>
<b>Expenses</b>			
Operating expenses:			
District operating expenses	405,248	407,159	380,670
Nonoperating expenses:			
Loss on disposal of capital assets	-	-	106,383
Total expenses	<u>405,248</u>	<u>407,159</u>	<u>487,053</u>
Increase in net assets	\$ 193,539	\$ 68,822	\$ 59,222
Beginning fund net assets	1,529,119	1,460,297	1,401,075
Ending fund net assets	<u>\$ 1,722,658</u>	<u>\$ 1,529,119</u>	<u>\$ 1,460,297</u>

The District's fund net assets increased by \$193,539 during the current fiscal year compared to an increase of \$68,822 in fiscal year 2006 and an increase of \$59,222 in fiscal year 2005. The primary reasons for the additional increases in fund net assets for fiscal years 2005 through 2007 are:

- Operating revenues have increased during the last three fiscal years with a significant increase of \$118,862 for fiscal year 2007 due to an increase in the monthly service charge per household from \$67 to \$80 per month.

- Investment earnings increased to \$24,562 for fiscal year 2007 from \$20,618 for fiscal year 2006 due to the receipt of loan-related cash and a slightly higher interest rate throughout the year.
- In fiscal year 2005 the District received a rebate in the amount of \$112,504 from the City of Portland Water Bureau as adjustment for revised capital infrastructure costs. This was a one-time only adjustment from the City. Related to the rebate revenue is the \$106,383 loss on disposal of capital assets the District recognized in fiscal year 2005.

**Budgetary highlights.** In fiscal years 2006 and 2007 the District budgeted \$200,000 each year for an intergovernmental loan from the County's Risk Management Fund for a total of \$400,000. Due to positive cash flows throughout fiscal year 2006, the District was able to postpone the loan until fiscal year 2007 whereupon the District received the full \$400,000. It is the intent of the District to utilize the entire amount towards completing necessary capital improvement projects.

**Capital assets.** The District's investment in capital assets as of June 30, 2007 amounts to \$1,480,171 (net of related debt and accumulated depreciation). This entire investment in capital assets is the sanitary sewer system. The net increase in the District's investment in capital assets for the current fiscal year was only 1% or \$16,263. Although there was capital expenses of \$472,632 and depreciation expense of \$56,369, there was also related debt of \$400,000. Additional information on the District's capital assets can be found in notes A.5 and C.3 on pages 11 and 13 of this report.

#### **Requests for Information**

This financial report is designed to provide a general overview of Dunthorpe-Riverdale's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the following address:

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



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

	<u>June 30,</u>	
	<u>2007</u>	<u>2006</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 585,826	\$ 254,400
Receivables (net of allowance for uncollectibles):		
Accounts	18,029	2,500
Special assessments	20,109	16,968
Total receivables	38,138	19,468
Total current assets	623,964	273,868
Noncurrent assets:		
Capital assets	3,054,769	2,582,137
Accumulated depreciation	(1,174,598)	(1,118,229)
Total noncurrent assets	1,880,171	1,463,908
Total assets	2,504,135	1,737,776
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	381,477	208,657
Due to other funds	71,314	-
Total current liabilities	452,791	208,657
Noncurrent liabilities:		
Advances from other funds	328,686	-
Total current liabilities	781,477	208,657
<b>NET ASSETS</b>		
Invested in capital assets	1,480,171	1,463,908
Unrestricted	242,487	65,211
Total net assets	\$ 1,722,658	\$ 1,529,119

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

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

	Years Ended June 30,	
	2007	2006
<b>OPERATING REVENUES</b>		
Sewer user assessments	\$ 574,225	\$ 455,363
<b>OPERATING EXPENSES</b>		
Cost of sales and services	312,834	322,111
Administration	36,045	37,432
Depreciation	56,369	47,616
Total operating expenses	405,248	407,159
Operating gain	168,977	48,204
<b>NONOPERATING REVENUES</b>		
Interest revenue	24,562	20,618
Change in net assets	193,539	68,822
Total net assets - beginning	1,529,119	1,460,297
Total net assets - ending	\$ 1,722,658	\$ 1,529,119

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

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

	Years Ended June 30,	
	2007	2006
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 555,875	\$ 457,928
Payments to suppliers	(140,581)	(226,945)
Payments to County employees	(15,521)	(22,803)
Internal activity	(20,277)	(13,850)
Net cash provided by operating activities	379,496	194,330
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of capital assets	(472,632)	(402,696)
Advances from other funds	400,000	-
Net cash provided by (used in) capital and related financing activities	(72,632)	(402,696)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	24,562	20,618
Net cash provided by investing activities	24,562	20,618
Net increase (decrease) in cash and investments	331,426	(187,748)
Balances at beginning of the year	254,400	442,148
Balances at end of the year	\$ 585,826	\$ 254,400
<b>Reconciliation of operating income to net cash provided by (used in) operating activities:</b>		
Operating income	\$ 168,977	\$ 48,204
Adjustments to reconcile operating income to net cash provided by (used in) operating activities:		
Depreciation	56,369	47,616
Changes in assets and liabilities:		
Receivables, net	(18,670)	2,465
Accounts payable	172,820	96,045
Total adjustments	210,519	146,126
Net cash provided by operating activities	\$ 379,496	\$ 194,330

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

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

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**Note A. Summary of significant accounting policies**

**1. Nature of business**

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

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

**2. Measurement focus, basis of accounting, and financial statement preparation**

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

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

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

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

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**Note A. Summary of significant accounting policies - continued**

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

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

**3. Cash and investments**

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

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

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

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

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**Note A. Summary of significant accounting policies – continued**

**4. Receivables and payables**

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

**5. Capital assets**

Capital assets consist of sewer lines and pumping facilities and are stated at historical cost or estimated historical cost at time of acquisition, or fair value on date donated for donated assets. Capital assets valued at estimated historical costs are minor. Infrastructure with a value of greater than \$10,000 are capitalized. Normal maintenance and repairs are expensed as incurred. Expenditures for major additions, improvements and replacements are capitalized. Gain or loss on retirement or disposal is reflected in income.

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

**6. Intergovernmental agreements**

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

**7. Use of estimates**

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

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

**Note B. Stewardship, compliance, and accountability**

**Budgets**

The District's budget is prepared in accordance with Oregon local budget law. All annual appropriations lapse at fiscal year end. During the month of February each year, the District submits requests for appropriations to the County Chair so that a budget may be prepared. By May 15, the proposed budget is presented to the County Board of Commissioners for approval. The Board holds public hearings and a final budget must be prepared and adopted no later than June 30.

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

**Note C. Detailed notes on the Fund**

**1. Cash and investments**

The District's cash and investments reported on the statement of net assets represent the District's share of the County's cash and investment pool. The District's participation in the cash and investment pool is involuntary. Interest earnings from this pool are allocated to the District on a monthly basis. At June 30, 2007 and 2006 the District's share of the County's cash and investment pool totaled \$585,826 and \$254,400, respectively.

**2. Receivables**

	June 30,	
	2007	2006
Special assessments:		
Sewer user assessments	\$ 22,259	\$ 19,438
Allowance for doubtful accounts	(2,150)	(2,470)
Total special assessments	20,109	16,968
Accounts:		
Receivables from pump maintenance	17,963	2,460
Receivables from foreclosures	66	40
Total accounts	18,029	2,500
Total Receivables	\$ 38,138	\$ 19,468

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

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

**Note C. Detailed notes on the Fund - continued**

**3. Capital assets**

Capital assets are summarized as follows:

	June 30,	
	2007	2006
Sewer system at beginning of year	\$ 2,582,137	\$ 2,179,441
Additions	472,632	402,696
Total capital assets at end of year	3,054,769	2,582,137
Accumulated depreciation	(1,174,598)	(1,118,229)
Investment in capital assets	<u>\$ 1,880,171</u>	<u>\$ 1,463,908</u>

**4. Transactions with Multnomah County**

The County Department of Community Services provides operating management and planning for the District. General administrative functions are performed by other units of the County. All services are performed on an internal cost reimbursement basis. Reimbursements to the County were \$20,144 and \$13,850 for fiscal 2007 and 2006, respectively, and are included in the financial statement line item for Administration on the Statement of Revenues, Expenses and Changes in Fund Net Assets.

**5. Long-term debt**

Loans Payable

The District has entered into a loan with the primary government for the purpose of making capital improvements. The loan obligations outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Business-type activities	5.75%	<u>\$400,000</u>

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

Year Ending June 30	Principal	Interest
2008	\$ 71,314	\$ 23,000
2009	75,415	18,899
2010	79,751	14,563
2011	84,337	9,977
2012	89,183	5,131
Total	<u>\$ 400,000</u>	<u>\$ 71,570</u>



**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Notes to Basic Financial Statements**  
**June 30, 2007 and 2006**

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**Note C. Detailed notes on the Fund - continued**

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2007 was as follows:

Business-type Activities	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
Loans Payable	\$ -	\$ 400,000	\$ -	\$400,000	\$ 71,314

**Note D. Risk management**

As a component unit of the County, the District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance. The County has established risk management programs for liability insurance coverage. The District is covered under the policies and programs insuring the County. The County maintains an internal service fund, the Risk Management Fund, to account for and finance its risks of loss. The County established risk management programs for liability and workers' compensation, whereby premiums are calculated on payroll expenses in all funds and are paid into the Risk Management Fund. The funds are available to pay claims, claim reserves, and reduce administrative costs of the program. These interfund premiums are used to offset the amount of claims expenditure reported in the Risk Management Fund. As of June 30, 2007, interfund premiums exceeded reimbursable expenditures. Settlements have not exceeded coverages for each of the past three fiscal years.

**Note E. Pension plans**

The District itself does not have any employees but is serviced by Multnomah County employees who are covered under the County's pension plans. The County's Comprehensive Annual Financial Report (CAFR) provides further details on these plans.

**Note F. Commitments**

As of year-end June 30, 2007 the District received an advance from the County's Risk Management Fund to assist with necessary capital improvements. The District is committed to repay the advance to the County's Risk Management Fund over the next five years beginning in fiscal year 2008. The terms of the agreement require annual payments of \$94,314 which includes both principal and 5.75% interest.

This past year the District requested the City of Portland to develop a Sanitary System Facilities Plan to help guide the District in making sound decisions for future management and improvement of the sanitary sewer system. The primary objective of the Plan is to evaluate the condition of the existing sanitary system, evaluate the capacity requirements of the system, and to project capital improvements to be included in the next 20 year planning horizon.

## **SUPPLEMENTARY INFORMATION**

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

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The following Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual for the District is prepared on a budgetary basis which differs from accounting principles generally accepted in the United States of America and the accompanying component unit financial statements in the following respects:

- Special assessment and property tax revenue is recognized as it becomes measurable and available;
- Capital outlay is reflected as an expenditure;
- Contributed capital, other than non-current assets, is reflected as revenue;
- Depreciation is not recorded; and,
- Expenses related to uncollectible accounts receivable are not recorded.

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2007**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>Amounts</b>	<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>REVENUES</b>				
Assessments - sewer:				
Current	\$ 530,500	\$ 530,500	\$ 534,698	\$ 4,198
Prior	-	-	9,136	9,136
Charges for services	2,500	2,500	28,930	26,430
Interest	10,000	10,000	24,562	14,562
Other	-	-	66	66
Total revenues	<u>543,000</u>	<u>543,000</u>	<u>597,392</u>	<u>54,392</u>
<b>EXPENDITURES</b>				
Community services	<u>943,000</u>	<u>943,000</u>	<u>821,831</u>	<u>121,169</u>
Deficiency of revenues under expenditures	<u>(400,000)</u>	<u>(400,000)</u>	<u>(224,439)</u>	<u>(66,777)</u>
<b>OTHER FINANCING SOURCES</b>				
Issuance of debt	<u>200,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Total other financing source	<u>200,000</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Contingency	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>	<u>25,000</u>
Net change in fund balances	<u>(225,000)</u>	<u>(25,000)</u>	<u>175,561</u>	<u>200,561</u>
Fund balances - beginning	<u>225,000</u>	<u>25,000</u>	<u>51,518</u>	<u>26,518</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>227,079</u>	<u>\$ 227,079</u>
<b>Reconciliation to GAAP basis:</b>				
Invested in capital assets			1,480,171	
Deferred revenue on property taxes			17,558	
Allowance for uncollectible accounts, assessments			(2,150)	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 7			<u>\$ 1,722,658</u>	

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**

A Component Unit of

**Multnomah County, Oregon**

**Schedules of Special Assessment Transactions**

**For the Year Ended June 30, 2007**

	<b>Amounts Uncollected June 30, 2006</b>	<b>Levy/ Assessments as Extended by Assessor</b>	<b>Discounts Allowed</b>	<b>Interest Received</b>	<b>Cancellations and Adjustments</b>	<b>Interest and Tax/ Assessment Collections</b>	<b>Amounts Uncollected June 30, 2007</b>
<b>General Fund Special Assessment</b>							
2006-2007	\$ -	\$ 559,967	\$ (13,778)	\$ 287	\$ (1,406)	\$ (530,282)	\$ 14,788
2005-2006	12,677	-	13	513	(738)	(7,971)	4,494
2004-2005	3,934	-	4	345	(197)	(2,162)	1,924
2003-2004	1,762	-	1	294	(118)	(1,294)	645
2002-2003	578	-	1	124	(58)	(515)	130
2001-2002	159	-	-	7	(40)	(49)	77
2000-2001	128	-	-	37	(28)	(95)	42
1999-2000	46	-	-	5	(10)	(12)	29
1998-1999	31	-	-	4	(5)	(10)	20
1997-1998 and prior years	123	-	-	10	(5)	(18)	110
	<u>\$ 19,438</u>	<u>\$ 559,967</u>	<u>\$ (13,759)</u>	<u>\$ 1,626</u>	<u>\$ (2,605)</u>	<u>\$ (542,408)</u>	<u>\$ 22,259</u>

# DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1

A Component Unit of

Multnomah County, Oregon

Schedules of Special Assessment Transactions

For the Year Ended June 30, 2006

	<u>Amounts Uncollected June 30, 2005</u>	<u>Levy/ Assessments as Extended by Assessor</u>	<u>Discounts Allowed</u>	<u>Interest Received</u>	<u>Cancellations and Adjustments</u>	<u>Interest and Tax/ Assessment Collections</u>	<u>Amounts Uncollected June 30, 2006</u>
<b>General Fund Special Assessment</b>							
2005-2006	\$ -	\$ 464,007	\$ (11,371)	\$ 281	\$ (2,076)	\$ (438,164)	\$ 12,677
2004-2005	11,980	-	22	501	(1,333)	(7,236)	3,934
2003-2004	3,750	-	15	299	(587)	(1,715)	1,762
2002-2003	1,535	-	8	222	(300)	(887)	578
2001-2002	660	-	4	142	(12)	(635)	159
2000-2001	196	-	-	16	1	(85)	128
1999-2000	79	-	-	21	(3)	(51)	46
1998-1999	38	-	-	4	(1)	(10)	31
1997-1998	46	-	-	4	(1)	(8)	41
1996-1997 and prior years	97	-	-	15	(3)	(27)	82
	<u>\$ 18,381</u>	<u>\$ 464,007</u>	<u>\$ (11,322)</u>	<u>\$ 1,505</u>	<u>\$ (4,315)</u>	<u>\$ (448,818)</u>	<u>\$ 19,438</u>

**DUNTHORPE-RIVERDALE SERVICE DISTRICT NO. 1**  
**A Component Unit of**  
**Multnomah County, Oregon**  
**Reconciliation of Budgetary Revenues to Interest and Tax/Assessment Collections**  
**For the Years Ended June 30, 2007 and 2006**

	Years Ended June 30,	
	2007	2006
<b>Revenues, per Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual:</b>		
Current year assessments - sewer	\$ 534,698	\$ 440,167
Prior year assessments - sewer	9,136	6,848
Sixty day tax/assessment accrual, net	(1,426)	243
Other - overpayment refund	-	1,560
<b>Interest and Tax/Assessment Collections, per Schedule of Special Assessment Transactions</b>	<b>\$ 542,408</b>	<b>\$ 448,818</b>

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



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

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

We have audited the financial statements of the Dunthorpe-Riverdale Service District No. 1 as of and for the year ended June 30, 2007, and have issued our report thereon dated November 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

Compliance

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

- The accounting records and related internal control structure.
- The amount and adequacy of collateral pledged by depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption and execution of the annual budgets for fiscal years 2007 and 2008.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.
- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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

Internal Control Over Financial Reporting

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

internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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



James C. Lanzarotta, Partner  
For Moss Adams LLP  
Certified Public Accountants  
Eugene, Oregon

November 21, 2007

**BOGSTAD Deborah L**

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**From:** KARNES Ana  
**Sent:** Monday, February 11, 2008 10:33 AM  
**To:** WHEELER Ted; ROJO DE STEFFEY Maria; COGEN Jeff; NAITO Lisa H; ROBERTS Lonnie J  
**Cc:** BOWEN-BIGGS Tara C; MARTINEZ David; MADRIGAL Marissa D; LIEUALLEN Matt; PETERSON Sam; BOGSTAD Deborah L  
**Subject:** Reschedule Agenda Item R-8 for February 14

Greetings Commissioners,

Per request of Commissioner Jeff Cogen's office Briefing on the Urban and Rural Reserves Process, item R-8, for Feb. 14 will be rescheduled to Feb. 21.

**Motion language:**

**DEPARTMENT OF COMMUNITY SERVICES – 10:35 AM**

R-8 Briefing on the Urban and Rural Reserves Process

***AT THE REQUEST OF COMMISSIONER JEFF COGEN'S  
OFFICE, MAY I HAVE A MOTION TO RESCHEDULE THIS  
BRIEFING TO THURSDAY, FEBRUARY 21, 2008?***

***COMMISSIONER \_\_\_\_\_ MOVES  
COMMISSIONER \_\_\_\_\_ SECONDS  
APPROVAL TO RESCHEDULE R-8 TO FEBRUARY 21,  
2008***

***ALL IN FAVOR, VOTE AYE, OPPOSED \_\_\_\_?***

***THE MOTION FAILS***

***OR***

***THE BRIEFING IS RESCHEDULED FOR THURSDAY,  
FEBRUARY 21, 2008***

Ana Karnes, Assistant Board Clerk  
Multnomah County Commissioners  
501 SE Hawthorne Blvd, Suite 600  
Portland, OR 97214  
Phone: 503 988 5274 / 22865  
Fax: 503 988 3013  
Bldg: 503 / 600 /  
[ana.karnes@co.multnomah.or.us](mailto:ana.karnes@co.multnomah.or.us)

2/11/2008