MULTNOMAH COUNTY OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Year Ended June 30, 2008

About the Cover

For a few weeks in 2008, the old and new Sauvie Island Bridges sat side by side above Multnomah Channel. The old bridge opened in 1950. It had deteriorated to the point that it could no longer support trucks carrying full loads. The new bridge opened with a community celebration on June 23, 2008. By late summer the old bridge was removed, its steel and concrete recycled for future use. The new bridge was designed by David Evans & Associates of Portland and constructed by Max J. Kuney Co. of Spokane. Multnomah County staff managed the design and construction contracts. The bridge cost approximately $46 million, including $25 million from the Oregon Transportation Investment Act. The new tied-arch bridge can support the weight of modern trucks, which will help ensure that Sauvie Island's agricultural economy continues to thrive.

Photo by Mike Pullen.

MULTNOMAH COUNTY, OREGON

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

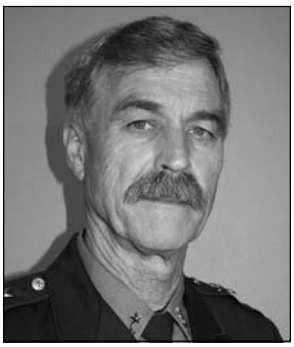
MARIA ROJO DE STEFFEY
Commissioner District 1

JEFF COGEN
Commissioner District 2

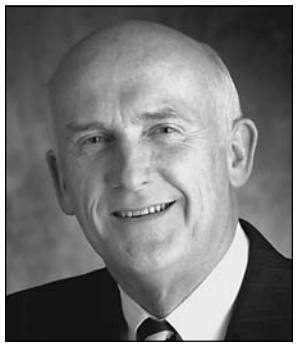
LISA NAITO
Commissioner District 3

LONNIE ROBERTS
Commissioner District 4

LAVONNE GRIFFIN-VALADE
Auditor



BOB SKIPPER
Sheriff



MICHAEL SCHRUNK
District Attorney

MULTNOMAH COUNTY, OREGON
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For the Year Ended June 30, 2008
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In Accordance with Oregon Auditing
Standards 168

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INTRODUCTORY SECTION

Department of County Managment
MULTNOMAH COUNTY OREGON
501 SE Hawthorne Blvd, Suite 531
Portland, Oregon 97214
(503) 988-3312 phone
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November 25, 2008

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, 2008, 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, 2008, 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 710,025 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.

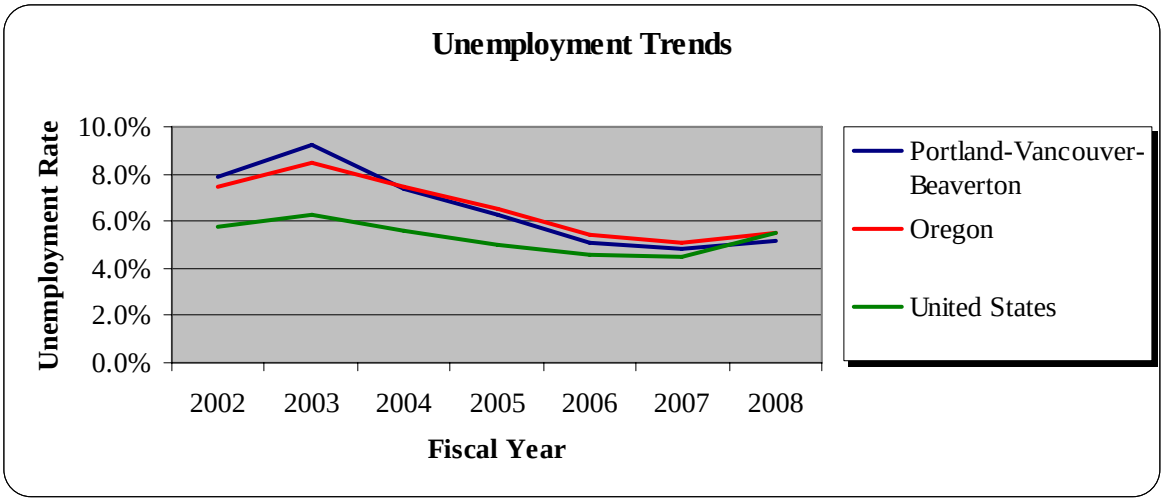
The County's budget is prepared on the modified accrual basis of accounting. In accordance with State statutes, the County budgets all funds except trust and agency funds. The County budget is adopted by the Board of County Commissioners by department for each fund. The expenditure appropriations lapse 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 and the Federal State Program special revenue fund the budget to actual comparisons are provided on pages 35-36 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 76.

FACTORS AFFECTING FINANCIAL CONDITION

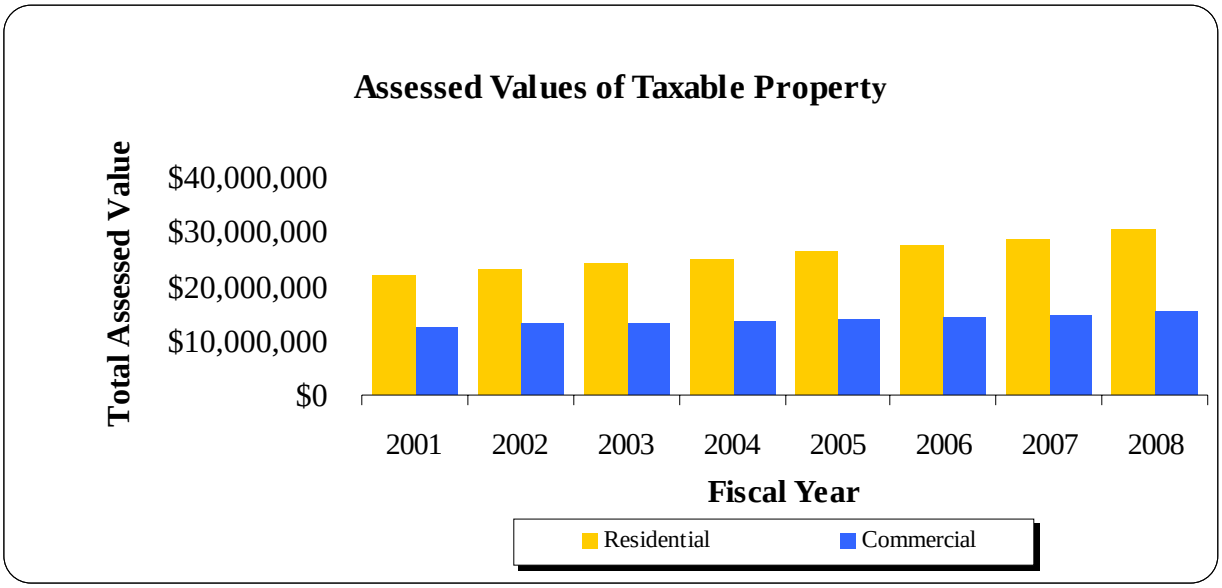
Local Economy: The Portland metropolitan area is the financial, trade, transportation and service center for Oregon, southwest Washington State and the Columbia River basin. Its manufacturing base includes electronics, machinery, transportation equipment, and fabricated metals.

The Portland-Vancouver-Beaverton PMSA's (Primary Metropolitan Statistical Area) economy began to weaken as fiscal year 2008 progressed. The area's unemployment rate increased to 5.2% at June 30, 2008 as compared to 4.8% a year ago. The unemployment rate for the area is close to the national average of 5.5% for June of 2008 compared to 4.5% for June 2007. 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 weaker than previous forecasts primarily due to an anticipated moderate to severe recession. While less pronounced than other regions, the regional economy has experienced falling real estate values and rising unemployment. The impacts of the turmoil in the financial and housing markets and slowing of consumer spending are beginning to be seen locally and are expected to worsen over fiscal year 2009. The State of Oregon, which is heavily dependent on income taxes, provides a significant portion of the County's funding. The County expects it will be impacted by financial conditions faced by the State as well as nationally.

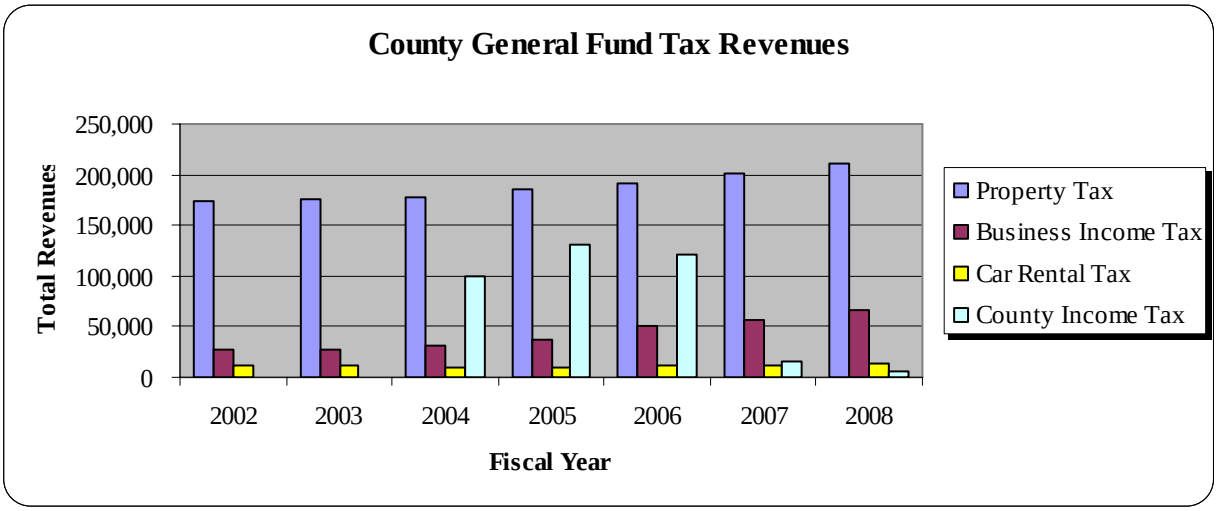
The region's slowing economy will have an impact on the County's revenue stream. Property taxes are expected to grow at 2.5% over the next year, but new residential and commercial construction are expected to slow significantly. The chart on the following page shows the County's residential and commercial assessed property tax values over the past eight years. Residential properties have experienced a 38% increase in taxable property values over an eight year period compared to a 24% increase for commercial property values over the same period. Because assessed, or taxable values, are significantly below real market values for most properties, property tax collections should be relatively inelastic despite falling real market values.



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 2008 reflect double-digit growth for the fifth year in a row. Business income tax collections in fiscal year 2008 rose by 14%, following on fiscal year 2007 collections that were 12% higher than the previous year. Tax code changes enacted for tax year 2008 are expected to reduce collections by approximately 2%. The forecast for fiscal year 2009 calls for a 16% decrease in collections. If the economy weakens faster than anticipated, collections could be significantly lower over the next several fiscal years.

Motor vehicle rental taxes, which decreased in each of the three years immediately following the September 11th terrorist attacks, are expected to level off after growing by 30% from fiscal year 2004 to 2008. Fiscal year 2009 collections are expected to be down 2% and fall another 4% to 6% in fiscal year 2010. Overall, ongoing General Fund revenue is expected to fall by 1% going into fiscal year 2010. Subsequent growth is forecast between 2.5% to 3.5% depending on the length of the anticipated recession. Expenditures, before any Board actions to balance revenues and 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% on residents for fiscal years 2004, 2005, and 2006. The tax primarily provided support to the schools in the County but also provided support to the County's health, human services, and public safety programs. Fiscal year 2006 was the final year the tax would be imposed, and in fiscal year 2008 the County's general fund recognized $6,611 in collections on delinquent accounts as compared to $16,038 in tax revenue in fiscal year 2007. 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 2009 adopted budget includes approximately $43.3 million of one-time only funds. These one-time only funds include $24.4 million to buy down debt which will in turn free $4 million of ongoing resources. In preparing the 2010 budget, the County will be in the position of identifying programs that will no longer receive funding due to a lack of ongoing resources.

By adopting the financial and budget policies, the Board acknowledges that to avoid financial instability, continuing requirements should be insulated from temporary fluctuations. Therefore one of the goals of the Board is to fund and maintain 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 $280,000 still exists between identified needs and identified funds over the next twenty years. The County has completed a project to replace the Sauvie Island bridge, with the new bridge opened to traffic in June 2008. The total cost of the bridge was $45,711. 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, 2007. This was the twenty-third 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

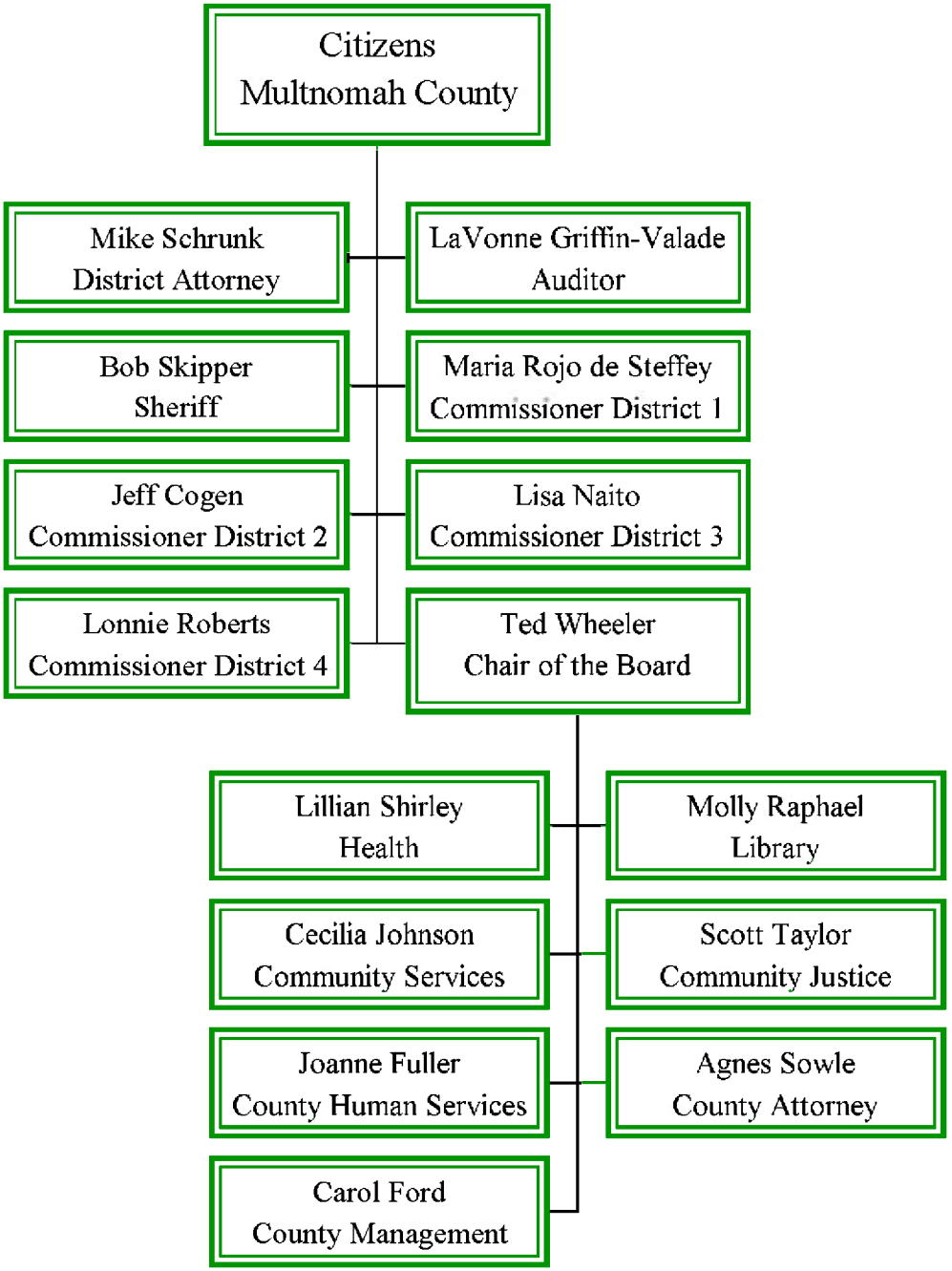
For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2007

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

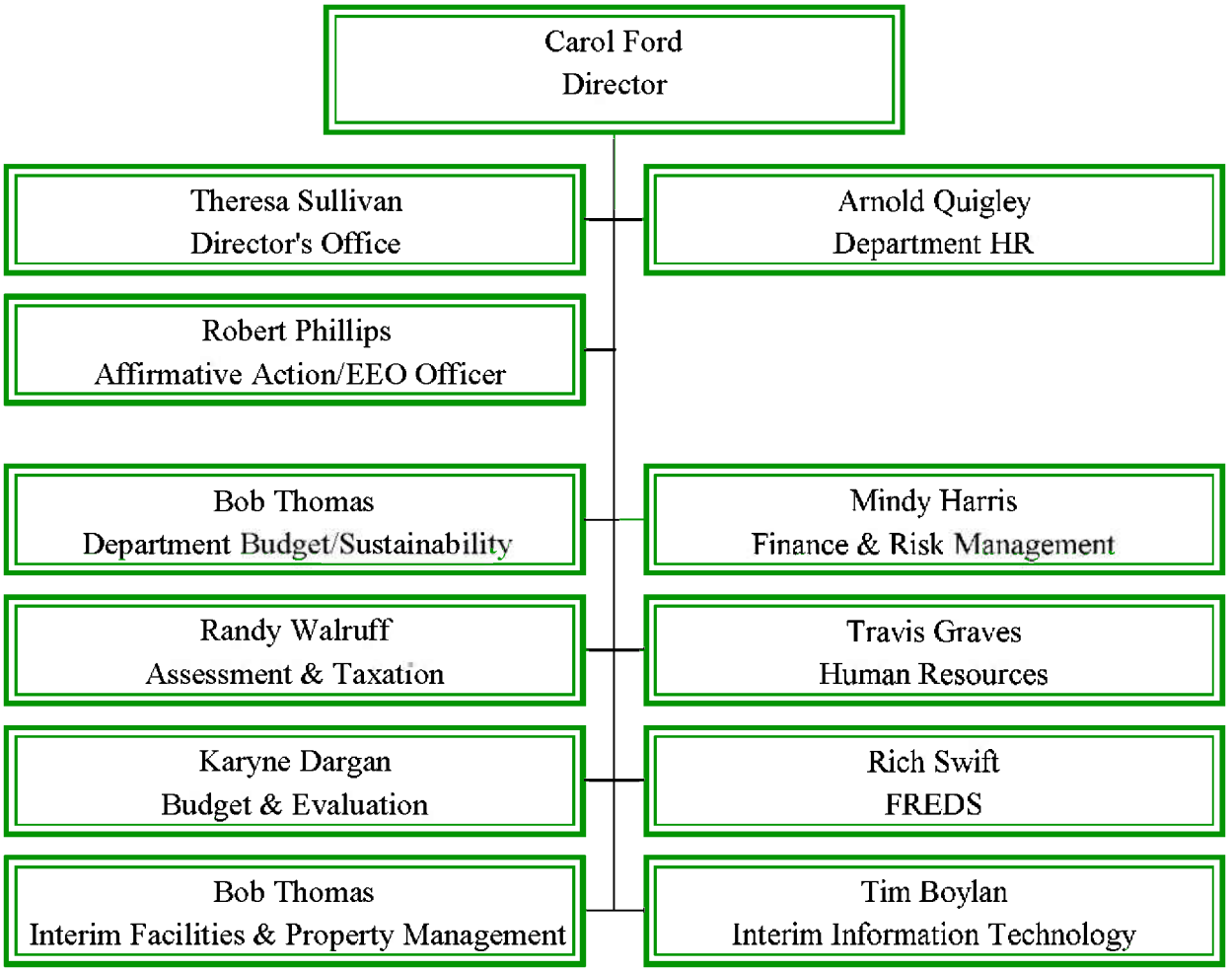
President

Executive Director

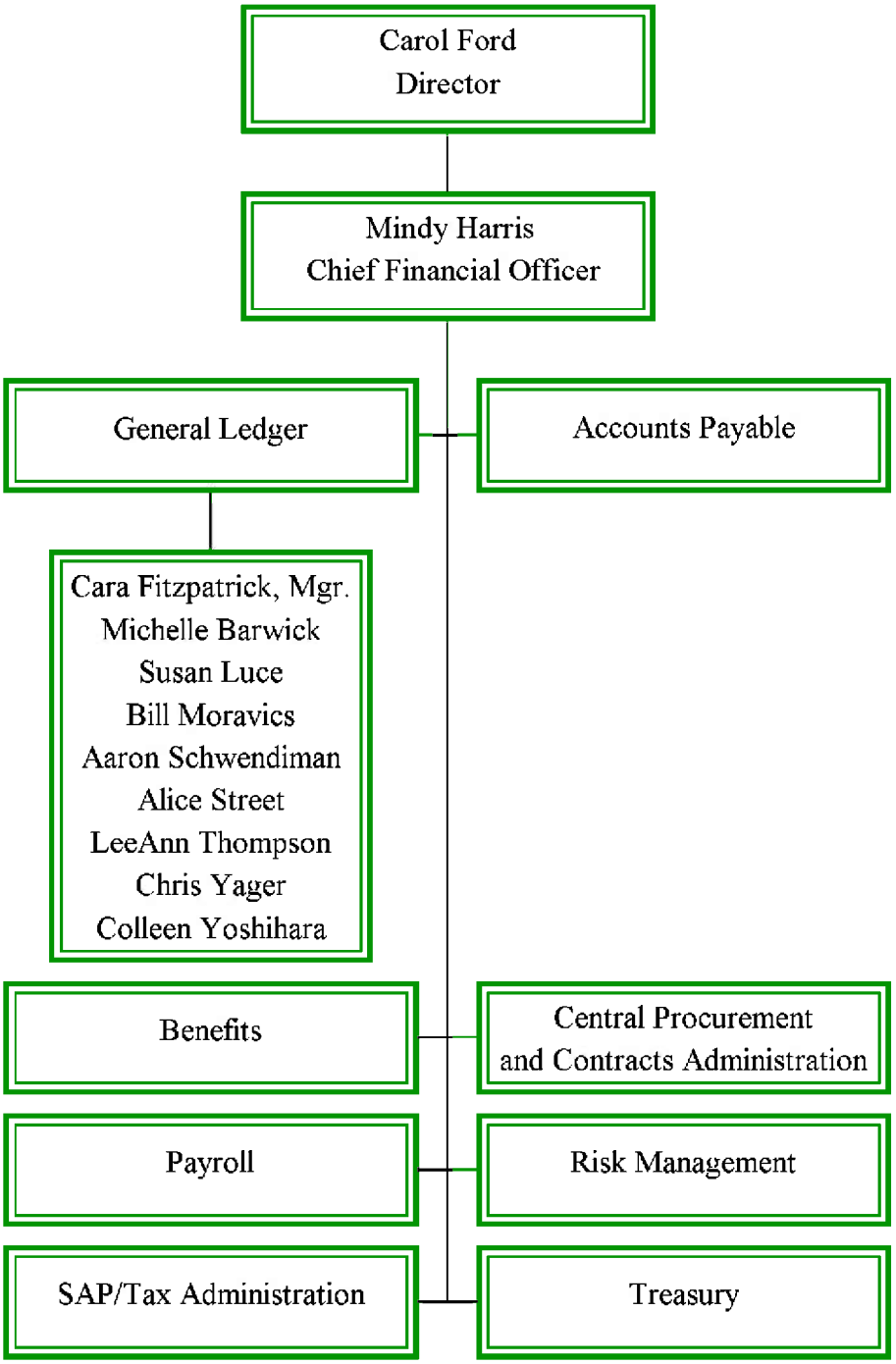
MULTNOMAH COUNTY, OREGON



MULTNOMAH COUNTY, OREGON
Department of County Management



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



MULTNOMAH COUNTY, OREGON
For the Year Ended June 30, 2008
Principal Officers

Title	Name	Term Expires
Board of County Commissioners		
Chair of Board	Ted Wheeler 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2010
District No. 1	Maria Rojo de Steffey 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2008
District No. 2	Jeff Cogen 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2010
District No. 3	Lisa Naito 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2008
District No. 4	Lonnie Roberts 501 SE Hawthorne Blvd, 6th Floor Portland, OR 97214	12/31/2008
Other Elected Officers		
County Auditor	Lavonne Griffin-Valade 501 SE Hawthorne Blvd, 6th 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	Bob Skipper (Appointed/Interim) 501 SE Hawthorne Blvd, 3rd Floor Portland, OR 97214	12/31/2008
Other Appointed Officers		
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, 2008, 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 0.55% 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, 2008, and the respective changes in financial position and cash flows where applicable thereof, and the respective budgetary comparisons for the General Fund and the Federal and State Program Fund 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 25, 2008 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 and OPEB information on pages 14 through 27 and 75 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 schedule of OPEB funding progress on page 75 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is 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.

James C. Lagarotta

For Moss Adams LLP
Eugene, Oregon
November 25, 2008

Department of County Managment
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, 2008. 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, 2008, by $577,364 (*net assets*). Of this amount, $21,587 is restricted for capital improvement projects, $7,369 is restricted for various community support programs, $47,277 is restricted for future years' debt service, and $1,746 is restricted for library operations.
- Total net assets increased by $19,233 or 3% in fiscal year 2008. 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 $8,251 or 14% over the prior year. In recent years County management has made collection efforts on business income taxes a higher priority leading to increased revenues, though total collections will likely decline as the economy weakens.
- Property tax revenues continue to increase steadily each year and were up by 8% or $18,201 over the prior year. This is partially the result of an increase in the rate assessed for the Library local option levy. Voters approved an increase in the rate from 75.5 cents per thousand to 89 cents per thousand, accounting for $7,679 of the total revenue growth.
- Personal income tax revenues decreased by $18,489 or 87% 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 2008.
- General government expenses for governmental activities decreased by $11,925 or 14% from the prior year. The primary reason for the decrease is due to the reduction in the distribution of personal income tax collections reflecting a decrease in expected future collections and distributions from what was accrued in fiscal year 2007. Calendar year 2006 was the last year the tax was in effect.
- Net assets for business-type activities decreased by $1,280 or 17% in fiscal year 2008. The decrease is primarily recorded in the net assets of the Behavioral Health Managed Care fund, and is related to a 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 decreased by $1,774 or 14% over the prior year and total liabilities decreased by $494 or 9% from fiscal year 2007. The decrease 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 $189,081, an increase of $28,411 in comparison with the prior year's decrease of $5,515.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $51,474, or approximately 16% 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 S*tatement 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 S*tatement 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 26 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 and the Federal State Program Fund, which are considered to be major governmental funds. Data from the remaining governmental funds (non-major governmental funds) are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund financial statements and respective reconciliations can be found on pages 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 37-39 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 40 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 123-124 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 41 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 76 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 75.

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 $577,364 at the close of the most recent fiscal year.

Multnomah County's Net Assets

	Governmental Activities		Business- Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 469,917	$ 448,340	$ 7,865	$ 9,643	$ 477,782	$ 457,983
Capital assets	613,142	623,885	3,424	3,420	616,566	627,305
Total assets	1,083,059	1,072,225	11,289	13,063	1,094,348	1,085,288
Long-term liabilities outstanding	382,106	392,124	28	19	382,134	392,143
Other liabilities	129,941	129,603	4,909	5,412	134,850	135,014
Total liabilities	512,047	521,727	4,937	5,431	516,984	527,157
Net assets:						
Invested in capital assets, net of related debt	465,079	456,502	3,424	3,420	468,503	459,522
Restricted	77,979	76,266	-	-	77,979	76,266
Unrestricted	27,954	17,731	2,928	4,212	30,882	22,343
Total net assets	$ 571,012	$ 550,499	$ 6,352	$ 7,632	$ 577,364	$ 558,131

The largest portion of the County's net assets, approximately 81%, reflects investment in capital assets (land, work in progress, buildings, improvements, machinery and equipment, bridges and infrastructure), net of accumulated depreciation, and the outstanding debt used to acquire the assets in the amount of $468,503 as compared to $459,522 a year ago. The increase in the investment in capital assets net of related debt is primarily due to the completion of the new Sauvie Island bridge, begun in fiscal year 2004 and opened to traffic in June 2008. During fiscal year 2008 the County paid approximately $15,517 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 $77,979 or approximately 14% are restricted for capital projects, debt service, library operations 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 $30,882 or approximately 5%. 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 $19,233 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 2007 and 2008.

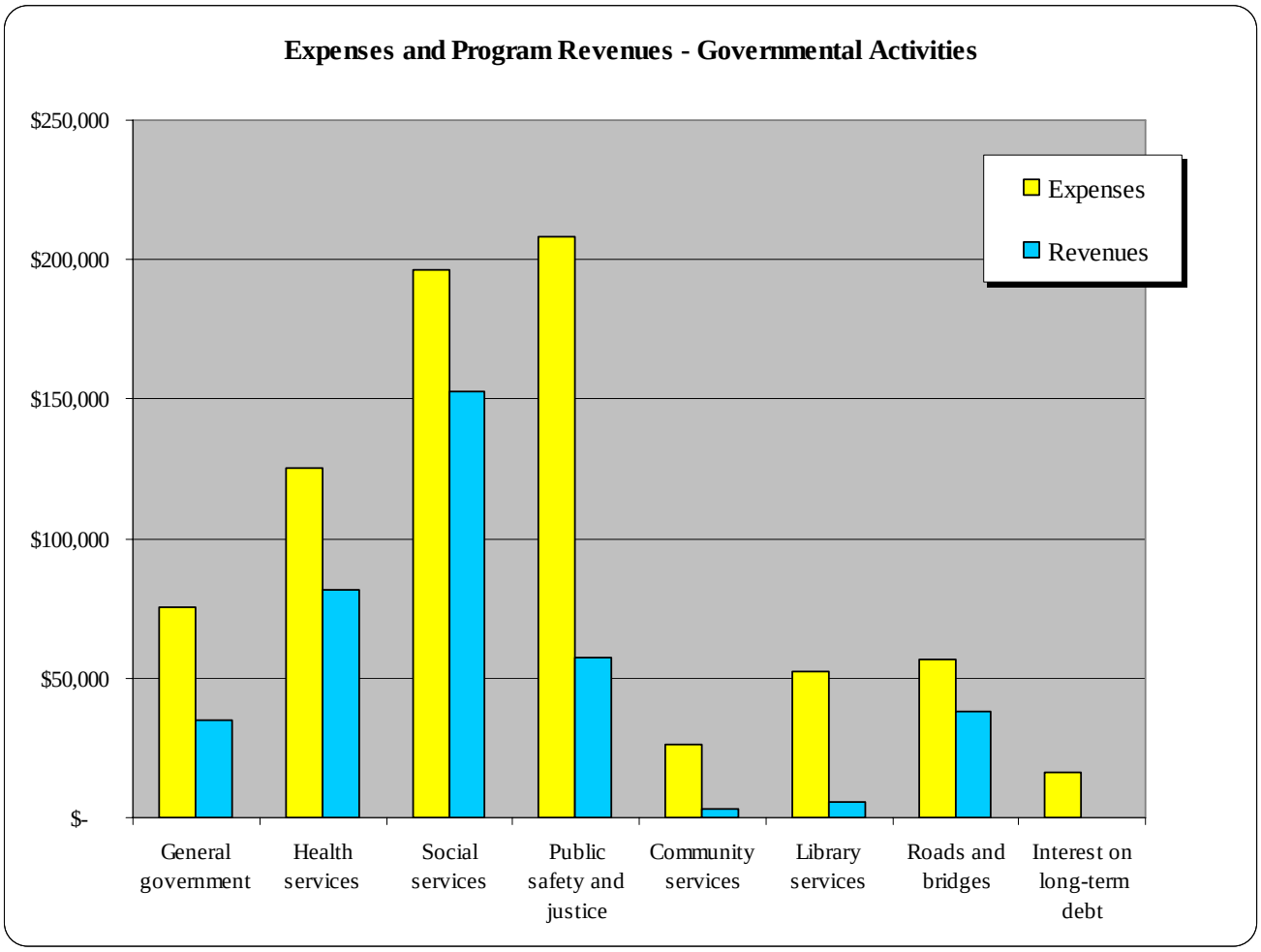
Multnomah County's Changes in Net Assets

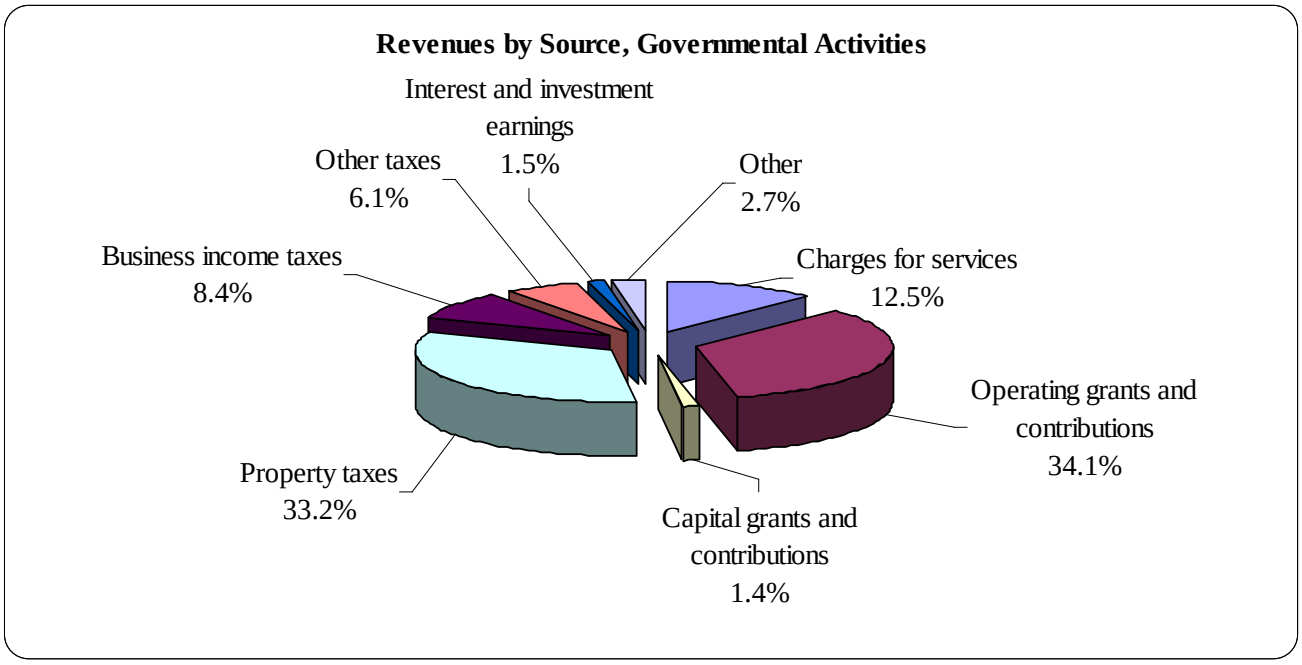
	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	$ 97,348	$ 92,419	$36,967	$35,759	$134,315	$128,178
Operating grants and contributions	265,271	257,810	-	-	265,271	257,810
Capital grants and contributions	10,505	5,594	10	76	10,515	5,670
General revenues:						
Taxes:						
Property taxes	258,523	240,322	-	-	258,523	240,322
Personal income taxes	2,748	21,237	-	-	2,748	21,237
Business income taxes	65,650	57,399	-	-	65,650	57,399
Other taxes	44,349	41,320	-	-	44,349	41,320
State government shared revenues	9,613	9,517	-	-	9,613	9,517
Grants and contributions not restricted to specific programs	10	6	-	-	10	6
Interest and investment earnings	11,887	13,454	398	495	12,285	13,949
Miscellaneous	1,410	6,771	1	467	1,411	7,238
Gain on sale of capital assets	10,206	228	-	-	10,206	228
Total revenues	777,520	746,077	37,376	36,797	814,896	782,874
Expenses:						
General government	75,547	87,472	-	-	75,547	87,472
Health services	125,355	118,380	-	-	125,355	118,380
Social services	196,537	185,672	-	-	196,537	185,672
Public safety and justice	208,253	199,850	-	-	208,253	199,850
Community services	26,069	24,136	-	-	26,069	24,136
Library services	52,087	47,872	-	-	52,087	47,872
Roads and bridges	56,716	53,701	-	-	56,716	53,701
Interest on long-term debt	16,443	16,954	-	-	16,443	16,954
Dunthorpe-Riverdale Service District Number 1	-	-	476	405	476	405
Mid County Service District Number 14	-	-	377	354	377	354
Behavioral Health Managed Care	-	-	37,803	34,221	37,803	34,221
Total expenses	757,007	734,037	38,656	34,980	795,663	769,017
Increase (decrease) in net assets	20,513	12,040	(1,280)	1,817	19,233	13,857
Beginning net assets	550,499	538,459	7,632	5,815	558,131	544,274
Ending net assets	$571,012	$550,499	$ 6,352	$ 7,632	$577,364	$558,131

Governmental activities. Governmental activities increased the County's net assets by $20,513; key elements of this increase are highlighted below:

- General revenues for personal income taxes decreased by $18,489 or 87% 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 $12,535 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 2008.
- Business income taxes increased over the prior year by $8,251 or 14%. Business income tax revenues have grown an average of 20% annually over the past five years. This growth in revenue has mirrored growth in the regional economy. Current forecasts estimate that revenue from the business income tax will decline in proportion to an anticipated economic contraction.
- Property taxes increased by $18,201 or 8% over the prior year. This is partially the result of an increase in the rate assessed for the Library local option levy. Voters approved an increase in the rate from 75.5 cents per thousand to 89 cents per thousand, accounting for $7,679 of the total revenue growth.

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



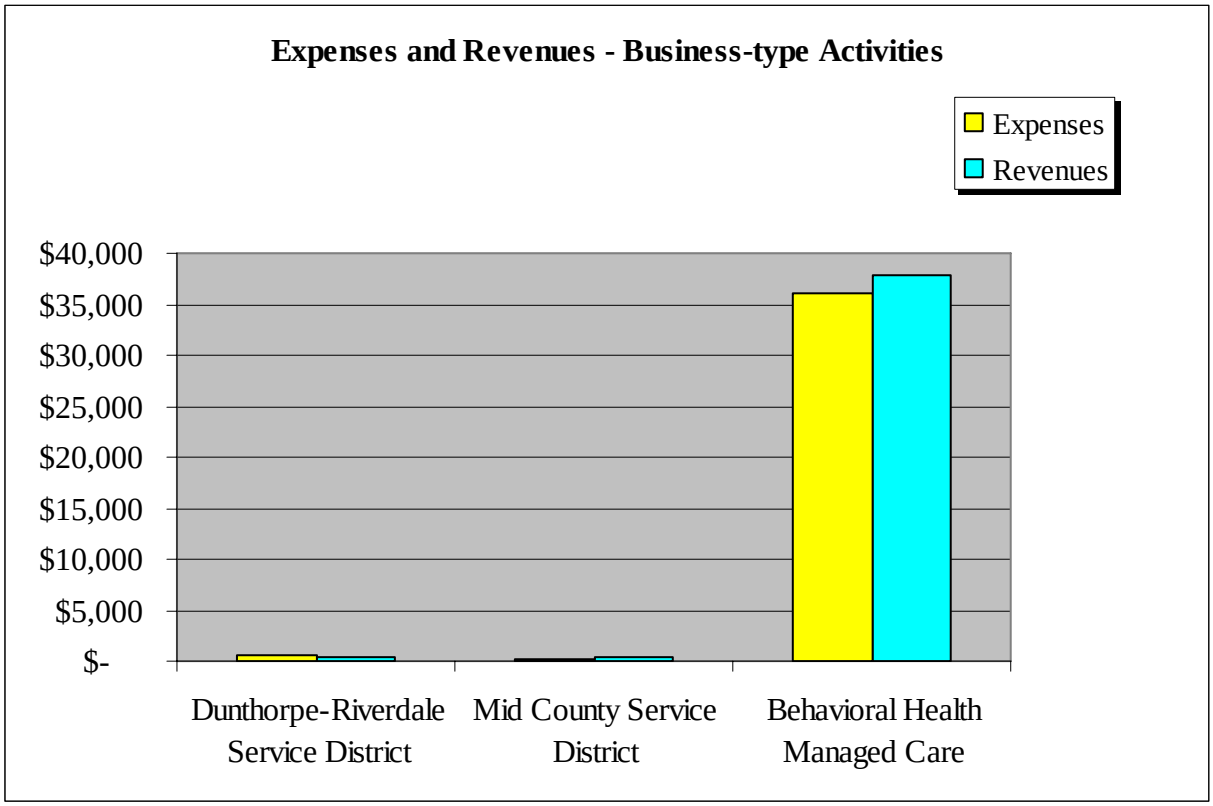


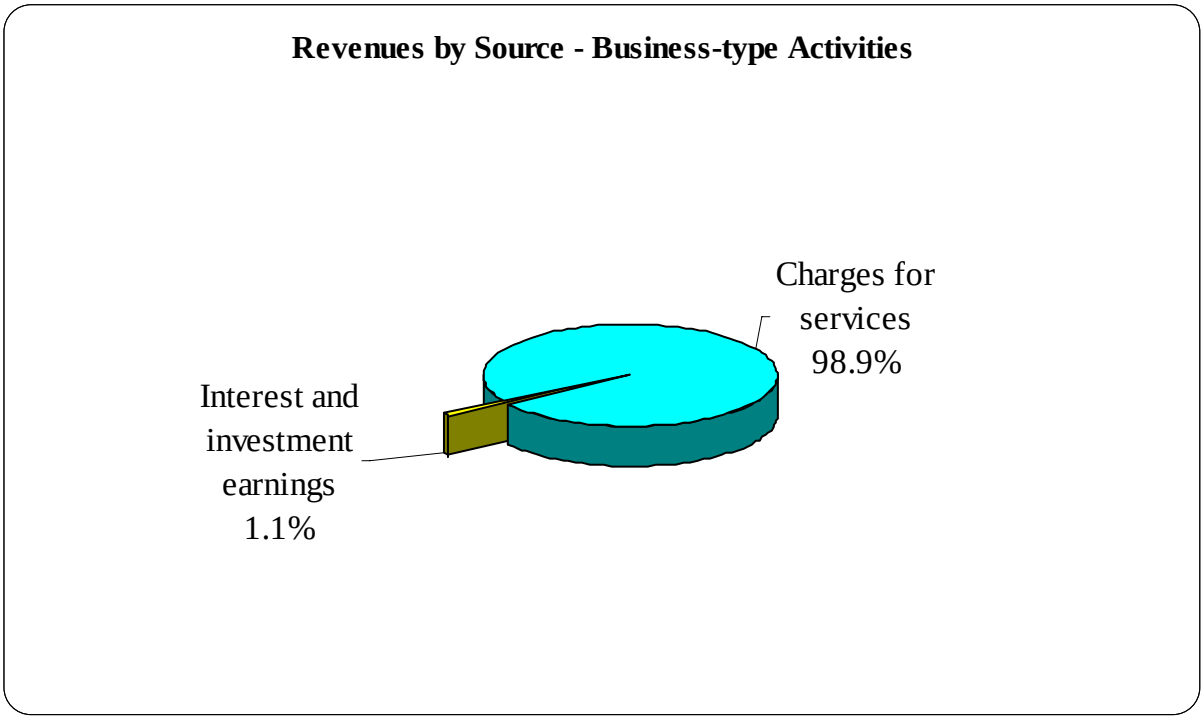
For the most part, increases in expenses closely paralleled inflation and growth in the demand for services. Additionally, where expenses decreased from prior years, this can be directly attributed to the decrease in revenues in the governmental activities.

Business-type activities. Business-type activities decreased the County's net assets by $1,280, compared to an increase of $1,817 in the prior year. The primary reasons for the current year's decrease are:

- The Mid County Service District's revenue source is primarily street lighting assessments collected through property taxes. During fiscal year 2008 the District collected $268 in fines, fees and charges for services which is a decrease from the prior year of $38 or 12% due to a reduction in the street lighting assessment fees as capital projects were completed over the past several years.
- The Dunthorpe-Riverdale Service District's revenue source is primarily sewer assessments collected through property taxes. During fiscal year 2008 the District collected $627 in fines, fees and charges for services which is an increase over the prior year of $53 or 9% 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 $1,193 or approximately 3%. For the same period expenses increased by $3,582 or 10%. The expenses for system of care were greater in fiscal year 2008 due to increased services to children receiving intensive service array care over the prior year. In addition the safety net expenses were greater due to increases in the call center services.
- Miscellaneous revenues in the prior year included $467 for the Behavioral Health Managed Care fund as a result of adjustments to the fund's incurred but not reported liabilities. This adjustment was a one-time event and reflected 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
Expenses
Revenues
$40,000
$35,000
$30,000
$25,000
$20,000
$15,000
$10,000
$5,000
$-
Dunthorpe-Riverdale Service District
Mid County Service District
Behavioral Health Managed Care


Revenues by Source - Business-type Activities
Charges for services 98.9%
Interest and investment earnings 1.1%

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 $189,081, an increase of $28,411 over the prior year. Approximately 52% or $98,337 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 interfund receivables ($19,475), 2) to prepaid items and inventories ($2,763), 3) to pay debt service ($46,915), or 4) to pay for ongoing capital projects ($21,591).

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance was $51,474 in the General Fund or approximately 72% of the total fund balance of $71,613. 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 22% of total General Fund expenditures.

The fund balance of the County's General Fund increased by $11,395 during the current fiscal year. The primary factor for this increase can be attributed to unanticipated growth in business income tax revenues. Business income tax revenues were budgeted at $52,815 while actual revenue collections were $65,650 for the year.

The Federal and State Program Special Revenue Fund has a total fund balance of $4,429, of which $917 is reserved for prepaid items and inventories. The remaining $3,512 is unreserved. Federal revenues are closely matched with Federal expenditures and the fund balance increased over the prior year by $997.

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, $(18)
- Mid County Service District Fund, $339
- Behavioral Health Managed Care Fund, $2,607

The total change in net assets for all proprietary funds was $1,280. Other factors concerning the finances of these three funds have already been addressed in the discussion of the County's business-type activities.

General Fund Budgetary Highlights

The adjustments necessary to bring the expenditure budget into agreement with the revised revenue budget account for some of the differences between the original General Fund budget and the final adopted budget. Total budgeted revenues were increased by $3,840 and total budgeted expenditures were increased by $10,948. Contingency was reduced by $6,160 for increases in budgeted expenditures not related to increased revenues, and may only be used only when approved by the Board for a specific purpose and department. There was an increase to the projected General Fund budgetary fund balance of $48 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:

- Community justice – The department's final budget exceeded the original budget by $2,899. This was primarily due to cuts made to the final biennial budget for the State, which was adopted after the County had adopted the budget for fiscal year 2008 and was funded with contingency funds. Included in these cuts were $548 in juvenile services and $1,755 for adult services. There was also another $240 from contingency to expand the Court Appearance Notification System and to shift responsibility for this project from the Local Public Safety Coordinating Council to the department of Community Justice.
- Nondepartmental – The final budget for nondepartmental offices and agencies exceeded the original budget by $2,280 due to increases to distribute business income tax and personal income tax revenues that were higher than expected collections. Distributions of business income taxes to east county cities increased by $805, and distributions of personal income taxes to county schools increased by $1,475.
- Sheriff – The Sheriff's office final budget exceeded the original budget by $3,576. Of this, $973 was part of the budget modification mentioned above to offset cuts to the State budget, to cover a shortfall in funding for senate bill 1145 for the first year of the biennium. Other changes include $1,500 to keep additional jail beds open, $614 for a field based work release and supervision program, and $201 for additional deputies to form a warrant strike force.

Capital Projects and Debt Administration

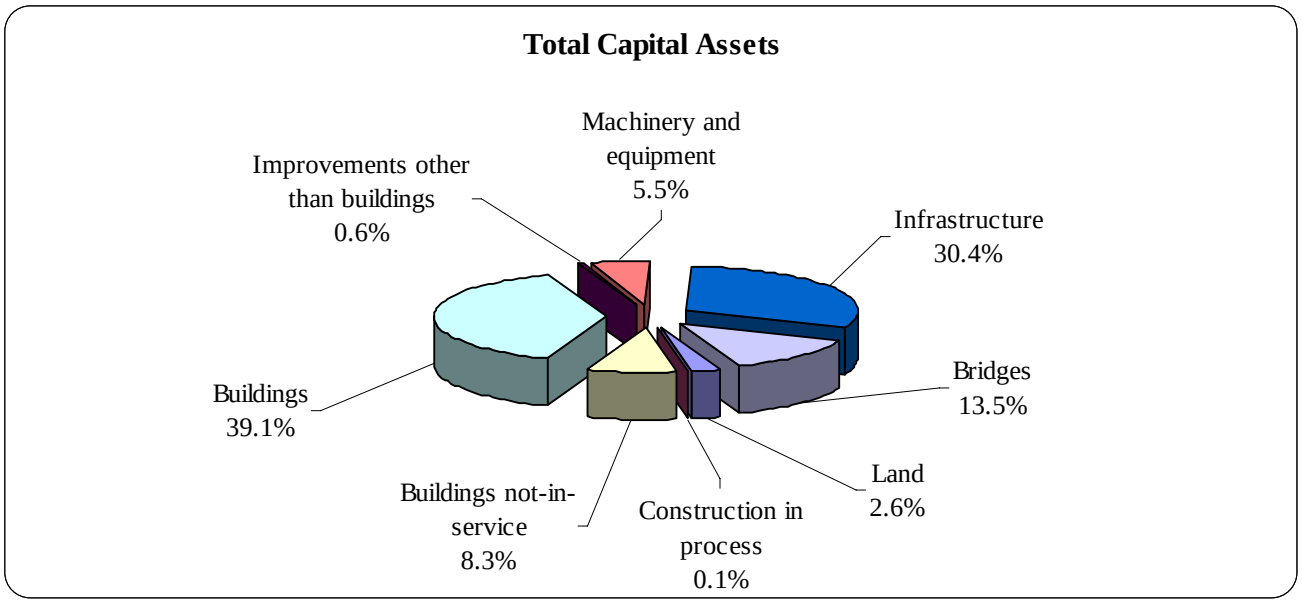
Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2008, amounts to $613,566 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and equipment, roads and bridges, sewer and street lighting systems, and motor vehicles. The total overall change in the County's investment in capital assets for the current fiscal year was a decrease of $13,739 or approximately 2%. Major capital asset events during the current fiscal year included:

- Governmental construction in progress decreased by $35,418 or 99% over the prior year as the construction on the Sauvie Island bridge project concluded. The final cost of the bridge when completed was $45,711, making up most of the increase in governmental bridges.
- Governmental buildings decreased by $12,385 or 4%, partially due to depreciation on existing buildings but also related to the disposition of surplus property of $4,106. This property was disposed of at a gain of $10,105, with part of the proceeds being used to acquire land for a new East County Justice facility.
- Buildings not-in-service represents a County jail facility whose construction was completed in fiscal year 2005. However, the County does not have sufficient resources to operate the facility.

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

	Governmental Activities		Business- Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	$ 16,296	$ 13,787	$ -	$ -	$ 16,296	$ 13,787
Construction in process	317	35,735	-	-	317	35,735
Buildings not-in-service	51,164	51,164	-	-	51,164	51,164
Buildings	240,967	253,353	-	-	240,967	253,353
Improvements other than buildings	188	197	3,424	3,420	3,612	3,617
Machinery and equipment	34,003	31,606	-	-	34,003	31,606
Bridges	83,033	37,585			83,033	37,585
Infrastructure	187,174	200,458	-	-	187,174	200,458
Total capital assets	$ 613,142	$ 623,885	$ 3,424	$ 3,420	$ 616,566	$ 627,305

The following chart indicates the County's capital assets as of June, 30, 2008. 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 $317,900. Of this amount, $63,125 comprises debt backed by the general obligation bonds; $235,609 represents debt backed by the full faith and credit bonds; $242 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

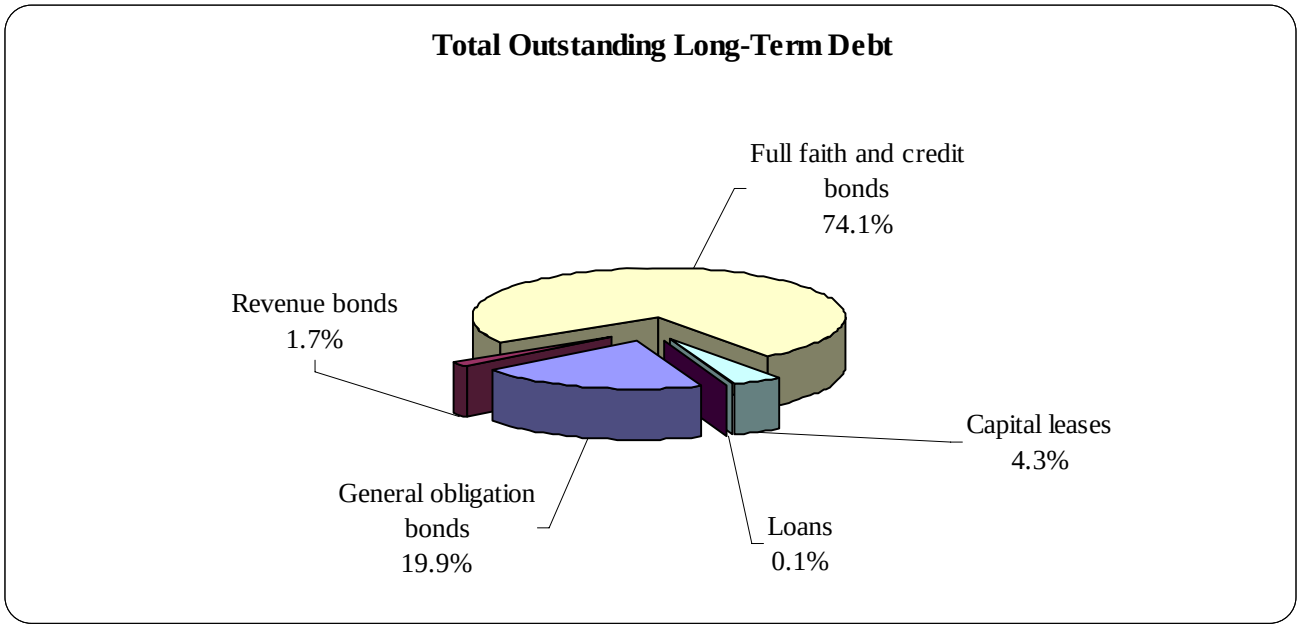
	Governmental Activities		Business- Type Activities		Total	
	2008	2007	2008	2007	2008	2007
General obligation bonds	$ 63,125	$ 69,380	$ -	$ -	$ 63,125	$ 69,380
Revenue bonds	5,320	5,880	-	-	5,320	5,880
Full faith and credit bonds	235,609	247,413	-	-	235,609	247,413
Capital leases	13,604	16,620	-	-	13,604	16,620
Loans	242	362	-	-	242	362
Total outstanding debt	$ 317,900	$ 339,655	$ -	$ -	$ 317,900	$ 339,655

The County's total debt decreased by $21,755 or approximately 6% during the current fiscal year. Changes to the County's long-term debt during fiscal year 2008 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 $2,006,055, 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 $1,003,028, 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, 2008. Additional information on the County's long-term liabilities can be found in note 3.G on pages 61-68 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 5.2% which is higher than the prior year's rate of 4.8%. The rate has been trending upward in recent months as economic conditions have begun to show signs of weakening.

- It is anticipated that business income tax revenues will decrease in the coming year as compared to the 2008 budgeted amount. Business income tax is highly sensitive to economic conditions. In a weakening economic climate it would not be surprising for revenues to drop by 15% or more.
- 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 2008-2009.

During the current fiscal year, unreserved fund balance in the General Fund decreased to $51,474. At this level, the County is able to maintain fully funded reserves as described in the Financial and Budget policies.

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, 2008
(amounts expressed in thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	The Library Foundation
ASSETS				
Current assets:				
Cash and investments	$ 228,242	$ 8,157	$ 236,399	$ 12,709
Receivables (net of allowance for uncollectibles):				
Taxes	31,297	-	31,297	-
Accounts	66,461	1	66,462	89
Loans	756	-	756	-
Interest	847	-	847	-
Special assessments	11	36	47	-
Contracts	3,982	-	3,982	-
Contributions	-	-	-	570
Internal balances	329	(329)	-	-
Inventories	3,237	-	3,237	-
Prepaid items	2,047	-	2,047	21
Contributions receivable from charitable remainder	-	-	-	
unitrust and life insurance policy	-	-	-	1,535
Restricted cash and investments	598	-	598	-
Capital assets:				
Land and construction in progress	16,613	-	16,613	-
Buildings-not in service, not depreciating	51,164	-	51,164	-
Other capital assets (net of accumulated depreciation)	545,365	3,424	548,789	16
Other assets, net of amortization	132,110	-	132,110	-
Total assets	1,083,059	11,289	1,094,348	14,940
LIABILITIES				
Accounts payable	68,473	4,888	73,361	18
Claims and judgments payable	11,414	-	11,414	-
Accrued salaries and benefits	7,658	11	7,669	-
Accrued interest payable	2,854	-	2,854	-
Gift annuity payable	-	-	-	7
Unearned revenue	9,540	-	9,540	-
Due within one year:				
Compensated absences	6,498	10	6,508	-
Bonds payable	20,415	-	20,415	-
Capital leases payable	2,847	-	2,847	-
Loans payable	242	-	242	-
Noncurrent liabilities:				
Due in more than one year:				
Compensated absences	15,856	28	15,884	-
Bonds payable	283,639	-	283,639	-
Capital leases payable	10,757	-	10,757	-
Deferred lease obligation	1,718	-	1,718	-
Net other postemployment benefits obligation	70,136	-	70,136	-
Total liabilities	512,047	4,937	516,984	25
NET ASSETS				
Invested in capital assets, net of related debt	465,079	3,424	468,503	16
Restricted:				
Nonexpendable - Library operations	-	-	-	4,033
Expendable:				
Capital projects	21,587	-	21,587	-
Community support programs	7,369	-	7,369	-
Debt service	47,277	-	47,277	-
Library operations	1,746	-	1,746	4,387
Unrestricted	27,954	2,928	30,882	6,479
Total net assets	$ 571,012	$ 6,352	$ 577,364	$ 14,915

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, 2008

Functions/Programs	Expenses	Program Revenues: Fees, Fines and Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	$ 75,547	$ 21,721	$ 4,497	$ 8,826
Health services	125,355	52,241	29,266	-
Social services	196,537	1,615	151,290	-
Public safety and justice	208,253	17,765	39,599	-
Community services	26,069	10	3,117	69
Library	52,087	1,855	3,504	-
Roads and bridges	56,716	2,141	33,998	1,610
Interest on long-term debt	16,443	-	-	-
Total governmental activities	757,007	97,348	265,271	10,505
Business-type activities:				
Dunthorpe-Riverdale service District Number 1	476	627	-	-
Mid County service District Number 14	377	268	-	10
Behavioral health managed care	37,803	36,072	-	-
Total business-type activities	38,656	36,967	-	10
Total primary government	$ 795,663	$ 134,315	$ 265,271	$ 10,515
Component unit:				
The Library Foundation	$ 2,736	$ -	$ 1,963	$ -

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
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
$ (40,503)	$ -	$ (40,503)	$ -
(43,848)	-	(43,848)	-
(43,632)	-	(43,632)	-
(150,889)	-	(150,889)	-
(22,873)	-	(22,873)	-
(46,728)	-	(46,728)	-
(18,967)	-	(18,967)	-
(16,443)	-	(16,443)	-
(383,883)	-	(383,883)	-
-	151	151	-
-	(99)	(99)	-
-	(1,731)	(1,731)	-
-	(1,679)	(1,679)	-
(383,883)	(1,679)	(385,562)	-
-	-	-	(773)
249,446	-	249,446	-
9,077	-	9,077	-
2,748	-	2,748	-
65,650	-	65,650	-
42,812	-	42,812	-
1,537	-	1,537	-
9,613	-	9,613	-
10	-	10	1,409
11,887	398	12,285	(628)
1,410	1	1,411	4
10,206	-	10,206	-
404,396	399	404,795	785
20,513	(1,280)	19,233	12
550,499	7,632	558,131	14,903
$ 571,012	$ 6,352	$ 577,364	$ 14,915

MULTNOMAH COUNTY, OREGON
Governmental Funds
Balance Sheet
June 30, 2008
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments	$ 60,312	$ 21	$ 113,540	$ 173,873
Receivables:				
Taxes	26,445	-	4,852	31,297
Accounts	7,410	49,594	8,682	65,686
Loans	-	756	-	756
Interest	847	-	-	847
Special assessments	11	-	-	11
Contracts	1,383	-	2,599	3,982
Due from other funds	19,475	-	-	19,475
Inventories	394	359	993	1,746
Prepaids and deposits	270	558	189	1,017
Restricted cash and investments	-	275	323	598
Total assets	$ 116,547	$ 51,563	$ 131,178	$ 299,288
LIABILITIES				
Accounts payable	$ 21,835	$ 20,508	$ 12,363	$ 54,706
Payroll payable	3,816	2,272	904	6,992
Due to other funds	-	19,475	-	19,475
Deferred revenue	19,283	4,879	4,872	29,034
Total liabilities	44,934	47,134	18,139	110,207
FUND BALANCES				
Reserved for capital projects	-	-	21,591	21,591
Reserved for debt service	-	-	46,915	46,915
Reserved for interfund receivable	19,475	-	-	19,475
Reserved for inventories	394	359	993	1,746
Reserved for prepaid items	270	558	189	1,017
Unreserved, reported in:				
General fund	51,474	-	-	51,474
Special revenue funds	-	3,512	43,351	46,863
Total fund balances	71,613	4,429	113,039	189,081
Total liabilities and fund balances	$ 116,547	$ 51,563	$ 131,178	$ 299,288

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, 2008
(amounts expressed in thousands)

Fund Balances - Governmental Funds		$ 189,081
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	1,219,956	
Less accumulated depreciation	(612,950)	607,006
Other long-term assets		
Negative net pension asset	131,747	
Bond issuance costs	363	132,110
Accrued interest payable		(2,854)
Amount payable to other Governments under Intergovernmental Agreement for financial support of community based health organization		(308)
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	(304,054)	
Capital leases payable	(13,604)	
Loans payable	(242)	(317,900)
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		(20,048)
Accrued personal income tax distributions are not due and payable in the current period and therefore are not reported in the funds.		(7,341)
Net other post-employment benefits obligation		(70,136)
Deferred revenue represents amounts that were not available to fund current expenditures and therefore are not reported in the governmental funds.		
Property taxes	9,827	
Personal income taxes	9,783	19,610
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.		41,792
Net Assets of Governmental Activities		$ 571,012

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, 2008
(amounts expressed in thousands)

	General Fund	Federal and State Special Revenue Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 297,372	$ -	$ 77,672	$ 375,044
Intergovernmental	18,452	214,795	43,852	277,099
Licenses and permits	8,763	2,432	4,246	15,441
Charges for services	9,365	51,362	7,023	67,750
Interest	5,073	11	4,473	9,557
Other	13,279	3,244	33,819	50,342
Total revenues	352,304	271,844	171,085	795,233
EXPENDITURES				
Current:				
General government	62,495	-	6,729	69,224
Health services	50,188	77,312	1,414	128,914
Social services	45,156	151,942	112	197,210
Public safety and justice	165,768	38,854	4,497	209,119
Community services	-	2,485	23,419	25,904
Library services	-	-	48,051	48,051
Roads and bridges	-	-	40,723	40,723
Capital outlay	574	254	26,539	27,367
Debt service:				
Principal	11	-	21,511	21,522
Interest	1,262	-	15,132	16,394
Total expenditures	325,454	270,847	188,127	784,428
Excess (deficiency) of revenues over (under) expenditures	26,850	997	(17,042)	10,805
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	8	-	14,211	14,219
Transfers in	1,854	-	27,412	29,266
Transfers out	(17,317)	-	(8,562)	(25,879)
Total other financing sources (uses)	(15,455)	-	33,061	17,606
Net change in fund balances	11,395	997	16,019	28,411
Fund balances - beginning	60,218	3,432	97,020	160,670
Fund balances - ending	$ 71,613	$ 4,429	$ 113,039	$ 189,081

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, 2008
(amounts expressed in thousands)

Net change in fund balances - Governmental Funds		$ 28,411
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	27,367	
Current year depreciation expense	(32,305)	(4,938)
Contributed and donated capital assets	1,649	
Proceeds on sale of capital assets	(14,220)	
Gain on termination of capital lease	153	
Gain on disposal of capital assets	10,117	
Loss on disposal of capital assets	(4,263)	(6,564)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Increase in deferred revenues - property taxes	1,298	
Decrease in deferred revenues - personal income taxes	(3,863)	(2,565)
Premium issued on long-term debt is reported as an other financing source in governmental funds, but an increase of long-term liabilities in the statement of net assets. The premium is amortized to interest income in the statement of activities.		
Current year premium amortization		339
Issuance costs and similar items are reported in the governmental funds when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
Current year amortization expense		(32)
The difference between refunding bond proceeds and amount sent to the escrow agent to defease outstanding debt is a deferred charge in the statement of net assets and amortized to interest expense in the statement of activities over the life of the refunded debt.		
Current year interest expense		(260)
Amount received from other Governments for financial support of community based health organization but not yet distributed is a liability on the Statement of Net Assets		(308)
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.		21,522
Some expenses reported in the statement of activities do not require the use of current resources		
Increase in long-term compensated absences	(1,614)	
Decrease in accrued interest expense	211	
Decrease in personal income tax distribution liability	4,251	2,848
Amortization expense on the net pension asset.		(6,152)
Current year expense for net other post-employment benefits obligation		(12,146)
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.		358
Change in net assets of Governmental Activities		$ 20,513

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.

MULTNOMAH COUNTY, OREGON
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes				
Property:				
Current	$ 199,204	$ 199,204	$ 204,708	$ 5,504
Prior	4,171	4,171	3,886	(285)
Penalties and interest	1,299	1,299	1,642	343
Payments in lieu of taxes	800	910	1,388	478
Transient lodging	-	-	5	5
Business income	52,215	53,020	65,650	12,630
Personal income	5,000	6,475	6,611	136
Motor vehicle rental	12,359	12,359	13,482	1,123
Intergovernmental:				
Federal	2	468	-	(468)
State	10,398	10,398	14,568	4,170
Local	3,784	3,993	3,884	(109)
Licenses and permits	9,250	9,363	8,763	(600)
Charges for services	9,255	9,514	9,365	(149)
Interest	3,110	3,110	5,073	1,963
Other:				
Service reimbursements	13,636	14,004	12,399	(1,605)
Miscellaneous	1,114	1,149	880	(269)
Total revenues	325,597	329,437	352,304	22,867
EXPENDITURES				
Community justice	51,108	54,007	51,349	2,658
Community services	11,114	11,219	10,517	702
County management	31,867	31,896	30,220	1,676
District attorney	19,636	19,787	18,712	1,075
Health services	53,361	53,797	50,188	3,609
Human services	44,823	46,293	45,156	1,137
Nondepartmental	20,782	23,064	23,061	3
Sheriff	96,065	99,641	96,251	3,390
Total expenditures	328,756	339,704	325,454	14,250
Excess (deficiency) of revenues over (under) expenditures	(3,159)	(10,267)	26,850	37,117
OTHER FINANCING SOURCES (USES)				
Loan proceeds	-	1,000	-	(1,000)
Proceeds from sale of capital assets	-	-	8	8
Transfers in	2,067	2,067	1,854	(213)
Transfers out	(17,313)	(17,317)	(17,317)	-
Total other financing sources (uses)	(15,246)	(14,250)	(15,455)	(1,205)
Contingency	(8,361)	(2,201)	-	2,201
Net change in fund balances	(26,766)	(26,718)	11,395	38,113
Fund balances - beginning	40,266	40,266	60,218	19,952
Fund balances - ending	$ 13,500	$ 13,548	$ 71,613	$ 58,065

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

MULTNOMAH COUNTY, OREGON
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Federal and State Program Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 209,172	$ 171,013	$ 162,578	$ (8,435)
Licenses and permits	2,469	2,470	2,432	(38)
Charges for services	54,240	54,336	51,362	(2,974)
Interest	9	9	11	2
Other:				
Non-governmental grants	1,451	2,924	2,522	(402)
Service reimbursements	80	80	92	12
Miscellaneous	614	554	630	76
Total revenues	268,035	231,386	219,627	(11,759)
EXPENDITURES				
Community justice	28,094	26,525	24,555	1,970
Community services	409	1,013	770	243
County management	121	121	83	38
District attorney	5,678	6,157	5,628	529
Health services	77,389	80,463	77,372	3,091
Human services	144,680	107,678	99,725	7,953
Nondepartmental	1,516	1,742	1,632	110
Sheriff	10,184	9,972	8,865	1,107
Total expenditures	268,071	233,671	218,630	15,041
Excess (deficiency) of revenues over (under) expenditures	(36)	(2,285)	997	3,282
Fund balances - beginning	36	2,285	3,432	1,147
Fund balances - ending	$ -	$ -	4,429	$ 4,429

Reconciliation to GAAP Basis:	
Intergovernmental revenues for State payments to County service providers	52,217
State payments to County service providers	(52,217)
Fund balance as reported on the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 33	$ 4,429

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

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 115.

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, 2008
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe-Riverdale Service District	Mid County Service District	Behavioral Health Managed Care	Total	Governmental Activities - Internal Service Funds
ASSETS					
Current assets:					
Cash and investments	$ 482	$ 386	$ 7,289	$ 8,157	$ 54,369
Receivables (net of allowances for uncollectibles):					
Accounts	1	-	-	1	775
Special assessments	24	12	-	36	-
Due from other funds	-	-	-	-	76
Inventories	-	-	-	-	1,491
Prepaid items	-	-	-	-	1,030
Total current assets	507	398	7,289	8,194	57,741
Noncurrent assets:					
Advances to other funds	-	-	-	-	253
Capital assets (net of accumulated depreciation)	1,916	1,508	-	3,424	6,137
Total noncurrent assets	1,916	1,508	-	3,424	6,390
Total assets	2,423	1,906	7,289	11,618	64,131
LIABILITIES					
Current liabilities:					
Accounts payable	196	59	4,633	4,888	6,119
Claims and judgments payable	-	-	-	-	11,414
Payroll payable	-	-	11	11	666
Deferred revenue	-	-	-	-	116
Compensated absences	-	-	10	10	611
Due to other funds	76	-	-	76	-
Total current liabilities	272	59	4,654	4,985	18,926
Noncurrent liabilities:					
Compensated absences	-	-	28	28	1,695
Advances from other funds	253	-	-	253	-
Incremental leases payable	-	-	-	-	1,718
Total noncurrent liabilities	253	-	28	281	3,413
Total liabilities	525	59	4,682	5,266	22,339
NET ASSETS					
Invested in capital assets, net of realted debt	1,916	1,508	-	3,424	6,137
Unrestricted	(18)	339	2,607	2,928	35,655
Total net assets	$ 1,898	$ 1,847	$ 2,607	$ 6,352	$ 41,792

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, 2008
(amounts expressed in thousands)

	Business-type Activities - Enterprise Funds				
	Dunthorpe-Riverdale Service District	**Mid County Service District**	**Behavioral Health Managed Care**	**Total**	**Governmental Activities - Internal Service Funds**
OPERATING REVENUES					
Charges for sales and services	$ 627	$ 268	$ 36,072	$ 36,967	$ 140,703
Insurance premiums	-	-	-	-	6,360
Experience ratings and other	-	-	1	1	839
Total operating revenues	627	268	36,073	36,968	147,902
OPERATING EXPENSES					
Cost of sales and services	354	275	36,032	36,661	140,757
Administration	37	43	1,771	1,851	3,221
Depreciation	62	59	-	121	2,219
Total operating expenses	453	377	37,803	38,633	146,197
Operating income (loss)	174	(109)	(1,730)	(1,665)	1,705
NONOPERATING REVENUES (EXPENSES)					
Interest revenue	24	18	356	398	1,991
Interest expense	(23)	-	-	(23)	-
Gain on disposal of capital assets	-	-	-	-	89
Loss on disposal of capital assets	-	-	-	-	(41)
Total nonoperating revenues	1	18	356	375	2,039
Income (loss) before contributions and transfers	175	(91)	(1,374)	(1,290)	3,744
Capital contributions in	-	10	-	10	3
Capital contributions out	-	-	-	-	(2)
Transfers in	-	-	-	-	1,496
Transfers out	-	-	-	-	(4,883)
Change in net assets	175	(81)	(1,374)	(1,280)	358
Total net assets - beginning	1,723	1,928	3,981	7,632	41,434
Total net assets - ending	$ 1,898	$ 1,847	$ 2,607	$ 6,352	$ 41,792

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, 2008
(amounts expressed in thousands)

	Business Type Activities - Enterprise Funds				
	Dunthorpe - Riverdale Service District	Mid County Service District	Behavioral Health Maneged Care	Total	Governmental Activities - Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts from customers	$ 640	$ 268	$ 36,074	$ 36,982	$ 148,061
Payments to suppliers	(540)	(249)	(34,249)	(35,038)	(93,653)
Payments to employees	(14)	(18)	(3,400)	(3,432)	(33,544)
Internal activity - payments to other funds	(23)	(22)	(493)	(538)	(12,708)
Net cash provided (used) by operating activities	63	(21)	(2,068)	(2,026)	8,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers in	-	-	-	-	1,496
Transfers out	-	-	-	-	(4,883)
Net cash used by noncapital and related financing activities	-	-	-	-	(3,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchases of capital assets	(97)	(17)	-	(114)	(3,177)
Internal loan repayment	(71)	-	-	(71)	71
Interest on debt	(23)	-	-	(23)	-
Proceeds on sales of capital assets	-	-	-	-	90
Net cash used by capital and related financing activities	(191)	(17)	-	(208)	(3,016)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	24	18	356	398	1,991
Net cash provided by investing activities	24	18	356	398	1,991
Net increase (decrease) in cash and cash equivalents	(104)	(20)	(1,712)	(1,836)	3,744
Balances at beginning of the year	586	406	9,001	9,993	50,625
Balances at end of the year	$ 482	$ 386	$ 7,289	$ 8,157	$ 54,369
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	$ 174	$ (109)	$ (1,730)	$ (1,665)	$ 1,705
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Cash flows reported in other categories:					
Depreciation	62	59	-	121	2,219
Changes in assets and liabilities:					
Receivables, net	13	-	-	13	210
Inventories	-	-	-	-	535
Prepaid items	-	-	-	-	(227)
Accounts payable	(186)	29	(346)	(503)	698
Claims and judgments payable	-	-	-	-	2,746
Deferred revenue	-	-	-	-	31
Compensated absences	-	-	9	9	82
Incremental leases payable	-	-	-	-	57
Payroll payable	-	-	(1)	(1)	100
Total adjustments	(111)	88	(338)	(361)	6,451
Net cash provided (used) by operating activities	$ 63	$ (21)	$ (2,068)	$ (2,026)	$ 8,156
Noncash financing activities:					
Contributions of capital assets	$ -	$ 10	$ -	$ 10	$ 1

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, 2008
(amounts expressed in thousands)

	Agency Funds
ASSETS	
Cash and investments	$ 16,898
Taxes receivable	39,733
Restricted cash	15
Total assets	56,646
LIABILITIES	
Accounts payable	10,054
Due to other governmental units	37,395
Amounts held in trust	9,197
Total liabilities	56,646
NET ASSETS	
Total net assets	$ -

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

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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.

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.

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.

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

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

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

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

Additionally, the County reports the following fund types:

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

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

Capital projects funds account for expenditures on major construction projects or equipment acquisition. The principal sources of revenues are proceeds from certificates of participation issued to finance capital acquisitions, proceeds from the 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 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). 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 15th of the same year. Under the partial payment schedule, the first one-third of taxes are due November 15th, the second one-third on February 15th, and the remaining one-third on May 15th. A three percent discount is allowed if full payment is made by November 15th and a two percent discount is allowed if two-thirds payment is made by November 15th. Taxes become delinquent if not paid by the due date and interest accrues after each trimester at a rate of one percent per month. Property foreclosure proceedings are initiated four years after the tax due date.

Multnomah County residents approved a personal income tax effective from calendar year 2003 through calendar year 2005. The tax was a 1.25% levy on the Oregon taxable income of Multnomah County residents reduced by an exemption amount. The 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 2008, the County continues to collect delinquent accounts. Included in the financial statements is an allowance for uncollectible accounts of $4,941 for personal income taxes. This amount is shown net with taxes receivable on both the fund financial statements and the statement of net assets. In the statement of activities the reduction is recorded to the related income tax revenues, and on the fund financial statements the offset is recorded in deferred revenues.

3. Inventories and prepaid items

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

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

4. Fund balances and net assets

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

On the *Balance Sheet – Governmental Funds*, assets in excess of liabilities are reported as fund balances and are segregated between reserved and unreserved amounts. Reserves are legal requirements that make funds unavailable for appropriation by segregating them for a specific use. Conversely, unreserved 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 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.

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 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. In addition, reclassifications were made to certain prior year amounts in order to be consistent with the current year's presentation.

Note 2. Stewardship, compliance, and accountability

A. Budgetary information

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

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

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

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.

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 $88,943 and the bank balance was $88,908. 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 $35 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:

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

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

1. Corporate indebtedness must be rated on the settlement date A-1 or AA or better by Standard and Poor's Corporation or P-1 or Aa by Moody's Investors Service, or the equivalent rating by any nationally recognized statistical rating organization.

2. Notwithstanding item one, corporate indebtedness must be rated A-2 or A by Standard & Poor's and P-2 or A by Moody's, or the equivalent rating by any nationally recognized statistical rating organization when issued by a business enterprise that has its headquarters in Oregon, employs more than 50% of its permanent workforce in Oregon, or has more than 50% of its tangible assets in Oregon.

3. Purchase of commercial paper and other corporate debt up to 25% of the total investment portfolio is allowed, but may exceed that limit up to 30% for a period not to exceed ten consecutive business days.
4. U.S. Government Agencies are limited to 75% of the investment portfolio.

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

Multnomah County manages custodial credit risk for deposits and investments in accordance with Oregon Revised Statutes and the County's investment policy. Deposits of public funds are collateralized at 25% of balances above federal deposit insurance pursuant to ORS 295. As of June 30, 2008, $35 of the County's bank balance of $88,908 was exposed to custodial credit risk because it was uninsured and uncollateralized.

At June 30, 2008, the County had the following corporate debt in our investment portfolio with the credit ratings noted by Standard & Poor's and Moody's respectively:

Investment Type / Issuer	Fair Value	Credit Rating	Maturity
Corporate note – General Electric	$ 2,998	AAA / Aaa	10/15/2008
Corporate note – General Electric (Heller Financial, Inc)	1,045	AAA / Aaa	11/01/2009
Commercial paper – Bank of America	7,744	A1+ / P1	07/11/2008
Commercial paper – Toyota Motor Credit Corp.	3,242	A1+ / P1	08/05/2008
Commercial paper – General Electric	3,988	A1+ / P1	08/13/2008
Commercial paper – US Bancorp	2,590	A1+ / P1	08/19/2008
Commercial paper – Toyota Motor Credit Corp.	4,970	A1+ / P1	09/16/2008
Totals	$ 26,577		

At June, 2008, the County had the following investments in US Government Agencies that were implicitly guaranteed by the US Government:

Investment Type / Issuer	Fair Value	Credit Rating
Agency notes – Federal Home Loan Bank	$ 34,243	AAA
Agency notes – Federal Farm Credit Bank	7,002	AAA
Agency notes – Tennessee Valley Auth.	1,828	AAA
Total	$ 43,073	

As of June 30, 2008, the County had the following unrestricted cash and investments:

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration	Weighted Average Maturity (in months)
US Agencies	$ 42,797	3.37%	16.9%	< 1
Corporate Debt	4,043	4.77%	1.6%	< 1
Commercial Paper	22,534	2.41%	8.9%	< 1
US Treasuries	9,942	1.61%	3.9%	< 1
Bankers' Acceptances	28,322	2.65%	11.2%	< 1
Local Government Investment Pool	56,707	3.16%	22.4%	< 1
Cash and Equivalents	88,943	2.30%	35.1%	< 1
Total unrestricted cash and investments	$ 253,296		100%	
		Portfolio weighted average maturity		2.5

As of June 30, 2008, the County had the following restricted cash and investments. All restricted cash and investments maintained a weighted average maturity of less than one month.

Investment Type	Fair Value	Weighted Average Yield	Risk Concentration
Cash with Fiscal Agent	$ 613	1.39%	100%

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

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

	Unrestricted	Restricted	Total
Governmental Activities	$ 228,242	$ 598	$ 228,840
Business-type Activities	8,157	-	8,157
Fiduciary Funds	16,898	15	16,913
Total Cash and Investments	$ 253,297	$ 613	$ 253,910

B. Receivables

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

MULTNOMAH COUNTY
Accounts Receivable

	Governmental Activities						
	General Fund	Federal State Program Fund	Internal Service Funds	Nonmajor Funds	Total Governmental Activities	Business-type Activities	Total
Receivables:							
Taxes:							
Income	$ 15,390	$ -	$ -	$ -	$ 15,390	$ -	$ 15,390
Property	9,946	-	-	2,115	12,061	-	12,061
Other	6,050	-	-	2,737	8,787	-	8,787
Accounts	9,357	51,134	775	8,682	69,948	1	69,949
Loans	-	756	-	-	756	-	756
Interest	847	-	-	-	847	-	847
Special assessments	11	-	-	-	11	39	50
Contracts	1,383	-	-	2,599	3,982	-	3,982
Gross receivables	42,984	51,890	775	16,133	110,053	40	111,822
Less: allowance for discounts/uncollectibles	(6,888)	(1,540)	-	-	(8,428)	(3)	(8,431)
Net total receivables	$ 36,096	$ 50,350	$ 775	$ 16,133	$103,354	$ 37	$103,391

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	$ 14,724	$ -	$ 14,724
Allowance for doubtful accounts – personal income tax	(4,941)	-	(4,941)
Property taxes receivable (General Fund)	8,102	-	8,102
Property taxes receivable (other governmental funds)	1,725	-	1,725
Grant draws prior to meeting all eligibility requirements	-	4,147	4,147
Contracts receivable	-	3,982	3,982
Contract revenue received in advance	-	187	187
Loans receivable	-	756	756
Tax title land sales inventory	-	341	341
Special assessments receivable	-	11	11
Total deferred revenue for governmental funds	$ 19,610	$ 9,424	$ 29,034

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 $116 in unearned revenue, resulting in total unearned revenue on the Statement of Net Assets of $9,540.

C. Capital assets

Capital asset activity for the year ended June 30, 2008 was as follows:

Primary Government

	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	$ 13,787	$ 4,060	992	$ (2,543)	$ 16,296
Construction in process	35,735	317	(35,735)	-	317
Buildings-not in service	51,164	-	-	-	51,164
Total capital assets, not being depreciated	100,686	4,377	(34,743)	(2,543)	67,777
Capital assets, being depreciated:					
Buildings	368,897	2,186	-	(5,959)	365,124
Improvements other than buildings	343	-	-	-	343
Machinery and equipment	124,597	10,135	45	(12,597)	122,180
Bridges	99,501	13,621	34,698	(1,641)	146,179
Infrastructure	553,645	1,874	-	(3,921)	551,598
Total capital assets being depreciated	1,146,983	27,816	34,743	(24,118)	1,185,424
Less accumulated depreciation for:					
Buildings	(115,544)	(10,596)	-	1,984	(124,156)
Improvements other than buildings	(146)	(9)	-	-	(155)
Machinery and equipment	(92,991)	(7,741)	-	12,555	(88,177)
Bridges	(61,916)	(2,362)	-	1,131	(63,147)
Infrastructure	(353,187)	(13,816)	-	2,579	(364,424)
Total accumulated depreciation	(623,784)	(34,524)	-	18,249	(640,059)
Total capital assets being depreciated, net	523,199	(6,708)	34,743	(5,869)	545,365
Governmental activities capital assets, net	$ 623,885	$ (2,331)	-	$ (8,412)	$ 613,142
Business-type activities:					
Capital assets, being depreciated:					
Improvements other than buildings	$ 5,640	$ 125	-	$ -	$ 5,765
Machinery and equipment	41	-	-	(41)	-
Total capital assets being depreciated	5,681	125	-	(41)	5,765
Less accumulated depreciation for:					
Improvements other than buildings	(2,220)	(121)	-	-	(2,341)
Machinery and equipment	(41)	-	-	41	-
Total accumulated depreciation	(2,261)	(121)	-	41	(2,341)
Business-type activities capital assets, net	$ 3,420	$ 4	-	$ -	$ 3,424

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

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

Governmental activities:	
General government	$ 14,352
Health services	130
Public safety & justice	1,169
Community services	162
Library	4,012
Roads and bridges	14,699
Total depreciation expense – governmental activities	$ 34,524
Business-type activities:	
Sewer	$ 62
Lighting	59
Total depreciation expense – business-type activities	$ 121

D. Other assets

Other assets, net of accumulated amortization at June 30, 2008 consist of the following:

Bond issuance costs	$ 363
Negative net pension asset	131,747
	$ 132,110

Amortization expense in the statement of activities on bond issuance costs and the negative net pension asset were $32 and $6,152, respectively for the year ended June 30, 2008.

E. Interfund receivables, payables, and transfers

Due from / to other funds:

The County records “due from” and “due to” transactions in order that individual funds will be able to meet cash flow needs at year end and prevent a fund from reporting a negative cash balance. The $19,745 is also noted as a reservation of the General Fund’s fund balance. The amount payable to the Risk Fund is 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, 2008 is as follows:

Receivable Funds	Payable Funds	Amount
General Fund	Federal State Fund	$ 19,475
Risk Fund*	Dunthorpe Riverdale Service District Fund	76
		$ 19,551

*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	$ 253

*Internal service fund

Interfund Transfers:

Following are the County's interfund transfers for the year ended June 30, 2008. The general fund transfers to nonmajor governmental funds include one large transfer to the Library special revenue fund to provide for various County Library upgrades and projects.

	Transfers in:			
Transfers out:	General Fund	Nonmajor Governmental Funds	Internal Service Funds	Total
General Fund	$ -	$ 17,317	$ -	$ 17,317
Nonmajor Governmental Funds	1,854	5,212	1,496	8,562
Internal Service Funds	-	4,883	-	4,883
Total transfers out:	$ 1,854	$ 27,412	$ 1,496	$ 30,762

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, 2007 the County issued $29,850 in short-term debt, Series 2007. The County received $500 in June 2007 as a good faith deposit and the remaining $29,350 in tax revenue anticipation notes were

issued on July 2, 2007. The notes carried an interest rate of 4.25% and were due at June 30, 2008. Short-term liability activity for the year-ended June 30, 2008 was as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Tax revenue anticipation note, Series 2007	$ 500	$ 29,350	$ 29,850	$ -	$ -
Total	$ 500	$ 29,350	$ 29,850	$ -	$ -

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 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:

Purpose	Interest Rates	Amount
Governmental activities	3.70-5.65%	$ 63,125

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

Year Ending June 30	Principal	Interest
2009	$ 6,555	$ 2,677
2010	6,860	2,387
2011	7,160	2,093
2012	7,470	1,780
2013	7,490	1,451
2014 – 2017	27,590	2,503
Total	$ 63,125	$ 12,891

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. Total lease revenues from RCC for fiscal year 2008 were $339. The total principal and interest paid during the fiscal year were $285. The outstanding balance on the debt was $1,710 at June 30, 2008. On October 1, 2008 the County paid off the remaining balance of $1,710 on the 1998 revenue bonds as a result of revenues recognized on a property sale committed for future revenues on this debt.

In November 2000, the County issued $2,000 of revenue bonds to finance the costs of acquiring land and constructing, renovating, improving and equipping certain facilities to be used as a vocational training center for developmentally disabled residents of Multnomah County. This debt issue is subject to Federal arbitrage regulations. The County entered into a public / private partnership agreement with Port City Development (Port City), a 501(c)(3) non profit agency. The future lease payments from Port City are pledged revenues for the debt service on these bonds. The term of the agreement with Port City for future pledged revenues is through fiscal year 2034, and the outstanding balance on these future lease payments at June 30, 2008 was $1,720. As a result of a current year restructuring of the agreement between the County and Port City, the County forgave $259 in lease payments in fiscal year 2008. The total principal and interest paid during the fiscal year were $198. The outstanding balance on the debt was $1,310 at June 30, 2008. The debt matures in fiscal year 2016.

Also in November 2000, the County issued $3,500 of revenue bonds to re-finance the costs of acquiring real property and constructing facility improvements related to the Oregon Food Bank. In fiscal year 2006 the Oregon Food Bank satisfied their commitment to pledge future lease payments and no longer has any commitment to the County for this debt issue. The total principal and interest paid during the fiscal year were $344. The outstanding balance on the debt was $2,300 at June 30, 2008. The debt matures in fiscal year 2016.

Revenue bonds outstanding at year-end are as follows:

Purpose	Interest Rates	Amount
Governmental activities	4.00-5.20%	$ 5,320

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

Year Ending June 30	Principal	Interest
2009	$ 2,080	$ 209
2010	395	152
2011	415	133
2012	435	113
2013	460	91
2014 – 2016	1,535	121
Total	$ 5,320	$ 819

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, 2008, $3,300 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, 2008, $165,583 of these bonds were outstanding.

On April 1, 2000, the County issued $61,215 in Full Faith and Credit Bonds with interest rates from 5.00% to 5.50% to finance the costs of acquiring and installing the integrated enterprise computer system, acquire land, acquire facilities and construct other County facilities and structures. In October 2004, the County advance refunded $27,985 of these full faith and credit bonds by issuing $54,235 in full faith and credit bonds. Full faith and credit bonds are direct obligations and pledge the full faith and credit of the County. At June 30, 2008, $5,495 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, 2008, $6,075 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, 2008 the unamortized premium on the debt was $3,902. 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, 2008 the deferred charge was $2,980. The entire amount of this debt issue was outstanding at June 30, 2008.

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

Purpose	Interest Rates	Amount
Governmental activities	1.50-7.74%	$ 234,688

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

Year Ending June 30	Principal	Interest
2009	$ 11,700	$ 10,246
2010	13,770	9,535
2011	15,550	8,633
2012	17,440	7,662
2013	11,549	14,512
2014 – 2018	79,956	54,269
2019 – 2023	52,744	91,082
2024 – 2028	23,355	151,525
2029 – 2030	8,624	75,450
Total, before deferred charge	234,688	$ 422,914
Deferred charge, net	(2,981)	
Premium on long-term debt, net	3,902	
Total	$ 235,609	

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:

Asset	Governmental Activities
Buildings	$ 69,135
Less: Accumulated depreciation	(26,216)
Total	$ 42,919

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

Purpose	Interest Rates	Amount
Governmental activities	2.50-7.25%	$ 13,604

Future minimum lease payments are as follows:

	Governmental	
Year Ending June 30	Principal	Interest
2009	$ 2,847	$ 743
2010	2,277	723
2011	2,384	584
2012	2,500	436
2013	2,622	276
2014 – 2018	116	476
2019 – 2023	192	398
2024 – 2028	321	270
2029 – 2032	345	68
Total	$ 13,604	$ 3,974

Loans Payable

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

Purpose	Interest Rates	Amount
Governmental activities	5.65-7.20%	$ 242

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

Year Ending June 30	Principal	Interest
2009	$ 242	$ 6

Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2008 was as follows:

Governmental Activities	Beginning Balance	Additions	Adjustments & Reductions	Ending Balance	Due Within One Year
General Obligation Bonds	$ 69,380	$ -	$ 6,255	$ 63,125	$ 6,555
Revenue Bonds	5,880	-	560	5,320	2,080
Full Faith and Credit Bonds	247,413	-	11,804	235,609	11,780
Capital Leases	16,620	-	3,016	13,604	2,847
Loans Payable	362	-	120	242	242
Long-term debt before other long-term liabilities	339,655	-	21,755	317,900	23,504
Compensated Absences	20,659	26,183	24,488	22,354	6,498
Governmental activity long-term liabilities	$ 360,314	$ 26,183	$ 46,243	$ 340,254	$ 30,002
Business-Type Activities					
Compensated Absences	$ 29	$ 38	$ 29	$ 38	$ 10

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, 2008, 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, 2008, the amount of these bonds outstanding totaled $4,960.

Conduit Financing

Multnomah County Conduit Financing

On November 1, 1997, the County issued $31,600 in Educational Facilities Revenue Bonds which have not been recorded in the County's financial statements. The proceeds of these bonds were assigned to the University of Portland (the University) to finance capital improvements to the University, pay issue costs and advance refund $17,750 of the Series 1994 issue. On April 1, 2000, the County issued an additional $17,160 in Conduit Educational Revenue Bonds for the University to finance the construction of a student housing facility, parking garage and street lighting. These bonds are not recorded on the books of the County but are assigned to the University. The responsibilities of the County in this bond transaction were limited to adopting the resolution authorizing the issuance of the bonds, executing the bonds and the bond documents to which it is a party, issuing and delivering the Bonds, assigning certain of its rights to the Trustee as provided in the indenture, and directing the Trustee as to the application of monies received 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, 2008, $32,915 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, 2008, $8,285 of the Higher Education Variable Rate Demand Revenue Bonds were outstanding.

The County's total conduit debt at June 30, 2008 was $41,200. 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 bonds (Terwilliger Plaza). On July 2, 2007, the Authority issued $8,200 in Revenue Bonds (Pacific Mirabella). 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, 2008, $185,885 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, 2008, interfund premiums exceeded reimbursable expenditures.

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

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

	Fiscal Year Ended 6/30/08	Fiscal Year Ended 6/30/07
Unpaid claims, beginning of fiscal year	$ 8,668	$ 10,627
Incurred claims (including IBNRs)	21,726	18,794
Actuarial adjustment	489	(4,157)
Claim payments	(19,469)	(16,596)
Unpaid claims, end of fiscal year	$ 11,414	$ 8,668

B. Subsequent events

In October of 2008, the Hospital Facilities Authority of Multnomah County issued $221,645 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.

Also in October of 2008 the County issued higher-education revenue bonds as conduit debt in the amount of $7,400. The tax-exempt debt has not been recognized as a liability of the County.

In November of 2008 the Board of County Commissioners approved a short-term internal loan from the Risk Fund to the General Fund for an amount not to exceed $10,000. The loan is to assist with current operational needs during months when property tax collections are slow.

Subsequent to year-end the County paid off the outstanding balance of the loan obligations. The total principal balance on the loans that were paid off subsequent to year-end was $242.

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.

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, 2008.

Year ended June 30	
2009	2,956
2010	2,378
2011	2,180
2012	2,033
2013	1,920
2014 – 2018	5,940
2019 – 2023	19
2024 – 2025	7
Total minimum payments	$ 17,433

The County recorded $3,312 in rent expense for the year ended June 30, 2008.

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 1.1% of annual covered payroll. At June 30, 2008, there were 629 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 2008, the County contributed $2,756 to the plan or approximately 45% of total premiums. Plan members receiving benefits contributed $3,338 or approximately 55% of the total premiums during fiscal year 2008.

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, 2008, 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	2,610
Adjustment to annual required contribution	(3,404)
Annual OPEB cost (expense)	14,902
Contributions made	(2,756)
Increase in net OPEB obligation	12,146
Net OPEB obligation - beginning of year	57,990
Net OPEB obligation - end of year	$ 70,136

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the three preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/05	$ 12,438	18%	$ 34,099
6/30/06	12,716	16%	44,742
6/30/07	15,083	12%	57,990
6/30/08	14,902	18%	70,136

Funded status and funding progress. As of the most recent actuarial report, 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 $246,343 for fiscal year 2008 and the ratio of the UAAL to the covered payroll was 50%.

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, 2008 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.

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 2008, the County's annual pension cost of $41,686 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.

Three Year Trend Information for PERS

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/06	$ 41,686	100%	$ -
6/30/07	42,557	100%	-
6/30/08	39,337	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, 2008, the amount deferred and investment earnings thereon, adjusted to fair market value, amount to $166,350. The amounts accumulated under the Plan including investment earnings, are excluded from the financial statements of the County.

REQUIRED SUPPLEMENTARY INFORMATION

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%	$246,343	50%

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
- Recreation Fund
- County School Fund
- Tax Title Land Sales Fund
- Animal Control Fund
- Willamette River Bridges Fund
- Library Fund
- Special Excise Tax Fund
- Land Corner Preservation Fund
- Inmate Welfare Fund
- Justice Services Special Operations Fund
- General Reserve 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 Fund
- Financed Projects Fund
- Capital Improvement Fund
- Capital Acquisition Fund
- Asset Preservation Fund

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2008
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
ASSETS				
Cash and investments	$ 44,319	$ 46,511	$ 22,710	$ 113,540
Receivables:				
Taxes	4,409	443	-	4,852
Accounts	8,657	-	25	8,682
Contracts	366	1,720	513	2,599
Inventories	993	-	-	993
Prepaid items	189	-	-	189
Restricted assets:				
Cash with fiscal agent	-	323	-	323
Total assets and other debits	$ 58,933	$ 48,997	$ 23,248	$ 131,178
LIABILITIES				
Accounts payable	$ 11,410	$ -	$ 953	$ 12,363
Payrolls payable	901	-	3	904
Deferred revenue	2,089	2,082	701	4,872
Total liabilities	14,400	2,082	1,657	18,139
FUND BALANCES				
Reserved for capital projects	-	-	21,591	21,591
Reserved for debt service	-	46,915	-	46,915
Reserved for inventories	993	-	-	993
Reserved for prepaid items	189	-	-	189
Unreserved, undesignated	43,351	-	-	43,351
Total fund balances	44,533	46,915	21,591	113,039
Total liabilities and fund balances	$ 58,933	$ 48,997	$ 23,248	$ 131,178

MULTNOMAH COUNTY, OREGON
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Total Nonmajor Special Revenue Funds	Total Nonmajor Debt Service Funds	Total Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
REVENUES				
Taxes	$ 68,622	$ 9,050	$ -	$ 77,672
Intergovernmental	35,002	-	8,850	43,852
Licenses and permits	4,246	-	-	4,246
Charges for services	6,741	80	202	7,023
Interest	2,267	1,760	446	4,473
Other	3,362	30,315	142	33,819
Total revenues	120,240	41,205	9,640	171,085
EXPENDITURES				
Current:				
General government	339	10	6,380	6,729
Health services	1,414	-	-	1,414
Social services	112	-	-	112
Public safety and justice	4,495	-	2	4,497
Community services	22,558	-	861	23,419
Library services	48,051	-	-	48,051
Roads and bridges	40,723	-	-	40,723
Capital outlay	19,691	-	6,848	26,539
Debt service:				
Principal	-	21,511	-	21,511
Interest	213	14,919	-	15,132
Total expenditures	137,596	36,440	14,091	188,127
Excess (deficiency) of revenues over (under) expenditures	(17,356)	4,765	(4,451)	(17,042)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	1	1,706	12,504	14,211
Transfers in	21,029	-	6,383	27,412
Transfers out	(7,066)	-	(1,496)	(8,562)
Total other financing sources (uses)	13,964	1,706	17,391	33,061
Net change in fund balances	(3,392)	6,471	12,940	16,019
Fund balances - beginning	47,925	40,444	8,651	97,020
Fund balances - ending	$ 44,533	$ 46,915	$ 21,591	$ 113,039

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

NONMAJOR SPECIAL REVENUE FUNDS

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

- **Strategic Investment Program Fund** - accounts primarily for monies received from corporations receiving property tax abatements and paying fees for specific purposes as a part of the reduced tax agreement to be used for community service.

- **Road Fund** - accounts for revenues primarily from State motor vehicle fees and County gasoline taxes. Expenditures consist of construction, repair, maintenance, and operation of County highways and roads.

- **Emergency Communications Fund** - accounts for monies received from the State which are designated for an emergency communication network in conjunction with the City of Portland.

- **Bicycle Path Construction Fund** - accounts for revenue and expenditures for bicycle paths. Revenue is one percent of State motor vehicle fees.

- **Recreation Fund** - accounts for State revenues and the pass through disbursements to Metro for the operation of parks.

- **County School Fund** - accounts for forest reserve yield revenues from the State of Oregon which are apportioned to the County school districts.

- **Tax Title Land Sales Fund** - accounts for the receipt and sale of real property foreclosed upon by the County because of unpaid property taxes. Proceeds are subsequently distributed to all taxing districts.

- **Animal Control Fund** - accounts for revenues from dog and cat licenses, control fees and transfers to the General Fund which are utilized for animal control activities.

- **Willamette River Bridges Fund** - accounts for capital grants and contributions for County bridges, motor vehicle fees, and gasoline tax proceeds transferred from the Road Fund for bridge inspections and maintenance.

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

- **Special Excise Tax Fund** - accounts for a transient lodging tax and motor vehicle tax collection to be used for convention center expenditures.

- **Land Corner Preservation Fund** - accounts for the collection of fees on all recordings of real property transactions and surveying activity. The fund makes expenditures to maintain public land corners.

- **Inmate Welfare Fund** - accounts for the proceeds from the sale of commissary items. Expenditures are made for supplies for inmates in County jails.

- **Justice Services Special Operations Fund** - accounts for revenues and expenditures dedicated to justice services in the community justice department, district attorney's office, and sheriff's office.

- **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.

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet
June 30, 2008
(amounts expressed in thousands)

	Strategic Investment Program	Road	Emergency Communications	Bicycle Path Construction	Recreation
ASSETS					
Cash and investments	$ 374	$ 3,683	$ 1	$ 553	$ 8
Receivables:					
Taxes	-	-	-	-	-
Accounts	-	3,976	63	-	18
Contracts	-	17	-	-	-
Inventories	-	652	-	-	-
Prepaid items	-	-	-	-	-
Total assets	$ 374	$ 8,328	$ 64	$ 553	$ 26
LIABILITIES					
Accounts payable	$ -	$ 6,239	$ -	$ 2	$ 26
Payroll Payable	-	123	-	-	-
Deferred revenue	-	17	-	-	-
Total liabilities	-	6,379	-	2	26
FUND BALANCES					
Reserved for inventories	-	652	-	-	-
Reserved for prepaid items	-	-	-	-	-
Unreserved, undesignated	374	1,297	64	551	-
Total fund balances	374	1,949	64	551	-
Total liabilities and fund balances	$ 374	$ 8,328	$ 64	$ 553	$ 26

(concluded on the following pages)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combining Balance Sheet (concluded)
June 30, 2008
(amounts expressed in thousands)

	County School	Tax Title Land Sales	Animal Control	Willamette River Bridges	Library
ASSETS					
Cash and investments	$ 1	$ 139	$ 534	$ 3,194	$ 16,751
Receivables:					
Taxes	-	-	-	-	1,672
Accounts	-	-	6	2,548	1,279
Contracts	-	349	-	-	-
Inventories	-	341	-	-	-
Prepaid items	-	-	-	-	189
Total assets	$ 1	$ 829	$ 540	$ 5,742	$ 19,891
LIABILITIES					
Accounts payable	$ -	$ 9	$ -	$ 563	$ 1,117
Payroll Payable	-	3	-	78	628
Deferred revenue	-	690	-	-	1,363
Total liabilities	-	702	-	641	3,108
FUND BALANCES					
Reserved for inventories	-	341	-	-	-
Reserved for prepaid items	-	-	-	-	189
Unreserved, undesignated	1	(214)	540	5,101	16,594
Total fund balances	1	127	540	5,101	16,783
Total liabilities and fund balances	$ 1	$ 829	$ 540	$ 5,742	$ 19,891

Special Excise Tax	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	General Reserve	Total
$ 597	$ 1,677	$ 879	$ 888	$ 15,040	$ 44,319
2,732	5	-	-	-	4,409
-	-	32	735	-	8,657
-	-	-	-	-	366
-	-	-	-	-	993
-	-	-	-	-	189
$ 3,329	$ 1,682	$ 911	$ 1,623	$ 15,040	$ 58,933
$ 3,025	$ 18	$ 69	$ 342	$ -	$ 11,410
-	14	17	38	-	$ 901
-	-	-	19	-	$ 2,089
3,025	32	86	399	-	14,400
-	-	-	-	-	993
-	-	-	-	-	189
304	1,650	825	1,224	15,040	43,351
304	1,650	825	1,224	15,040	44,533
$ 3,329	$ 1,682	$ 911	$ 1,623	$ 15,040	$ 58,933

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Strategic Investment Program	Roads	Emergency Communications	Bicycle Path Construction
REVENUES				
Taxes	$ 431	$ 8,039	$ -	$ -
Intergovernmental	-	31,386	299	-
Licenses and permits	-	74	-	-
Charges for services	-	993	-	-
Interest	-	214	-	20
Other:				
Non-governmental grants	-	-	-	-
Service reimbursements	-	-	-	-
Miscellaneous	-	27	-	-
Total revenues	431	40,733	299	20
EXPENDITURES				
Current:				
General government	-	-	-	-
Health services	-	-	-	-
Social services	112	-	-	-
Public safety and justice	-	-	-	-
Community services	-	-	235	3
Library services	-	-	-	-
Roads and bridges	-	34,065	-	-
Capital outlay	-	1,819	-	-
Debt service, interest	-	-	-	-
Total expenditures	112	35,884	235	3
Excess (deficiency) of revenues over (under) expenditures	319	4,849	64	17
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	-	-
Transfers in	-	-	-	57
Transfers out	(350)	(5,212)	-	-
Total other financing sources (uses)	(350)	(5,212)	-	57
Net change in fund balances	(31)	(363)	64	74
Fund balance - beginning	405	2,312	-	477
Fund balance - ending	$ 374	$ 1,949	$ 64	$ 551

Recreation	County School	Tax Title Land Sales	Animal Control	Willamette River Bridges	Library	Special Excise Tax
$ 112	$ 227	$ 18	$ -	$ -	$ 37,938	$ 21,857
-	16	22	60	2,611	497	-
-	-	-	1,008	314	216	-
-	-	56	112	3	1,639	-
-	1	33	20	366	835	40
-	-	-	142	-	3,007	-
-	-	-	-	20	-	-
-	-	-	-	27	-	-
112	244	129	1,342	3,341	44,132	21,897
-	-	300	39	-	-	21,965
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
112	243	-	-	-	-	-
-	-	-	-	-	48,051	-
-	-	-	-	5,737	-	-
-	-	-	-	12,121	5,751	-
-	-	-	-	213	-	-
112	243	300	39	18,071	53,802	21,965
-	1	(171)	1,303	(14,730)	(9,670)	(68)
-	-	-	-	-	-	-
-	-	-	-	5,155	15,817	-
-	-	-	(1,217)	(287)	-	-
-	-	-	(1,217)	4,868	15,817	-
-	1	(171)	86	(9,862)	6,147	(68)
-	-	298	454	14,963	10,636	372
$ -	$ 1	$ 127	$ 540	$ 5,101	$ 16,783	$ 304

(concluded on the following page)

MULTNOMAH COUNTY, OREGON
Nonmajor Special Revenue Funds
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances (concluded)
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Land Corner Preservation	Inmate Welfare	Justice Services Special Operations	General Reserve	Total
REVENUES					
Taxes	$ -	$ -	$ -	$ -	$ 68,622
Intergovernmental	-	-	111	-	35,002
Licenses and permits	-	-	2,634	-	4,246
Charges for services	758	1,489	1,691	-	6,741
Interest	79	32	14	613	2,267
Other:					-
Non-governmental grants	-	5	1	-	3,155
Service reimbursements	-	-	112	-	132
Miscellaneous	-	11	10	-	75
Total revenues	837	1,537	4,573	613	120,240
EXPENDITURES					
Current:					
General government	-	-	-	-	22,304
Health services	-	-	1,414	-	1,414
Social services	-	-	-	-	112
Public safety and justice	-	1,692	2,803	-	4,495
Community services	-	-	-	-	593
Library services	-	-	-	-	48,051
Roads and bridges	921	-	-	-	40,723
Capital outlay	-	-	-	-	19,691
Debt service, interest	-	-	-	-	213
Total expenditures	921	1,692	4,217	-	137,596
Excess (deficiency) of revenues over (under) expenditures	(84)	(155)	356	613	(17,356)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	1	-	-	-	1
Transfers in	-	-	-	-	21,029
Transfers out	-	-	-	-	(7,066)
Total other financing sources (uses)	1	-	-	-	13,964
Net change in fund balances	(83)	(155)	356	613	(3,392)
Fund balance - beginning	1,733	980	868	14,427	47,925
Fund balance - ending	$ 1,650	$ 825	$ 1,224	$ 15,040	$ 44,533

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Strategic Investment Program Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes	$ 350	$ 350	$ 431	$ 81
EXPENDITURES				
Human services	400	400	112	288
Excess (deficiency) of revenues over (under) expenditures	(50)	(50)	319	369
OTHER FINANCING USES				
Transfers out	(350)	(350)	(350)	-
Net change in fund balances	(400)	(400)	(31)	369
Fund balances - beginning	400	400	405	5
Fund balances - ending	$ -	$ -	$ 374	$ 374

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Road Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes:				
Gasoline	$ 7,375	$ 7,375	$ 7,356	$ (19)
Forest reserve yield	150	150	683	533
Intergovernmental	36,114	36,114	31,386	(4,728)
Licenses and permits	65	65	74	9
Charges for services	555	555	993	438
Interest	400	400	214	(186)
Other:				
Service reimbursements	599	599	-	(599)
Miscellaneous	3,989	3,989	27	(3,962)
Total revenues	49,247	49,247	40,733	(8,514)
EXPENDITURES				
Community services	46,709	46,709	35,884	10,825
Excess of revenues over expenditures	2,538	2,538	4,849	2,311
OTHER FINANCING USES				
Transfers out	(5,429)	(5,429)	(5,212)	217
Net change in fund balances	(2,891)	(2,891)	(363)	2,528
Fund balances - beginning	2,891	2,891	2,312	(579)
Fund balances - ending	$ -	$ -	$ 1,949	$ 1,949

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Emergency Communications Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Favorable
	Original	Final	Actual	(Unfavorable)
REVENUES				
Intergovernmental	$ 240	$ 300	$ 299	$ (1)
EXPENDITURES				
Sheriff	240	300	235	65
Excess of revenues over expenditures	-	-	64	64
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 64	$ 64

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Bicycle Path Construction Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ 10	$ 10	$ 20	$ 10
EXPENDITURES				
Community services	524	524	3	521
Excess (deficiency) of revenues over (under) expenditures	(514)	(514)	17	531
OTHER FINANCING SOURCES				
Transfers in	64	64	57	(7)
Net change in fund balances	(450)	(450)	74	524
Fund balances - beginning	450	450	477	27
Fund balances - ending	$ -	$ -	$ 551	$ 551

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Recreation Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes - Gasoline	$ 120	$ 120	$ 112	$ (8)
EXPENDITURES				
County management	120	120	112	8
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
County School Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes - forest reserve yield	$ -	$ 230	$ 227	$ (3)
Intergovernmental	75	91	16	(75)
Interest	-	-	1	1
Total revenues	75	321	244	(77)
EXPENDITURES				
Nondepartmental	75	321	243	78
Excess of revenues over expenditures	-	-	1	1
Fund balances - beginning	-	-	-	-
Fund balances - ending	$ -	$ -	$ 1	$ 1

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Tax Title Land Sales Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Payments in lieu of taxes	44	44	18	(26)
Intergovernmental	100	100	22	(78)
Licenses and permits	-	-	-	-
Charges for services	253	253	56	(197)
Interest	24	24	33	9
Total revenues	421	421	129	(292)
EXPENDITURES				
Community services	721	721	300	421
Deficiency of revenues under expenditures	(300)	(300)	(171)	129
Fund balances - beginning	300	300	298	(2)
Fund balances - ending	$ -	$ -	$ 127	$ 127

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Animal Control Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 60	$ 60	$ 60	$ -
Licenses and permits	1,052	1,052	1,008	(44)
Charges for services	105	105	112	7
Interest	-	-	20	20
Other - Miscellaneous	90	90	142	52
Total revenues	1,307	1,307	1,342	35
EXPENDITURES				
Community services	124	124	39	85
Excess of revenues over expenditures	1,183	1,183	1,303	120
OTHER FINANCING USES				
Transfers out	(1,217)	(1,217)	(1,217)	-
Total other financing uses	(1,217)	(1,217)	(1,217)	-
Contingency	(218)	(218)	-	218
Net change in fund balances	(252)	(252)	86	338
Fund balances - beginning	252	252	454	202
Fund balances - ending	$ -	$ -	$ 540	$ 540

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Willamette River Bridges Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 5,000	$ 5,000	$ 2,611	$ (2,389)
Licenses and permits	-	-	314	314
Charges for services	563	563	3	(560)
Interest	142	142	366	224
Other:				
Service reimbursements	70	70	20	(50)
Miscellaneous	10	10	27	17
Total revenues	5,785	5,785	3,341	(2,444)
EXPENDITURES				
Community services	21,752	21,752	18,071	3,681
Deficiency of revenues under expenditures	(15,967)	(15,967)	(14,730)	1,237
OTHER FINANCING SOURCES (USES)				
Transfers in	5,365	5,365	5,155	(210)
Transfers out	(500)	(500)	(287)	213
Total other financing sources (uses)	4,865	4,865	4,868	3
Contingency	(3,000)	(3,000)	-	3,000
Net change in fund balances	(14,102)	(14,102)	(9,862)	4,240
Fund balances - beginning	18,465	18,465	14,963	(3,502)
Fund balances - ending	$ 4,363	$ 4,363	$ 5,101	$ 738

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Library Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes - property	$ 38,064	$ 38,064	$ 37,938	$ (126)
Intergovernmental	500	500	497	(3)
Licenses and permits	80	80	216	136
Charges for services	1,417	1,417	1,639	222
Interest	200	200	835	635
Other:				
Non-governmental grants	609	1,757	1,815	58
Service reimbursements	63	63	-	(63)
Miscellaneous	1	1	-	(1)
Total revenues	40,934	42,082	42,940	858
EXPENDITURES				
Library	55,112	56,264	52,610	3,654
Deficiency of revenues under expenditures	(14,178)	(14,182)	(9,670)	4,512
OTHER FINANCING SOURCES				
Transfers in	15,813	15,817	15,817	-
Total other financing sources	15,813	15,817	15,817	-
Contingency	(1,686)	(1,686)	-	1,686
Net change in fund balances	(51)	(51)	6,147	6,198
Fund balances - beginning	51	51	10,636	10,585
Fund balances - ending	$ -	$ -	16,783	$ 16,783
Reconciliation to GAAP Basis:				
In kind contributions			1,192	
Consumption of in kind contributions			(1,192)	
Fund balance as reported on the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance, Page 82			$ 16,783	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Excise Tax Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes	$ 19,166	$ 21,746	$ 21,857	$ 111
Interest	24	24	40	16
Total revenues	19,190	21,770	21,897	127
EXPENDITURES				
Nondepartmental	19,600	22,180	21,965	215
Deficiency of revenues under expenditures	(410)	(410)	(68)	342
Fund balances - beginning	410	410	372	(38)
Fund balances - ending	$ -	$ -	$ 304	$ 304

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Land Corner Preservation Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 1,100	$ 1,100	$ 758	$ (342)
Interest	-	-	79	79
Total revenues	1,100	1,100	837	(263)
EXPENDITURES				
Community services	1,295	1,295	921	374
Deficiency of revenues under expenditures	(195)	(195)	(84)	111
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1	1
Total other financing sources	-	-	1	1
Contingency	(1,583)	(1,583)	-	1,583
Net change in fund balances	(1,778)	(1,778)	(83)	1,695
Fund balances - beginning	1,778	1,778	1,733	(45)
Fund balances - ending	$ -	$ -	$ 1,650	$ 1,650

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Inmate Welfare Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 9	$ 9	$ -	$ (9)
Charges for services	1,518	1,518	1,489	(29)
Interest	52	52	32	(20)
Other:				
Miscellaneous	5	5	16	11
Total revenues	1,584	1,584	1,537	(47)
EXPENDITURES				
Community justice	22	22	16	6
Sheriff	2,470	2,470	1,676	794
Total expenditures	2,492	2,492	1,692	800
Deficiency of revenues under expenditures	(908)	(908)	(155)	753
Fund balances - beginning	908	908	980	72
Fund balances - ending	$ -	$ -	$ 825	$ 825

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Justice Services Special Operations Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ 66	$ 66	$ 111	$ 45
Licenses and permits	2,628	2,628	2,634	6
Charges for services	1,618	1,643	1,691	48
Interest	16	16	14	(2)
Other:				
Non-governmental grants	-	-	1	1
Service reimbursements	103	103	112	9
Miscellaneous	478	553	10	(543)
Total revenues	4,909	5,009	4,573	(436)
EXPENDITURES				
Community justice	952	952	946	6
Health services	1,314	1,414	1,414	-
District attorney	124	124	16	108
Sheriff	2,880	2,880	1,841	1,039
Total expenditures	5,270	5,370	4,217	1,153
Excess (deficiency) of revenues over (under) expenditures	(361)	(361)	356	717
Fund balances - beginning	361	361	868	507
Fund balances - ending	$ -	$ -	$ 1,224	$ 1,224

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Reserve Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	500	500	613	113
Fund balances - beginning	14,250	14,250	14,427	177
Fund balances - ending	$ 14,750	$ 14,750	$ 15,040	$ 290

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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, 2008
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
ASSETS					
Cash and investments	$ 6,812	$ 8,488	$ 27,199	$ 4,012	$ 46,511
Receivables:					
Taxes	-	443	-	-	443
Contracts	-	-	-	1,720	1,720
Restricted assets:					
Cash with fiscal agent	5	-	-	318	323
Total assets	$ 6,817	$ 8,931	$ 27,199	$ 6,050	$ 48,997
LIABILITIES					
Deferred revenue	$ -	$ 362	$ -	$ 1,720	$ 2,082
Total liabilities	-	362	-	1,720	2,082
FUND BALANCES					
Reserved for debt service	6,817	8,569	27,199	4,330	46,915
Total liabilities and fund balances	$ 6,817	$ 8,931	$ 27,199	$ 6,050	$ 48,997

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Capital Debt Retirement	General Obligation Bond	PERS Pension Bond	Revenue Bond	Total
REVENUES					
Taxes	$ -	$ 9,050	$ -	$ -	$ 9,050
Charges for services	-	-	-	80	80
Interest	221	314	1,112	113	1,760
Other - service reimbursements	12,538	-	17,777	-	30,315
Total revenues	12,759	9,364	18,889	193	41,205
EXPENDITURES					
Current:					
General government	10	-	-	-	10
Debt service:					
Principal	9,371	6,255	5,325	560	21,511
Interest	4,228	2,973	7,450	268	14,919
Total expenditures	13,609	9,228	12,775	828	36,440
Excess (deficiency) of revenues over (under) expenditures	(850)	136	6,114	(635)	4,765
OTHER FINANCING SOURCES					
Proceeds from sale of capital assets	-	-	-	1,706	1,706
Net change in fund balances	(850)	136	6,114	1,071	6,471
Fund balances - beginning	7,667	8,433	21,085	3,259	40,444
Fund balances - ending	$ 6,817	$ 8,569	$ 27,199	$ 4,330	$ 46,915

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ 235	$ 235	$ 221	$ (14)
Other - service reimbursements	11,331	11,331	12,538	1,207
Total revenues	11,566	11,566	12,759	1,193
EXPENDITURES				
Nondepartmental	13,988	13,988	13,609	379
Deficiency of revenues under expenditures	(2,422)	(2,422)	(850)	1,572
Contingency	(5,217)	(5,217)	-	5,217
Net change in fund balances	(7,639)	(7,639)	(850)	6,789
Fund balances - beginning	7,639	7,639	7,667	28
Fund balances - ending	$ -	$ -	$ 6,817	$ 6,817

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Taxes:				
Property:				
Current year	$ 8,750	$ 8,750	$ 8,841	$ 91
Prior years'	204	204	178	(26)
Penalties and interest	-	-	31	31
Interest	280	280	314	34
Total revenues	9,234	9,234	9,364	130
EXPENDITURES				
Nondepartmental	9,228	9,228	9,228	-
Excess of revenues over expenditures	6	6	136	130
Fund balances - beginning	8,308	8,308	8,433	125
Fund balances - ending	$ 8,314	$ 8,314	$ 8,569	$ 255

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ 850	$ 850	$ 1,112	$ 262
Other - service reimbursements	13,000	13,000	17,777	4,777
Total revenues	13,850	13,850	18,889	5,039
EXPENDITURES				
Nondepartmental	12,825	12,825	12,775	50
Excess of revenues over expenditures	1,025	1,025	6,114	5,089
Fund balances - beginning	19,600	19,600	21,085	1,485
Fund balances - ending	$ 20,625	$ 20,625	$ 27,199	$ 6,574

MULTNOMAH COUNTY, OREGON
Revenue Bond Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 2,324	$ 2,324	$ 80	$ (2,244)
Interest	67	67	113	46
Total revenues	2,391	2,391	193	(2,198)
EXPENDITURES				
Nondepartmental	844	844	828	16
Excess (deficiency) of revenues over (under) expenditures	1,547	1,547	(635)	(2,182)
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	-	-	1,706	1,706
Net change in fund balances	1,547	1,547	1,071	(476)
Fund balances - beginning	3,330	3,330	3,259	(71)
Fund balances - ending	$ 4,877	$ 4,877	$ 4,330	$ (547)

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.

- **Financed Projects Fund -** accounts for purchases and construction of capital acquisition by entering into lease/purchase agreements.

- **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.

MULTNOMAH COUNTY, OREGON
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2008
(amounts expressed in thousands)

	Justice Bond Project	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
ASSETS						
Cash and investments	$ 919	$ 334	$ 17,365	$ 484	$ 3,608	$ 22,710
Receivables:						
Accounts	-	-	25	-	-	25
Contracts	-	-	513	-	-	513
Total assets	$ 919	$ 334	$ 17,903	$ 484	$ 3,608	$ 23,248
LIABILITIES						
Accounts payable	$ 1	$ 3	$ 569	$ 9	$ 371	$ 953
Payroll payable	-	3	-	-	-	3
Deferred revenue	-	-	701	-	-	701
Total liabilities	1	6	1,270	9	371	1,657
FUND BALANCES						
Reserved for capital projects	918	328	16,633	475	3,237	21,591
Total liabilities and fund balances	$ 919	$ 334	$ 17,903	$ 484	$ 3,608	$ 23,248

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Justice Bond Project	Financed Projects	Capital Improvement	Capital Acquisition	Asset Preservation	Total
REVENUES						
Intergovernmental	$ -	$ -	$ 8,820	$ -	$ 30	$ 8,850
Charges for services	-	-	202	-	-	202
Interest	26	16	232	18	154	446
Other:						
Service reimbursements	-	-	-	124	-	124
Miscellaneous	-	-	18	-	-	18
Total revenues	26	16	9,272	142	184	9,640
EXPENDITURES						
Current:						
General government	-	-	6,262	118	-	6,380
Public safety and justice	2	-	-	-	-	2
Community services	-	5	-	-	856	861
Capital outlay	85	200	5,845	-	718	6,848
Total expenditures	87	205	12,107	118	1,574	14,091
Excess (deficiency) of revenues over (under) expenditures	(61)	(189)	(2,835)	24	(1,390)	(4,451)
OTHER FINANCING SOURCES (USES)						
Proceeds from sale of capital assets	-	-	12,504	-	-	12,504
Transfers in	-	200	3,008	-	3,175	6,383
Transfers out	-	-	-	(1,496)	-	(1,496)
Total other financing sources (uses)	-	200	15,512	(1,496)	3,175	17,391
Net change in fund balances	(61)	11	12,677	(1,472)	1,785	12,940
Fund balances - beginning	979	317	3,956	1,947	1,452	8,651
Fund balances - ending	$ 918	$ 328	$ 16,633	$ 475	$ 3,237	$21,591

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 26	$ 26
EXPENDITURES				
County management	600	600	87	513
Deficiency of revenues under expenditures	(600)	(600)	(61)	539
Contingency	(86)	(86)	-	86
Net change in fund balances	(686)	(686)	(61)	625
Fund balances - beginning	686	686	979	293
Fund balances - ending	$ -	$ -	$ 918	$ 918

MULTNOMAH COUNTY, OREGON
Financed Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 16	$ 16
EXPENDITURES				
County management	4,100	4,100	205	3,895
Deficiency of revenues under expenditures	(4,100)	(4,100)	(189)	3,911
OTHER FINANCING SOURCES				
Financing proceeds	8,450	8,450	-	(8,450)
Transfers in	200	200	200	-
Total other financing sources	8,650	8,650	200	(8,450)
Net change in fund balances	4,550	4,550	11	(4,539)
Fund balances - beginning	300	300	317	17
Fund balances - ending	$ 4,850	$ 4,850	$ 328	$ (4,522)

MULTNOMAH COUNTY, OREGON
Capital Improvement Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ -	$ -	$ 8,820	$ 8,820
Charges for services	27,717	27,717	202	(27,515)
Interest	150	150	232	82
Other - miscellaneous	9,050	9,050	18	(9,032)
Total revenues	36,917	36,917	9,272	(27,645)
EXPENDITURES				
County management	60,370	60,370	12,107	48,263
Deficiency of revenues under expenditures	(23,453)	(23,453)	(2,835)	20,618
OTHER FINANCING SOURCES				
Proceeds from sale of capital assets	16,000	16,000	12,504	(3,496)
Transfers in	3,008	3,008	3,008	-
Total other financing sources	19,008	19,008	15,512	(3,496)
Net change in fund balances	(4,445)	(4,445)	12,677	17,122
Fund balances - beginning	4,445	4,445	3,956	(489)
Fund balances - ending	$ -	$ -	$ 16,633	$ 16,633

MULTNOMAH COUNTY, OREGON
Capital Acquisition Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Interest	$ -	$ -	$ 18	$ 18
Other - service reimbursements	124	124	124	-
Total revenues	124	124	142	18
EXPENDITURES				
Nondepartmental	17	17	-	17
County management	900	900	118	782
Total expenditures	917	917	118	799
Excess (deficiency) of revenues over (under) expenditures	(793)	(793)	24	817
OTHER FINANCING USES				
Transfers out	(1,496)	(1,496)	(1,496)	-
Net change in fund balances	(2,289)	(2,289)	(1,472)	817
Fund balances - beginning	2,289	2,289	1,947	(342)
Fund balances - ending	$ -	$ -	$ 475	$ 475

MULTNOMAH COUNTY, OREGON
Asset Preservation Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental	$ -	$ -	$ 30	$ 30
Interest	150	150	154	4
Total revenues	150	150	184	34
EXPENDITURES				
County management	5,435	5,435	1,574	3,861
Deficiency of revenues under expenditures	(5,285)	(5,285)	(1,390)	3,895
OTHER FINANCING SOURCES				
Transfers in	3,175	3,175	3,175	-
Net change in fund balances	(2,110)	(2,110)	1,785	3,895
Fund balances - beginning	2,110	2,110	1,452	(658)
Fund balances - ending	$ -	$ -	$ 3,237	$ 3,237

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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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Assessments - sewer:				
Current	$ 605	$ 605	$ 598	$ (7)
Prior	7	7	10	3
Charges for services	2	2	15	13
Interest	12	12	24	12
Total revenues	626	626	647	21
EXPENDITURES				
Community services	662	662	583	79
Excess (deficiency) of revenues over (under) expenditures	(36)	(36)	64	(58)
Contingency	(25)	(25)	-	25
Net change in fund balances	(61)	(61)	64	125
Fund balances - beginning	145	145	227	82
Fund balances - ending	$ 84	$ 84	291	$ 207
Reconciliation to GAAP basis:				
Invested in capital assets			1,916	
Advances from other funds			(329)	
Deferred revenue on assessments			22	
Allowance for uncollectible accounts, assessments			(2)	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 38			$ 1,898	

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Assessments - street lighting:				
Current	$ 249	$ 249	$ 254	$ 5
Prior	5	5	6	1
Interest	24	24	18	(6)
Charges for services	-	-	7	7
Total revenues	278	278	285	7
EXPENDITURES				
Community services	342	342	334	8
Deficiency of revenues under expenditures	(64)	(64)	(49)	15
Contingency	(25)	(25)	-	25
Net changes in fund balances	(89)	(89)	(49)	40
Fund balances - beginning	385	385	378	(7)
Fund balances - ending	$ 296	$ 296	329	$ 33
Reconciliation to GAAP basis:				
Invested in capital assets			1,508	
Deferred revenue on assessments			11	
Allowance for uncollectible accounts, assessments			(1)	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 38			$ 1,847	

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, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Intergovernmental:				
Federal, state and local	$ 35,403	$ 36,057	$ 36,072	$ 15
Interest	-	-	356	356
Other - miscellaneous	-	-	1	1
Total revenues	35,403	36,057	36,429	372
EXPENDITURES				
Human services	35,403	38,057	37,803	254
Deficiency of revenues under expenditures	-	(2,000)	(1,374)	626
Contingency	(2,658)	(658)	-	658
Net change in fund balances	(2,658)	(2,658)	(1,374)	1,284
Fund balances - beginning	2,658	2,658	3,981	1,323
Fund balances - ending	$ -	$ -	$ 2,607	$ 2,607

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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, 2008
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	**Fleet Management**	**Information Technology**	**Mail / Distribution**	**Facilities Management**	**Internal Service Funds**
ASSETS						
Current assets:						
Cash and investments	$ 31,585	$ 3,307	$ 13,487	$ 1,138	$ 4,852	$ 54,369
Accounts receivable	-	229	83	149	314	775
Inventories	-	562	264	665	-	1,491
Due from other funds	76	-	-	-	-	76
Prepaid items	497	-	482	-	51	1,030
Total current assets	32,158	4,098	14,316	1,952	5,217	57,741
Noncurrent assets:						
Advances to other funds	253					253
Capital assets (net of accumulated depreciation)	41	4,444	1,623	14	15	6,137
Total assets	$ 32,452	$ 8,542	$ 15,939	$ 1,966	$ 5,232	$ 64,131
LIABILITIES						
Current liabilities:						
Accounts payable	$ 1,341	$ 301	$ 2,139	$ 369	$ 1,969	$ 6,119
Claims and judgments payable	11,414	-	-	-	-	11,414
Payroll payable	76	44	352	27	167	666
Deferred revenue	49	-	32	-	35	116
Compensated absences	71	41	308	20	171	611
Total current liabilities	12,951	386	2,831	416	2,342	18,926
Noncurrent liabilities:						
Compensated absences	230	110	871	61	423	1,695
Incremental leases payable	-	-	-	-	1,718	1,718
Total noncurrrent liabilities	230	110	871	61	2,141	3,413
Total liabilities	13,181	496	3,702	477	4,483	22,339
NET ASSETS						
Invested in capital assets	41	4,444	1,623	14	15	6,137
Unrestricted	19,230	3,602	10,614	1,475	734	35,655
Total net assets	$ 19,271	$ 8,046	$ 12,237	$ 1,489	$ 749	$ 41,792

MULTNOMAH COUNTY, OREGON
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Government Activities - Internal Service Funds					
	Risk Management	**Fleet Management**	**Information Technology**	**Mail / Distribution**	**Facilities Management**	**Internal Service Funds**
OPERATING REVENUES						
Charges for services	$ 60,010	$ 6,786	$ 30,295	$ 5,833	$ 37,779	$ 140,703
Insurance premiums	6,360	-	-	-	-	6,360
Experience ratings and other	752	64	1	3	19	839
Total operating revenues	67,122	6,850	30,296	5,836	37,798	147,902
OPERATING EXPENSES						
Cost of sales and services	70,490	4,930	28,312	5,314	31,711	140,757
Administration	759	338	993	447	684	3,221
Depreciation	5	1,324	879	9	2	2,219
Total operating expenses	71,254	6,592	30,184	5,770	32,397	146,197
Operating income (loss)	(4,132)	258	112	66	5,401	1,705
NONOPERATING REVENUES (EXPENSES)						
Interest revenue	1,255	145	529	39	23	1,991
Gain on disposal of capital assets	-	55	34	-	-	89
Loss on disposal of capital assets	-	(25)	(16)	-	-	(41)
Total nonoperating revenues	1,255	175	547	39	23	2,039
Income (loss) before contributions and transfers	(2,877)	433	659	105	5,424	3,744
Capital contributions in	-	-	3	-	-	3
Capital contributions out	-	(2)	-	-	-	(2)
Transfers in	-	-	1,496	-	-	1,496
Transfers out	-	-	(200)	-	(4,683)	(4,883)
Change in net assets	(2,877)	431	1,958	105	741	358
Total net assets - beginning	22,148	7,615	10,279	1,384	8	41,434
Total net assets - ending	$ 19,271	$ 8,046	$ 12,237	$ 1,489	$ 749	$ 41,792

MULTNOMAH COUNTY, OREGON
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Governmental Activities - Internal Service Funds					
	Risk Management	Fleet Management	Information Technology	Mail / Distribution	Facilities Management	Total Internal Service Funds
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts from customers	$ 67,171	$ 6,898	$ 30,324	$ 5,897	$ 37,771	$ 148,061
Payments to suppliers	(62,110)	(2,436)	(9,813)	(3,209)	(16,085)	(93,653)
Payments to employees	(5,390)	(2,233)	(17,004)	(1,579)	(7,338)	(33,544)
Internal activity - payments to other funds	(753)	(764)	(1,293)	(966)	(8,932)	(12,708)
Net cash provided by operating activities	(1,082)	1,465	2,214	143	5,416	8,156
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Transfers in	-	-	1,496	-	-	1,496
Transfers out	-	-	(200)	-	(4,683)	(4,883)
Net cash provided by (used in) noncapital and related financing activities	-	-	1,296	-	(4,683)	(3,387)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchases of capital assets	-	(2,053)	(1,107)	-	(17)	(3,177)
Internal loan repayment	71	-	-	-	-	71
Proceeds on sales of capital assets	-	53	37	-	-	90
Net cash used in capital and related financing activities	71	(2,000)	(1,070)	-	(17)	(3,016)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	1,255	145	529	39	23	1,991
Net cash provided by investing activities	1,255	145	529	39	23	1,991
Net increase (decrease) in cash and cash equivalents	244	(390)	2,969	182	739	3,744
Balances at beginning of the year	31,341	3,697	10,518	956	4,113	50,625
Balances at the end of the year	$ 31,585	$ 3,307	$ 13,487	$ 1,138	$ 4,852	$ 54,369
Reconciliation of operating income (loss) to net cash provided by operating activities:						
Operating income (loss)	$ (4,132)	$ 258	$ 112	$ 66	$ 5,401	$ 1,705
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	5	1,324	879	9	2	2,219
Changes in assets and liabilities:						
Receivables	-	48	88	66	8	210
Inventories	-	(60)	587	8	-	535
Prepaid items	(109)	-	(77)	-	(41)	(227)
Accounts payable	307	(99)	541	(1)	(50)	698
Claims and judgments payable	2,746	-	-	-	-	2,746
Deferred revenue	49	-	21	(5)	(34)	31
Compensated absences	41	(7)	(2)	-	50	82
Incremental leases payable	-	-	-	-	57	57
Payroll payable	11	1	65	-	23	100
Total adjustments	3,050	1,207	2,102	77	15	6,451
Net cash (used) provided by operating activities	$ (1,082)	$ 1,465	$ 2,214	$ 143	$ 5,416	$ 8,156
Noncash financing activities:						
Contributions of capital assets	$ -	$ (2)	$ 3	$ -	$ -	$ 1

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Risk Management Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 6,025	$ 6,025	$ 6,540	$ 515
Interest	400	400	1,255	855
Other:				
Service reimbursements	62,746	63,906	59,967	(3,939)
Experience ratings and other	463	463	687	224
Total revenues	69,634	70,794	68,449	(2,345)
EXPENDITURES				
County management	85,349	86,490	68,310	18,180
Nondepartmental	3,085	3,104	2,939	165
Total expenditures	88,434	89,594	71,249	18,345
Deficiency of revenues under expenditures	(18,800)	(18,800)	(2,800)	16,000
Fund balances - beginning	18,800	18,800	21,701	2,901
Fund balances - ending	$ -	$ -	18,901	$ 18,901
Reconciliation to GAAP basis:				
Advance to service district			329	
Invested in capital assets			41	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 19,271	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fleet Management Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 1,034	$ 1,034	$ 1,120	$ 86
Interest	150	150	145	(5)
Other:				
Service reimbursements	5,849	5,948	5,666	(282)
Miscellaneous	56	56	64	8
Total revenues	7,089	7,188	6,995	(193)
EXPENDITURES				
County management	10,798	10,897	7,321	3,576
Deficiency of revenues under expenditures	(3,709)	(3,709)	(326)	3,383
OTHER FINANCING SOURCES				
Proceeds from sale of assets	213	213	53	(160)
Total other financing sources	213	213	53	(160)
Contingency	(531)	(531)	-	531
Net change in fund balances	(4,027)	(4,027)	(273)	3,754
Fund balances - beginning	4,027	4,027	3,875	(152)
Fund balances - ending	$ -	$ -	3,602	$ 3,602
Reconciliation to GAAP basis:				
Invested in capital assets			4,444	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 8,046	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Information Technology Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 1,123	$ 1,123	$ 560	$ (563)
Interest	-	-	529	529
Other:				
Service reimbursements	29,365	29,690	29,735	45
Miscellaneous	-	-	1	1
Total revenues	30,488	30,813	30,825	12
EXPENDITURES				
County management	37,862	38,187	30,412	7,775
Excess (deficiency) of revenues over (under) expenditures	(7,374)	(7,374)	413	7,787
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of assets	-	-	37	37
Transfers in	1,496	1,496	1,496	-
Transfers out	(200)	(200)	(200)	-
Total other financing sources (uses)	1,296	1,296	1,333	37
Contingency	(3,100)	(3,100)	-	3,100
Net changes in fund balances	(9,178)	(9,178)	1,746	10,924
Fund balances - beginning	9,178	9,178	8,868	(310)
Fund balances - ending	$ -	$ -	10,614	$ 10,614
Reconciliation to GAAP basis:				
Invested in capital assets			1,623	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 12,237	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Mail/Distribution Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Favorable
	Original	Final	Amounts	(Unfavorable)
REVENUES				
Charges for services	$ 3,312	$ 3,312	$ 2,617	$ (695)
Interest	30	30	39	9
Other:				
Service reimbursements	3,214	3,223	3,216	(7)
Miscellaneous	32	32	3	(29)
Total revenues	6,588	6,597	5,875	(722)
EXPENDITURES				
County management	6,720	6,729	5,761	968
Excess (deficiency) of revenues over (under) expenditures	(132)	(132)	114	246
Contingency	(1,257)	(1,257)	-	1,257
Net changes in fund balances	(1,389)	(1,389)	114	1,503
Fund balances - beginning	1,389	1,389	1,361	(28)
Fund balances - ending	$ -	$ -	1,475	$ 1,475
Reconciliation to GAAP basis:				
Invested in capital assets			14	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 1,489	

MULTNOMAH COUNTY, OREGON
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Facilities Management Fund
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget favorable
	Original	Final	Amounts	(unfavorable)
REVENUES				
Charges for services	$ 2,232	$ 2,232	$ 3,058	$ 826
Interest	-	-	23	23
Other:				
Service reimbursements	38,667	38,929	34,721	(4,208)
Miscellaneous	-	-	19	19
Total revenues	40,899	41,161	37,821	(3,340)
EXPENDITURES				
County management	33,793	34,055	32,412	1,643
Excess of revenues over expenditures	7,106	7,106	5,409	(1,697)
OTHER FINANCING USES				
Transfers out	(4,683)	(4,683)	(4,683)	-
Total other financing uses	(4,683)	(4,683)	(4,683)	-
Contingency	(2,423)	(2,423)	-	2,423
Net change in fund balances	-	-	726	726
Fund balances - beginning	-	-	8	8
Fund balances - ending	$ -	$ -	734	$ 734
Reconciliation to GAAP basis:				
Invested in capital assets			15	
Net Assets as reported on the Statement of Revenues, Expenses and Changes in Fund Net Assets, page 116			$ 749	

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, 2008
(amounts expressed in thousands)

	Sundry Taxing Bodies	Department and Offices Agency	Public Guardian	Visitors' Facilities Trust	Total
ASSETS:					
Cash and Investments	$ 5,841	$ 7,063	$ 794	$ 3,200	$ 16,898
Receivables:					
Taxes	37,395	148	-	2,190	39,733
Restricted cash	-	15	-	-	15
Total assets	$ 43,236	$ 7,226	$ 794	$ 5,390	$ 56,646
LIABILITIES:					
Accounts payable	$ 5,812	$ 1,934	$ 46	$ 2,262	$ 10,054
Due to other governmental units	37,395	-	-	-	37,395
Amounts held in trust	29	5,292	748	3,128	9,197
Total liabilities	$ 43,236	$ 7,226	$ 794	$ 5,390	$ 56,646

MULTNOMAH COUNTY, OREGON
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2008
(amounts expressed in thousands)

	Balance June 30, 2007	Additions	Deletions	Balance June 30, 2008
SUNDRY TAXING BODIES:				
Assets:				
Cash and investments	$ 5,327	$ 1,807,751	$ 1,807,237	$ 5,841
Taxes receivable	32,934	874,650	870,189	37,395
Total assets	$ 38,261	$ 2,682,401	$ 2,677,426	$ 43,236
Liabilities:				
Accounts payable	$ 5,271	$ 809,579	$ 809,038	$ 5,812
Due to other governmental units	32,845	834,712	830,162	37,395
Amounts held in trust	145	815,058	815,174	29
Total liabilities	$ 38,261	$ 2,459,349	$ 2,454,374	$ 43,236
DEPARTMENT AND OFFICES AGENCY:				
Assets:				
Cash and investments	$ 6,920	$ 1,371,012	$ 1,370,869	$ 7,063
Taxes receivable	218	1,173,916	1,173,986	148
Accounts receivable	-	-	-	-
Restricted cash	977	2,376	3,338	15
Total assets	$ 8,115	$ 2,547,304	$ 2,548,193	$ 7,226
Liabilities:				
Accounts payable	$ 2,131	$ 41,284	$ 41,481	$ 1,934
Amounts held in trust	5,984	1,160,148	1,160,840	5,292
Total liabilities	$ 8,115	$ 1,201,432	$ 1,202,321	$ 7,226
PUBLIC GUARDIAN:				
Assets:				
Cash and investments	$ 804	$ 2,772	$ 2,782	$ 794
Accounts receivable	-	1,210	1,210	-
Total assets	$ 804	$ 3,982	$ 3,992	$ 794
Liabilities:				
Accounts payable	$ 65	$ 2,601	$ 2,620	$ 46
Amounts held in trust	739	1,292	1,283	748
Total liabilities	$ 804	$ 3,893	$ 3,903	$ 794
VISITORS FACILITIES TRUST:				
Assets:				
Cash and investments	$ 1,530	$ 21,139	$ 19,469	$ 3,200
Taxes receivable	1,892	10,783	10,485	2,190
Accounts receivable	-	7	7	-
Total assets	$ 3,422	$ 31,929	$ 29,961	$ 5,390
Liabilities:				
Accounts payable	$ 2,124	$ 13,875	$ 13,737	$ 2,262
Amounts held in trust	1,298	11,904	10,074	3,128
Total liabilities	$ 3,422	$ 25,779	$ 23,811	$ 5,390
TOTAL - ALL AGENCY FUNDS:				
Assets:				
Cash and investments	$ 14,581	$ 3,202,674	$ 3,200,357	$ 16,898
Taxes receivable	35,044	2,059,349	2,054,660	39,733
Accounts receivable	-	1,217	1,217	-
Restricted cash	977	2,376	3,338	15
Total assets	$ 50,602	$ 5,265,616	$ 5,259,572	$ 56,646
Liabilities:				
Accounts payable	$ 9,591	$ 867,339	$ 866,876	$ 10,054
Due to other governmental units	32,845	834,712	830,162	37,395
Amounts held in trust	8,166	1,988,402	1,987,371	9,197
Total liabilities	$ 50,602	$ 3,690,453	$ 3,684,409	$ 56,646

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, 2008
(amounts expressed in thousands)

	June 30, 2008	June 30, 2007
GOVERNMENTAL FUNDS CAPITAL ASSETS		
Land	$ 16,296	$ 13,787
Construction in progress	317	35,735
Buildings-not in service	51,164	51,164
Buildings	365,124	368,897
Improvements other than buildings	343	343
Machinery and equipment	122,180	124,596
Bridges	146,179	99,502
Infrastructure	551,598	553,645
Total governmental funds capital assets	$ 1,253,201	$ 1,247,669

INVESTMENTS IN GOVERNMENTAL FUNDS CAPITAL ASSETS BY SOURCE		
Beginning balance	$ 1,247,669	$ 1,220,614
General fund	(9,680)	(1,108)
Road fund	(2,037)	3,663
Federal and state program fund	58	137
Willamette river bridges fund	13,661	22,240
Library fund	(4,305)	(1,091)
Land corner preservation fund	-	75
Justice services special operations	(23)	23
Justice bond capital project fund	85	467
Financed projects fund	200	(313)
Library construction fund/1996	(42)	(311)
Capital improvement fund	5,833	2,723
Capital acquisition fund	-	(23)
Asset preservation fund	718	1,099
Risk management fund	-	(21)
Fleet management fund	1,240	757
Information technology fund	(193)	(1,290)
Mail distribution fund	-	28
Facilities management fund	17	-
Total governmental funds capital assets, ending balance	$ 1,253,201	$ 1,247,669

MULTNOMAH COUNTY, OREGON
Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2008
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Land	Work in Progress	Buildings	Improvements Other than Buildings	Machinery and Equipment	Bridges	Infrastructure	Total
General government:								
Legislative	$ 226	$ -	$ 6,928	$ -	$ 77	$ -	$ -	$ 7,231
Administrative	6,920	-	85,054	-	42,882	-	-	134,856
	7,146	-	91,982	-	42,959	-	-	142,087
Health and social services:								
Health	2,294	-	29,693	-	587	-	-	32,574
Social	627	-	9,004	-	199	-	-	9,830
	2,921	-	38,697	-	786	-	-	42,404
Public safety:								
Law enforcement	987	-	143,658	37	6,692	-	-	151,374
Justice services	431	-	51,333	-	1,010	-	-	52,774
	1,418	-	194,991	37	7,702	-	-	204,148
Community services:								
Community service development	136	-	1,343	108	14	-	-	1,601
Recreation	203	-	-	-	-	-	-	203
Library	2,987	317	60,313	140	68,163	-	-	131,920
	3,326	317	61,656	248	68,177	-	-	133,724
Roads and bridges:								
Roads and bridges	1,350	-	5,805	58	2,556	146,179	551,598	707,546
	1,350	-	5,805	58	2,556	146,179	551,598	707,546
External organizations:								
External use	135	-	23,157	-	-	-	-	23,292
	$ 16,296	$ 317	$ 416,288	$ 343	$ 122,180	$ 146,179	$ 551,598	$ 1,253,201

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, 2008
(amounts expressed in thousands)

FUNCTION AND ACTIVITY	Governmental Funds Capital Assets June 30, 2007	Additions	Deductions & Reclassifications	Governmental Funds Capital Assets June 30, 2008
General government:				
Legislative	$ 7,154	$ -	$ 77	$ 7,231
Administrative	116,478	6,449	11,929	134,856
	123,632	6,449	12,006	142,087
Health and social services:				
Health	32,958	158	(542)	32,574
Social	26,308	24	(16,502)	9,830
	59,266	182	(17,044)	42,404
Public safety:				
Law enforcement	150,778	1,815	(1,219)	151,374
Justice services	51,028	600	1,146	52,774
	201,806	2,415	(73)	204,148
Community services:				
Community service development	2,777	3	(1,179)	1,601
Recreation	203	-	-	203
Library	135,802	6,111	(9,993)	131,920
	138,782	6,114	(11172)	133,724
Roads and bridges:				
Roads and bridges	697,063	15,950	(5,467)	707,546
	697,063	15,950	(5,467)	707,546
External organizations:				
External use	27,120	1,082	(4,911)	23,292
	$ 1,247,669	$ 32,192	$ (26,661)	$ 1,253,201

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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 Capitalized Lease Purchases Outstanding
- Schedule of Revenue Bonds Outstanding
- Schedule of Loans Outstanding
- Schedule of Full Faith and Credit Bonds Outstanding

MULTNOMAH COUNTY, OREGON
Schedule of Property Tax Collections and Outstanding Balances
For the Year Ended June 30, 2008
(amounts expressed in thousands)

Tax Year	Taxes Receivable June 30, 2007	Current Levy	Add (Deduct) Corrections and Adjustments	Add Interest on Delinquent Taxes	Deduct Discounts Allowed	Deduct Collections Including Interest on Delinquent Taxes	Taxes Receivable June 30, 2008
2007-08	$ -	$ 1,100,640	$ (4,365)	$ 407	$ (27,072)	$(1,037,326)	$ 32,284
2006-07	26,746	-	(642)	946	14	(17,465)	9,599
2005-06	9,255	-	(400)	658	10	(5,279)	4,244
2004-05 and prior	7,719	-	(843)	867	13	(4,388)	3,368
	$ 43,720	$ 1,100,640	$ (6,250)	$ 2,878	$ (27,035)	$(1,064,458)	$ 49,495

SUMMARY OF TAXES RECEIVABLE AT JUNE 30, 2008

	Current Years' Levy	Prior Years' Levies	Total Property Taxes	Other Taxes*	Total
General fund	$ 6,373	$ 3,573	$ 9,946	$ 16,499	$ 26,445
Special revenue funds:					
Library fund	1,154	518	1,672	-	1,672
Land corner preservation fund	-	-	-	5	5
Special excise tax fund	-	-	-	2,732	2,732
Total special revenue funds	1,154	518	1,672	2,737	4,409
General obligation bond fund	274	169	443	-	443
Agency funds	24,458	12,937	37,395	2,338	39,733
Sub-total taxes receivable	32,259	17,197	49,456	21,574	71,030
Special assessments collected through taxes	25	14	39	-	39
Total receivables	$ 32,284	$ 17,211	$ 49,495	$ 21,574	$ 71,069

*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, 2008
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

	Outstanding June 30, 2007		2007-08 Transactions			Outstanding June 30, 2008	
	Matured	Unmatured	Issued	Matured	Refunded or Paid	Matured	Unmatured
Dated October 1, 1996	$ -	$ 7,830	$ -	$ 4,150	$ 4,150	$ -	$ 3,680
Dated February 1,1999	-	61,550	-	2,105	2,105	-	59,445
	-	$ 69,380	-	$ 6,255	$ 6,255	-	$ 63,125

GENERAL OBLIGATION BOND INTEREST COUPONS

Dated October 1, 1996	$ 288
Dated February 1,1999	2,685
	$ 2,973

MULTNOMAH COUNTY, OREGON
Schedule of General Obligation Bonds Outstanding
June 30, 2008
(amounts expressed in thousands)

GENERAL OBLIGATION BONDS

Fiscal Year of Maturity	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
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
	$ 3,680	$ 92	$ 59,445	$ 12,799	$ 63,125	$ 12,891

MULTNOMAH COUNTY, OREGON
Schedule of Capitalized Lease Purchases Outstanding
June 30, 2008
(amounts expressed in thousands)

GENERAL LONG-TERM LEASE OBLIGATIONS

Fiscal Year of Maturity	Dated 02/01/98 3.75 to 4.90%		Dated 01/01/02 2.50%		Dated 06/30/07		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 2,825	$ 636	$ 11	$ 107	$ 11	$ -	$ 2,847	$ 743
2010	2,265	617	12	106	-	-	2,277	723
2011	2,370	480	14	104	-	-	2,384	584
2012	2,485	333	15	103	-	-	2,500	436
2013	2,605	175	17	101	-	-	2,622	276
2014	-	-	19	100	-	-	19	100
2015	-	-	21	98	-	-	21	98
2016	-	-	23	95	-	-	23	95
2017	-	-	25	93	-	-	25	93
2018	-	-	28	90	-	-	28	90
2019	-	-	31	87	-	-	31	87
2020	-	-	34	84	-	-	34	84
2021	-	-	38	80	-	-	38	80
2022	-	-	42	76	-	-	42	76
2023	-	-	47	71	-	-	47	71
2024	-	-	52	66	-	-	52	66
2025	-	-	57	61	-	-	57	61
2026	-	-	64	55	-	-	64	55
2027	-	-	70	48	-	-	70	48
2028	-	-	78	40	-	-	78	40
2029	-	-	86	32	-	-	86	32
2030	-	-	96	22	-	-	96	22
2031	-	-	106	12	-	-	106	12
2032	-	-	57	2	-	-	57	2
	$ 12,550	$ 2,241	$ 1,043	$ 1,733	$ 11	$ -	$ 13,604	$ 3,974

MULTNOMAH COUNTY, OREGON
Schedule of Revenue Bonds Outstanding
June 30, 2008
(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
2009	$ 1,710	$ 38	$ 135	$ 62	$ 235	$ 109	$ 2,080	$ 209
2010	-	-	145	55	250	97	395	152
2011	-	-	150	48	265	85	415	133
2012	-	-	160	41	275	72	435	113
2013	-	-	165	33	295	58	460	91
2014	-	-	175	24	310	42	485	66
2015	-	-	185	15	325	26	510	41
2016	-	-	195	5	345	9	540	14
	$ 1,710	$ 38	$ 1,310	$ 283	$ 2,300	$ 498	$ 5,320	$ 819

MULTNOMAH COUNTY, OREGON
Schedule of Loans Outstanding
June 30, 2008
(amounts expressed in thousands)

Fiscal Year of Maturity	Dated 02/15/96 7.2%		Dated 07/05/96 5.65%		Dated 08/01/99 5.9%		Dated 10/11/99 5.9%	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	$ 121	$ 2	$ 22	$ 1	$ 17	$ 1	$ 82	$ 2
	$ 121	$ 2	$ 22	$ 1	$ 17	$ 1	$ 82	$ 2

Total	
Principal	**Interest**
$ 242	$ 6
$ 242	$ 6

MULTNOMAH COUNTY, OREGON
Schedule of Full Faith and Credit Bonds Outstanding
June 30, 2008
(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
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	-	-
	$ 3,300	$ 142	$ 5,495	$ 429	$ 165,583	$ 404,267	$ 6,075	$ 566

Series 2004 Dated 10/01/04 3.00 to 5.00%		Total	
Principal	**Interest**	**Principal**	**Interest**
$ -	$ 2,620	$ 11,700	$ 10,246
565	2,611	13,770	9,535
5,410	2,468	15,550	8,633
5,705	2,190	17,440	7,662
6,010	1,897	11,549	14,512
5,965	1,597	11,537	15,181
6,185	1,294	10,654	15,912
4,600	1,027	11,445	14,368
4,810	794	21,795	5,152
5,055	560	24,525	3,656
4,845	338	27,045	1,987
5,085	114	10,404	19,990
-	-	5,208	21,407
-	-	5,098	23,012
-	-	4,989	24,686
-	-	4,881	26,444
-	-	4,775	28,285
-	-	4,670	30,215
-	-	4,566	32,234
-	-	4,463	34,347
-	-	4,362	36,563
-	-	4,262	38,887
$ 54,235	$ 17,510	$ 234,688	$ 422,914

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STATISTICAL INFORMATION SECTION
(UNAUDITED)

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

- **Financial Trends -** These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

- **Revenue Capacity -** These schedules contain information to help the reader assess the County's most significant local revenue sources: personal income tax, property tax, and business income tax.

- **Debt Capacity -** These schedules present information to help the reader assess the affordability of the 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 Seven Fiscal Years
(dollar amounts expressed in thousands)
(accrual basis of accounting)
(unaudited)

	2008	2007	2006	Restated 2005	2004	2003	2002
Governmental Activities:							
Invested in capital assets, net of related debt	$ 465,079	$ 456,502	$ 434,866	$ 523,606	$ 511,277	$ 475,949	$ 472,133
Restricted	77,979	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	27,954	17,731	32,205	18,912	(12,431)	(26,225)	(139,086)
Total governmental activities net assets	$ 571,012	$ 550,499	$ 538,459	$ 642,674	$ 561,800	$ 512,259	$ 408,020
Business-Type Activities:							
Invested in capital assets, net of related debt	$ 3,424	$ 3,020	$ 2,985	$ 2,577	$ 2,480	$ 2,474	$ 2,405
Unrestricted	2,928	4,612	2,830	2,012	1,915	2,095	3,136
Total business-type activities net assets	$ 6,352	$ 7,632	$ 5,815	$ 4,589	$ 4,395	$ 4,569	$ 5,541
Primary Government:							
Invested in capital assets, net of related debt	$ 468,503	$ 459,522	$ 437,851	$ 526,183	$ 513,757	$ 478,423	$ 474,538
Restricted	77,979	76,266	71,388	100,156	62,954	62,535	74,973
Unrestricted	30,882	22,343	35,035	20,924	(10,516)	(24,130)	(135,950)
Total primary government net assets	$ 577,364	$ 558,131	$ 544,274	$ 647,263	$ 566,195	$ 516,828	$ 413,561

Source: Current and prior years' financial statements

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

	2008	2007	2006	2005
Program Revenues				
Governmental activities:				
Fees, fines and charges for services:				
General government	$ 21,721	$ 23,703	$ 25,531	$ 20,486
Health services	52,241	45,765	44,406	44,145
Social services	1,615	1,309	1,210	1,175
Public safety and justice	17,765	17,904	16,600	16,394
Community services	10	31	8	1
Library	1,855	1,745	1,641	1,887
Roads and bridges	2,141	1,962	1,784	1,867
Operating grants and contributions	265,271	257,810	247,933	256,489
Capital grants and contributions	10,505	5,594	5,272	34,149
Total governmental activities program revenues	373,124	355,823	344,385	376,593
Business-type activities:				
Charges for services:				
Dunthorpe	627	574	455	423
Mid County	268	306	294	289
Behavioral Health	36,072	34,879	34,519	29,472
Operating grants and contributions	-	-	-	-
Capital grants and contributions	10	76	82	238
Total business-type activities program revenues	36,977	35,835	35,350	30,422
Total primary government program revenues	410,101	391,658	379,735	407,015
Expenses				
Governmental activities:				
General government	75,547	87,472	114,378	128,871
Health services	125,355	118,380	112,201	106,551
Social services	196,537	185,672	177,891	181,194
Public safety and justice	208,253	199,850	196,167	192,005
Community services	26,069	24,136	23,336	21,795
Library	52,087	47,872	43,530	41,357
Roads and bridges	56,716	53,701	54,256	56,781
Interest on long-term debt	16,443	16,954	21,822	18,058
Total governmental activities expenses	757,007	734,037	743,581	746,612
Business-type activities:				
Dunthorpe	476	405	407	487
Mid County	377	354	328	495
Behavioral Health	37,803	34,221	33,640	29,480
Total business-type activities expenses	38,656	34,980	34,375	30,462
Total primary government expenses	795,663	769,017	777,956	777,074

2004	2003	2002
$ 16,394	$ 15,976	$ 12,712
44,006	40,901	13,762
1,805	759	543
15,901	23,216	14,224
4	-	6
2,042	2,537	1,745
1,880	1,250	910
249,079	256,659	277,418
9,809	4,461	86
340,920	345,759	321,406
344	248	249
235	233	235
25,603	32,486	32,781
435	897	337
-	-	-
26,617	33,864	33,602
367,537	379,623	355,008
154,646	36,374	17,673
110,968	110,322	92,109
167,746	169,218	188,043
182,941	180,503	184,213
18,391	17,925	23,877
40,843	43,934	39,529
57,374	58,354	57,478
19,543	20,127	21,139
752,452	636,757	624,061
355	344	306
723	468	419
25,787	33,739	34,951
26,865	34,551	35,676
779,317	671,308	659,737

(continued)

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

(continued)

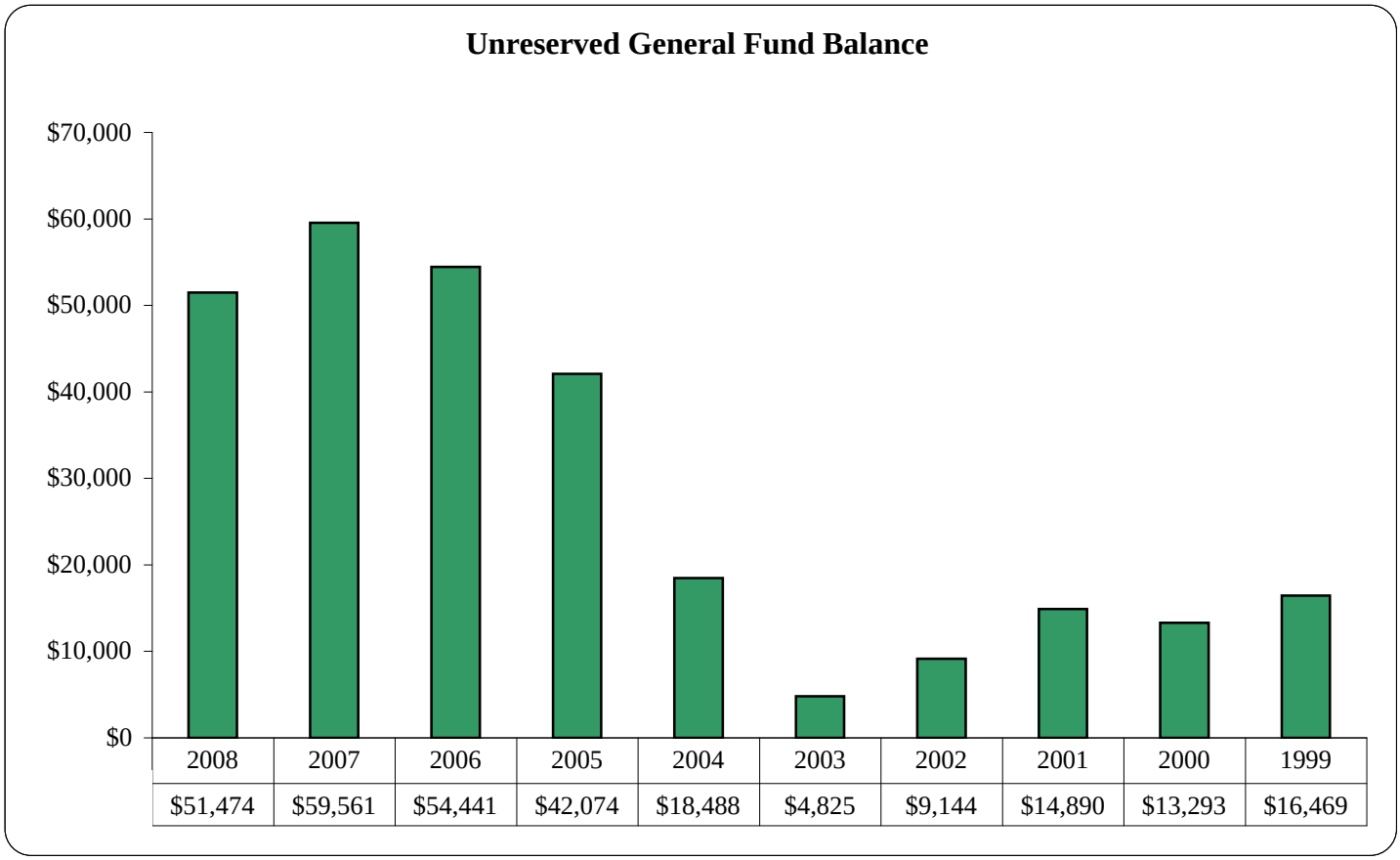
	2008	2007	2006	2005
Net Expense				
Governmental activities	$ (383,883)	$ (378,214)	$ (399,196)	$ (370,019)
Business-type activities	(1,679)	855	975	(40)
Total primary government net expense	(385,562)	(377,359)	(398,221)	(370,059)
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Taxes:				
Property and other local taxes levied for:				
General purposes	249,446	231,073	219,854	209,056
Debt service	9,077	9,249	9,373	7,815
Personal income taxes	2,748	21,237	59,764	124,577
Business income taxes	65,650	57,399	50,980	36,463
Selective excise and use taxes	42,812	39,582	36,914	33,646
Payments in lieu of taxes	1,537	1,738	2,249	3,012
State government shared revenues	9,613	9,517	8,692	6,741
Grants and contributions not restricted to specific programs	10	6	2	1,150
Interest and investment earnings	11,887	13,454	10,094	4,943
Miscellaneous	1,410	6,771	4,007	2,233
Gain on sale of capital assets	10,206	228	1,607	166
Transfers	-	-	-	-
Special items:				
Loss on transfer of County roads	-	-	(108,555)	-
Total governmental activities	404,396	390,254	294,981	429,802
Business-type activities:				
Interest and investment earnings	398	495	251	121
Miscellaneous	1	467	-	113
Transfers	-	-	-	-
Total business-type activities	399	962	251	234
Total primary government	404,795	391,216	295,232	430,036
Change in Net Assets				
Governmental activities	20,513	12,040	(104,215)	59,783
Cumulative effect of change in accounting principle	-	-	-	21,091
Total governmental activities	20,513	12,040	(104,215)	80,874
Business-type activities	(1,280)	1,817	1,226	194
Total primary government change in net assets	$ 19,233	$ 13,857	$ (102,989)	$ 81,068

Source: Current and prior years' financial statements

2004	2003	2002
$ (411,532)	$ (290,998)	$ (302,655)
(248)	(687)	(2,074)
(411,780)	(291,685)	(304,729)
201,278	193,912	195,130
7,326	9,699	11,114
175,325	-	-
30,286	26,491	26,935
32,404	33,199	32,799
2,184	2,899	1,810
7,584	6,206	-
166	70	60
2,443	4,226	7,982
1,877	2,917	4,496
200	1,711	-
-	440	(3)
-	-	-
461,073	281,770	280,323
74	131	339
-	24	6
-	(440)	3
74	(285)	348
461,147	281,485	280,671
49,541	(9,228)	(22,332)
-	-	-
49,541	(9,228)	(22,332)
(174)	(972)	(1,726)
$ 49,367	$ (10,200)	$ (24,058)

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

	2008	2007	2006	2005
General Fund				
Reserved	$ 20,139	$ 657	$ 523	$ 342
Unreserved	51,474	59,561	54,441	42,074
Total general fund	71,613	60,218	54,964	42,416
All Other Governmental Funds				
Reserved	70,605	51,317	53,964	37,292
Unreserved, reported in:				
Special revenue funds	46,863	49,135	57,257	55,890
Total all other governmental funds	117,468	100,452	111,221	93,182
Total governmental funds	$ 189,081	$ 160,670	$ 166,185	$ 135,598



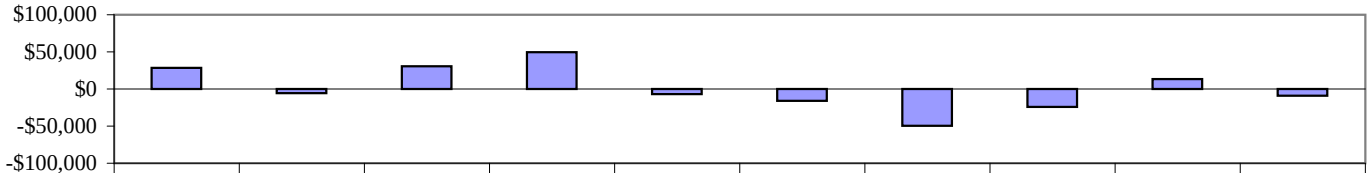
Source: Current and prior years' financial statements

2004	2003	2002	2001	2000	1999
$ 1,004	$ 961	$ -	$ 869	$ 969	$ 605
18,488	4,825	9,144	14,890	13,293	16,469
19,492	5,786	9,144	15,759	14,262	17,074
39,224	63,810	75,627	123,342	145,418	126,815
27,375	23,601	24,563	19,953	23,625	26,250
66,599	87,411	100,190	143,295	169,043	153,065
$ 86,091	$ 93,197	$ 109,334	$ 159,054	$ 183,305	$ 170,139

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

	2008	2007	2006	2005
Revenues				
Taxes	$ 375,044	$ 356,682	$ 441,579	$ 422,212
Intergovernmental	277,099	260,549	250,855	284,527
Licenses and permits	15,441	15,934	16,025	14,743
Charges for services	67,750	62,791	62,245	61,399
Interest	9,557	10,837	8,347	4,134
Miscellaneous	50,342	46,880	46,090	51,926
Total revenues	795,233	753,673	825,141	838,941
Expenditures				
Current:				
General government	69,224	73,559	136,726	146,626
Health services	128,914	122,029	115,778	112,562
Social services	197,210	187,256	178,736	184,335
Public safety and justice	209,119	202,477	198,774	198,608
Community services	25,904	24,040	23,468	22,266
Library	48,051	44,411	46,228	44,546
Roads and bridges	40,723	39,875	42,283	39,844
Capital Outlay	27,367	31,589	22,150	9,288
Debt service:				
Principal	21,522	19,861	18,256	16,929
Interest	16,394	16,958	18,235	17,928
Total expenditures	784,428	762,055	800,634	792,932
Excess (deficiency) of revenues over (under) expenditures	10,805	(8,382)	24,507	46,009
Other Financing Sources (Uses)				
Certificates of participation proceeds	-	-	-	-
Proceeds from sale of capital assets	14,219	35	1,988	5
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	29,266	26,996	47,004	29,907
Transfers out	(25,879)	(24,354)	(44,005)	(26,891)
Total other financing sources (uses)	17,606	2,867	6,080	3,498
Net change in fund balances	$ 28,411	$ (5,515)	$ 30,587	$ 49,507
Debt service as a percentage of noncapital expenditures	5.0%	5.0%	4.7%	4.4%

Net Change in Fund Balance, Governmental Funds



2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
$28,411	$(5,515)	$30,587	$49,507	$(7,106)	$(16,137)	$(49,720)	$(24,257)	$13,166	$(8,852)

Source: Current and prior years' financial statements

2004	2003	2002	2001	2000	1999
$ 375,204	$ 268,225	$ 267,641	$ 266,466	$ 254,514	$ 250,416
252,978	261,020	290,077	308,993	242,966	232,715
14,760	14,496	8,134	5,037	2,734	3,026
55,180	66,325	18,586	20,234	15,008	15,515
1,960	3,499	6,972	14,760	12,201	11,688
50,385	37,495	58,415	51,994	49,575	42,337
750,467	651,060	649,825	667,484	576,998	555,697
124,459	52,375	53,134	36,612	219,323	35,786
111,745	106,408	95,847	285,999	237,566	209,788
168,648	168,329	186,280	-	-	-
197,251	200,114	190,122	183,897	179,799	165,792
19,318	19,398	21,552	85,143	72,429	75,996
42,753	40,741	42,706	-	-	-
40,454	39,497	36,829	35,110	35,969	37,604
11,968	17,770	31,822	30,517	37,141	59,425
25,179	15,186	18,711	17,863	13,695	11,540
19,543	20,082	21,050	22,069	14,857	9,953
761,318	679,900	698,053	697,210	810,779	605,884
(10,851)	(28,840)	(48,228)	(29,726)	(233,781)	(50,187)
-	-	-	-	60,835	36,125
425	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,499	184,548	3,155
-	9,615	-	-	-	66,115
-	-	-	-	204	154
-	-	-	-	-	(67,057)
-	-	-	-	-	-
-	-	-	-	-	-
32,641	39,819	128,682	124,819	131,026	126,334
(29,321)	(36,731)	(130,174)	(124,849)	(129,666)	(123,491)
3,745	12,703	(1,492)	5,469	246,947	41,335
$ (7,106)	$ (16,137)	$ (49,720)	$ (24,257)	$ 13,166	$ (8,852)
6.0%	5.3%	6.0%	6.0%	3.7%	3.9%

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

	2008	2007	2006	2005	2004	2003	2002
Function/Program							
Governmental activities:							
General government	$ 35,044	$ 28,530	$ 32,587	$ 33,367	$ 31,429	$ 23,463	$ 24,644
Health services	81,507	74,024	74,003	71,924	77,315	72,730	63,191
Social services	152,905	142,100	134,894	139,569	126,534	136,045	140,391
Public safety and justice	57,364	58,188	54,278	62,497	63,534	71,518	57,336
Community services	3,196	3,278	4,712	4,387	1,830	2,730	2,530
Library	5,359	5,302	4,106	4,079	4,018	4,572	3,502
Roads and bridges	37,749	44,401	39,805	60,770	36,260	34,701	29,812
Total governmental activities	373,124	355,823	344,385	376,593	340,920	345,759	321,406
Business-type activities:							
Dunthorpe-Riverdale	627	574	455	423	344	256	251
Mid County	278	382	376	527	235	484	570
Behavioral Health	36,072	34,879	34,519	29,472	26,038	33,124	32,781
Total business-type activities	36,977	35,835	35,350	30,422	26,617	33,864	33,602
Total primary government	$ 410,101	$ 391,658	$ 379,735	$ 407,015	$ 367,537	$ 379,623	$ 355,008

Source: Current and prior years' financial statements

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

Year	Property Taxes	Business Income Taxes	Transient Lodging Taxes	Motor Vehicle Rental Taxes	County Gasoline Taxes	Personal Income Taxes	Other Taxes	Total
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
2008	257,225	65,650	18,491	16,852	7,356	6,611	2,859	375,044

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)

Year		Residential Property	Commercial Property	Public Utility Property	Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (4)	Estimated Real Market Value
1999	(2)	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
2008		30,569,475	15,426,621	2,355,692	2,319,890	50,671,678	5.25	100,302,763

(1) Prior to the passage of Measure # 50 in 1997, assessed value equaled real market value.
(2) Since 1998, 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.

Source: Multnomah County Division of Assessment and Taxation

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

Fiscal Year Ended June 30	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Levy		Amount	Percentage of Levy
1999	$ 188,837	$ (5,123)	$183,714	$178,736	94.65 %	$ 4,943	$183,679	97.27 %
2000	193,076	(5,751)	187,325	181,772	94.15	5,532	187,304	97.01
2001	205,468	(5,913)	199,555	192,777	93.82	6,748	199,525	97.11
2002	212,329	(7,768)	204,561	198,884	93.67	5,622	204,506	96.32
2003	210,411	(7,122)	203,289	197,233	93.74	5,970	203,203	96.57
2004	215,031	(6,769)	208,262	202,692	94.26	5,416	208,108	96.78
2005	224,978	(7,798)	217,180	211,480	94.00	5,204	216,684	96.31
2006	236,631	(7,065)	229,566	223,312	94.37	5,077	228,389	96.52
2007	246,944	(6,643)	240,301	233,608	94.60	4,134	237,742	96.27
2008	265,938	(7,596)	258,342	250,542	94.21	-	250,542	94.21

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

	Multnomah County Direct Rates				Overlapping Rates						
Year	General	Special Revenue	Debt Service	Total	Cities	Special Purpose Districts	Education Districts	Water Districts	Rural Fire Districts	Urban Renewal Districts	Total
1999 (2)	$ 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
2008	4.29	0.78	0.18	5.25	6.70	0.72	7.25	-	0.08	1.72	21.72

(1) These are average rates and are stated in dollars and cents.
(2) In 1998 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, 2007 and December 31, 1998
(dollar amounts expressed in thousands)

	December 31, 2007			
Taxpayer	**Tax**	**Real Property Assessed Valuation (1)**	**Rank**	**Percentage of Total Assessed Valuation**
Port of Portland	$ 7,487	$ 355,509	**1**	0.70 %
Portland General Electric	5,676	351,457	2	0.69
QWEST Corporation	4,762	294,958	3	0.58
Pacificorp (PP&L)	3,521	219,067	4	0.43
Weston Investment Co LLC	4,543	217,940	5	0.43
Boeing Co	2,940	179,298	6	0.35
Oregon Steel Mills	3,443	170,274	7	0.34
Northwest Natural Gas	2,676	163,572	8	0.32
LC Portland LLC	3,240	148,571	9	0.29
Fred Meyer Stores Inc	2,262	131,388	10	0.26
	$ 40,550	$ 2,232,034		4.40 %
Total Assessed Valuation		$ 50,671,678		

	December 31, 1998		
Taxpayer	**Real Property Assessed Valuation (1)**	**Rank**	**Percentage of Total Assessed Valuation**
Fujitsu Microelectronics Inc.	$ 499,924	1	1.40 %
US West Communications	409,076	2	1.14
Portland General Electric	227,561	3	0.64
Boeing Co	181,502	4	0.51
Pacificcorp (PP&L)	179,416	5	0.50
Alaska Airlines	127,188	6	0.36
United Airlines	114,845	7	0.32
Delta Airlines	91,756	8	0.26
SI - Lloyd Associates	91,606	9	0.26
LSI Logic Corp	87,605	10	0.24
	$ 2,010,479		5.62 %
Total Assessed Valuation	$ 35,783,015		

(1) Assessed valuation based on the valuation of property for tax collection years 2007-08 and 1998-99 respectively.
Note: Tax amounts not available for year ended December 31, 1998

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)

	Governmental Activities							
Fiscal Year	**General Obligation Bonds**	**Capitalized Lease Obligations**	**Full Faith and Credit Bonds**	**Revenue Bonds**	**Loans Payable**	**Total Primary Government**	**Percentage of Personal Income (1)**	**Per Capita**
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	1.64	573
2005	81,025	27,971	266,063	6,935	542	382,536	1.54	552
2006	75,340	19,444	256,833	6,420	449	358,486	1.35	511
2007	69,380	16,620	246,413	5,880	362	338,655	1.28	477
2008	63,125	13,604	234,688	5,320	242	316,979	1.20	446

Note: 2007 and 2008 percentages calculated using 2006 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 Departement of Commerce-Bureau of Economic Anaysis

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

Fiscal Year	General Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Total	Percentage of Personal Income (2)	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
1999	$ 124,170	$ (14,014)	$ 110,156	0.56 %	0.31 %	167
2000	115,555	(11,775)	103,780	0.49	0.28	157
2001	106,260	(12,223)	94,037	0.42	0.24	141
2002	96,535	(9,484)	87,051	0.38	0.21	129
2003	91,610	(10,335)	81,275	0.35	0.19	120
2004	86,445	(8,716)	77,729	0.32	0.18	113
2005	81,025	(7,557)	73,468	0.30	0.16	106
2006	75,340	(7,993)	67,347	0.25	0.15	96
2007	69,380	(8,433)	60,947	0.23	0.13	86
2008	63,125	(8,569)	54,556	0.21	0.11	77

Note: 2007 and 2008 percentages calculated using 2006 personal income 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, 2008
(dollar amounts expressed in thousands)
(unaudited)

Overlapping District (1)	Percent Overlapping	Overlapping Gross (2) Direct Debt	Overlapping Net (3) Direct Debt
Clackamas County RFPD #1	0.10 %	$ 27	$ 6
Clackamas County SD 7J (Lake Oswego)	0.31	381	241
City of Lake Oswego	5.11	1,312	1,312
City of Milwaukie	0.54	30	7
Columbia County SD 1J (Scappoose)	18.15	111	111
Northwest Regional ESD	0.54	42	0
Port of Portland	43.92	32,101	0
Multnomah County Drainage Dist No 1	100.00	5,580	0
Metro	47.86	134,062	98,415
Tri-Metropolitan Transport District	48.15	21,374	21,374
Sauvie Island RFPD 30	96.16	154	154
Multnomah County SD 1 (Portland)	99.26	486,788	14,978
Multnomah County SD 3 (Parkrose)	100.00	10,935	10,935
Multnomah County SD 7 (Reynolds)	100.00	148,954	54,460
Multnomah County SD 28J (Centennial)	92.44	34,226	33,670
Multnomah County SD 39 (Corbett)	100.00	4,020	4,020
Multnomah County SD 40 (David Douglas)	100.00	77,925	77,925
Multnomah County SD 51J (Riverdale)	94.74	10,852	9,431
Multnomah County SD 10J (Gresham-Barlow)	92.00	103,950	50,754
Multnomah County SD 10J (Orient 6 Bond)	100.00	288	288
Multnomah ESD	97.76	36,391	0
Mt Hood Community College	81.76	49,085	4,615
Portland Community College	45.40	109,076	20,162
City of Fairview	100.00	2,235	1,750
City of Gresham	100.00	29,123	1,033
City of Portland	99.58	709,147	94,803
City of Troutdale	100.00	12,390	12,390
City of Wood Village	100.00	40	40
Tualatin Valley Fire & Rescue Dist	1.65	338	24
Washington County SD 48J (Beaverton)	0.45	2,540	1,710
Clackamas County ESD	0.06	16	0
East Multnomah Soil & Water Conservation	100.00	1,350	1,350
		$ 2,024,843	$ 515,958

(1) The overlapping debt calculation was performed by Municipal Debt Advisory Commission as of June 30, 2008
(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 Ten Fiscal Years
(dollar amounts expressed in thousands)

	Revenue Bonds					
				Debt Service		
Fiscal Year	Charges for Services	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
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
2008	80	-	80	560	268	0.10

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

Source: Current and prior year financial statements

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

ORS 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.

	2008	2007	2006	2005
Real market value	$ 100,302,763	$ 87,070,081	$ 78,109,995	$ 70,457,625
Debt limit rate	2.00%	2.00%	2.00%	2.00%
Debt limit	2,006,055	1,741,402	1,562,200	1,409,153
Less bonded debt at June 30	63,125	69,380	75,340	81,025
Legal debt margin	$ 1,942,930	$ 1,672,022	$ 1,486,860	$ 1,328,128
Total net debt applicable to the limit as a percentage of debt limit.	3.15%	3.98%	4.82%	5.75%

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

Real market value	$ 100,302,763	$ 87,070,081	$ 78,109,995	$ 70,457,625
Debt limit rate	1.00%	1.00%	1.00%	1.00%
Debt limit	1,003,028	870,701	781,100	704,576
Less bonded debt at June 30	234,688	246,413	256,833	266,063
Legal debt margin	$ 768,340	$ 624,288	$ 524,267	$ 438,513
Total net debt applicable to the limit as a percentage of debt limit.	23.40%	28.30%	32.88%	37.76%

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

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

2004	2003	2002	2001	2000	1999
$ 66,491,001	$ 63,391,339	$ 61,345,077	$ 56,377,119	$ 52,268,770	$ 45,532,239
2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
1,329,820	1,267,827	1,226,902	1,127,542	1,045,375	910,645
86,445	91,610	96,535	106,260	115,555	124,170
$ 1,243,375	$ 1,176,217	$ 1,130,367	$ 1,021,282	$ 929,820	$ 786,475
6.50%	7.23%	7.87%	9.42%	11.05%	13.64%
$ 66,491,001	$ 63,391,339	$ 61,345,077	$ 56,377,119	$ 52,268,770	
1.00%	1.00%	1.00%	1.00%	1.00%	
664,910	633,913	613,451	563,771	522,688	
270,203	276,763	272,833	277,713	281,888	
$ 394,707	$ 357,150	$ 340,618	$ 286,058	$ 240,800	
40.64%	43.66%	44.48%	49.26%	53.93%	

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

Year	Population	Personal Income (thousands)	Per Capita Income	PMSA* Unemployment Rate
1999	657,740	$ 19,735,801	$ 30,005	4.3 %
2000	661,392	21,384,426	32,311	4.5
2001	668,969	22,589,707	33,705	6.1
2002	675,438	23,078,170	34,049	7.8
2003	677,850	23,388,512	34,362	8.3
2004	685,950	24,052,307	35,656	7.0
2005	692,825	24,794,403	36,602	5.9
2006	701,545	26,483,785	38,529	5.0
2007	710,025	N/A	N/A	4.9
2008	710,025 (1)	N/A	N/A	5.3 (2)

N/A: Data was not available for this calendar year.
(1) Population data for July 1, 2008 is not available at this time.
(2) As of June 30, 2008
* Portland Metropolitan Statistical Area

Source: US Department of Commerce-Bureau of Economic Analysis, US Department of Labor-Bureau of Labor Statistics

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

	2007-08		
Employer	**Employees**	**Rank**	**Percentage of Total PMSA* Employment**
State of Oregon	21,800	1	1.89 %
U.S. Government	18,000	2	1.56
Intel Corporation	16,740	3	1.45
Precision Castparts	15,384	4	1.33
Providence Health System	14,639	5	1.27
Safeway Inc.	13,000	6	1.12
Oregon Health and Science University	11,500	7	1.00
Fred Meyer Stores	8,500	8	0.74
Kaiser Foundation Health Plan	8,221	9	0.71
Legacy Health System	8,196	10	0.71
	135,980		11.78 %
Total PMSA* employment	1,155,683 (1)		

	1998-99		
Employer	**Employees**	**Rank**	**Percentage of Total PMSA* Employment**
U.S. Government	17,800	1	1.65 %
Intel Corporation	11,000	2	1.02
Providence Health System	10,594	3	0.98
Fred Meyer Stores	10,030	4	0.93
State of Oregon	9,900	5	0.92
Oregon Health Sciences University	9,000	6	0.84
Legacy Health System	6,731	7	0.62
U.S. Bancorp	6,242	8	0.58
Portland School District	6,200	9	0.58
Kaiser Foundation Health Plan	6,009	10	0.56
	93,506		8.68 %
Total PMSA* employment	1,077,532		

* Portland Metropolitan Statistical Area
(1) As of June 30, 2008

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

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

	2008	2007	2006	2005
Function/Program				
Governmental activities:				
General government	614.5	603.5	665.5	676.0
Health services	874.5	864.5	841.5	802.5
Social services	621.0	582.5	573.0	596.0
Public safety and justice	1,561.5	1,538.5	1,559.0	1,585.0
Community services	69.5	75.0	81.0	73.0
Library	440.5	423.0	411.0	413.5
Roads and bridges	149.0	150.0	139.0	159.5
Total governmental activities	4,330.5	4,237.0	4,270.0	4,305.5
Business-type activities:				
Behavioral Health	8.0	7.0	11.0	17.0
Total business-type activities	8.0	7.0	11.0	17.0
Total primary government budgeted FTE	4,338.5	4,244.0	4,281.0	4,322.5
MULTNOMAH COUNTY EMPLOYEES				
Management and exempt	704	659	668	669
Bargaining units:				
General employees (Local 88)	2,664	2,602	2,623	2,648
Electricians (Local 48)	18	19	17	21
Operating engineers (Local 701)	10	11	12	14
Paint makers (Local 1094)	2	2	2	2
Corrections (Teamsters 223)	437	432	449	450
Deputy sheriffs association	88	91	98	96
Oregon nurses association	221	228	238	239
Juvenile group workers (Local 86)	59	60	58	56
Prosecuting attorneys association	88	83	85	86
Parole and Probation Officers	134	133	133	133
Total bargaining units	3,721	3,661	3,715	3,745
Temporary County employees	103	114	91	109
Total actual County employees	4,528	4,434	4,474	4,523

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

Source: Multnomah County payroll records

2004	2003	2002	2001	2000	1999
695.0	657.5	658.5	565.0	583.0	593.0
832.5	892.5	884.5	864.5	820.5	853.0
538.5	565.5	754.0	788.5	783.0	692.0
1,584.5	1,596.0	1,740.5	1,803.0	1,863.0	1,740.0
73.0	72.0	96.0	93.0	91.0	N/A
487.5	465.5	462.0	491.5	456.0	494.0
164.0	176.0	184.0	182.0	186.0	190.0
4,375.0	4,425.0	4,779.5	4,787.5	4,782.5	4,562.0
45.5	34.5	38.0	32.0	35.0	32.0
45.5	34.5	38.0	32.0	35.0	32.0
4,420.5	4,459.5	4,817.5	4,819.5	4,817.5	4,594.0
654	668	735	794	742	N/A
2,785	2,792	3,012	N/A	N/A	
21	22	22	N/A	N/A	
13	12	13	N/A	N/A	
2	3	3	N/A	N/A	
454	467	497	N/A	N/A	
97	93	89	N/A	N/A	
256	269	263	N/A	N/A	
58	65	69	N/A	N/A	
86	79	85	N/A	N/A	
0	0	0	N/A	N/A	
3,772	3,802	4,053	4,033	4,068	
92	100	481	N/A	N/A	
4,518	4,570	5,269	N/A	N/A	

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

FUNCTION/PROGRAM	2008	2007	2006
Governmental Activities:			
General Government			
Number of property tax accounts - residential	240,212	234,567	225,597
Number of property tax accounts - personal	63,086	63,279	64,126
Number of property tax accounts - commercial	34,226	34,210	34,152
Number of marriage licenses issued	6,310	6,383	6,542
Health Services			
Total clinic visits	329,708	312,661	293,917
County residents who rate their health good or better	N/A	87%	86%
Environmental health inspections	11,672	10,130	9,126
Women, infants, and children (WIC) served in the WIC program	30,850	30,339	30,672
Flu vaccinations at health clinics	7,198	4,690	5,084
Social Services			
Households that have received assistance with energy bills	14,606	13,676	12,482
Clients with developmental disabilities served	3,950	3,780	3,613
Senior and physically disabled clients served	N/A	N/A	44,664
Alcohol and drug treatment clients / episodes (e)	10,503	10,829	9,391
Early childhood mental health clients	4,726	7,700	7,737
Families served in early childhood programs	718	768	887
Students enrolled in extended day school activities	15,041	17,052	16,315
Public Safety and Justice			
Sheriff			
Responses to calls for services	N/A	41,601	43,327
Number of arrests (parts 1, 2 and 3 crimes)	2,938	2,708	3,204
Corrections			
Number of inmates booked	35,533	37,113	38,726
Average daily jail population	1,559	1,641	1,612
Average length of jail stay in days	18	18	17
Inmates held for court at Courthouse	11,737	11,632	13,905
Juvenile			
Youth admitted to detention center	2,021	1,992	2,018
Average length of stay in days in youth detention center	8.3	11.7	10.9
Community service hours completed	6,623	10,894	7,424
Average number of youth on probation per month	533	523	556

(continued)

N/A: Data was not available for this fiscal year.
Sources: Multnomah County Departments, Service Efforts and Accomplishments Social and Health Services, Service Efforts and Accomplishments Public Safety, Current and prior year financial statements
(e) Prior to 2003, number of Alcohol and Drug Treatment episodes reported

2005	2004	2003	2002	2001	2000	1999
225,445	224,367	219,682	218,911	217,041	214,770	213,138
58,082	63,497	62,171	60,999	60,140	39,346	36,626
34,199	33,173	33,182	33,410	33,683	31,744	33,488
6,203	9,037	6,297	5,878	6,270	6,078	6,006
277,736	288,201	348,619	340,639	342,869	339,478	327,571
85%	82%	84%	86%	88%	N/A	N/A
9,039	9,978	9,204	10,245	9,847	10,503	8,757
31,144	31,471	24,810	25,158	24,091	22,337	23,589
3,283	3,629	3,666	2,640	2,251	3,017	3,197
12,450	10,868	11,787	15,813	15,733	11,754	12,432
3,477	3,417	3,300	3,336	2,577	3,050	2,975
45,241	41,454	44,055	47,678	43,562	N/A	33,688
8,478	8,284	7,508	22,386	23,780	27,114	24,806
7,708	7,899	7,053	7,226	7,000	3,038	1,523
848	687	956	1,004	798	N/A	N/A
14,384	9,721	3,863	3,798	N/A	N/A	N/A
41,260	35,500	36,972	36,063	37,414	36,346	N/A
3,548	3,383	3,714	3,165	3,634	3,311	2,412
37,577	36,260	35,532	37,658	40,120	43,078	N/A
1,577	1,654	1,682	1,871	2,054	2,036	N/A
17	18	19	20	20	18	18
12,506	14,144	13,545	13,558	14,334	14,133	14,319
2,161	2,207	2,357	2,611	2,816	2,913	3,940
9.0	10.0	10.3	11.1	10.9	8.9	11.2
5,531	6,733	7,672	10,117	9,606	11,754	14,142
582	573	606	704	735	850	946

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

FUNCTION/PROGRAM	2008	2007	2006
Public Safety and Justice (continued)			
Adult			
Community service hours completed	82,429	80,131	84,818
Adults participating in educational classes	588	481	584
Clients receiving GED's	38	62	67
Average no. adults on probation & post-prison supervision/month	9,261	9,619	9,763
District Attorney			
Cases of adult criminal activity prosecuted	27,377	21,415	22,563
Juvenile delinquency cases prosecuted	1,064	817	946
Hours of Community Court community service completed	16,742	15,477	16,984
Community Services			
Number of registered voters	380,298	380,298	430,693
Number of votes cast in last general election (a)	262,628	262,628	365,530
Percent of registered voters who voted in last general election	69%	69%	85%
Animal Control - Total Intake - Dogs and Cats	8,886	9,879	9,808
Library			
New library cards issued annually	71,843	67,379	69,973
Books circulated	20,383,292	19,900,816	19,589,530
Borrowers who used their cards in last three years	440,311	431,429	455,296
Library satisfaction (b)	91.3%	92.4%	92.5%
Web site visits/hits(c)	6,695,693	6,647,087	6,410,053
Business-type activities:			
Dunthorpe-Riverdale Service Districts			
Sewage disposal - number of accounts	583	582	579

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

(a) Community Service general elections are held in November on even years.

(b) Library satisfaction is % found library materials of interest starting in fiscal year 2004. Library satisfaction is from countywide citizen survey prior to fiscal year 2004.

(c) Website visits starting in fiscal year 2006, website hits in fiscal year 2005 and prior.

2005	2004	2003	2002	2001	2000	1999
91,886	109,349	122,391	127,439	117,890	N/A	105,774
630	554	596	567	531	446	519
99	50	73	95	66	49	64
9,118	9,347	9,171	9,042	10,603	10,674	10,198
21,936	22,008	22,530	20,436	21,933	23,154	22,041
944	1,013	947	1,127	1,487	1,236	1,510
18,123	4,668	8,464	11,403	11,516	3,064	2,719
430,693	363,589	363,843	383,915	365,596	341,210	381,939
365,530	245,238	245,238	300,065	300,065	217,894	217,894
85%	*67%	67%	*82%	82%	*57%	57%
9,597	8,939	8,448	7,739	7,534	6,979	8,763
74,805	76,161	73,012	70,219	68,599	68,752	67,626
19,462,344	18,762,556	17,854,110	16,133,945	14,008,166	12,152,743	9,450,963
474,292	465,223	436,104	509,949	515,184	444,219	393,610
92.5%	86.5%	96.8%	96.1%	97.3%	N/A	N/A
111,433,518	93,764,392	66,650,158	44,568,574	43,346,524	42,323,312	9,203,676
578	578	575	570	569	567	565

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

FUNCTION/PROGRAM	2008	2007	2006	2005
Governmental Activities:				
General Government				
Buildings owned	79	83	84	87
Buildings leased	53	59	59	59
Automobiles	328	301	311	302
Vehicles (excluding automobiles)	300	292	295	292
Heavy equipment	141	132	136	135
Health Services				
Health & dental centers	8	8	8	8
School based health centers	12	12	12	13
Social Services				
Aging & Disability offices	6	6	7	9
Public Safety and Justice				
Sheriff				
Vehicular patrol units	45	47	43	48
Number of employees (sworn and civilian)	786	798	794	814
River Patrol offices	3	3	3	3
Corrections				
Jails:				
Facilities	3	3	3	4
Population	1,633	1,690	1,690	1,537
Community Justice				
Adult probation & parole offices	6	6	6	6
Adult housing program offices	4	4	4	5
Juvenile counseling offices	4	4	4	4
Library				
Regional	2	2	2	2
Neighborhood	14	14	14	14
Leased	4	4	4	4
Roads & Bridges				
Miles of streets maintained by County:				
Paved	271	273	273	326
Unpaved	24	24	24	24
Bridges:				
Major	6	6	6	6
Minor	19	19	19	23
Business-type activities:				
Mid County				
Street lighting - lights and poles	4,484	4,439	4,400	4,219
Dunthorpe-Riverdale				
Pump stations	1	1	1	1
Miles of sewer (approximate)	15	15	15	15

Sources: Multnomah County Departments
N/A = not available

2004	2003	2002	2001	2000	1999
88	86	86	85	N/A	N/A
62	67	71	72	N/A	N/A
311	322	339	419	355	371
300	272	289	320	296	275
139	140	138	146	142	142
8	8	8	8	8	8
13	13	13	13	13	12
9	11	13	13	13	13
44	35	36	34	34	30
847	835	896	934	961	914
3	3	3	3	3	3
4	3	5	5	5	5
1,651	1,531	1,775	1,860	2,001	1,990
6	7	8	9	9	8
5	5	6	5	N/A	N/A
5	6	6	6	6	6
2	2	2	2	2	2
13	13	13	15	15	15
4	4	4	1	1	1
326	326	365	365	245	245
24	24	11	11	25	30
6	6	6	6	6	6
23	23	23	23	23	22
3,974	3,710	3,837	3,837	3,612	3,693
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 on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with Oregon 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, 2008 and have issued our report thereon dated November 25, 2008. 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 2008 and 2009.
- 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.

Collateral

The results of our tests disclosed two instances during the year of actual cash on deposit with banks in excess of insurance and collateral pledged by depositories to secure the deposits.

Public Contracting

The County has a public contract policy with oversight by a public contract review board in accordance with ORS 279. The results of our tests found payments to one vendor complied with the contract on file, but the contract did not have appropriate public bid notification or a recap of bids received – which was found to be out of compliance with the County's public contracting policy.

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.

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 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 25, 2008

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MULTNOMAH COUNTY, OREGON

Schedule of Expenditures of Federal Awards and Reports of Independent Certified Public Accountants

For the Fiscal Year Ended June 30, 2008

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, 2008
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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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated November 25, 2008. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of The Library Foundation, a discretely presented component unit, as described in our report of the County's financial statements. The financial statements of The Library Foundation were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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.

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 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 noted certain matters that we reported to management of the County in a separate letter dated November 25, 2008.

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 25, 2008

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 OMB *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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, 2008. 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 questioned costs as items 2008-01 and 2008-02.

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 items 2008-01 and 2008-02 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.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic 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, 2008, and have issued our report thereon dated November 25, 2008. Our audit was performed for the purpose of forming our opinions 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.

The County's response to the findings identified in our audit are 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 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 20, 2009, except for
the Schedule of Expenditure of
Federal Awards, which is dated November 25, 2008

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture				
Passed Through State Department of Administrative Services:				
Schools and Roads Grants to States		10.665	PL 106-393	$ 1,038,348
Passed Through State Department of Education:				
Commodity Supplemental Food Program		10.555	2613007	34,418
School Breakfast Program		10.553	2613007	63,448
National School Lunch Program		10.555	2613007	113,160
Passed Through State Department of Human Services:				
Special Supplemental Nutrition Program for Women, Infants and Children	*	10.557	1936002309	2,370,828
WIC Grants to States (WGS)		10.578	1936002309	1,725
State Administrative Matching Grants for Food Stamp Program	*	10.561	1936002309	1,880,565
Total Department of Agriculture				5,502,492
U.S. Department of Defense				
Passed Through Oregon Department of Administrative Services:				
Payments to States in Lieu of Real Estate Taxes		12.112	1936002309	2,250
Total Department of Defense				2,250
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/Entitlement Grants		14.218		399,162
Supportive Housing Program	*	14.235		2,246,930
Healthy Homes Demonstration Grants		14.901		345,714
Passed Through City of Portland-Bureau of Community Development:				
Housing Opportunities for Persons with AIDS		14.241	37470	15,657
Lead-Based Paint Hazard Control in Privately-Owned Housing		14.900	35679	16,581
Passed Through City of Portland-Water Bureau:				
Lead-Based Paint Hazard Control in Privately-Owned Housing		14.900	36728	120,000
Total Department of Housing and Urban Development				3,144,044
U.S. Department of Interior				
Direct Programs:				
Payment in Lieu of Taxes		15.226		15,151
Distribution of Receipts to State and Local Governments		15.227		1,242,813
Total Department of Interior				1,257,964
U.S. Department of Justice				
Direct Programs:				
Services for Trafficking Victims		16.320		78,823
Supervised Visitation, Safe Havens for Children		16.527		181,401
Grants to Encourage Arrest Policies and Enforcement of Protection Orders		16.590		389,492

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Justice (continued)			
Community Capacity Development Office	16.595		217,282
State Criminal Alien Assistance Program	16.606		211,591
Bulletproof Vest Partnership Program	16.607		10,516
Community Prosecution and Project Safe Neighborhoods	16.609		160,582
Public Safety Partnership and Community Policing Grants	16.710		255,079
Reduction and Prevention of Children's Exposure to Violence	16.730		177,558
Anti-Gang Initiative	16.744		324,139
Passed Through City of Portland Bureau of Police:			
Public Safety Partnership and Community Policing Grants	16.710	2006CKw0500	52,170
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-F3851-OR-DJ	369,388
Passed Through SE Uplift:			
Community Capacity Development Office	16.595	Multnomah County	6,003
Passed Through Oregon Department of Corrections:			
Prisoner Reentry Initiative Demonstration	16.202	3518	15,000
Passed Through State Department of Justice:			
Crime Victim Assistance	16.575	04-2266/05-2440	138,054
Passed Through State Police:			
Juvenile Accountability Incentive Block Grants	16.523	2006-6362	55,685
Juvenile Accountability Incentive Block Grants	16.523	03-659/04-625	55,686
Violence Against Women Formula Grants	16.588	05-766/06-761	50,000
Byrne Memorial Formula Grant Program	16.579	01-05/10-02	83,433
Total Department of Justice			2,831,882
U.S. Department of Labor			
Passed Through Worksystems, Inc.:			
WIA Pilots, Demonstrations, and Research Projects	17.261	07-75059	86,641
Total Department of Labor			86,641
U.S. Department of Transportation			
Passed Through State Department of Transportation:			
Highway Planning and Construction	20.205	1936002309	2,734,972
Total Department of Transportation			2,734,972
Institute of Museum and Library Services			
Passed Through Oregon State Library:			
Grants to States	45.310	08-05-5P	33,857
Grants to States	45.310	08-04-5P	5,782
Grants to States	45.310	05-05-1P	4,547
Grants to States	45.310	05-0-1/06-01-1	255,415
Grants to States	45.310	07-06-5P	41,526
Total Institute of Museum and Library Services			341,127

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
National Endowment for the Humanities (continued)			
Direct Programs:			
Promotion of the Humanities Division of Preservation and Access	45.149		5,000
Total National Endowment for the Humanities			5,000
U.S. Environmental Protection Agency			
Direct Programs:			
Brownsfield Assessment and Cleanup Cooperative Agreement	66.818		22,243
Passed Through State Department of Human Resources:			
State Public Water System Supervision	66.432	113327-1	7,960
Capitalization Grants for Drinking Water State Revolving Funds	66.468	122710-1	7,690
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	1936002309	10,000
Surveys, Studies, Training Demonstrations and Educational Outreach	66.716	1936002309	32,183
Total U.S. Environmental Protection Agency			80,076
U.S. Department of Energy			
Passed Through Oregon Housing and Community Services:			
Weatherization Assistance for Low-Income Persons	81.042	210009	148,458
Total Department of Energy			148,458
U.S. Department of Education			
Passed Through Oregon Department of Education:			
Twenty-First Century Community Learning Centers	84.287	02-21CCLC	527,661
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	24,180
Total Department of Education			651,841
Elections Assistance Commission			
Passed Through Oregon Secretary of State:			
Help America Vote Requirements Payments	90.401	1936002309	37,136
Total Elections Assistance Commission			37,136
U.S. Department of Health & Human Services			
Direct Programs:			
Community-Based Abstinence Education (CBAE)	93.010		578,831
Admin for Children & Families - Enhanced the safety of affected by Parental Methamphetamine Abuse	93.087		447,789
Injury Prevention and Control Research and State and Community Based Programs	93.136		540,772

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)				
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		6,499,859
Substance Abuse and Mental Health Services Projects of State Capacity Building		93.240		86,566
Substance Abuse and Mental Health Services Projects of Regional and National Significance		93.243		546,470
Drug Abuse and Addiction Research Programs		93.279		83,016
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283		31,633
Cancer Cause and Prevention Research		93.393		32,221
Refugee and Entrant Assistance Discretionary Grants		93.576		150,000
Health Care and Other Facilities		93.887		20,828
HIV Emergency Relief Project Grants		93.914		3,074,530
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease		93.918		839,501
Healthy Start Initiative		93.926		884,962
Special Projects of National Significance		93.928		28,847
Passed Through John Hopkins University:				
Nursing Research		93.361	1936002309	11,683
Passed Through Mount Hood Community College Head Start:				
Head Start		93.600	0210115-6	61,500
Passed Through National Association of City and County Health Officials:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	2007-050201	25,875
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	2007-092705	8,448
Medical Reserve Corps Small Grant Program		93.008	MRC 07223	5,038
Passed Through NW Family Services:				
Healthy Marriage Promotion and Responsible Fatherhood		93.086	90FE0079	298,123
Passed Through Oregon Association of Hospitals and Health Systems:				
National Bioterrorism Hospital Preparedness Program		93.889	Multnomah County	23,737
Passed Through Oregon Commission on Children and Families:				
Promoting Safe and Stable Families		93.556	1936002309	204,203
Child Care and Development Block Grant		93.575	1936002309	277,422
Social Services Block Grant		93.667	1936002309	563,884
Social Services Block Grant		93.667	0709Mult	108,346
Passed Through Oregon Housing and Community Services:				
Temporary Assistance for Needy Families		93.558	0310559	105,395
Low-Income Home Energy Assistance	*	93.568	0310559	3,977,749
Community Services Block Grant		93.569	0310559	783,623

* Indicates a Major Program

(continued)

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)				
Passed Through Oregon Health Sciences University:				
Nursing Research		93.361	GS0N00191-MUL.1	65,920
Ryan White HIV/AIDS Dental Reimbursements / Community Based Partnerships		93.924	GPBH0012A©	14,157
Maternal and Child Health Services Block Grant to the States		93.994	4 B04MC06604-01-03	127,382
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	9,096
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services		93.043	1936002309	52,045
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	*	93.044	1936002309	764,091
Special Programs for the Aging Title III, Part C Nutrition Services	*	93.045	1936002309	944,672
Special Programs for the Aging Title IV and Title III Discretionary Projects		93.048	1936002309	60,226
National Family Caregiver Support		93.052	1936002309	296,713
Nutrition Services Incentive Program	*	93.053	1936002309	402,506
Project Grants & Cooperative Agreements for Tuberculosis Control Programs		93.116	1936002309	151,879
Projects for Assistance in Transition From Homelessness (PATH)		93.150	1936002309	235,063
State Capacity Building		93.240	1936002309	23,300
Family Planning Services		93.217	1936002309	257,245
Immunization Grants	*	93.268	1936002309	2,170,635
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	1936002309	660,797
Temporary Assistance for Needy Families		93.558	1936002309	214,788
National Bioterrorism Hospital Preparedness Program		93.889	1936002309	323,089
HIV Care Formula Grants		93.917	1936002309	12,756
HIV Prevention Activities Health Department Based		93.940	1936002309	876,213
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance		93.944	1936002309	183,207
Block Grants for Community Mental Health Services		93.958	1936002309	516,163
Block Grant for Prevention and Treatment of Substance Abuse	*	93.959	1936002309	3,592,991
Maternal and Child Health Services Block Grant to the States		93.994	1936002309	446,887
Passed Through Oregon Department of Justice:				
Child Support Enforcement		93.563	1936002309	1,557,200
Passed Through Oregon Research Institute:				
Alcohol Research Programs		93.273	R01 AA011510	84,541

(continued)

* Indicates a Major Program

MULTNOMAH COUNTY, OREGON
Schedule of Expenditures of Federal Awards
For the Year ended June 30, 2008

Grantor and Program Title		Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health & Human Services (continued)				
Passed Through Portland State University:				
Injury Prevention and Control Research and State and Community Based Programs		93.136	CDC sub050139 MCHD	416,933
Passed Through University of California:				
Drug Abuse and Addiction Research Programs		93.279	2000 G FN565	63,661
Passed Through University of Washington:				
AIDS Education and Training Centers		93.145	269812	99,311
Passed Through Washington County Public Health:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	CA 08-0271 PO# 141766	48,000
Passed Through Washington State Department of Health:				
Centers for Disease Control and Prevention Investigations and Technical Assistance	*	93.283	N15002	50,262
Total Department of Health and Human Services				35,022,580
US Department of Homeland Security				
Passed Through City of Portland Department of Emergency Communications:				
Urban Areas Security Initiative	*	97.008	52304	403,146
Passed Through Oregon State Police:				
Law Enforcement Terrorism Prevention Program (LETPP)		97.074	1936002309	188,869
Emergency Management Performance Grants		97.042	1936002309	164,398
Passed Through Oregon State Marine Board:				
Boating Safety Financial Assistance		97.012	1936002309	707,722
Passed Through United Way:				
Emergency Food and Shelter National Board Program		97.024	708000-009	236,234
Total Department of Homeland Security				1,700,369
Total Federal Expenditures				53,546,832

* Indicates a Major Program

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, 2008. The County's reporting entity is defined in Note 1 to the County's June 30, 2008 basic financial statements.

Note B – Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting, as described in Note 1 to the County's basic financial statements. The Schedule provides the summary of expenditures of federal awards by program or program cluster, by State Agency, if applicable, and by detailed passed through agency, if applicable. Federal CFDA numbers are from the Catalog of Federal Domestic Assistance (CFDA) published by the Office of Management and Budget and the General Services Admcinistration. Any programs without a CFDA number are presented with only the federal agency's two-digit prefix in place of a CFDA number.

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 three noncash awards.

An award from the State Department of Education provides food donations (CFDA #10.555 Commodity Supplemental Food Program) for the Juvenile Detention Center. The value of the food is determined by the Grantor; $34,418.

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, 2008 is calculated on a proportionate basis; $2,096,037.

An award from the Department of Homeland Security (CFDA #97.008 Urban Areas Security Initiative) passed through the City of Portland provided an Emergency Response Vehicle valued at $55,614.

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	$ 357,970
Supportive Housing Program	14.235	1,843,150
Supervised Visitation, Safe Havens for Children	16.527	117,508
Edward Byrne Memorial Formula Grant Program	16.579	43,067
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	150,953
Community Capacity Development Office	16.595	217,160
Community Prosecution and Project Safe Neighborhoods	16.609	53,913
Public Safety Partnership and Community Policing Grants	16.710	17,115
Reduction and Prevention of Children's Exposure to Violence	16.730	140,241
Anti-Gang Initiative	16.744	166,727
Safe and Drug-Free Schools and Communities	84.186	650,014
Twenty-First Century Community Learning Centers	84.287	359,978
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	223,214
Special Programs for the Aging Title III, Part C Nutrition Services	93.045	944,672
Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048	51,692
National Family Caregiver Support, Title III, Part E	93.052	97,175
Nutrition Services Incentive Program	93.053	150,583
Enhance the Safety of Children Affected by Parental Methamphetamine or Other Substance Abuse	93.087	304,263
Injury Prevention and Control Research and State and Community Based Programs	93.136	90,316
Projects for Assistance in Transition From Homelessness (PATH)	93.150	206,250
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	499,740
Alcohol Research Programs	93.273	1,325
Drug Abuse and Addiction Research Programs	93.279	7,518
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	14,500
Temporary Assistance for Needy Families	93.558	93,549
Low-Income Home Energy Assistance Program	93.568	453,780
Community Services Block Grant	93.569	635,741
Social Services Block Grant	93.667	601,591
HIV Emergency Relief Project Grants	93.914	2,039,103
HIV Care Formula Grants	93.917	20,755
HIV Prevention Activities Health Department Based	93.940	298,001
Block Grants for Community Mental Health Services	93.958	329,470
Block Grants for Prevention and Treatment of Substance Abuse	93.959	3,321,662
Urban Area Security Initiative	97.008	157,795
Total subrecipient pass-through		$ 14,698,965

MULTNOMAH COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2008

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? _____ yes __X__ none reported

Noncompliance material to financial statements noted? _____ yes __X__ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes __X__ no
- Significant 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:

CFDA Number(s)	*Name of Federal Program or Cluster*
10.557	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
10.561	Food Stamp Cluster
14.235	Supportive Housing Program
93.268	Immunization Grants
93.283	Centers for Disease Control
93.568	Low Income Home Energy Assistance Program
93.959	Block Grant for Prevention and Treatment of Substance Abuse
97.008	Urban Areas Security Initiative
	Aging Cluster
93.044	Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers
93.045	Special Programs for the Aging Title III, Part C Nutrition Services
93.053	Nutrition Services Incentive Program

Dollar threshold used to distinguish between type A and type B programs: $ 1,606,405

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

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

FINDING 2008-1 - Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)

Federal Programs: Supportive Housing Program, 14.235;
Aging Cluster, 93.044, 93.045, 93.053
Centers for Disease Control, 93.283;
Low-Income Home Energy Assistance Program, 93.568;
Urban Areas Security Initiative, 97.008

Federal Agency: U.S. Department of Housing and Urban Development, U.S. Department of Health and Human Services, U.S. Department of Homeland Security

Award Year: 2007-2008

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 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) states that substitute systems for allocating salaries and wages to Federal awards are acceptable, but are subject to approval by cognizant agency.

Condition: During the prior year audit, as part of a finding in Allowable Costs and Activities, a recommendation was made to the County in January 2008 regarding the documentation of time and effort reporting for payroll costs. Upon notification of the recommendation, the County implemented Time and Effort study procedures and processes, however, this occurred for the second half of the current fiscal year and was not retroactively applied for the entire fiscal year. Therefore, for the first six months of the current fiscal year, the County did not require periodic certifications where the employee worked solely on a single Federal award or cost objective, or require actual time records, time studies or the equivalent thereof in order to properly allocate actual time to Federal grants. Personnel costs, including benefits, were charged to the Federal grants based on budgeted or estimated amounts. As of June 30, 2008, it appears that the County has implemented policies and procedures to address documentation of time and effort reporting of payroll costs going forward. However, due to not applying these procedures retroactively for the entire fiscal year, there is a repeat finding regarding time and effort payroll allocation.

Questioned Costs: Questioned costs for payroll allocation are approximately $344,000. Specifically, questioned costs for each program are as follows: approximately $10,000 for the Supportive Housing Program, $188,000 for the Centers for Disease Control, $109,000 for the Low Income Energy Assistance Program and $37,000 for the Urban Areas Security Initiative Program. For the Aging Cluster, we did not question those payroll costs as the employees were working solely on a single Federal award and we were able to obtain job descriptions, time cards and other supporting documentation to substantiate those costs. However, periodic certifications were not obtained or were not completed timely and we will therefore document this in our recommendation.

Context: The County requires semi-monthly timesheets that are certified by supervisors. However, for the first half of the fiscal year, employees were not required to record their actual time per program or the County did not perform time studies to document actual payroll costs charged to the grant. Instead, budgeted amounts are used to charge payroll costs to the individual Federal grants. In addition, for those employees that work solely on a single Federal award, the County employees are not consistently completing 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.

Cause: Prior year recommendation was made in January 2008 and the County implemented a corrective action for only the second half of the fiscal year. Therefore, for the first six months of fiscal year 2008, recording actual time for employees working on grants, or the equivalent thereof, was not being done. In addition, periodic certifications for employees working solely on single Federal awards were not consistently being obtained.

Recommendation: We recommend that the County continue to develop and implement a system to track actual personnel compensation for those individuals working on multiple Federal grants. We recommend that those allocations, based on actual amounts, be reflected in the accounting system and properly allocated to the federal grants. We also recommend that for those employees working 100% on Federal awards, the County should consistently obtain periodic certifications, at

least semi-annually, and that they be signed by the employee or supervisor having first hand knowledge of the work performed by the employee. Finally, as the County did in fact implement a Time and Effort system in accordance with OMB A-87 during January 2008, we recommend that the County consider a retroactive review (time study) of the first six months of the fiscal year.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

FINDING 2008-2 – Program Subrecipient Monitoring - Significant Deficiency in Internal Control and Instance of Noncompliance

Federal Program: Urban Areas Security Initiative, 97.008

Federal Agency: U.S. Department of Homeland Security

Award Year: 2007-2008

Criteria: OMB Circular A-133, Section 400(d) outlines the responsibilities of recipients of Federal awards regarding funds passed-through to other organizations. Specifically, the pass-through entity is to: (1) monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contract or grant agreements and that performance goals are achieved. In addition, the Intergovernmental agreement between the County and the pass-through entity (the City of Portland), item #9 states that "Neither party will subcontract or assign any part of this agreement without the written consent of the other party."

Condition: While testing all 16 subrecipient invoices, there was no clear indication of review over the subrecipient invoices by County personnel overseeing the program, although the activities appear to be allowable. In addition, four of the 16 invoices tested contained mathematical errors that were not noticed by County personnel. Finally, there was no written consent found between the County and the pass-through entity (the City of Portland) with respect to subcontracting and/or assigning of program services.

Questioned Costs: Questioned costs were well below the reporting threshold of $10,000.

Context: The County is responsible for ensuring that invoices submitted by the subrecipient are both accurate and in compliance with program requirements. In all subrecipient reimbursement requests tested, there was no clear indication of the invoices being reviewed. Also, the lack of proper dollar amount review is pervasive to the program, as indicated by the mathematical errors noted. Furthermore, the agreement with the funding agency required written consent for subcontracting and/or assigning of program work, yet no such written consent was found. However, the pass-through entity did receive and pay these invoices, so they were aware of the assigned program services.

Effect: As evidenced by mathematical errors found in the subrecipient reimbursement requests, the County requested and provided inaccurate amounts to the funding agency. These mathematical errors were immaterial and did not rise to the level of questioned costs to be reported. In addition, although the funding agency paid the reimbursement requests, all such transactions by and with

subrecipients could be considered in violation of the agreement as there was no clear indication of written consent for subcontracting and/or assigning of program services.

Cause: Proper controls over the review of subrecipient invoices did not exist. County personnel considered programmatic review of subrecipient invoices adequate and believed that the funding agency bore the responsibility for mathematical review. Finally, with respect to the contract terms, it appears that the requirement for written consent was overlooked.

Recommendation: We recommend that the County develop and implement program monitoring procedures over subrecipients, specifically over the review of subrecipient invoices. In addition, we recommend that the County obtain proper written consent to subcontract program services from the funding agency, as required within their agreement.

Management's Response: Management's response is included at "Management's Views and Corrective Action Plan"

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Management's Views and Corrective Action Plan to Current Year Audit Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2008

FINDING 2008-1 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance (Repeat Finding)

Federal Programs: Supportive Housing Program, 14.235;
Aging Cluster, 93.044, 93.045, 93.053;
Centers for Disease Control, 93.283;
Low-Income Home Energy Assistance Program, 93.568;
Urban Areas Security Initiative, 97.008

Management understands the importance of accurately accounting, tracking, and documenting actual personnel costs charged to Federal awards in-order to adhere to OMB Circular A-87. Due to the wide array of services provided by multiple County departments, procedures and processes to track and record actual payroll costs charged to Federal awards will vary across the County. Therefore, County departments may be addressing this finding differently in order to best fit the Department's operations and business needs.

The Health Department (HD) provided presentations to staff on tracking actual personnel costs charged to multiple Federal grants. The presentations were used to develop time and effort accounting and reporting processes in HD service areas and to comply with the Federal rules and requirements. Effective December 2008 Health Department staff working under multiple Federal funding sources are required to record time charged to grants on their time sheet. Automatic system allocations based on budgets have been eliminated. In addition, semi-annual time certifications have been required of HD staff working solely on one Federal grant activity since the beginning of fiscal year 2009.

The Department is currently implementing a time study method for payroll costs charged to Federal grants for the period from July 2008 through November 2008. The time study will be used to document HD staff time charged to multiple Federal funding sources. Finally, the Health Department has developed a matrix to track the various methods used across the Department for time and effort reporting on Federal awards. The matrix notes each Federal award by CFDA number along with the current methodology for time and effort reporting. This matrix will be updated routinely and used by the Department to ensure continuous compliance to A-87 time and effort guidelines.

The Department of County Human Services (DCHS) has worked closely with our external auditors and our cognizant agency in order to develop time and effort reporting processes over specific Federal awards to meet the requirements of OMB A-87. Due to the timing of the completion of the fiscal year 2007 single audit, there were two quarters in fiscal year 2008 that did not have documented time studies. For all of fiscal year 2009, DCHS has implemented time studies to ensure payroll costs charged to Federal awards in the Department are substantiated and in compliance with OMB A-87. In addition the Department will review all DCHS personnel costs charged to Federal awards to ensure time and effort reporting is not a repeat finding for next year's single audit.

The Multnomah County Sheriff's Office (MCSO) uses a public safety scheduling system, Telestaff, in order to manage law enforcement schedules, track staff time, overtime and related costs. Telestaff was used as the system of record for law enforcement time charged to the UASI grant. The Telestaff system does not interface with the County's enterprise system, SAP, where payroll is recorded in the general ledger and charged to grants. During the audit of the UASI grant, the auditors informed MCSO management that Telestaff does not have adequate review and time approvals in order to be in compliant with OMB A-87 for time and effort reporting. Before the end of fiscal year 2009, the Sheriff's Office will review payroll costs charged to Federal awards and develop and implement an approach that meets the Federal rules and requirements. An approved time and effort approach will be implemented in fiscal year 2009 in order for MCSO's Federal awards to be in compliance with the OMB for next year's single audit. MCSO will require semi-annual time certifications for any staff time charged to a single cost objective. The time certifications will be signed by the individual working on a Federal award along with an approval from his or her supervisor.

FINDING 2008-2 – Program Subrecipient Monitoring – Significant Deficiency in Internal Control and Instance of Noncompliance

Federal Program: Urban Areas Security Initiative, 97.008

Multnomah County is responsible for programmatic and fiscal subrecipient monitoring of Federal pass through awards. Programmatic subrecipient monitoring occurs at the department or program level and fiscal subrecipient monitoring is managed by central fiscal compliance. At the program level, the Department is responsible for reviewing and approving subrecipient invoices for accuracy and completeness as well as monitoring the program activities of the subrecipient to ensure Federal pass-through awards are used appropriately and in compliance with laws, regulations and provisions of the contract. The Emergency Management (EM) program will assure programmatic subrecipient monitoring activities are performed in order to meet legal, grantor and contractual requirements as well as any performance goals noted in contracts. Program staff shall evidence their review and approval of subrecipient invoices for accuracy and completeness by noting an authorized signature and date on invoices or other supporting documentation. In addition, EM will closely review contracts and sub-award agreements and obtain the appropriate written consent prior to assigning or delegating program activities, if applicable, in order to be in compliance with contract provisions.

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Summary Schedule of Prior Year Audit Findings and Questioned Costs
For the Fiscal Year Ending June 30, 2007

FINDING 2007-02 Allowable Costs: Payroll Level of Effort Reporting – Significant Deficiencies in Internal Control and Instances of Noncompliance

Federal Programs: Supportive Housing Program, 14.235
Centers for Disease Control, 93.283
Low-Income Home Energy Assistance Program, 93.568
Block Grant for Treatment of Substance Abuse, 93.959

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.

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.

Status of Finding: *In-progress:* The County has been working closely with our auditors and certain State agencies to develop and implement methods to allocate payroll costs in compliance with A-87. The approved methods, however, were not implemented until late in fiscal year 2008 or in some instances in fiscal year 2009, and therefore the County received this comment as a repeat finding for the fiscal year 2008 single audit. Management is confident that the payroll allocation methods implemented by the Departments will meet the OMB requirements and this will not be a repeat finding for fiscal year 2009.

FINDING 2007-03 Eligibility – Instance of Noncompliance

Federal Program: Low-Income Home Energy Assistance Program, 93.568

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.

Recommendation: We recommend that income eligibility calculations are performed on all weatherization applications, regardless of applicants' eligibility determination by another program.

Status of Finding: *Fully Corrected***:** Income verification procedures are being performed on 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

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.

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.

Status of Finding: *Fully Corrected:* The County has made changes to strengthen internal controls over bank accounts in addition to providing additional training on petty cash accounts.