MAKING A GREAT PLACE

Metro

www.oregonmetro.gov

600 NE Grand Ave.
Portland, Oregon
97232-2736

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2015

MAKING A GREAT PLACE

Metro

Clean air and clean water do not stop at city limits or county lines. Neither does the need for jobs, a thriving economy, and sustainable transportation and living choices for people and businesses in the region. Voters have asked Metro to help with the challenges and opportunities that affect the 25 cities and three counties in the Portland metropolitan area.

A regional approach simply makes sense when it comes to providing services, operating venues and making decisions about how the region grows. Metro works with communities to support a resilient economy, keep nature close by and respond to a changing climate. Together, we're making a great place, now and for generations to come.

Stay in touch with news, stories and things to do.

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MetroCAFR

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015

Finance and Regulatory Services Department

Finance and Regulatory Services Director
Timothy C. Collier, CPA, MBA

Prepared by
Accounting Services Division

Accounting Compliance Officer
Donald R. Cox, Jr., CPA, MBA, CGMA, CGFM

Financial Reporting and Control Supervisor
Karla J. Lenox, CPA

Metro | *Making a great place*

600 NE Grand Ave., Portland, Oregon 97232

METRO

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2015

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600 NE Grand Ave.
Portland, OR 97232-2736
www.oregonmetro.gov

Metro | *Making a great place*

November 17, 2015

To the Council and Citizens of the Metro Region:

In accordance with ORS 297.425, we are pleased to present the Comprehensive Annual Financial Report of Metro, for the fiscal year ended June 30, 2015, accompanied by the report of Metro's independent auditors, Moss Adams, LLP.

The Comprehensive Annual Financial Report (CAFR) presents the financial position of Metro as of June 30, 2015, and the results of its operations, as well as cash flows for its proprietary fund types for the fiscal year ending on that date. The financial statements and supporting schedules have been prepared by management in accordance with accounting principles generally accepted in the United States of America (GAAP), meet the requirements of the standards as prescribed by the Oregon Secretary of State and are in conformance with the guidelines for financial reporting developed by the Government Finance Officers Association of the United States and Canada.

The CAFR provides meaningful financial information to legislative bodies, creditors, investors and the public. There are four main sections in this report, including a section with reports of our independent certified public accountants required by Oregon Administrative Rules and federal regulations. These reporting requirements are incorporated in the Minimum Standards for Audits of Municipal Corporations, as prescribed by the Secretary of State, *Government Auditing Standards* and in federal regulations such as Office of Management and Budget Circular A-133.

Internal controls. Metro management is responsible for the completeness and reliability of all the information and representations presented in this CAFR, based upon a comprehensive internal control framework established for this purpose. This framework is designed to provide reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition, and that accounting transactions are executed in accordance with management's authorization and properly recorded, so that the financial statements can be prepared in conformity with GAAP. The design and operation of internal controls also ensures that federal and state financial assistance funds are expended in compliance with applicable laws and regulations related to those programs. Because the cost of internal controls should not outweigh their benefits, Metro's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects..

Independent audit. In accordance with Oregon law, Metro's financial statements have been audited by Moss Adams, LLP. The auditor issued an unmodified ("clean") opinion on Metro's financial statements for the year ended June 30, 2015 (see pages 14-16). The independent audit of the financial statements was performed in accordance with applicable auditing standards as described by Moss Adams, LLP in their reports included in this document.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of Metro

Metro crosses city limits and county lines to make our communities safe, livable and ready for tomorrow. From protecting our region's air, water and natural beauty to supporting neighborhoods, businesses and farms that thrive, Metro makes our region a great place. Metro serves more than 1.6 million residents in Clackamas, Multnomah and Washington counties, and the 25 cities in the Portland, Oregon metropolitan area. Metro, the only directly elected regional government in the United States, is governed by a council president, elected region wide, and six councilors elected by district.

History. In 1978 voters approved the merger of a council of governments (Columbia Region Association of Governments) that had land use and transportation planning responsibilities, with the Metropolitan Service District, which had been created to provide regional services that included the solid waste management plan and operation of a metropolitan zoo (now named the Oregon Zoo). The expanded Metropolitan Service District (the District) had the combined authority of the two predecessor agencies and potential additional powers. The District was organized under a grant of authority by the Oregon Legislature, incorporated in Oregon Revised Statutes. The District's powers were limited to those granted by the Legislature with the implied powers necessary to carry out its duties. Any extension of the District's powers had to be approved by the Legislature.

In the early 1980s, the District was assigned the responsibility for regional solid waste disposal, took over operation of the one existing publicly owned regional landfill (since closed) and began construction of a solid waste transfer station. In November 1986, voters approved general obligation bond funding for the Oregon Convention Center (OCC), which was financed, built, and is now operated by Metro. In January 1990, under terms of an intergovernmental agreement with the City of Portland, the District assumed management responsibility for the Portland'5 Centers for the Arts (Portland'5).

Also in 1990, the Legislature referred a constitutional amendment to the voters to allow the creation of a home-rule regional government in the Portland metropolitan area. Voters approved the amendment and subsequently approved the Metro Charter in 1992. Metro thereby achieved the distinction of being the nation's only directly elected regional government organized under a home-rule charter approved by voters. Metro is responsible for a broad range of public services. According to the home-rule charter, Metro has primary responsibility for regional land use and transportation planning, and is further empowered to address any other issue of "metropolitan concern."

In 1994 Metro assumed management responsibility for the Multnomah County parks system and the Portland Expo Center (Expo). Ownership of these facilities was transferred to Metro on July 1, 1996. Subsequent voter-approved bond measures have been used to maintain and improve water quality, and protect fish and wildlife habitat.

Metro has emerged as a leader of regional initiatives – a collaborative partner, facilitator, technical assistance provider, process manager and advocate. On-going Metro initiatives support business development and smart planning to make healthy neighborhoods that are good for our economy and quality of life. Around our region, tens of thousands of acres of natural areas are protecting the environment for residents to enjoy, while improving the quality of our streams for fish and other native species. Metro policies, programs and services are part of the fabric of life in our region. They are the common threads that connect neighborhood wetlands, the Expo antique shows, penguins at the Oregon Zoo, recycled newspapers, extensive bike paths and symphony performances at the Arlene Schnitzer Concert Hall.

Budget. The annual adopted budget serves as the foundation for Metro's financial planning and control. Metro prepares a budget for each fund in accordance with the legal requirements set forth in Oregon Local Budget Law. The Council adopts the budget for all funds by ordinance prior to the beginning of Metro's fiscal year (July 1). The ordinance authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. Unexpected additional resources and budget revisions may be added to the budget by use of a supplemental budget or, under certain conditions, by an ordinance passed by the Council amending the budget. The original and any supplemental budgets require hearings before the public, publication in newspapers and approval by the Council. Management may amend the budget *within* the appropriated levels of control without Council approval. Appropriations that have not been expended at year-end lapse and subsequent actual expenditures are charged against the ensuing year's appropriations.

Reporting Entity

For financial reporting purposes, Metro is a primary government under the provisions of *Governmental Accounting Standards Board (GASB) Statement No. 39*. This report includes all organizations and activities for which the elected officials exercise financial control. In addition, the Oregon Zoo Foundation (OZF) warrants inclusion in the report because of the nature and significance of its relationship with Metro, including its on-going financial support of Metro's Oregon Zoo. The OZF is a legally separate, tax-exempt organization organized to encourage and aid the development of the Oregon Zoo. The financial statements of OZF are included in this report as a discretely presented component unit.

Factors Affecting Financial Condition

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific environment within which Metro operates.

Local economy. The Portland metropolitan region (i.e., the Portland-Vancouver-Hillsboro, OR-WA Metropolitan Statistical Area) is home to over 2.3 million residents, nearly 1.6 million of those residing within the Metro boundary. The Portland MSA ranks as the 24th largest U.S. metropolitan area. According to the U.S. Census Bureau, regional population growth rebounded to 1.4 percent in 2014, the fastest annual growth since the Great Recession.

The "economic region" is comprised of five counties in Oregon and two other counties in Washington. Significant economic interactions can be seen among the counties. The region is a hub for financial activities, domestic and international trade, transportation and services for all of Oregon, southwest Washington and the Columbia River basin. The Portland MSA has employment totaling over 1.1 million jobs, with over 80 percent of those jobs located inside the Metro boundary. The latest Portland MSA job reading (August 2015) shows year over year annualized growth of 4.0 percent, outpacing the 2.0 percent rate for the United States. The economic recovery seems to have finally taken root as the region has sustained nearly three percent growth for almost eight quarters. The region's unemployment rate continues to fall and now stands at 5.5 percent (August 2015), according to the Oregon Employment Department.

Local companies like Nike, Precision Castparts, Schnitzer Steel, Portland General Electric, Columbia Sportswear and Flir call the Portland area home. Other top private sector manufacturers and financial companies in the region include Intel, StanCorp Financial Group, Wells Fargo, U.S. Bank, Daimler Trucks North America, Xerox and Boeing. The largest health and medical providers also ranked by number of metro area employees are Providence Health System, Legacy Health System and Kaiser Permanante Northwest (source: *Portland Business Journal*).

Job growth in the region seems to have turned a corner and is growing at a robust pace. Manufacturing employment growth has registered a 3.6 percent or higher job growth the last seven consecutive months. Private service sector or non-industrials have posted 4.0 percent and 4.2 percent year over year growth in the August and September months – roughly a one percentage point jump over the previous readings in the year. Government employment has also jumped with a year over year job growth between 2.5 and 3.0 percent since the fourth quarter of 2014 (source: B*ureau of Labor Statistics*). Not to dampen prospects, but national trends indicate that much of the jump in employment may owe to an increase in part-time workers instead of traditional full-time positions. The job growth has not led to expected average wage increases and in part may be explained by the still high number of part-time workers. The Federal Reserve shows overall wage growth still well below pre-recession rates. The labor force participation rate continues its downward trajectory among Americans despite the economic recovery going on six years (source: *Atlanta Federal Reserve*).

The Metro region boasts two deep water operating ports on the Columbia River (in Portland, OR and Vancouver, WA) providing public terminal services and space for industrial tenants. The Port of Portland, which also has terminals on the Willamette River, is the larger of the two, and handles about 13 million tons of cargo annually. Key types of imports/exports are automobiles, grains (i.e., wheat), minerals (i.e., potash and soda ash) as well as break bulk cargo consisting primarily of steel slabs, steel rails, and materials for industrial drilling. Recently, the shipping company Hanjin made the decision to withdraw and not call on Portland due to a union-led work slowdown in the Portland port that forced the company to be late for its next port of call and which added to their costs. In the near term, local shippers are finding other modes to move goods. In the longer run, in the unlikely event that the Port is unable to sign up a new overseas shipper, the result could be slower growth (source: *Port of Portland*).

The Port of Portland also oversees an international airport in Portland (PDX) and two smaller regional commuter airports in Hillsboro and Gresham, located at opposite ends of the region. PDX hosts non-stop international flights to Europe and Asia and is a major hub for Alaska Airlines and Horizon Air. Recently, PDX topped 16.3 million passengers going through the airport and handles over 223,000 tons of cargo through the air on an annualized basis (source: *Port of Portland*). PDX ranked second among medium-sized airports in a nationwide airport satisfaction survey in 2010, giving it high marks for food and retail services (*J.D. Power and Associates*).

Outlook. Metro's regionally accepted growth projections anticipate an annual average growth rate of 1.1 percent for the Portland MSA from 2010 to 2040.

The job growth for the Portland MSA is expected to average about 1.5 percent per year through 2040. The region remains the largest in the state in terms of outright job growth at about 35,000 per year over the last two years. The area represents a rising share of all jobs in the state of Oregon – about 54 percent today (after subtracting jobs for Clark and Skamania counties in Washington state).

According to the Oregon Office of Economic Analysis' September 2015 economic outlook, despite slower growth from China, a U.S. expansion that is now six years old and other potential economic headwinds – the consensus belief is that there is still capacity for growth to continue in the current phase of the business cycle. State pundits expect Oregon will continue seeing improvement in job growth, a lower unemployment rate and a steady growth in wages.

Inflation adjusted GDP edged up 0.6 percent in the first quarter (2015) and rebounded up to a revised estimate of 3.9 percent in the second quarter (source: *Bureau of Economic Analysis*). According to the state economist, Oregon has once again regained its economic edge as a leader in terms of job gains, with the pace of statewide growth now twice that of the U.S. as a whole. The additional job growth assumed in the most recent state forecast will bring with it additional state tax collections in fiscal year 2016 and beyond (source: *Office of Economic Analysis*).

The regional economic outlook is expected to face favorable trends. Regional job growth is gaining extra momentum now that the drag from the real estate sector has lifted and the government sector is no longer downsizing. More importantly, a private sector that is actually creating jobs is a boost to the economy. Job levels in the region are near the pre-recession high mark. The manufacturing sector – led by high-tech and advance manufacturing – is propelling a sector of the economy that is still important to regional prosperity. Transportation equipment producers in the region have been adding to their payroll at a torrid pace since October a year ago. Private sector employment growth has been broad based over the last 12 months. The one exception seems to be the finance and insurance industry which has not shown the same resiliency as other sectors. Monthly employment readings on a year over year basis are trending higher with the latest autumn reading topping 4.0 percent annualized growth. Employment now stands at 1,118,300 (seasonally unadjusted). By year 2040, the draft regional forecast for the Portland MSA region will have employment levels hitting 1,571,000 with an average growth rate of 1.5 percent a year.

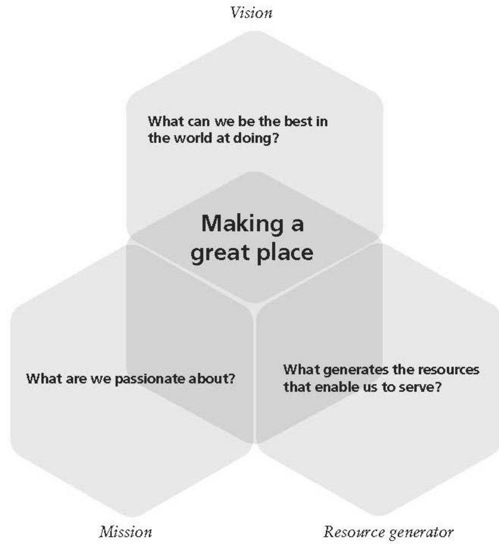
The economic recovery is underway and this economic growth leads to increases in revenue that Metro relies on to deliver programs and activities, from solid waste revenues to the construction excise tax (CET) to transient lodging tax (TLT) to user fees and property taxes. In some areas, such as CET and TLT, that growth is significant. Likewise, the economic recovery has also caused Metro's costs for providing programs and activities to rise. In Metro's solid waste and visitor venues operations, there is a direct relationship between growing revenue and growing costs. For example, more shows at Portland'5 Centers for the Arts means both more revenue and also more expenditures on staff, utilities, and food and beverages. In other cases, the cost increase Metro faces stem from increasing costs of materials, utilities and labor. In general terms, the revenues to Metro's general fund are not growing as fast as the costs of maintaining activities and programs in this fund. Therefore, despite economic growth, the fiscal year 2016 budget takes a cautious approach to adding new programs and services to Metro's general fund and prioritizes investments in key infrastructure – physical, technological, human and administrative.

Long-term Financial Planning and Major Initiatives

Long-term financial planning. Metro's strong financial policies and disciplined practices have created operational stability. An important tool for building Metro's budget is the five-year forecast for its primary operating funds: the General Fund, the Metropolitan Exposition Recreation Commission (MERC) Fund and the Solid Waste Revenue Fund. Each budget cycle begins with a review of how the funds are performing, what factors affect the funds that are global assumptions and what factors are related to the specific nature of the operations that result in individual assumptions. Metro adheres to common-sense operation practices such as maintaining its assets, using one-time funds for one-time purposes and ensuring enterprise activities manage to the bottom line.

Metro's budgets are anchored by the region's six desired outcomes. Developed by the region and adopted by the Metro Council in 2010 as part of the region's growth management policies, the six outcomes help all leaders and their communities focus on what makes this region a great place. Metro uses these outcomes to guide its strategic decision-making by testing department activities and programs against whether they are making these outcomes more likely over time (see *major initiatives* below).

In addition, the Metro Compass, shown in the diagram below, is used to develop the budget and ensure that Metro's programs and activities achieve the vision for the region, deliver on the core mission, and build public trust. Each of Metro's departments has developed a five-year mission critical plan for their operations. These plans help each department to look ahead to identify key opportunities and threats that face the region, Metro, and its programs to ensure Metro is making decisions today that will be sustainable and strategic for the next three to five years.



Metro also prepares a five-year Capital Improvement Plan (CIP) with annual updates as part of its financial planning responsibilities. The Metro Council annually reviews Metro's capital asset management policies as part of the budget process. Metro's capital projects threshold is $100,000 which is consistent with the State of Oregon's definition of "public improvement." The $189.5 million CIP spending plan for fiscal year 2016 includes 189 projects, about 25 percent new capital projects and 75 percent scheduled renewal and replacement projects. On a funding basis, it is the reverse – about 82 percent of the spending is related to new capital, led by the Natural Areas and zoo bond projects.

Major initiatives. The budget for fiscal year 2016 is driven by the strategic goals and key initiatives identified by the Metro Council that guide the agency and region towards the six desired regional outcomes.

Strategic Goal #1 – Invest in public infrastructure throughout the region. Metro has long identified increasing the region's ability to invest in critical infrastructure as a key strategic goal. The fiscal year 2016 budget includes the second year of funding for the Regional Infrastructure Supporting our Economy (RISE) team. This four person team works on projects that cross departments, are a high priority for Metro and have technical, financial, or process complexity. The fiscal year 2016 budget also includes funding for both the Southwest Corridor Project and the Powell-Division project, while supporting the Council's work on federal and state transportation funding.

Strategic Goal #2 – Set the stage for the future of the region with innovative planning. Planning for the future is a core mission of Metro, and the fiscal year 2016 budget includes funding for projects that prepare the region for strategic opportunities and threats. The Planning and Development Department is funded to complete the current urban growth management decision, to complete the first-ever regional readiness report card, and to prepare for the 2018 update of the Regional Transportation Plan.

In the fiscal year 2016 budget, the Council has prioritized the "My Place" work program, a project to increase participation in Metro's policy work by connecting policies to real people and real places. Funding is also provided for Metro's work to implement its policies and plans, including the second year for the Council-initiated Affordable Housing Strategy. The re-tooled Enterprising Places program is also included at a level consistent with the prior fiscal year for work to support development that increases transit ridership through the Transit Oriented Development program.

In addition to the above projects, the fiscal year 2016 budget continues to invest in innovative planning for the region's solid waste system through the Solid Waste Roadmap. Increasing competition, changing technology and site specific constraints at Metro's transfer stations also require vigilance, planning and investment. In the upcoming fiscal year, the Metro Council will make major decisions about food waste, the role of public and private waste transfer stations, and the long-term management of material that is truly waste.

Strategic Goal #3 – Make investments to preserve and enhance the natural environment. In May 2013, voters of the region approved a 9.6 cents per thousand local option levy to invest in projects and programs to protect the region's water quality and help restore native fish and wildlife habitat. The fiscal year 2016 budget continues the work to accomplish the promises to voters to:

- Improve water quality in local rivers and streams for salmon and other native fish
- Restore wildlife habitat, removing invasive weeds, restoring wetlands and floodplains
- Replace aging restrooms, picnic shelters and playgrounds in Metro's parks
- Provide nature education programs to school-aged children and visitors
- Support community partnership projects

Fiscal year 2016 will also reflect continued work to complete the Parks and Natural Areas System Plan for the region. The additional staffing and materials and services for this effort will define a vision, strategy and action plan for protecting and enhancing all of the region's natural areas and will be the basis for a discussion of the long-term funding plan for natural areas prior to the expiration of the local option levy.

Strategic Goal #4 – Invest in efforts to increase high wage jobs. In addition to the work on RISE noted earlier, the fiscal year 2016 budget includes projects that address this goal through Metro's Visitor Venues. The budget includes continued support for the construction of a Convention Center Hotel and includes capital projects that will complement the hotel such as reconstruction of the plaza at the corner of Martin Luther King, Jr. Boulevard and Holladay Street. The Expo Center continues work on a long-term capital and business plan and the second year of the use of Metropolitan Tourism Competitiveness Account funds for Expo, recognizing that Expo faces growing utility costs and receives no other tax subsidy for operations.

The fiscal year 2016 budget will move zoo operations out of the general fund to a separate enterprise fund to increase transparency around the zoo's budget and ensure that revenues generated at the Oregon Zoo are used for capital and programs at the zoo. The General Fund will continue to support the zoo through transfers of resources approximately equal to the amount Metro collects in property taxes through the permanent rate.

Strategic Goal #5 – Ensure that regional efforts respond to increasing diversity of the region's residents. Funding will continue for Metro's development of a strategy for advancing equity throughout the region. In fiscal year 2016 the Diversity, Equity and Inclusion (DEI) team has three major focus areas: complete an Equity Strategy for Metro's programs and activities; create a strategy and action plan so that all the region's residents – including those from disadvantaged communities – live in vibrant communities, have safe and reliable transportation, breathe clean air, and have access to quality jobs; and implement the Council-adopted Diversity Action Plan.

Funding is provided in fiscal year 2016 for action steps in four core areas contained in the Diversity Action Plan: internal awareness, recruitment and retention, procurement and community engagement. The budget supports refinement of a plan to address barriers to access to Metro facilities and services in the upcoming year.

Strategic Goal #6 – Increase citizen engagement and involvement throughout the region and with Metro. The upcoming year's budget invests in improving Metro's relationship with a diverse range of community leaders and organizations. Metro's ability to effectively tell the story of its work – whether it is animal welfare, the benefits of wasting less, the ways we can protect our water quality, or why development connected to transit also protects farms and forests – is critical to Metro's success. The fiscal year 2016 budget includes investments in making the most of Metro's new website, improving the ability to use and respond to social media, and integration of marketing efforts from the zoo, the visitor venues, MetroPaint, and parks.

Relevant Financial Policies

Comprehensive financial policies are reviewed annually and provide the basic framework for the overall fiscal management of the agency. The policies are designed to operate independently of changing circumstances and conditions and help safeguard Metro's assets, promote effective and efficient operations, and support the achievement of Metro's strategic goals. The policies were re-adopted by the Metro Council on June 18, 2015 (Resolution No. 15-4632), as published in its adopted budget.

Oregon Local Budget Law requires that total resources equal total requirements in each fund. In addition to this legal requirement, Metro considers a budget to be balanced whenever budgeted revenues equal or exceed budgeted expenditures. Metro's Council established financial policies to make significant investments in the future by using a disciplined "pay yourself first" rule to assure that all funds maintain appropriate reserves to safeguard against dips in the economic climate and to protect the public's investment in Metro's physical assets. Metro policy provides that it will designate or assign fund balance amounts that are appropriate to the needs of each fund and that targeted assignment levels shall be established and reviewed annually as part of the budget review process. The policy requires that a new program or service be evaluated before it is implemented to determine its affordability and that Metro will prepare annually a five-year forecast of revenues, expenditures, other financing sources and uses and staffing needs for each of its major funds, identifying major anticipated changes and trends, and highlighting significant items which require the attention of the Metro Council.

Metro has set aside fund balance amounts within the General Fund for potential additional Public Employee Retirement System pension liabilities, and for future debt service on the full faith and credit bonds issued to refinance Metro Regional Center. This fund balance also includes amounts for cash flow and fund stabilization. Based upon a historical analysis, Metro's policies call for a minimum of 7 percent of operating revenues be set aside for either contingency or stabilization to guard against unexpected downturns in revenues and to stabilize resulting budget actions. The target provides a 90 percent confidence level that revenues would only dip below this amount once every ten years.

Debt management policies provide that Metro shall issue long-term debt only to finance capital improvements (including land acquisition) that cannot be readily financed from current revenues, or to reduce the cost of long-term financial obligations. Metro will not use short-term borrowing to finance operating needs unless specifically authorized by Council. Further, Metro will repay all debt issued within a period not to exceed the expected useful life of the improvements financed by the debt. Metro followed these policies during the fiscal year ended June 30, 2015.

Metro's revenue policies provide that the agency will strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source. One-time revenues shall be used to support one-time expenditures or to increase fund balance.

A further detailed discussion of Metro's financial policies and plans for the future can be found in *Metro's 2015-16 Adopted Budget*.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Metro for its comprehensive annual financial report for the fiscal year ended June 30, 2014. This was the twenty-third consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

In addition, Metro received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual financial report for the fiscal year ended June 30, 2014. In order to qualify for this award, the government must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

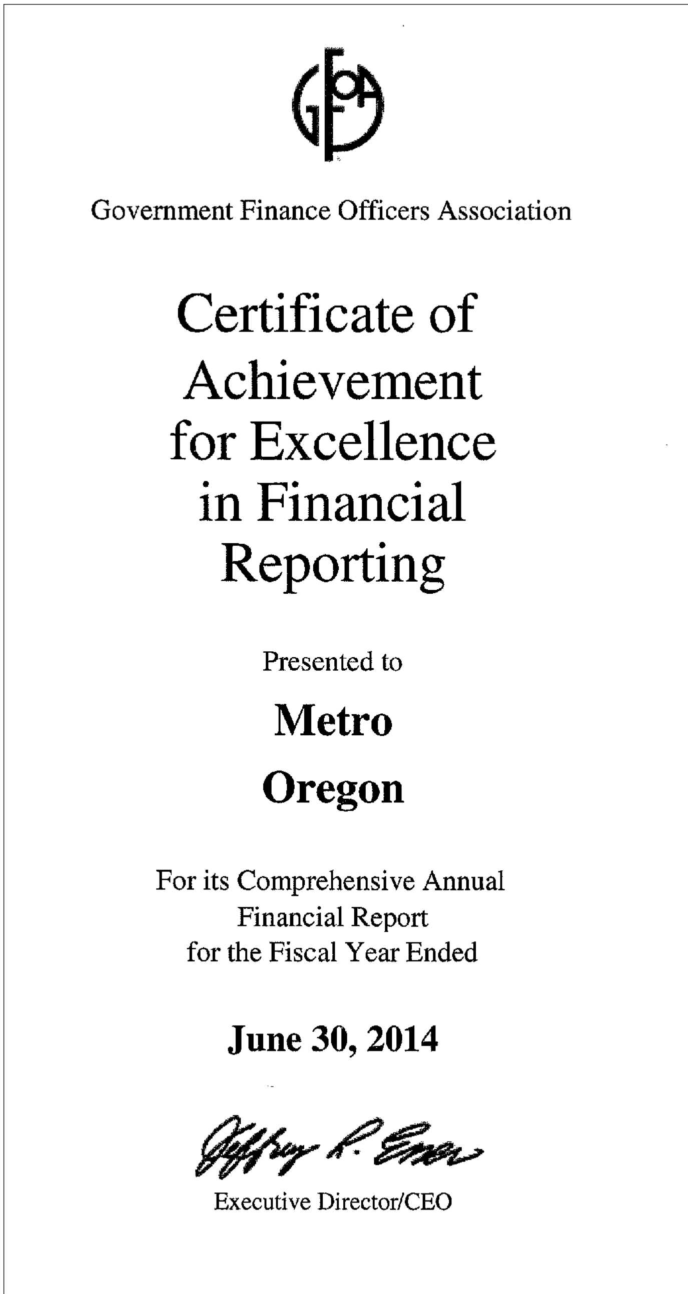
Acknowledgements

The preparation of this report would not have been possible without the dedicated efforts of the employees in the Accounting Services Division of the Finance and Regulatory Services Department. We especially acknowledge Karla J. Lenox, CPA, Financial Reporting and Control Supervisor, and Donald R. Cox, Jr., MBA, CPA, CGMA, CGFM, Accounting Compliance Officer, for their efforts in the preparation of this report. We wish to acknowledge the professional and technical assistance of the audit staff of Moss Adams LLP. Finally, we acknowledge the cooperation received from other Metro staff in providing information required to fairly present Metro's financial information. We also extend our appreciation to the Metro Auditor and Metro Council for their support.

Respectfully submitted,

Martha J. Bennett	Timothy C. Collier, CPA, MBA
Chief Operating Officer	Finance and Regulatory Services Director

GFOA Award



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Metro

Oregon

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

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Elected Officials

Name	**Position**	**Term expires**
Tom Hughes	Metro Council President	January 2019
Shirley Craddick	Councilor-District 1	January 2019
Carlotta Collette	Councilor-District 2	January 2019
Craig Dirksen	Councilor-District 3	January 2017
Kathryn Harrington	Councilor-District 4	January 2019
Sam Chase	Councilor-District 5	January 2017
Bob Stacey	Councilor-District 6	January 2017
Brian Evans, CIA	Metro Auditor	January 2019

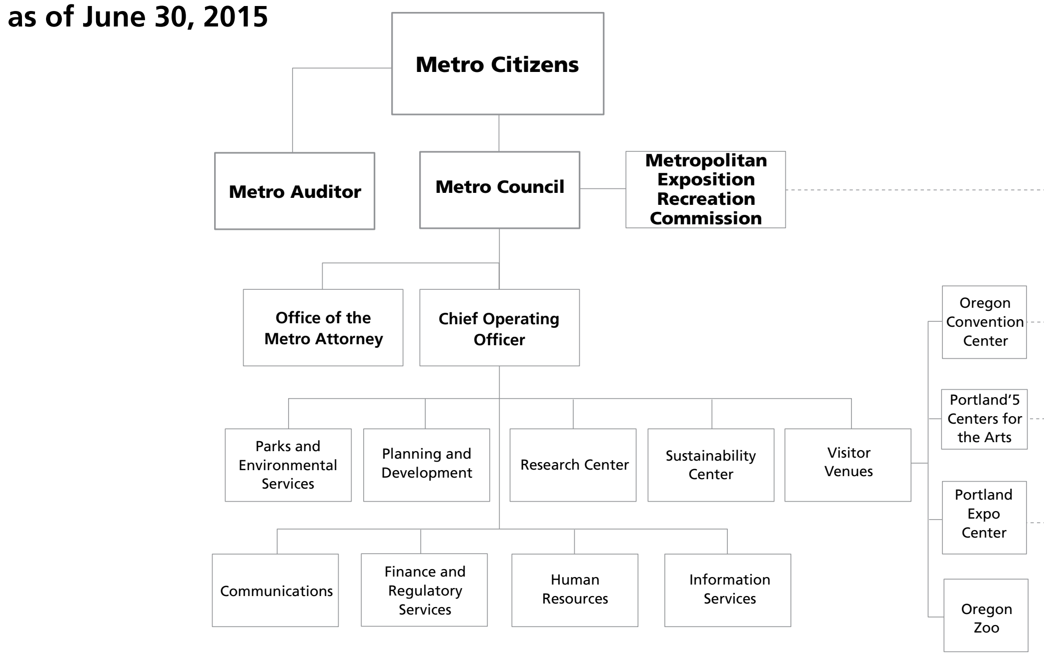
Appointed Officials

Name	**Positon**
Martha Bennett	Chief Operating Officer
Scott Robinson	Deputy Chief Operating Officer
Alison Kean	Metro Attorney
Timothy Collier	Finance and Regulatory Services Director
Mary Rowe	Human Resources Director
Jim Middaugh	Communications Director
Rachel Coe	Information Services Director
Teri Dresler	Interim Oregon Zoo Director
Elissa Gertler	Planning and Development Director
Jeff Frkonja	Research Center Director
Paul Slyman	Parks and Environmental Services Director
Kathleen Brennan-Hunter	Interim Sustainability Center Director
Scott Robinson	Interim General Manager of Visitor Venues
Scott Cruickshank	Oregon Convention Center Director
Matthew Rotchford	Portland Expo Center Director
Robyn Williams	Portland'5 Centers for the Arts Director

Registered Agent

Alison R. Kean
600 NE Grand Ave.
Portland, OR 97232-2736

Organizational Structure



METRO ELECTED OFFICIALS

Council President, Tom Hughes; District 1– Shirley Craddick; District 2– Carlotta Collette ; District 3– Craig Dirksen; District 4– Kathryn Harrington; District 5– Sam Chase; District 6– Bob Stacey.

Metro Auditor– Brian Evans

OPERATING DEPARTMENTS

Parks and Environmental Services: Manages Metro's parks and natural areas including cemeteries and marine facilities; solid waste facilities including transfer station operations and household hazardous waste facilities; and regional headquarters.

Planning and Development: Provides land use and regional transportation planning, facilitating the creation of great places in centers and corridors throughout the region.

Research Center: Supports public policy and regulatory compliance through accurate and reliable data, forecasting, mapping and technical services.

Sustainability Center: Demonstrates and inspires sustainable stewardship of natural resources through acquisition and protection and access to nature; product stewardship and waste reduction initiatives; and youth and adult conservation education.

Visitor Venues: Maintains world-class gathering and entertainment spaces for residents and visitors. Hosts 1500 annual events for 1.7 million people, contributing significant economic impact and jobs for the region.

ADMINISTRATIVE AND SUPPORT SERVICES

Council Office and Chief Operating Officer: The Metro Council provides leadership from a regional perspective, setting overall policy direction and legislative oversight. The Chief Operating Officer, appointed by the President with the consent of Council, is responsible for day-to-day management of the organization.

Metro Attorney: Provides agency legal services, research, evaluation, analysis, advice, contract review and negotiations and assistance on legislative matters.

Communications: Advances Metro's policy initiatives and supports programs through internal and external communication, media relations, marketing, graphic and web design and public engagement.

Finance and Regulatory Services: Provides financial planning, budget management, accounting services, procurement of goods and services and risk management.

Human Resources: Manages labor relations, benefits and compensation, and recruitment, retention and staff development.

Information Services: Supplies technology-based leadership and solutions.

Office of the Auditor: An independently elected auditor ensures that Metro is accountable to the public; that its activities are transparent; and that its services are of high quality, efficient and effective.

Brian Evans
Metro Auditor
600 NE Grand Ave
Portland, OR 97232-2736
TEL 503 797 1892, FAX 503 797 1831

November 17, 2015

To the Metro Council and Residents of the Metro Region:

Oregon State law requires an annual audit of Metro's financial records and transactions by independent certified public accountants. The Metro Auditor is required by Metro Code to appoint certified public accountants to conduct this audit. In 2014, after completing a competitive process, I appointed Moss Adams LLP to conduct the audit of Metro. My office coordinated and monitored this audit.

Following this letter is the independent auditor's report on Metro's financial statements as of June 30, 2015. In addition to the above report, Metro is required to have an audit of its expenditures of federal awards in accordance with the U.S. Office of Management and Budget Circular A-133 and the provisions of *Government Auditing Standards* issued by the Comptroller General of the United States. The necessary reports pertaining to Metro's internal control, compliance with applicable laws, regulations, grants and the Schedule of Expenditures of Federal Awards for the year ended June 30, 2015 are included in the last section of this report, Audit Comments and Disclosures Required by State and Federal Regulations.

I would like to commend Metro staff and management for the hard work and attention to detail that makes this process run smoothly.

Respectfully submitted,

Brian Evans
Metro Auditor

MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

Metro Council and Metro Auditor
Portland, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, which represents 100% of the assets, net position, and revenues of the discretely presented component unit of Metro. Those financial 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 Oregon Zoo Foundation, is based solely on the report of the 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 from material misstatement. The financial statements of The Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 17 through 36; the schedules of revenues, expenditures and changes in fund balance – budget and actual and related notes (the "budgetary schedules"); the schedule of district's proportionate share of net pension liability and schedule of district's contributions for the Oregon Public Employees' Retirement System; and the schedule of funding progress for the other postemployment benefits on pages 95 through 104, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the management's discussion and analysis, the schedule of district's proportionate share of net pension liability, the schedule of district's contributions for the Oregon Public Employees' Retirement System, and the schedule of funding progress for the other postemployment benefits described in the preceding paragraph in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The budgetary schedules described above are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The budgetary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The other supplementary information and

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other financial schedules, and the schedule of expenditures of federal awards which is required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; each as listed in the table of contents (collectively, the supplementary information), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information, other financial schedules, and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Metro's basic financial statements. The introductory section and statistical information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2015, on our consideration of Metro's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Metro's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 17, 2015, on our consideration of Metro's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

James C. Lagarotta

For Moss Adams LLP
Eugene, Oregon
November 17, 2015

As management of Metro, Oregon, we provide readers of Metro's financial statements this narrative overview and analysis of the financial activities of Metro for the fiscal year ended June 30, 2015. 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 - 9 of this report. This information is based upon currently known facts, decisions or conditions.

FINANCIAL HIGHLIGHTS

- Metro's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources (also defined as *net position*) by $601,001,189 at June 30, 2015, which reflects an increase of 12.9 percent or $68,773,781 over the prior fiscal year. Of this amount, $10,303,105 represents unrestricted net position, which may be used to meet Metro's ongoing obligations to citizens and creditors.
- Metro implemented Governmental Accounting Standards Board (GASB) Statement No. 68, A*ccounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* for the fiscal year ended June 30, 2015. Beginning net position was restated at June 30, 2014 (total decrease of $37,142,622 on a government-wide basis) for this change in accounting principle. For the fiscal year ended June 30, 2015, a *negative* pension expense of $10,849,478 was recognized which resulted in a net pension asset of $11,649,721 and deferred outflows and inflows related to pensions ($4,062,684 and $23,193,836, respectively) at June 30, 2015. These pension amounts are one of the significant factors for the change in net position noted in the first bullet above.
- Metro completed the fiscal year with its governmental funds reporting *combined* fund balances of $148,192,734. This is down considerably from the prior fiscal year, due mainly to capital spending on Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bond projects. Of the total amount of governmental combined fund balance, $16,093,516 or 10.9 percent, is considered available for spending at Metro's discretion (*unassigned* fund balance).
- At the end of fiscal year 2015, unrestricted spendable fund balance (the total of the *committed*, *assigned* and *unassigned* components of fund balance) in the general fund totaled $21,720,110 and represents 26.3 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities decreased $56,992,724 or 17.7 percent during the current fiscal year. Of this amount, outstanding debt decreased $31,272,864 or 11.1 percent. The two key factors for this decrease were the regular payment of principal on the outstanding bonds during fiscal year 2015 and the refunding of all callable outstanding 2007 Series Natural Areas General Obligation Bonds. This refunding resulted in a reduction of debt service of $12,862,733 over 12 years and a net present value savings of $9,656,437. The remaining decrease in long-term liabilities, as restated for the change in accounting principle noted in the second bullet above, is primarily related to the change in the net pension liability of $26,233,596 at June 30, 2014 becoming a net pension asset of $11,649,721 at June 30, 2015.
- Metro acquired ownership of 361 acres of additional natural areas (net of easements and disposals) from willing sellers from the proceeds of the Natural Areas general obligation bonds bringing the overall acreage held from this bond to 5,011 acres. The total capitalized cost for the property and easements acquired and stabilized in the current fiscal year under this program was $11,674,524. Local share bond funding provided to other local governments in the region totaled $2,097,162 for the fiscal year ended June 30, 2015.
- The Oregon Zoo's construction for the Elephant Lands major capital project work under the Oregon Zoo Infrastructure and Animal Welfare Bond program was nearing 92 percent completion by the end of fiscal year 2015 (including the Wildlife Live facilities, zoo train rerouting and other aspects). Work also began on the zoo's Education Center. These and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2015 of $23,755,625.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Metro's basic financial statements, which consist of the following three components: 1) the *government-wide financial statements*, 2) the *fund financial statements*, and 3) the *notes to the financial statements*. The two categories of financial statements are discussed in further detail below. The *notes to the financial statements* provide more detailed information and explain the nature of many of the amounts contained in the financial statements and are considered integral to the understanding of the financial statements. This report also includes *supplementary information* intended to furnish additional detail to support the basic financial statements.

Government-wide financial statements. Metro's government-wide financial statements are designed to provide readers with a broad overview of Metro's finances using accounting methods similar to those used by private-sector business. Government-wide financial statements provide both short-term *and* long-term information about Metro's overall financial status.

The *statement of net position* includes all of Metro's assets, liabilities, and deferred outflows/inflows of resources, with the net difference between these elements reported as net position. Over time, increases or decreases in Metro's net position may serve as a useful indicator of whether the financial position of Metro is improving or deteriorating. This is only one measure, however, and the reader should consider other indicators such as general economic conditions in the region, changes in property taxes and assessed value, and the age and condition of capital assets used by Metro.

All of the current fiscal year's revenues and expenses are accounted for in the *statement of activities*. The statement presents information showing how Metro's net position changed during the fiscal year. Such changes 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 property taxes and earned but unused vacation leave). Because it separates program revenue (revenue generated by specific programs through charges for services, grants, and contributions) from general revenue (revenue provided by taxes and other sources not tied to a particular program), it shows to what extent each program has to rely on taxes and other general revenues for funding.

Each government-wide financial statement is divided into three categories:

Governmental activities – Activities supported principally by general revenue sources including various taxes that provide Metro's basic governmental services. These services include the *general government operations* functions of the Council office and various administrative functions; *regional planning and development* which includes regional transportation and land use planning; *culture and recreation* which includes regional parks and natural areas, community enhancement activities near Metro area solid waste facilities, management of Smith and Bybee Wetlands and Pioneer Cemeteries; and *zoo* programs that account for operation of the Oregon Zoo.

Business-type activities – Activities supported by charges for services and fees to customers to help cover the costs of certain services. These activities consist of the *Solid Waste* and Metropolitan Exposition-Recreation Commission (*MERC*) operations. Solid waste operations include the operation of two transfer and recycling centers (Metro South and Metro Central), household hazardous waste collection centers, paint recycling center and other solid waste system programs. MERC operations include the Oregon Convention Center (OCC), Portland'5 Centers for the Arts (Portland'5) and Portland Expo Center (Expo) facilities.

Component unit – Metro includes The Oregon Zoo Foundation (OZF) as a discretely presented component unit. OZF is considered a component unit as the sole purpose of this legally separate non-profit organization is to provide support and significant additional funding for Metro's Oregon Zoo.

The government-wide financial statements can be found on pages 37-41 of this report.

Fund financial statements. The *fund financial statements* focus on individual parts of Metro and report Metro's operations in more detail, and on a different basis of accounting, than the government-wide 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. Metro, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements – including bond covenants and Oregon local budget law requirements. The funds of Metro can be classified into two categories:

- ***Governmental funds*** are used to account for essentially the same functions as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, these 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. Thus, the governmental funds statements provide a detailed short-term view that helps the reader determine the comparative level of financial resources that can be spent in the near future to finance Metro's programs.

  Because this information does not encompass the additional long-term focus of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of Metro's near-term financing decisions. A reconciliation that follows the governmental funds statements explains the differences between the two statements to facilitate this comparison between *governmental funds* and *governmental activities*.

  Metro maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the five funds considered major: General, Parks and Natural Areas Local Option Levy, General Obligation Bond Debt Service, Oregon Zoo Infrastructure and Animal Welfare, and Natural Areas funds. Data from the other four governmental funds (Smith and Bybee Wetlands, Community Enhancement, Open Spaces and Cemetery Perpetual Care) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

  Of special note, a portion of one budgetary fund (the General Revenue Bond Fund) and one additional entire budgetary fund (General Asset Management Fund) are allocated to the General Fund and combined with those operating activities for reporting in conformance with generally accepted accounting principles in the governmental fund financial statements. The remaining portion of the budgetary General Revenue Bond Fund is allocated to the MERC Fund for proprietary fund presentation noted below.

  The governmental fund financial statements can be found on pages 43 - 48 of this report.

- ***Proprietary funds*** Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail, including cash flows. Metro includes two different types:

  Enterprise funds are used to report the same functions as *business-type activities* in the government-wide financial statements. Metro uses enterprise funds to account for its Solid Waste and MERC operations, both of which are considered major funds.

  Internal service funds are an accounting device used to accumulate and allocate costs internally among Metro's various functions. Metro uses an internal service fund to account for management of its retained risks. The revenues and expenses of the internal service fund that are duplicated in other funds through cost allocations are eliminated in the government-wide statements, with the remaining balances included in governmental activities in the government-wide financial statements.

  The proprietary fund financial statements can be found on pages 49 - 54 of this report.

Notes to the financial statements. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 55 - 93 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 budget-to-actual results for Metro's General Fund and its major special revenue fund. RSI also presents schedules regarding Metro's proportionate share of net pension liability, a schedule of pension contributions and Metro's progress in funding its other post-employment healthcare benefit obligations. RSI can be found on pages 95-104.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 105-130.

In presenting the financial statements and disclosures, Metro implemented newly effective GASB statements in fiscal year 2015 as described more fully in note II.E. Only two of these statements had an effect on Metro's financial statements for the fiscal year ended June 30, 2015: GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Details of the implementation of the provisions of GASB Statements No. 68 and No. 71 are found in the notes to the financial statements II.D.8 and 9, note IV, note V.G and note V.S.

FINANCIAL ANALYSIS OF METRO AS A WHOLE (*Government-Wide*)

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Metro's assets and deferred outflows of resources exceed liabilities and deferred inflows of resources (defined as *net position*) by $601,001,189 at June 30, 2015. The table on the following page reflects the condensed Government-wide Statement of Net Position.

As noted earlier, Metro implemented GASB Statement No. 68 and Statement No. 71 for the fiscal year ended June 30, 2015. Net position was restated at June 30, 2014 (total decrease of $37,142,622 on a government-wide basis) for this change in accounting principle. For the fiscal year ended June 30, 2015, a net pension asset (NPA) of $11,649,721 is reflected in current and other assets in the table on the following page, whereas Metro reflected a net pension liability (NPL) of $26,333,596 at June 30, 2014. As described in note V.G. in the financial statements, the NPA/NPL is sensitive to the discount rate used to determine the amounts. A 1 percent decrease in the discount rate (currently 7.75 percent) would result in the NPA becoming an NPL of $24,669,600, while a 1 percent increase in the discount rate would increase the NPA to $42,367,601 at the June 30, 2014 measurement date. Deferred outflows and inflows related to pensions at June 30, 2015 were $4,062,684 and $23,193,836, respectively.

Metro's governmental activities account for the most significant portion of total net position – totaling $354,500,339 or 59.0 percent, whereas business-type activities account for $246,500,850 or 41.0 percent.

Of Metro's total net position, 83.6 percent reflects its net investment in capital assets (e.g., headquarters offices, zoo exhibits, open spaces and natural areas property, parks, transfer stations, convention center, and other significant assets), less any related outstanding debt that was used to acquire those assets. Metro uses these capital assets to provide services to its citizens; therefore, this amount is not available for future spending. Although Metro's investment in its capital assets is reported net of the related debt, it should be noted that the resources needed to repay this debt must come from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Metro's net position (14.7 percent) represents resources that are subject to external restrictions on how they may be used. External restrictions for specific purposes include parks and natural areas local option levy, Transit Oriented Development (TOD), Smith and Bybee Wetlands management plan, capital projects funded by

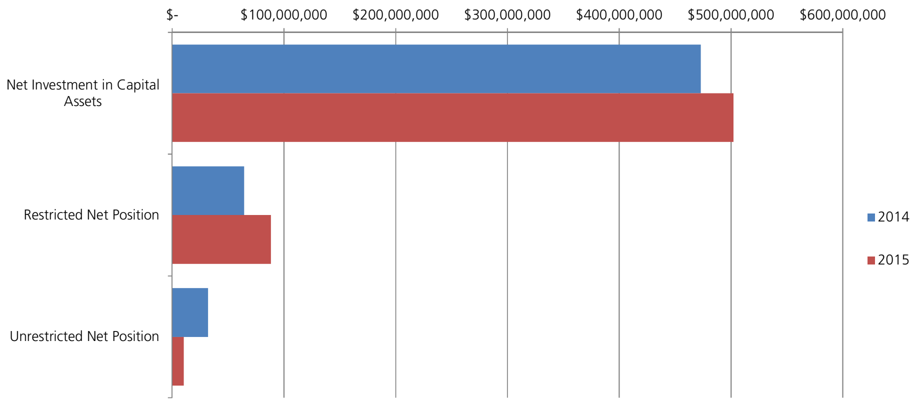
Metro’s Net Position

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2015	2014 as restated	2015	2014 as restated	2015	2014 as restated
Current and other assets	$ 186,241,829	206,254,094	105,149,978	86,973,818	291,391,807	293,227,912
Capital assets	444,574,713	405,249,851	185,114,519	188,979,206	629,689,232	594,229,057
Total assets	630,816,542	611,503,945	290,264,497	275,953,024	921,081,039	887,456,969
Total deferred outflows of resources	7,265,987	3,946,937	1,871,952	1,834,607	9,137,939	5,781,544
Long-term liabilities outstanding	245,382,348	292,172,018	20,456,104	30,659,158	265,838,452	322,831,176
Other liabilities	23,378,981	22,764,284	16,806,520	15,415,645	40,185,501	38,179,929
Total liabilities	268,761,329	314,936,302	37,262,624	46,074,803	306,023,953	361,011,105
Total deferred inflows of resources	14,820,861	-	8,372,975	-	23,193,836	-
Net position:						
Net investment in capital assets	326,328,783	293,851,981	175,914,225	179,069,899	502,243,008	472,921,880
Restricted	79,540,758	60,588,283	8,914,318	3,734,868	88,455,076	64,323,151
Unrestricted	(51,369,202)	(53,925,684)	61,672,307	48,908,060	10,303,105	(5,017,624)
Total net position	$ 354,500,339	300,514,580	246,500,850	231,712,827	601,001,189	532,227,407

bond proceeds, donations or contractual requirements (Willamette Falls Legacy Project and Convention Center Hotel project), community enhancement, cemetery perpetual care, and debt service. The restricted component of net position increased $24,131,925 or 37.5 percent from the amount at June 30, 2014. Governmental activities restricted component of net position increased primarily due to an increase in the amount restricted for capital projects tied to contractual requirements in the General Fund or unspent bond proceeds in the Oregon Zoo Infrastructure and Animal Welfare and Natural Areas bond funds (up a combined $19,493,856); an increase in TOD assets (up $378,535); and amounts restricted under the new Parks and Natural Areas Local Option Levy (down $836,861) at June 30, 2015. The restricted component of net position in Business-type activities increased $5,179,450 over the prior fiscal year due to additional amounts restricted under contract for MERC related capital projects.

The remaining $10,303,105 is unrestricted, which represents the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements. Of this amount, $48,908,061 is attributable to Metro’s business-type activities which cannot be used to make up for the deficit reported in governmental activities. Unrestricted net position increased $2,556,482 (to a total deficit of $51,369,202) in governmental activities due primarily to the continued increase in the share of bonds payable associated with the local share component of the Natural Areas program where Metro is responsible for repayment of the bonds, but the associated assets were used to finance capital programs of other governmental entities. In addition, the amounts related to pensions under GASB Statements No. 68 and No. 71 impacted this change for fiscal year 2015 as described elsewhere in this MD&A. Unrestricted net position in business-type activities increased $12,764,246 or 26.1 percent which is explained later in this analysis.

Metro Net Position, at June 30, 2014 and 2015



Overall, Metro's net position increased 12.9 percent or $68,773,782 over the prior fiscal year (after restatement of the prior year ending net position for the effects of GASB Statement No. 68). The reasons for this overall increase are discussed in the following sections for governmental and business-type activities.

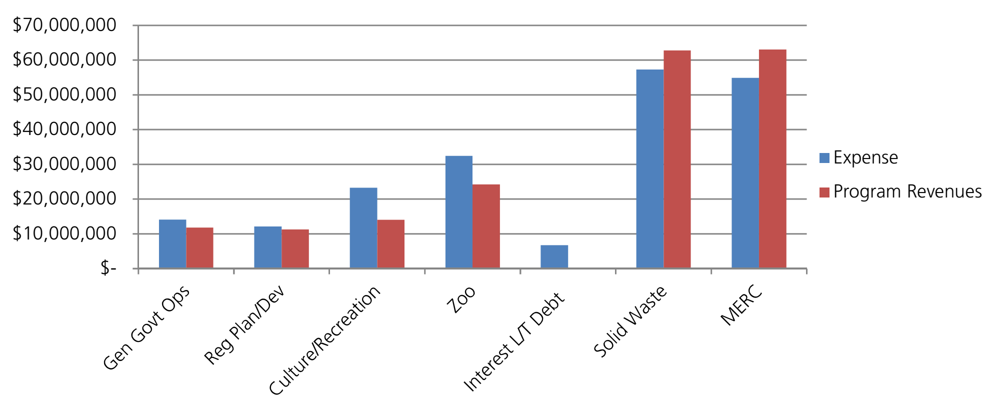
Changes in net position. Governmental activities' net position increased $53,985,759, while Business-type activities' net position increased $14,788,023 for the fiscal year ended June 30, 2015. The components of the change in net position are reflected in the condensed information from Metro's Statement of Activities presented in the table below. Program revenues generated directly from Metro's operations increased $29,619,515 or 18.8 percent from the prior fiscal year, while the share of total revenues derived from these sources increased from the prior fiscal year, now 69.4 percent compared to 66.4 percent in the prior fiscal year. A significant portion, 50.9 percent, of Metro's revenues come from, or is based upon, its charges for services. Program expenses for Metro as a whole decreased $3,939,034 or 1.9 percent from the prior fiscal year. The reasons for the changes noted here are discussed in the following sections for governmental activities and business-type activities.

As reflected in the chart on the following page, program revenues did not cover all program costs in each of the functional and program areas - other than Solid Waste and MERC (both business-type activities) during the fiscal year ending June 30, 2015. General revenues fund this difference as shown in the Statement of Activities.

Changes in Metro's Net Position

		Governmental Activities		Business-type Activities		Total - Primary Government	
		2015	2014	2015	2014	2015	2014
Revenues:							
Program revenues							
Charges for services	$	31,672,868	31,242,049	105,635,443	93,674,647	137,308,311	124,916,696
Operating grants and contributions		22,495,818	11,945,779	19,974,313	17,183,489	42,470,131	29,129,268
Capital grants and contributions		7,141,282	3,454,245	200,000	-	7,341,282	3,454,245
General revenues							
Property taxes		61,957,344	59,506,228	-	-	61,957,344	59,506,228
Excise taxes		19,253,857	18,537,802	-	-	19,253,857	18,537,802
Other		952,734	1,252,039	425,728	416,652	1,378,462	1,668,691
Total revenues		143,473,903	125,938,142	126,235,484	111,274,788	269,709,387	237,212,930
Expenses:							
General government operations		14,121,383	17,216,935	-	-	14,121,383	17,216,935
Regional planning and development		12,164,998	11,609,788	-	-	12,164,998	11,609,788
Culture and recreation		23,281,061	19,969,697	-	-	23,281,061	19,969,697
Zoo		32,483,204	35,660,651	-	-	32,483,204	35,660,651
Interest on long-term debt		6,736,232	9,712,521	-	-	6,736,232	9,712,521
Solid Waste		-	-	57,279,945	56,759,612	57,279,945	56,759,612
MERC		-	-	54,868,782	53,945,435	54,868,782	53,945,435
Total expenses		88,786,878	94,169,592	112,148,727	110,705,047	200,935,605	204,874,639
Increase in net position before transfers		54,687,025	31,768,550	14,086,757	569,741	68,773,782	32,338,291
Transfers		(701,266)	(506,859)	701,266	506,859	-	-
Increase in net position		53,985,759	31,261,691	14,788,023	1,076,600	68,773,782	32,338,291
Net Position, July 1, as previously stated		300,514,580	298,311,423	231,712,827	238,720,315	532,227,407	537,031,738
Change in accounting principle		-	(29,058,534)	-	(8,084,088)	-	(37,142,622)
Net Position, June 30	$	354,500,339	300,514,580	246,500,850	231,712,827	601,001,189	532,227,407

Metro Government-Wide Revenues and Expenses, Fiscal Year 2015

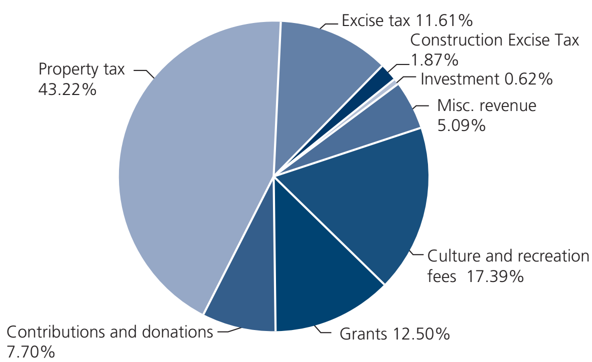


Governmental activities. Governmental activities program revenues were up $14,667,895 or 31.4 percent and totaled $61,309,968. Program revenues were up most significantly in general government operations and the culture and recreation program, up $9,995,811 and $5,581,203, respectively. The increase in general government operations is primarily due to a one-time receipt of $10,000,000 from the State of Oregon which is restricted for use for the Convention Center Hotel project. Likewise, Metro received a $5,000,000 contribution from State of Oregon lottery revenue for the Willamette Falls Legacy project – a collaborative effort between Metro, the State of Oregon, Clackamas County, and private organizations to provide access to Willamette Falls in Oregon City.

Oregon Zoo program revenues were down $702,860 or 2.8 percent from the prior fiscal year. The decline was attributable to a decline in internal charges for services of $1,232,144 resulting from the return of the Waste Reduction Education program from the zoo to the Sustainability Center in fiscal year 2015. Zoo operations revenues showed growth in fiscal year 2015, with attendance at the zoo increasing 2.9 percent from the prior year's record level to 1,560,035. The increase in attendance, in addition to a higher proportion of paying guests versus Oregon Zoo Foundation member visits, resulted in admissions revenue increasing $515,598. The zoo remains the highest attended fee-based tourist attraction in Oregon.

Operating grants and contributions were up $10,550,039 or 88.3 percent in fiscal year 2015, primarily due to the Convention Center Hotel project funding described earlier. Regional planning related grants are cost reimbursement grants with fluctuations from year-to-year reflecting related project costs and were relatively unchanged from the prior year, up $35,606. Governmental-activities capital grants and contributions were $3,687,037 higher than the prior fiscal year. As noted earlier, Metro received the funding for the Willamette Falls Legacy project which accounted for this increase. Offsetting this increase was a decline resulting from two contributions Metro received in the prior year that were non-recurring items – construction at Scouter Mountain Nature Park contributed from the City of Happy Valley which totaled $207,063, and a Blue Lake Trail section of the 40-Mile Loop contributed by the Oregon Department of Transportation (ODOT) which totaled $842,564 in the prior fiscal year.

Metro Governmental Activities Sources of Revenue, Fiscal Year 2015



Functional and program expenses reflected in the Statement of Activities were significantly impacted by the effects of the implementation of GASB Statement No. 68 and No. 71 related to pensions. The governmental activities expense amounts include a *negative* pension expense for the fiscal year ended June 30, 2015 in each program as follows:

General government operations	$	(2,538,778)
Regional planning and development		(1,247,690)
Culture and recreation		(1,063,249)
Zoo		(2,083,100)
Total	$	(6,932,817)

Metro's general government operations expense totaled $14,121,383 or 15.9 percent of Metro's total program expenses, which was a decrease of $3,095,552 or 18.0 percent from that reported in the prior fiscal year. The most significant decrease resulted from the negative pension expense noted above. In addition, there was no further amortization in the fiscal year ended June 30, 2015 of the prior net pension asset recorded under superseded accounting principles which results in a further decline in expenses for this program of $1,059,810 from the prior year. Additional analysis of changes in expenses from the prior year is detailed in the discussion of the General Fund later in this analysis. General government operations rely significantly on general revenues, primarily property taxes, excise taxes, and transfers, to offset its net expense of $2,337,155.

Metro's regional planning and development program had total costs of $12,164,998, up $555,210 or 4.8 percent from the prior fiscal year. The level of grants received affects the level of work and expenditures incurred. Personal services costs remained relatively flat over the two fiscal years, other than the effects of pension amounts noted earlier. Transit oriented development (TOD) program expenses reflected the most significant increase, up $1,848,951 due to several significant projects discussed further in the General Fund analysis below. The net expense for regional planning and development of $902,113 reflects a decrease of $761,469 from the prior fiscal year.

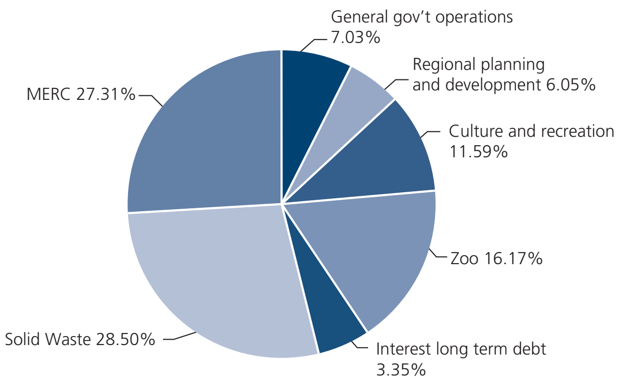
Culture and recreation activities, which include operation of Metro's regional parks and management of natural areas, accounted for total expenses of $23,281,061, up $3,311,364 or 16.6 percent from the prior fiscal year. The program added 9.25 full time equivalent (FTE) positions to fully staff the program since the passage of the Natural Areas Operating Levy, increasing personal services costs $1,546,747 over the prior year. This amount is offset by the negative pension expense noted earlier. Restoration projects, such as the levy on the Columbia River, various access to nature projects and capital maintenance for parks and natural areas initiated under the new operating levy added an additional $3,080,862 in expenses over the prior year. Expenses for the local share and capital grant projects funded by the Natural Areas bond program totaled $2,097,162, reflecting a decrease of $2,223,883 from the prior fiscal year as several grantees requested extensions to allow more time to complete their projects. This local share program reached 93 percent completion at the end of fiscal year 2015. The remaining net expense of Metro's culture and recreation program, $9,210,671, was funded from general revenues, including property taxes, excise taxes and interest, as well as the drawing down of assets provided from the Natural Areas bonds. This later component results in an increase in the deficit unrestricted net position for governmental activities as noted earlier.

Total expenses for zoo operations were $32,483,204, a decrease of $3,177,447 or 8.9 percent from the prior fiscal year. A significant portion of this decrease is the negative pension expense noted earlier. Cost increases of $751,484 in personal services were primarily the result of increased labor costs, including fringe benefits due to labor agreements and other personnel related factors, as well as the addition of several positions as noted earlier. This personal services cost increase is also after the reduction in costs from the transfer of the Waste Reduction Education program staff to the Sustainability Center which represented $231,688 of expense at the zoo in the prior fiscal year. The prior year also reflected non-recurring costs of $400,000 for the purchase of two elephants, Lily and Tusko. The resulting net expense of $8,290,739 is financed from general revenues, such as excise taxes, property taxes and investment earnings.

Interest on long-term debt decreased by $2,976,289 or 30.6 percent from the prior fiscal year and totaled $6,736,232 or 3.4 percent of Metro's total program costs, down from 4.7 percent in the prior fiscal year as a result of scheduled principal payments on bonded debt, as well as the defeasance of the callable portion of the 2007 Series Natural Areas General Obligation Bonds as discussed in detail in note V.K. of the financial statements.

The chart below provides a graphical view of the distribution of costs to Metro's programs.

Metro Function/Program Expenses, Fiscal Year 2015

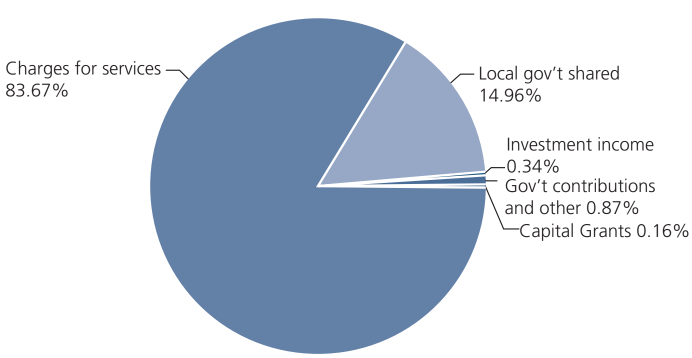


Business-type activities. Program revenues of Metro's business-type activities (Solid Waste and MERC operations) totaled $125,809,756, up $14,951,620 or 13.4 percent. Total expenses increased $1,443,680 or 1.3 percent to a total of $112,148,727. These operating activities and transfers resulted in an increase in the net position of business-type activities of $14,788,023 for the fiscal year ended June 30, 2015. The reasons for these changes are discussed below.

Program expenses for the Solid Waste and MERC activities were significantly impacted by the effects of the implementation of GASB Statement No. 68 and No. 71 related to pensions noted earlier. The business-type activities expense amounts include a *negative* pension expense for the fiscal year ended June 30, 2015 in each program as follows:

Solid Waste	$	(1,627,421)
MERC		(2,289,240)
Total	$	(3,916,661)

Metro Business-type Activities Sources of Revenue, Fiscal Year 2015



Solid Waste program revenues increased $4,079,675 or 7.0 percent over the prior fiscal year. Mixed waste tonnage delivered to Metro's transfer stations increased 10.0 percent from tonnage delivered in the prior fiscal year primarily driven by positive economic growth. The increase was most pronounced in dry waste attributed primarily to increased construction activity in the region. Tonnage to all facilities (including non-Metro facilities) increased 4.7 percent over the prior fiscal year. Tonnage increases combined with the decrease in disposal fee rates (tonnage charge fell to $61.62 per ton from $61.74 per ton in the prior fiscal year), resulted in revenue from disposal fees and regional system fees rising $2,629,845 and $765,632, respectively. Residential food waste tonnage delivered to Metro facilities decreased 15.6 percent from the prior year due to Recology Oregon Recovery hauling residential organics to their Suttle Road Facility instead of Metro's Central Transfer Station. Revenues from this source declined $454,714 from the prior year, even though the fee increased to $58.78 from $56.67 on July 1, 2014. Metro's share of total delivered regional tonnage increased in fiscal year 2015, from 37.3 percent to 39.0 percent.

Solid Waste program expenses were up $520,333, or 0.9 percent. The decrease in expenses resulting from the previously noted negative pension expense was offset by the net effect of tonnage related (see above) contractual costs for transfer, transport and disposal of mixed waste and lower organics residential processing fees. Further discussion of Solid Waste program expenses is provided in the Proprietary Funds section later in the MD&A. Solid Waste program revenues exceed program expenses by $5,463,222 for the fiscal year ended June 30, 2015.

MERC operates the Metro-owned OCC and Expo. In addition, under terms of an intergovernmental agreement with the City of Portland, MERC operates the city-owned Portland'5 Centers for the Arts. MERC program revenues totaled $63,066,589 in fiscal year 2015, up $10,871,945 or 20.8 percent from the prior fiscal year. Event related revenues were up $7,791,351 or 22.3 percent from the prior fiscal year, primarily a reflection of the exceptional event schedule OCC hosted in fiscal year 2015 with five additional national conventions. OCC delivered a 21.6 percent margin on food and beverage operations which is 6 percent higher than its three-year historical average. Portland'5 also had a very strong year with a solid line-up of Broadway shows. Intergovernmental shared revenue (transient lodging taxes) reflected in operating grants and contributions program revenues was up $3,131,744 or 19.9 percent, reflective of increased lodging activity across the region.

Total expenses for MERC were $54,868,782, up $923,347 or 1.7 percent. Expenses for food and beverage were higher by $1,647,956 or 13.4 percent, commensurate with the revenue increase noted above. Labor costs were up $1,400,224 or 8.6 percent. The increases were offset by the negative pension expense noted earlier. The resulting net revenue of MERC operations was $8,197,807 for the fiscal year ended June 30, 2015, a change of $9,948,598 over the prior fiscal year's net expense. General revenues used to support this program include transfers and investment earnings.

General revenues. The most significant general revenue, property taxes, accounts for 43.2 percent of all governmental activities revenues, down from 47.3 percent in the prior fiscal year. Property taxes are dedicated to repayment of general obligation bond debt, or for programs authorized by the new Parks and Natural Areas Local Option Levy, or allocated by the Council in support of governmental activities. Property taxes to support debt service requirements were slightly higher for continued scheduled debt payments and the resulting reduction of outstanding principal balances on bonds. For the fiscal year ended June 30, 2015, the total amount of property taxes also increased as a result of the levy for Parks and Natural Areas which reflected an increase of $1,346,604 or 13.4 percent.

Metro assesses excise taxes on users of its goods and services, other than the goods and services at Portland'5 under terms of the Consolidation Agreement with the City of Portland, nor to the Oregon Zoo operations as directed by Council action. Solid waste transactions were assessed at a flat rate of $11.76 per ton effective July 1, 2014, which is down from $12.29 in the prior fiscal year. All other subject revenues of Metro were assessed at 7.5 percent. Excise tax provides resources primarily for general government and planning functions. The excise tax provided $16,584,669 in general revenue, up $584,761 or 3.7 percent from the prior fiscal year. This increase is reflective of the net impact of the change in the tax rates noted earlier to achieve the yield prescribed in Metro Code, as well as the change in Metro enterprise revenues upon which it is assessed, discussed elsewhere in the MD&A.

Metro collected $2,669,188 in Construction Excise Tax (CET) during the fiscal year ended June 30, 2015, up $131,294 or 5.2 percent from the prior fiscal year, reflective of the continued uptick in construction activity in the Metro region during the fiscal year. This tax is imposed on new construction within the region, with limited exceptions, and is intended to provide funds to local governments for planning of future expansion areas, future urban reserves and planning that enables redevelopment of centers, corridors and employment areas within the existing Urban Growth Boundary.

FINANCIAL ANALYSIS OF METRO'S FUNDS

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

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

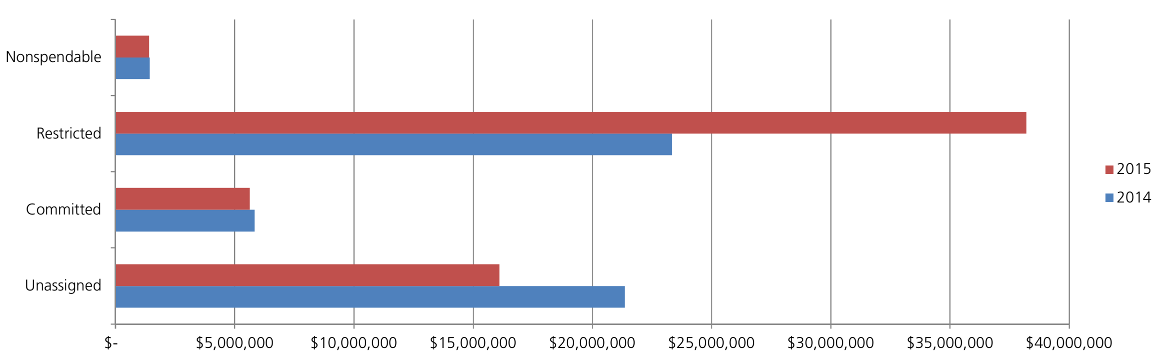
At June 30, 2015, Metro's governmental funds reported *combined* fund balances of $148,192,734. This is down $28,924,841 or 16.3 percent from the prior fiscal year, due mainly to the spending of proceeds of Natural Areas and Oregon Zoo Infrastructure and Animal Welfare bonds on their respective projects. Of the total amount of governmental combined fund balance above, $16,093,516 or 10.9 percent, is considered *unassigned* fund balance and available for spending at Metro's discretion.

The remainder of the fund balance is either *nonspendable, restricted, committed* or *assigned*. *Nonspendable* fund balance represents amounts not in spendable form and the corpus of the permanent fund, which total $1,895,390 at June 30, 2015. Fund balances *restricted* for particular purposes, such as parks and natural areas, bonded capital projects, the Willamette Falls Legacy and Convention Center Hotel projects, and debt service totaled $119,339,967. Fund balance in the amount of $5,626,594 is *committed* by the Metro Council for local governments' planning efforts under the CET program as noted earlier. *Assigned* fund balance totaled $32,839 and is reflected in Metro's permanent fund dedicated to cemetery programs.

Note II.D.12 and Note V.O provide further information on Metro's fund balance classifications for all governmental funds.

The General Fund is the primary operating fund of Metro. At the end of fiscal year 2015, unassigned fund balance of the general fund was $16,093,516. Total fund balance increased $9,365,375 to a total of $61,330,972 at June 30, 2015. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures. Unassigned fund balance represents 19.5 percent of total general fund expenditures, while total fund balance represents 62.9 percent of that same amount.

Metro General Fund, Components of Fund Balance



The General Fund expended $16,061,924 for general government operations. These operational expenditures included the general government share of costs for the Council Office, Metro Auditor, Office of Metro Attorney, Communications, Human Resources, Finance and Regulatory Services, and Information Services. Expenditures were up $872,581 over the prior year. CET grants expended to other local governments were up $686,327 for the fiscal year ended June 30, 2015 and totaled $2,751,867. Overall increases in personal services costs were also experienced due to cost of living increases and increases in fringe benefit costs such as health care premiums.

Planning and development grant revenues were down $336,367 or 4.8 percent from the prior year. Grant related revenue in regional planning programs is project based and fluctuates from year to year based upon project activity. The ODOT STP Powell-Division grant, refined for submission to the Federal Transit Administration (FTA) for project development under the Small Starts program, reflected a $682,731 increase from the prior year in project based grant revenue. This increase was offset by declines for the Southwest Corridor Plan of $535,271, which had a funding mix change with more support from contributions from local jurisdictions. The Regional Travel Options and Streetcar projects reflected a decrease of $196,062 as the Streetcar earmarked grant work is winding down. In addition to these impacts, Metro funded certain FTA projects internally by removing certain indirect costs from federal grant billings while awaiting resolution by FTA on the treatment of labor related indirect costs. Metro expects the internally funded $468,216, not reflected in grant revenues in the current fiscal year, to be ultimately paid by the FTA. Planning and development expenditures were higher primarily in the TOD program, as noted earlier, for The Radiator, 8300 N. Interstate, The Rose at Gateway, 82nd & Division, and The Core at Orenco Station projects which reflected an increase of $2,616,001 over the prior year. Of this amount, $767,050 represents the cost of the 82nd & Division property purchase which is reflected as an asset held for resale on a government-wide reporting basis.

Expenditures for culture and recreation programs and debt service expenditures within the General Fund remained relatively unchanged from the prior fiscal year.

In addition to the admissions revenue increase noted earlier, zoo program revenues for food and beverage were significantly higher on a per capita basis due to improvements in food offerings, locations, and pricing. Construction of Elephant Lands encroached onto the concert lawn, reducing available seating for the summer concert series from 3,800 to 3,000. Alcohol policy changes for this series (eliminating bottle sales) also reduced revenues for this program. Overall, food and beverage sales were up $382,381 over the prior year. Zoo program expenditures totaled $31,723,889, up $537,177 or 1.7 percent from the prior fiscal year. The zoo filled several new positions at mid-year and there was a general increase in personnel costs due to labor agreements and expected inflationary factors which are all reflected in an increase of $751,484 or 4.2 percent in personal services expenditures.

Metro's major governmental funds also include the Parks and Natural Areas Local Option Levy special revenue fund, the General Obligation Bond Debt Service Fund, and the Oregon Zoo Infrastructure and Animal Welfare and Natural Areas capital projects funds as described below.

In May 2013, voters approved the Parks and Natural Areas Local Option Levy which activities are accounted for in this special revenue fund. Metro classifies this fund as major due to its belief that there is qualitative interest by the public in its activities. Property taxes from the local option levy totaled $11,414,901 for the fiscal year ended June 30, 2015. In addition, a $520,900 grant from the Oregon State Marine Board was received for the Boarding Docks Replacement Project at the Chinook Landing Marine Facility. In addition to those projects previously mentioned in the government-wide analysis, capital outlay expenditures of $3,338,136 were incurred for improvements to Metro parks, construction of new nature parks, and for the docks project mentioned above. Overall expenditures totaled $13,190,931, resulting in restricted fund balance of $4,249,882 at June 30, 2015.

The General Obligation Bond Debt Service Fund accounts for debt service requirements. During the fiscal year, property tax revenues used to pay debt service totaled $37,304,106, up $517,760 or 1.4 percent from the prior fiscal year due to assessments required for repayment of the outstanding general obligation bonds as a result of scheduled payments toward bond principal. Interest payments on all general obligation bonds totaled $8,471,942, which was $2,660,733 lower than the prior fiscal year reflecting the decrease in outstanding principal. Expenditures on debt principal totaled $27,360,000. The callable portion of the 2007 Series Natural Areas General Obligation Bonds were refunded on November 19, 2014, resulting in resources of $57,955,000 of bond principal proceeds and a premium of $6,780,891. A payment was then made to the refunded bond escrow agent in the amount of $65,967,620 to defease the bonds. As a result of these activities, $1,270,502 remained in fund balance at June 30, 2015, which is restricted by state law for future debt service.

Fund balance in both of the capital projects funds decreased significantly from the prior fiscal year due to expenditures on their capital projects as discussed more fully in the capital asset discussion later in this MD&A. The Oregon Zoo Infrastructure and Animal Welfare Fund expended $23,755,625 on capital projects and ended the fiscal year with a fund balance of $23,086,619. Expenditures for Natural Areas capital outlay and local share and capital grant programs totaled $13,771,686 in fiscal year 2015. Fund balance totaled $52,348,611 at June 30, 2015. The fund balance in both of these capital projects funds is classified as restricted for these purposes under state law. Although the capital expenditures in both of these funds reduce fund balance, they create new assets for Metro as reported in the Statement of Net Position and discussed in note V.D in the financial statements.

As noted earlier in this analysis, in accordance with *GASB Statement No. 34*, Metro reports certain non-major funds in the Other Governmental Funds column. Total fund balances in these funds decreased $477,900. The total fund balance of $5,906,148 in these funds includes the following:

- Nonspendable corpus of the cemetery perpetual care fund, $482,037
- Restricted by intergovernmental agreement for Smith and Bybee Wetlands Management Plan, $3,226,100
- Restricted by state law for Open Spaces programs, $521,152
- Restricted by state law and Metro Code for community enhancement programs, $1,644,020
- Assigned by Metro Council for cemetery perpetual care, $32,839

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

Unrestricted net position of the Solid Waste Fund totaled $36,387,808 at fiscal year-end, up 8.3 percent or $2,794,947. Unrestricted net position for MERC totaled $27,155,326 at June 30, 2015, up $1,642,856 or 6.4 percent from the prior fiscal year. Unrestricted net position represents 66.5 percent and 51.2 percent of annual operating expenses for the Solid Waste and MERC enterprise operations, respectively. Net position of $8,914,318 is restricted in the MERC Fund for capital projects.

The Solid Waste enterprise reflected higher charges for services revenues, up $4,159,675 or 7.1 percent, due to the combination of tonnage variations at Metro and non-Metro facilities combined with rate changes as discussed earlier in the analysis of business-type activities. Operating expenses were higher primarily due to costs directly associated with handling increased tonnage, including: facility operations costs, up $1,178,578 or 8.2 percent; waste transport costs up $557,711 or 5.5 percent; and disposal fees paid to Columbia Ridge Landfill, up $450,513 or 4.9 percent. A change in the estimated post-closure costs liability resulted in an increase of $1,364,205 to operating expenses in the fiscal year ended June 30, 2015. Payroll and fringe costs were lower primarily due to the negative pension expense discussed earlier in this analysis.

MERC charges for services revenues were up $7,801,121 or 22.2 percent, which is a reflection of the exceptional event schedule at the OCC and Portland'5 discussed earlier in the analysis of business-type activities. Payroll and fringe costs were lower primarily due to the negative pension expense discussed earlier in this analysis. MERC operations reported lower facility operations costs, down $566,489, primarily the result of the prior year experiencing a one-time streetcar extension LID payment of $1,919,916. Food and beverage costs were higher by $1,664,932, reflective of the increase in related sales revenue.

The Risk Management Fund, an internal service fund that is incorporated in governmental activities for government-wide reporting, had unrestricted net position of $2,922,162 at June 30, 2015. Significant liabilities included the actuarially determined accrued self-insurance claims which totaled $380,000, down $553,000 from the prior fiscal year. Risk Management Fund total net position increased $431,888 from the prior fiscal year as charges to other Metro operations exceeded insurance and claims expenses during fiscal year 2015.

GENERAL FUND BUDGETARY HIGHLIGHTS

As noted earlier, Metro's General Fund is used to account for general government operations and the programs of Planning, Parks and Environmental Services, and the Oregon Zoo. Over the course of the fiscal year, the Metro Council revised the budget for the General Fund four times, with all of the revisions for relatively insignificant amounts and between appropriation categories within the fund. As a result, total appropriations increased $76,672 and total requirements in the final budgeted amount increased $1,106,424 to a total of $120,091,681.

Local budget law (ORS 294.100 and 294.435(4)) requires local governments to stay within the appropriations set for the fiscal year. There were no expenditures in excess of appropriations in the General Fund for the fiscal year ended June 30, 2015.

Final budget compared to actual results. The most significant differences between estimated revenues and actual revenues were as follows:

Revenue Source		Estimated Revenues	Actuals	Variance
Grants	$	10,634,320	6,981,951	(3,652,369)

Grant revenues came in lower compared to budget due to several factors within the Planning and Development Department. Most of Metro's grants in this department are reimbursement based. The Southwest Corridor Plan underspent on project costs by $1,140,051 compared to what was budgeted for the year, resulting in a similar drop in grant revenues from budget. The FTA Regional Travel Options and Streetcar grant related work and reimbursements came in $1,074,618 less than budgeted and the ODOT/TriMet annual discretionary funding agreements (PL, STP and 5303 grants) were lower by $1,094,091.

The most significant variance in General Fund expenditures also occurred in the Planning and Development Department, where expenditures totaled $10,499,206 against appropriations of $15,094,485, for a favorable variance of $4,595,279. Materials and services were lower than budget with over half of the underspending, $2,123,564, attributable to the TOD program as funds are budgeted to allow for maximum flexibility in meeting new development opportunities. In addition, the lower expenditures on the Southwest Corridor and Regional Travel Options projects noted earlier resulted in underspending of $465,471 and $286,857, respectively. The Enterprising Places grant program which funds small-scale construction grants expended $605,680 less than budgeted as the program is still ramping up with committed but unexpended funds.

The General Fund's fund balance on a budgetary basis declined $3,505,085 during the fiscal year, ending at $29,077,941. This differs from the General Fund balance reported in the Governmental Fund statements due to the consolidation of the General Asset Management Fund and portions of the General Revenue Bond Fund as noted earlier in this analysis, and the treatment of interfund loans and the TOD program on a generally accepted accounting principles basis.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Metro's capital assets for its governmental and business type activities totals $629,689,232 (net of accumulated depreciation) as of June 30, 2015. This investment includes land, buildings and exhibits, improvements, and various types of equipment. The total increase (including additions and deductions) in Metro's investment in capital assets for the current fiscal year was $35,460,175 or 6.0 percent, net of accumulated depreciation. Metro reflects an increase of $39,324,862 or 9.7 percent in capital assets attributable to governmental activities and a decrease of $3,864,687 or 2.0 percent in business-type activity capital assets (additional capital assets, less increases in accumulated depreciation).

Metro's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Land	$252,535,307	$243,148,754	19,329,786	19,329,786	271,865,093	262,478,540
Intangible - easements	10,449,108	9,427,050	-	-	10,449,108	9,427,050
Artwork	577,187	710,508	823,121	823,121	1,400,308	1,533,629
Buildings and Exhibits	97,068,039	78,557,710	155,930,098	158,268,476	252,998,137	236,826,186
Improvements	17,222,607	17,183,133	1,671,364	1,803,956	18,893,971	18,987,089
Equipment and Vehicles	5,310,896	5,199,028	4,440,636	4,821,307	9,751,532	10,020,335
Intangible - software	983,502	1,373,736	480,782	235,668	1,464,284	1,609,404
Office furniture/equip	666,332	876,252	506,210	411,234	1,172,542	1,287,486
Railroad equip/facilities	2,621,470	21,295	-	-	2,621,470	21,295
Construction in Progress	57,140,265	48,752,385	1,932,522	3,285,658	59,072,787	52,038,043
Total	$444,574,713	405,249,851	185,114,519	188,979,206	629,689,232	594,229,057

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

- Metro acquired ownership of 361 acres of additional natural areas (net of easements and disposals) from willing sellers from the proceeds of the Natural Areas general obligation bonds bringing the overall acreage held from this bond to 5,011 acres. The total capitalized cost for the property and easements acquired and stabilized in the current fiscal year under this program was $11,674,524.
- The Oregon Zoo's construction for the Elephant Lands major capital project work under the Oregon Zoo Infrastructure and Animal Welfare Bond program was nearing 92 percent completion by the end of fiscal year 2015 (including the Wildlife Live facilities, zoo train rerouting and other aspects). Work also began on the Zoo's Education Center. These and other related projects are all funded by bond proceeds with total capitalized costs in fiscal year 2015 of $23,755,625.
- Other capital projects in fiscal year 2015 included the refurbishment of two locomotives and other railroad related work at the zoo ($439,487), Metro Regional Center Fire Sprinkler System replacement ($236,811) and Blue Lake Park entry drive/booth replacement ($970,097).
- The overall decline in business-type activities capital assets is primarily the result of depreciation expense in fiscal year 2015, which was greater than new additions to capital assets during the same period.

Additional information on Metro's capital assets can be found in Note V.D to the financial statements.

Long-term debt. At the end of the current fiscal year, Metro had total bonded debt outstanding of $250,721,346 net of unamortized premiums and discounts. Of this amount, $209,240,729 comprises debt backed by property tax assessments and the remainder of $41,480,617 represents bonds secured by a broad pledge of Metro revenues, including property taxes used to support operations, and excise taxes levied on users of certain Metro services.

The following table provides a summary of Metro's debt activity. Bonds are reflected net of unamortized premiums and discounts as disclosed in the notes to the financial statements:

Metro's Outstanding Debt

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2015	2014	2015	2014	2015	2014
Gen. obligation bonds	$209,240,729	237,456,537	-	-	209,240,729	237,456,537
Full Faith & Credit/Revenue	31,875,000	34,180,000	9,605,617	10,357,673	41,480,617	44,537,673
Total	$241,115,729	271,636,537	9,605,617	10,357,673	250,721,346	281,994,210

Metro's total debt decreased $31,272,864 or 11.1 percent during the current fiscal year. The two key factors for this decrease were the regular payment of principal on the outstanding bonds during fiscal year 2015 and the refunding of all callable outstanding 2007 Series Natural Areas General Obligation Bonds. This refunding resulted in a reduction of debt service of $12,862,733 over 12 years and a net present value savings of $9,656,437.

Metro has $28,105,000 in remaining voter approved general obligation bond authorization for acquisition of natural areas, parks and streams to protect open spaces and water quality, enhance the region's network of trials, and provide greater access to nature. Metro also has $40,000,000 in remaining voter approved general obligation bond authorization for zoo infrastructure and animal welfare.

In November 2014, Standard & Poor's reaffirmed its AAA rating on Metro general obligation bonds, while Moody's Investor Services reaffirmed its Aaa rating. The rating agencies' reports emphasized the strong financial reserves of the agency, the low debt ratio, significantly broad tax base and the strength of its financial policies. In January 2013, Standard & Poor's awarded Metro a AAA rating for its Full Faith and Credit obligation issue, reaffirming Metro's strong financial practices.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for Metro is $21,184,421,726, which is significantly in excess of Metro's outstanding general obligation debt.

Additional information on Metro's long-term debt can be found in Notes V.K through V.L in the financial statements.

SUBSEQUENT EVENTS

Changes in Pension Plan Provisions Subsequent to Measurement Date

On April 30, 2015, the Oregon Supreme Court ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively.

The impact of the Moro decision on the total pension liability and Metro’s net pension liability (asset) has not been fully determined. However, PERS’ third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (this represents Metro’s proportional share of this estimate):

		June 30, 2014 Measurement Date	
		Prior to Moro	After Moro (estimated)
Total penison liability	$	324,479,650	349,741,192
Fiduciary net position		336,129,371	336,121,662
Net pension liabilty (asset)	$	(11,649,721)	13,619,530

Further details regarding this subsequent event can be found in Note V.S in the financial statements.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

Metro’s fiscal year 2016 budget reflects two major themes. First, the economic recovery is underway and affects both revenues and expenditures. Second, the fiscal year 2016 budget prioritizes investments in Metro’s key infrastructure – physical, technological, human, and administrative. Of importance to Metro’s specific revenue sources, the economic forecasts show continued growth and strengthening in the Portland region. Key portions of the economy appear to be in recovery mode, especially the visitor economy, and this recovery has relieved pressure on some of Metro’s services. Construction has seen a steady rise in single family permits while at the same time the construction of multi-family units has seen a sharp increase and has exceeded a pre-recession level. The increase in construction activity should benefit Metro’s construction excise tax receipts. Federal transportation funding has declined, however, affecting both general transportation system planning and limited specific project planning. Metro continues to benefit from the economic recovery. All of Metro’s operating funds are projected to do well in fiscal year 2016.

In recognition of this economic environment, the Metro fiscal year 2016 budget provides for excellent services to the people and communities of the Portland metropolitan region and implements Metro’s mission to inspire, teach, engage and invite people to enhance the quality of life and environment for the region’s current and future generations. By law, Metro must present a balanced budget. When accounting for all resources and requirements, the budget totals $611,493,826, up 20.7 percent from fiscal year 2015.

Program revenues that contribute to covering Metro’s program costs reflect the following factors:

- Federal transportation funding is expected to increase modestly. Discretionary federal funding for general system planning, the Regional Transportation Plan and the Metropolitan Transportation Improvement Program has not increased. Other planning grant programs are anticipated to increase 13 percent due mostly to increased corridor planning projects such as the South West Corridor and Division/Powell Corridor.
- Charges for services revenues in the General Fund are generated mostly by the parks programs. Parks revenues are projected to grow at a small but steady rate – around 3.6 percent. Revenues at the Glendoveer Golf Course are expected to increase slowly and Metro will continue to make new capital improvements at this location.
- The zoo will become its own enterprise fund in fiscal year 2016. The zoo is expected to continue to experience record attendance despite on-site construction, approaching 1.7 million guests. Fall 2015 will bring the opening of the Elephant Lands exhibit, which is projected to be a major driver of attendance increases. Per capita spending will improve modestly and the zoo forecasts a small fee increase to be implemented in January 2016.

- In fiscal year 2016, Solid Waste rates will be $94.98 per ton, a decrease of $1.35 from fiscal year 2015. The Metro Council sets rates to fund the current expenditures of the Solid Waste Fund, balancing the public's interest in its facilities with the pocketbook issues of its ratepayers. Regional tonnage is expected to be 6.5 percent greater in fiscal year 2016.
- The OCC relies on convention bookings made years in advance. Budgeted revenue is about 7.5 percent greater in fiscal year 2016 and assumes 45 bookings, five more than historical averages. Expo is reflecting a 2 percent increase with a modest increase in both the number of events and attendance. Portland'5 is scheduled to host 12 weeks of Broadway performances, including 7 weeks which are mega Broadway shows. As a result, revenues are projected to be up 32 percent.

General revenues that cover the net expense of Metro's programs are expected to reflect positive outcomes:

- Property taxes are levied for both operations and debt service, and the rate of collection stood at 95.1 percent for the current year's levy. The operating levy has a permanent rate of $0.0966 per $1,000 of assessed value. The natural areas local option levy will have a rate of $0.0960 per thousand and bring in an estimated $11,919,982. The levy for general obligation debt is scheduled to bring in $29,659,074 based upon debt schedules and cash flow requirements.
- Transient lodging taxes receipts are projected to increase 3 percent.
- The excise tax yield is tied to CPI and for fiscal year 2016 decreases to $11.48 per ton, a rate decrease of $0.28 per ton. Excise tax on other Metro facilities and services remains at 7.5 percent. The tax is expected to generate $17.4 million, an increase over fiscal year 2015.

In spring 2016, Metro intends to use the remaining $40 million under the Oregon Zoo infrastructure general obligation bond authorization. Also, Metro plans to issue revenue bonds for the Convention Center Hotel project in an amount sufficient to net $60 million after financing costs and capitalized interest. The amount of the revenue bond issues is expected to be $72 million.

On the expenditure side, increases are expected in salaries, wages and benefits while expenditures under various operations contracts will reflect the economic activity of the respective enterprise area. Significant economic factors related to personal services costs include:

- The number of authorized positions increases in fiscal year 2016 by a net 30.55 FTE, with two-thirds of the total increase being seen in the visitor venues, particularly the Oregon Zoo and the Parks and Nature department in the Parks and Natural Areas Local Option Levy.
- Metro plans to spend $208 million on materials and services in fiscal year 2016. Large expenditures in this area include a $73.4 million transfer to escrow for the Convention Center Hotel project and about $33 million for solid waste transfer station operations and the transport of solid waste to the Columbia Ridge Landfill in Gilliam County. This expenditure category also includes $43 million for visitor venue (OCC, Oregon Zoo, Expo and Portland'5) operations.
- Significant capital project expenditures in fiscal year 2016 include: $18.8 million for the capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure; $20 million for land acquisition and capital expenditures under the Natural Areas program; $8.4 million for capital improvements at MERC facilities; $3 million for solid waste facility capital projects; and $4.4 million at the Oregon Zoo for non-bond funded capital projects.

Metro's financial policies are the backbone of Metro's financial accountability and transparency. The fiscal year 2016 budget is a chance to prepare both for the coming fiscal year and for the longer term. Preparing for the future is a core element of Metro's charter and organizational culture.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Metro's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance and Regulatory Services Director, Metro, 600 NE Grand Avenue, Portland, Oregon, 97232-2736.

Basic Financial Statements

Government-Wide Financial Statements

	Primary Government Governmental Activities	Primary Government Business-type Activities	Primary Government Total	Component Unit Oregon Zoo Foundation
ASSETS				
Equity in internal cash and investment pool	$ 35,956,516	76,495,792	112,452,308	1,967,255
Investments	-	-	-	10,186,826
Receivables (net of allowance for uncollectibles):				
Property taxes	727,325	-	727,325	-
Trade	1,330,332	5,858,176	7,188,508	664,882
Other	2,053,963	10,089,880	12,143,843	172,840
Interest	59,212	105,241	164,453	-
Grants	1,390,780	15,275	1,406,055	-
Internal balances	1,630,743	(1,630,743)	-	-
Inventories	192,136	269,565	461,701	-
Prepaid items	22,363	26,924	49,287	-
Other assets	222,700	-	222,700	85,305
Restricted assets:				
Equity in internal cash and investment pool	48,302,608	9,714,319	58,016,927	-
Investments	73,864,104	-	73,864,104	-
Receivables (net of allowance for uncollectibles):				
Property taxes	2,529,048	-	2,529,048	-
Trade	510,900	-	510,900	-
Other	58,188	-	58,188	-
Interest	122,182	-	122,182	-
Grants	25,493	-	25,493	-
Assets held for resale	8,661,112	-	8,661,112	-
Loans receivable	1,137,952	-	1,137,952	-
Net pension asset	7,444,172	4,205,549	11,649,721	-
Capital assets:				
Land, intangibles, artwork and construction in progress	320,701,867	22,085,429	342,787,296	-
Other capital assets (net of accumulated depreciation)	123,872,846	163,029,090	286,901,936	35,735
Total assets	630,816,542	290,264,497	921,081,039	13,112,843
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	4,669,932	405,323	5,075,255	-
Deferred pension contributions	2,596,055	1,466,629	4,062,684	-
Total deferred outflows of resources	7,265,987	1,871,952	9,137,939	-
LIABILITIES				
Accounts payable	11,227,626	6,749,635	17,977,261	42,717
Salaries, withholdings and payroll taxes payable	2,614,871	1,166,914	3,781,785	-
Contracts payable	2,494,286	47,615	2,541,901	1,575,852
Accrued interest payable	870,037	34,755	904,792	-
Accrued self-insurance claims	380,000	-	380,000	-
Unearned revenue	5,596,496	5,692,078	11,288,574	135,450
Deposits payable	191,513	2,439,238	2,630,751	-
Other liabilities	4,152	676,285	680,437	-
Payable from restricted assets:				
Contracts payable	-	-	-	64,496

(Continued)

METRO

Statement of Net Position, *continued*

June 30, 2015

		Primary Government			Component Unit
		Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
LIABILITIES, *Continued*					
Non-current liabilities:					
Due within one year:					
Bonds payable	$	24,170,000	765,000	24,935,000	-
Post-closure costs payable		-	625,622	625,622	-
Compensated absences		2,349,005	1,076,806	3,425,811	-
Due in more than one year:					
Bonds payable (net of unamortized premium or discount)		216,945,729	8,840,617	225,786,346	-
Net other postemployment benefits obligation		1,340,497	1,007,867	2,348,364	-
Post-closure costs payable		-	7,184,310	7,184,310	-
Pollution remediation obligation		176,500	743,000	919,500	-
Compensated absences		400,617	212,882	613,499	-
Total liabilities		268,761,329	37,262,624	306,023,953	1,818,515
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts		14,820,861	8,372,975	23,193,836	-
Total deferred inflows of resources		14,820,861	8,372,975	23,193,836	-
NET POSITION					
Net investment in capital assets		326,328,783	175,914,225	502,243,008	35,735
Restricted for:					
Parks and natural areas operations		4,504,351	-	4,504,351	-
Transit oriented development projects		20,067,274	-	20,067,274	-
Smith and Bybee Wetlands management plan		3,226,100	-	3,226,100	-
Community enhancement		1,644,020	-	1,644,020	-
Convention Center Hotel project		10,004,077	-	10,004,077	-
Willamette Falls Legacy project		5,204,427	-	5,204,427	-
Debt service		2,539,979	-	2,539,979	-
Capital projects		31,835,654	8,914,318	40,749,972	-
Perpetual care: non-expendable		514,876	-	514,876	-
Zoo purposes:					
Expendable		-	-	-	240,708
Non-expendable		-	-	-	79,216
Unrestricted		(51,369,202)	61,672,307	10,303,105	10,938,669
Total net position	$	354,500,339	246,500,850	601,001,189	11,294,328

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

METRO
Statement of Activities
For the fiscal year ended June 30, 2015

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental activities:				
General government operations	$ 14,121,383	1,501,207	10,264,281	18,740
Regional planning and development	12,164,998	1,180,754	10,082,131	-
Culture and recreation	23,281,061	7,444,771	1,495,619	5,130,000
Zoo	32,483,204	21,546,136	653,787	1,992,542
Interest on long-term debt	6,736,232	-	-	-
Total governmental activities	88,786,878	31,672,868	22,495,818	7,141,282
Business-type activities:				
Solid Waste	57,279,945	62,743,167	-	-
MERC	54,868,782	42,892,276	19,974,313	200,000
Total business-type activities	112,148,727	105,635,443	19,974,313	200,000
Total primary government	$ 200,935,605	137,308,311	42,470,131	7,341,282
Component Unit:				
Oregon Zoo Foundation	$ 7,562,469	4,438,165	1,771,644	-

General revenues:
- Property taxes
- Excise taxes
- Construction excise tax
- Cemetery revenue surcharge
- Unrestricted investment earnings (loss)

Transfers

Total general revenues and transfers

Change in net position

Net position - July 1, 2014, as previously stated

Change in accounting principle-implementation of GASB Statement No. 68 (see Note IV)

Net position - July 1, 2014, as restated

Net position - June 30, 2015

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
(2,337,155)	-	(2,337,155)	
(902,113)	-	(902,113)	
(9,210,671)	-	(9,210,671)	
(8,290,739)	-	(8,290,739)	
(6,736,232)	-	(6,736,232)	
(27,476,910)	-	(27,476,910)	
-	5,463,222	5,463,222	
-	8,197,807	8,197,807	
-	13,661,029	13,661,029	
(27,476,910)	13,661,029	(13,815,881)	
			(1,352,660)
61,957,344	-	61,957,344	-
16,584,669	-	16,584,669	-
2,669,188	-	2,669,188	-
48,335	-	48,335	-
904,399	425,728	1,330,127	(11,523)
(701,266)	701,266	-	-
81,462,669	1,126,994	82,589,663	(11,523)
53,985,759	14,788,023	68,773,782	(1,364,183)
329,573,114	239,796,915	569,370,029	12,658,511
(29,058,534)	(8,084,088)	(37,142,622)	-
300,514,580	231,712,827	532,227,407	12,658,511
$ 354,500,339	246,500,850	601,001,189	11,294,328

Metro

Fund Financial Statements
Governmental Funds

Major Funds

General Fund

The *General Fund* accounts for all activities not required to be accounted for in another fund. This fund accounts for Metro's primary governmental programs and support services including Communications, Council Office, Finance and Regulatory Services, Human Resources, Information Services, Metro Auditor, Office of Metro Attorney, Oregon Zoo, Parks and Environmental Services (parks, marine facilities, pioneer cemeteries, and golf course components), Planning and Development (land use, urban growth management, and environmental and transportation planning), Research Center, Sustainability Center, and special and non-departmental appropriations. The principal resources of the fund are charges for services, grants, property taxes, construction excise tax, and excise taxes on Metro's facilities and services levied in accordance with the Metro Code.

The budgetary General Fund is combined with two other budgetary funds, the General Revenue Bond Fund – General and the General Asset Management Fund, to become one fund in accordance with accounting principles generally accepted in the United States of America.

Special Revenue Fund

Parks and Natural Areas Local Option Levy Fund

The fund was established to account for a special five-year tax levy to provide funds to operate and maintain regional parks and natural areas. Specifically, funds will be used to improve water quality and restore wildlife habitat, wetlands and floodplains. The principal source of revenue is property taxes.

Debt Service Fund

The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bondholders. The principal resources are property taxes and investment income.

Capital Projects Funds

Zoo Infrastructure and Animal Welfare Fund

This fund was established to account for proceeds of voter-approved general obligation bonds to fund infrastructure and projects related to animal welfare at the Oregon Zoo. The principal source of revenue is investment income.

Natural Areas Fund

This fund accounts for activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. The principal resource is investment income.

Other Governmental Funds

Other governmental funds include Smith and Bybee Wetlands Fund, Community Enhancement Fund, Open Spaces Fund, and Cemetery Perpetual Care Fund.

METRO

Balance Sheet
Governmental Funds

June 30, 2015

		General	Special Revenue	Debt Service
ASSETS				
Equity in internal cash and investment pool	$	61,532,361	5,827,980	1,097,794
Investments		-	-	-
Receivables:				
Property taxes		727,325	369,599	2,159,449
Trade		1,330,332	510,900	-
Other		2,102,465	-	-
Interest		59,485	8,087	3,691
Grants		1,390,780	25,493	-
Due from other funds		179,988	-	-
Inventories		192,136	-	-
Assets held for resale		8,661,112	-	-
Prepaid items		22,363	-	-
Other assets		222,700	-	-
Loans receivable		1,137,952	-	-
Advances to other funds		1,079,928	-	-
Restricted assets:				
Equity in internal cash and investment pool		4	-	-
Total assets	$	78,638,931	6,742,059	3,260,934
LIABILITIES				
Accounts payable	$	6,342,641	1,962,555	-
Salaries, withholdings and payroll taxes payable		2,355,676	141,465	-
Contracts payable		333,159	59,921	-
Unearned revenue		5,596,496	-	-
Deposits payable		191,513	-	-
Advances from other funds		1,500,000	-	-
Other liabilities		180,652	-	-
Total liabilities		16,500,137	2,163,941	-
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes		666,940	328,236	1,990,432
Unavailable revenue-other		140,882	-	-
Total deferred inflows of resources		807,822	328,236	1,990,432
FUND BALANCES				
Nonspendable		1,413,353	-	-
Restricted		38,197,509	4,249,882	1,270,502
Committed		5,626,594	-	-
Assigned		-	-	-
Unassigned		16,093,516	-	-
Total fund balances		61,330,972	4,249,882	1,270,502
Total liabilities, deferred inflows of resources and fund balances	$	78,638,931	6,742,059	3,260,934

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

The net pension asset and related deferred outflows and inflows of resources are not available/payable in the current period and therefore are not reported in the funds.

Other long-term assets are not available to pay for current period expenditures and therefore are reported as unavailable revenue in the funds.

An internal service fund is used by management to charge the costs of insurance and risk management to individual funds.
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.

Long-term liabilities (including bonds payable) and related deferred outflows of resources, are not due and payable in the current period and therefore are not reported in the funds.

Net position of governmental activities

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

Capital Projects: Oregon Zoo Infrastructure and Animal Welfare	Capital Projects: Natural Areas	Other Governmental Funds	Total Governmental Funds
10,858,433	5,435,007	6,062,024	90,813,599
15,714,636	48,145,391	-	63,860,027
-	-	-	3,256,373
-	-	-	1,841,232
181	2,880	5,127	2,110,653
24,883	73,250	7,804	177,200
-	-	-	1,416,273
-	-	-	179,988
-	-	-	192,136
-	-	-	8,661,112
-	-	-	22,363
-	-	-	222,700
-	-	-	1,137,952
-	-	-	1,079,928
-	-	-	4
26,598,133	53,656,528	6,074,955	174,971,540
1,472,678	1,127,817	168,807	11,074,498
28,515	89,215	-	2,614,871
2,010,321	90,885	-	2,494,286
-	-	-	5,596,496
-	-	-	191,513
-	-	-	1,500,000
-	-	-	180,652
3,511,514	1,307,917	168,807	23,652,316
-	-	-	2,985,608
-	-	-	140,882
-	-	-	3,126,490
-	-	482,037	1,895,390
23,086,619	52,348,611	5,391,272	124,544,395
-	-	-	5,626,594
-	-	32,839	32,839
-	-	-	16,093,516
23,086,619	52,348,611	5,906,148	148,192,734
26,598,133	53,656,528	6,074,955	
			444,574,713
			(4,780,634)
			3,126,490
			4,792,989
			(241,405,953)
			$ 354,500,339

METRO

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For the fiscal year ended June 30, 2015

	General	Special Revenue	Debt Service
REVENUES			
Property taxes	$ 13,071,534	11,414,901	37,304,106
Excise taxes	16,587,938	-	-
Construction excise tax	2,669,188	-	-
Cemetery revenue surcharge	-	-	-
Investment income	204,601	38,712	77,981
Government fees	95,725	-	-
Culture and recreation fees	24,856,959	-	-
Solid waste fees	-	-	-
Other fees	3,271,705	-	-
Internal charges for services	1,812,342	-	-
Licenses and permits	393,796	-	-
Miscellaneous revenue	537,587	-	-
Grants	17,123,128	717,788	-
Local government shared revenues	773,657	-	-
Government contributions	3,370,903	-	-
Contributions and donations	510,343	-	-
Capital grants	18,740	-	-
Capital contributions and donations	6,992,542	130,000	-
Total revenues	92,290,688	12,301,401	37,382,087
EXPENDITURES			
Current:			
General government operations	16,061,924	288,779	155,867
Regional planning and development	13,888,509	-	-
Culture and recreation	10,050,530	9,329,352	-
Zoo	31,723,889	234,664	-
Debt service:			
Principal	2,305,000	-	27,360,000
Interest	1,250,524	-	8,471,942
Capital outlay	7,355,540	3,338,136	-
Total expenditures	82,635,916	13,190,931	35,987,809
Revenues over (under) expenditures	9,654,772	(889,530)	1,394,278
OTHER FINANCING SOURCES (USES)			
Refunding bonds issued	-	-	57,955,000
Premium on bonds issued	-	-	6,780,891
Sale of capital assets	23,361	-	-
Transfers in	964,282	-	-
Payment to refunded bond escrow agent	-	-	(65,967,620)
Transfers out	(1,277,040)	(31,627)	-
Total other financing sources (uses)	(289,397)	(31,627)	(1,231,729)
Net change in fund balances	9,365,375	(921,157)	162,549
Fund balances - July 1, 2014	51,965,597	5,171,039	1,107,953
Fund balances - June 30, 2015	$ 61,330,972	4,249,882	1,270,502

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

Capital Projects Oregon Zoo Infrastructure and Animal Welfare	Capital Projects Natural Areas	Other Governmental Funds	Total Governmental Funds
-	-	-	61,790,541
-	-	-	16,587,938
-	-	-	2,669,188
-	-	48,335	48,335
131,036	404,005	31,753	888,088
-	-	-	95,725
-	-	-	24,856,959
-	-	340,912	340,912
-	-	-	3,271,705
-	-	-	1,812,342
-	-	-	393,796
-	2,880	-	540,467
-	-	-	17,840,916
-	-	-	773,657
-	-	-	3,370,903
-	-	-	510,343
-	-	-	18,740
-	-	-	7,122,542
131,036	406,885	421,000	142,933,097
-	-	-	16,506,570
-	-	-	13,888,509
-	2,097,162	881,729	22,358,773
8,888	-	-	31,967,441
-	-	-	29,665,000
-	-	-	9,722,466
23,755,625	11,674,524	17,171	46,140,996
23,764,513	13,771,686	898,900	170,249,755
(23,633,477)	(13,364,801)	(477,900)	(27,316,658)
-	-	-	57,955,000
-	-	-	6,780,891
-	-	-	23,361
-	-	-	964,282
-	-	-	(65,967,620)
(13,717)	(41,713)	-	(1,364,097)
(13,717)	(41,713)	-	(1,608,183)
(23,647,194)	(13,406,514)	(477,900)	(28,924,841)
46,733,813	65,755,125	6,384,048	177,117,575
23,086,619	52,348,611	5,906,148	148,192,734

METRO

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the fiscal year ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds		$ (28,924,841)
Governmental funds report capital outlays as expenditures, while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Expenditures for capital assets	46,530,084	
Less current year depreciation	(5,936,523)	40,593,561
In the statement of activities, only the gain or loss on the disposal of capital assets is reported, while in governmental funds, the entire proceeds from sales increase financial resources. The change in net position differs from the change in fund balance by the book values of the assets disposed.		(1,268,700)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue-property taxes	166,803	
Change in unavailable revenue-other	137,610	304,413
An internal service fund is used by management to charge the costs of insurance and risk management to individual funds. The net revenue of certain activities of the internal service fund is included in governmental activities in the statement of activities.		189,532
The issuance of long-term debt provides current financial resources to governmental funds, but issuance of debt increases long-term liabilities in the statement of net position. The repayment of principal on long-term debt uses current financial resources of governmental funds, but repayment of debt reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas premiums and discounts are deferred and amortized in the statement of activities. These are the effects of these differences in the treatment of long-term debt and related items.		
Bonds issued	(57,955,000)	
Premium on bonds issued	(6,780,891)	
Principal payments on bonds	29,665,000	
Payment to refunded bond escrow agent	65,967,620	
Amortization of unamortized premium or discount	3,535,947	34,432,676
Expenses in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the funds.		
Other postemployment benefits	(144,874)	
Compensated absences	(175,168)	
Amortization of deferred charge on refunding	(735,111)	
Accruals associated with pension related obligations	9,528,872	
Accrued interest on long-term debt	185,399	8,659,118
Change in net position of governmental activities		$ 53,985,759

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

Fund Financial Statements
Proprietary Funds

Enterprise Funds

Major Funds

Solid Waste Fund

This fund accounts for revenues, primarily from charges for services for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for Metro South Station and Metro Central Station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

MERC Fund

This fund accounts for revenues and expenses related to the management and operation of facilities managed by MERC, including the OCC, Expo Center, and Portland'5. The principal sources of revenue are charges for services and local government shared revenue. Expenses consist primarily of management, marketing and operation costs. This fund consists of two budgetary funds (MERC Fund and General Revenue Bond Fund-Expo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

Internal Service Fund

Risk Management Fund

This fund accounts for risk management and self-insurance programs performed for other organizational units within Metro. The primary revenue is charges for services to user funds. Primary expenses are insurance premiums, claims costs, and studies related to insurance issues.

METRO
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	Solid Waste	**MERC**	**Total**	**Risk Management**
ASSETS				
Current assets:				
Equity in internal cash and investment pool	$ 43,960,508	32,535,284	76,495,792	3,449,598
Receivables:				
Trade	4,977,422	880,754	5,858,176	-
Other	1,150,941	8,938,939	10,089,880	1,498
Interest	54,290	50,951	105,241	4,194
Grants	10,000	5,275	15,275	-
Inventories	269,565	-	269,565	-
Prepaid items	-	26,924	26,924	-
Total current assets	50,422,726	42,438,127	92,860,853	3,455,290
Noncurrent assets:				
Advances to other funds	1,500,000	-	1,500,000	-
Restricted equity in internal cash and investment pool	-	9,714,319	9,714,319	-
Restricted net pension asset	1,747,458	2,458,091	4,205,549	-
Capital assets, net	27,893,315	157,221,204	185,114,519	-
Total noncurrent assets	31,140,773	169,393,614	200,534,387	-
Total assets	81,563,499	211,831,741	293,395,240	3,455,290
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	405,323	405,323	-
Deferred pension contributions	609,403	857,226	1,466,629	-
Total deferred outflows of resources	609,403	1,262,549	1,871,952	-
LIABILITIES				
Current liabilities:				
Accounts payable	4,517,152	2,232,483	6,749,635	153,128
Salaries, withholdings and payroll taxes payable	467,693	699,221	1,166,914	-
Contracts payable	-	47,615	47,615	-
Accrued interest payable	-	34,755	34,755	-
Accrued self-insurance claims	-	-	-	380,000
Unearned revenue	440	5,691,638	5,692,078	-
Deposits payable	250	2,438,988	2,439,238	-
Other liabilities	-	676,285	676,285	-
Due to other funds	-	179,988	179,988	-
Bonds payable-current	-	765,000	765,000	-
Post-closure costs payable-current	625,622	-	625,622	-
Compensated absences-current	458,986	617,820	1,076,806	-
Total current liabilities	6,070,143	13,383,793	19,453,936	533,128

METRO
Statement of Net Position
Proprietary Funds, *continued*
June 30, 2015

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	Solid Waste	MERC	Total	Risk Management
LIABILITIES, *Continued*				
Noncurrent liabilities:				
Bonds payable (net of unamortized premium or discount)	$ -	8,840,617	8,840,617	-
Advances from other funds	-	1,079,928	1,079,928	-
Net other postemployment benefits obligation	400,598	607,269	1,007,867	-
Post-closure costs payable	7,184,310	-	7,184,310	-
Pollution remediation obligation	648,000	95,000	743,000	-
Compensated absences	109,652	103,230	212,882	-
Total non-current liabilities	8,342,560	10,726,044	19,068,604	-
Total liabilities	14,412,703	24,109,837	38,522,540	533,128
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	3,479,076	4,893,899	8,372,975	-
Total deferred inflows of resources	3,479,076	4,893,899	8,372,975	-
NET POSITION				
Net investment in capital assets	27,893,315	148,020,910	175,914,225	-
Restricted for:				
Capital projects	-	8,914,318	8,914,318	-
Unrestricted	36,387,808	27,155,326	63,543,134	2,922,162
Total net position	$ 64,281,123	184,090,554	248,371,677	2,922,162
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			(1,870,827)	
Net position of business-type activities			$ 246,500,850	

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

METRO
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the fiscal year ended June 30, 2015

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	Solid Waste	MERC	Total	Risk Management
OPERATING REVENUES				
Charges for services	$ 62,684,216	42,892,276	105,576,492	264,198
Internal charges for services	58,951	-	58,951	1,562,829
Total operating revenues	62,743,167	42,892,276	105,635,443	1,827,027
OPERATING EXPENSES				
Payroll and fringe benefits	8,088,168	14,546,447	22,634,615	-
Depreciation and amortization	1,364,156	6,085,186	7,449,342	-
Administration	4,826,618	3,680,124	8,506,742	-
Facility operations	15,511,927	9,903,389	25,415,316	-
Marketing	-	3,595,684	3,595,684	-
Food and beverage	-	13,914,870	13,914,870	-
Disposal fees	9,600,057	-	9,600,057	-
Waste transport	10,753,465	-	10,753,465	-
Special waste disposal fees	844,275	-	844,275	-
Landfill post-closure (reduction)	579,020	-	579,020	-
Consulting services	2,193,169	1,179,912	3,373,081	-
Charges for services	381,002	112,211	493,213	-
Insurance	-	-	-	1,046,455
Claims	-	-	-	581,045
Actuarial claims (reduction)	-	-	-	(553,000)
Other materials and services	541,175	-	541,175	47,707
Total operating expenses	54,683,032	53,017,823	107,700,855	1,122,207
Operating income (loss)	8,060,135	(10,125,547)	(2,065,412)	704,820
NON-OPERATING REVENUES (EXPENSES)				
Investment income	213,970	211,757	425,727	16,311
Grants	-	256,022	256,022	12,208
Local government shared revenue	-	18,880,684	18,880,684	-
Government contributions	-	837,608	837,608	-
Contributions to other governments	-	(1,498,685)	(1,498,685)	-
Gain (loss) on disposal of capital assets	17,333	(28,933)	(11,600)	-
Waste reduction grants	(2,695,988)	-	(2,695,988)	-
Interest expense	-	(483,955)	(483,955)	-
Total non-operating revenues (expenses)	(2,464,685)	18,174,498	15,709,813	28,519
Income (loss) before transfers and capital grants	5,595,450	8,048,951	13,644,401	733,339
Capital grants	-	200,000	200,000	-
Transfers in	138,777	1,138,263	1,277,040	-
Transfers out	(223,490)	(352,284)	(575,774)	(301,451)
Change in net position	5,510,737	9,034,930	14,545,667	431,888
Total net position - July 1, 2014, as previously stated	62,129,425	179,780,673		2,490,274
Change in accounting principle-implementation of GASB Statement No. 68	(3,359,039)	(4,725,049)		-
Total net position - July 1, 2014, as restated	58,770,386	175,055,624		2,490,274
Total net position - June 30, 2015	$ 64,281,123	184,090,554		2,922,162
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds			242,356	
Change in net position of business-type activites			$ 14,788,023	

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

METRO
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2015

	Business-type Activities- Enterprise Funds			Governmental Activities- Internal Service Fund
	Solid Waste	**MERC**	**Total**	**Risk Management**
Cash flows from operating activities:				
Receipts from customers	$ 63,299,287	42,695,779	105,995,066	317,509
Receipts from interfund services provided	-	-	-	1,245,320
Other operating receipts	-	-	-	262,028
Payments to suppliers for goods and services	(39,578,790)	(28,057,853)	(67,636,643)	(1,087,146)
Payments for claims	-	-	-	(581,045)
Payments to employees for services	(10,333,490)	(17,668,350)	(28,001,840)	-
Payments for interfund services used	(4,826,618)	(3,680,124)	(8,506,742)	-
Net cash provided by (used in) operating activities	8,560,389	(6,710,548)	1,849,841	156,666
Cash flows from noncapital financing activities:				
Grants received	-	443,619	443,619	10,710
Local government shared revenues	-	17,630,858	17,630,858	-
Government contributions	-	837,608	837,608	-
Contributions to other governments	-	(1,498,685)	(1,498,685)	-
Grants to others	(2,705,987)	-	(2,705,987)	-
Interfund loans provided	(1,500,000)	-	(1,500,000)	-
Principal collected (paid) on interfund loans	-	(220,000)	(220,000)	-
Interest collected (paid) on interfund loans	3,750	(7,400)	(3,650)	-
Transfers from other funds	138,777	1,138,263	1,277,040	-
Transfers to other funds	(223,490)	(352,284)	(575,774)	(301,451)
Net cash provided by (used in) noncapital financing activities	(4,286,950)	17,971,979	13,685,029	(290,741)
Cash flows from capital and related financing activities:				
Capital grants and contributions	-	200,000	200,000	-
Principal payment on bonds	-	(735,000)	(735,000)	-
Interest payments	-	(453,050)	(453,050)	-
Acquisition and construction of capital assets	(720,907)	(2,895,806)	(3,616,713)	-
Proceeds from sale of capital assets	17,333	3,125	20,458	-
Net cash used in capital and related financing activities	(703,574)	(3,880,731)	(4,584,305)	-
Cash flows from investing activities:				
Investment income	204,495	195,766	400,261	16,317
Net cash provided by investing activities	204,495	195,766	400,261	16,317
Net increase (decrease) in cash including restricted amounts	3,774,360	7,576,466	11,350,826	(117,758)
Cash at beginning of year including restricted amounts	40,186,148	34,673,137	74,859,285	3,567,356
Cash at end of year including restricted amounts	$ 43,960,508	42,249,603	86,210,111	3,449,598

(Continued)

METRO

Statement of Cash Flows
Proprietary Funds, *continued*

For the fiscal year ended June 30, 2015

		Business-type Activities-Enterprise Funds			Governmental Activities-Internal Service Fund
		Solid Waste	**MERC**	**Total**	**Risk Management**
Equity in internal cash and investment pool	$	43,960,508	32,535,284	76,495,792	3,449,598
Restricted equity in internal cash and investment pool		-	9,714,319	9,714,319	-
Total	$	43,960,508	42,249,603	86,210,111	3,449,598
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	$	8,060,135	(10,125,547)	(2,065,412)	704,820
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation and amortization		1,364,156	6,085,186	7,449,342	-
Change in assets and liabilities:					
Trade/other accounts receivable		556,120	(196,497)	359,623	(2,169)
Inventories		1,320	-	1,320	-
Prepaid items		99,185	(23,612)	75,573	-
Accounts payable		938,290	(1,606,955)	(668,665)	7,015
Salaries, withholdings and payroll taxes payable/compensated absences		(2,245,321)	(3,121,903)	(5,367,224)	-
Contracts payable		-	(21,005)	(21,005)	-
Accrued self-insurance claims		-	-	-	(553,000)
Unearned revenue		-	1,419,413	1,419,413	-
Deposits payable		250	217,368	217,618	-
Other liabilities		-	646,004	646,004	-
Post-closure costs payable		(31,344)	-	(31,344)	-
Pollution remediation obligation		(182,402)	17,000	(165,402)	-
Total adjustments		500,254	3,414,999	3,915,253	(548,154)
Net cash provided by (used in) operating activities	$	8,560,389	(6,710,548)	1,849,841	156,666
Noncash investing, capital, and financing activities:					
Increase (decrease) in the fair value of investments	$	24,593	10,328	34,921	2,619

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

I. HISTORICAL INTRODUCTION

Metro, the nation's only directly elected regional government, was organized under the provisions of Oregon Revised Statutes (ORS) Chapter 268 to make available, in the Portland, Oregon metropolitan area, public services not adequately available through previously authorized governmental agencies. Under the 1992 Metro Charter, Metro's primary function is regional planning services. Metro is also authorized to exercise the following functions and is permitted by Charter to assume additional functions if approved by ordinance:

- Acquisition, development, maintenance and operation of:
    - a metropolitan zoo,
    - public cultural, trade, convention, exhibition, sports, entertainment, and spectator facilities,
    - facilities for disposal of solid and liquid wastes, and
    - a system of parks, open spaces and recreational facilities of metropolitan concern
- Metropolitan aspects of natural disaster planning and response coordination
- Development and marketing of data
- Performance of any other function required by state law or assigned to Metro by voters

The Metro Council is the governing body and consists of six part time councilors, each elected on a nonpartisan basis from a single district within the Metro area. The Council President, who both administers the agency and presides over the policy-making of the Council, is elected from the Metro area at large. A Chief Operating Officer, appointed by the Council President and confirmed by the Council, is responsible for day-to-day administration of Metro, under the guidance of the Council President and the full Council. The Metro Auditor is elected at large, and that office performs financial and performance audits and makes reports to the Council and Chief Operating Officer.

The Metropolitan Exposition Recreation Commission (MERC) was established by Metro ordinance to operate, maintain and renovate metropolitan convention, trade and spectator facilities pursuant to appropriate state statutes. The Commission consists of seven members, five recommended to the Council by local governments and two directly appointed by the Council President, and all confirmed by the Council. MERC is not legally separate from Metro.

II. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Metro have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following summary of Metro's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies, as presented, should be viewed as an integral part of the accompanying financial statements.

A. THE REPORTING ENTITY

1. Primary Government

Metro is a municipal corporation governed by a Council President and six Councilors. As required by GAAP, Metro's financial statements present Metro (the primary government) and its component unit – the Oregon Zoo Foundation (OZF), a legally separate non-profit organization whose sole purpose is to provide support and significant additional funding for Metro's Oregon Zoo. This discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from Metro. For materiality reasons, disclosures accompanying Metro's financial statements have generally been limited to those of the primary government.

2. Discretely Presented Component Unit

OZF – The legally separate OZF exists exclusively for the support and benefit of the Zoo. It is a public benefit corporation organized and operated under Section 501(c)(3) of the Internal Revenue Code. The OZF conducts fundraising efforts on behalf of the Zoo, receiving donations from both individuals and corporations that are provided as financial support to the Zoo. The OZF is included in Metro's report under provisions of GASB Statement No. 39. Complete financial statements for OZF can be obtained from the Finance Manager at 4001 SW Canyon Road, Portland, OR 97221-2799.

B. BASIC FINANCIAL STATEMENTS

1. **Government-wide financial statements** (the statement of net position and the statement of activities) report information on all of the activities of the primary government and its component unit. For the most part, the effect of interfund activity has been eliminated from these statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The primary government is reported separately from its legally separate component unit.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported instead as *general revenues*, as are internally dedicated resources.

2. **Fund financial statements** are presented for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using *an economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. All transactions affecting increases (revenues) and decreases (expenses) in total net position during the period are reported. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using *a current financial resources measurement focus* and the *modified accrual basis of accounting*. Governmental funds' operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) of net current position during a period. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are both "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Metro considers revenue arising from federal and state grants to be available in the period when the underlying related expenditures for reimbursement based grants have been incurred, if it is known that all eligibility requirements that allow for billing of the amount to the grantor agency under the applicable grant agreement have been satisfied. All other revenue is considered available if received within 60 days of fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on long-term debt that is recorded when due and certain compensated absences which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, excise taxes, construction excise tax, cemetery revenue surcharges, grants, local government shared revenues, government contributions, charges for services, and investment income are susceptible to accrual. Contributions and donations and other receipts become measurable and available when cash is received and are recognized as revenue at that time.

The accounts of Metro are organized on the basis of funds, each of which is a separate accounting entity with self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate. The segregation by fund is for the purpose of carrying on specific activities or attaining certain objectives in accordance with ordinances, special regulations, restrictions or limitations. The various funds are grouped by fund type and classified into two broad fund categories: governmental and proprietary.

Major funds are those whose revenues, expenditures/expenses, assets plus deferred outflows of resources, or liabilities plus deferred inflows of resources (excluding extraordinary items) are at least 10 percent of corresponding totals for all governmental or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Additional funds may be reported as a major fund if Metro's officials believe that fund is particularly important to financial statement users. Metro reports the following major governmental funds:

General Fund – This fund accounts for all activities not required to be accounted for in another fund: Metro's primary governmental programs and support services including Communications, Council Office, Finance and Regulatory Services, Human Resources, Information Services, Metro Auditor, Office of Metro Attorney, Oregon Zoo, Parks and Environmental Services (parks, marine facilities, pioneer cemeteries, and golf course components), Planning and Development (land use, urban growth management, and environmental and transportation planning), Research Center, Sustainability Center, and non-departmental appropriations. The budgetary General Fund is combined with two other budgetary funds, the General Revenue Bond Fund – General and the General Asset Management Fund, to become one fund in accordance with accounting principles generally accepted in the United States of America.

Special Revenue Fund – Special revenue funds account for revenues (other than fiduciary resources or major capital projects) that are legally restricted to expenditures for specific purposes. Metro's major special revenue fund is:

Parks and Natural Areas Local Option Levy Fund – This fund was established to account for a special five-year tax levy to provide funds to operate and maintain regional parks and natural areas. Specifically, funds will be used to improve water quality and restore wildlife habitat, wetlands and floodplains.

Debt Service Fund – The *General Obligation Bond Debt Service Fund* accounts for payments of general obligation bond principal and interest to bondholders.

Capital Projects Funds – This fund type is used to account for resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Metro's major capital projects funds are:

Oregon Zoo Infrastructure and Animal Welfare Fund – This fund was established to account for proceeds of voter-approved general obligation bonds to fund infrastructure and projects related to animal welfare at the Oregon Zoo.

Natural Areas Fund – This fund accounts for activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat.

Metro reports the following major proprietary funds:

Enterprise Funds – These funds account for the financing of predominantly self supporting activities that are funded through service charges and user fees to customers. Metro's enterprise funds are:

Solid Waste Fund – This fund accounts for revenues, primarily from charges for services for the disposal of solid waste, and expenses for the implementation, administration and enforcement of Metro's Solid Waste Management Plan. This fund also accounts for Metro South Station and Metro Central Station solid waste transfer and recycling facilities, and the closed St. Johns Landfill.

MERC Fund – This fund accounts for revenues and expenses related to the management and operation of facilities managed by MERC, including the Metro owned Oregon Convention Center (OCC) and the Portland Expo Center (Expo). In addition, under the provisions of an intergovernmental agreement with the City of Portland, MERC is responsible for operation and management of the City-owned Portland'5 Centers for the Arts (Portland'5). This fund consists of two budgetary funds (MERC Fund and General Revenue Bond Fund-Expo) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

Internal Service Fund – Internal service funds are used to account for activities or services furnished by designated departments to other organizational units. Charges are made to the user departments to support these activities. Metro's internal service fund is:

Risk Management Fund – This fund accounts for risk management and self-insurance programs performed for other organizational units within Metro.

Metro also reports *nonmajor* funds of the following fund types:

Special Revenue Funds

Capital Projects Fund

Permanent Fund – This fund type is used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are direct charges for services between various funds that represent services provided and used. Elimination of these charges would distort the measurement of the cost of individual functional activities. Certain indirect costs for central administration and support have been included as part of program expenses reported for the various functions in the government-wide financial statements.

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 Solid Waste Fund, MERC Fund, and of the internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and the internal service fund 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.

D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCES

1. Cash and Investments

Metro maintains a cash and investment pool that is available for use by all funds for investment purposes, excluding the component unit. Interest earned on pooled investments is allocated monthly based upon each fund's average monthly cash balance. Investments are presented at fair value. The fair value of investments is determined annually and is based on current market prices.

For purposes of the statement of cash flows, cash is considered to be cash on hand, demand deposits, cash in restricted accounts and equity in the internal cash and investment pool. All pooled investment purchases and maturities are part of Metro's cash management activity and are considered cash and cash equivalents.

As authorized by State statutes, policies recommended by Metro's Investment Advisory Board and adopted by the Metro Council authorize Metro to invest in obligations of U.S. government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, certain corporate promissory notes, State of Oregon and local government securities, debt obligations of the states of California, Idaho and Washington and their political subdivisions, and the State Treasurer's Local Government Investment Pool (LGIP).

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at fiscal year-end are referred to as "due to/from other funds" (short-term) and "advances to/from other funds" (long-term) in the fund financial statements. The residual balances outstanding between governmental activities and business-type activities, along with the other interfund balances described above, are reported in the government-wide financial statements as "internal balances."

Uncollected property taxes receivable collected and remitted to Metro by county treasurers within approximately 60 days of fiscal year-end are recognized as revenue. The remaining balance is recorded as unavailable revenue because it is not deemed available to finance operations of the current period. Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Property taxes are assessed and become a lien against the property as of July 1 each year. Since property taxes may be collected by foreclosure, no allowance for doubtful accounts is deemed necessary. Property taxes are levied on November 15 and are payable in three installments that are due on November 15, February 15 and May 15. Taxes unpaid and outstanding after May 16 are considered delinquent.

Receivables are stated net of an allowance for uncollectibles when required.

Metro allocates indirect costs, primarily of an administrative nature, to grants in compliance with cost allocation plans that are subject to the approval of Metro's oversight agency. The plan in effect for fiscal year 2015 allocated indirect costs to grants at a rate of approximately 30 percent of the related direct personnel costs.

3. Inventories and Prepaid Items

Inventories, consisting of consumable food and items held for resale, are valued at cost (first in, first out method), and are charged as expenses when consumed. Payments to vendors for services that will benefit future periods are recorded as prepaid items using the consumption method.

4. Animal Collections

In accordance with industry practice, animal collections of the Zoo are recorded at the nominal amount of $1, as there is no objective basis for establishing value. Differences in attributes such as species, age, sex, endangered status, and breeding potential make it impracticable to assign value. Acquisitions are recorded as expenses of the operating activity.

5. Transit-Oriented Development (TOD) Program Easements

Metro purchases easements on various TOD projects from developers. These easements contain property use conditions for periods up to 30 years to accomplish the goals of the TOD program. Metro does not consider the substance of such easements as assets, but rather project funding and amounts paid are reflected as a period cost. This policy is based on the concept that assets are resources that Metro controls and that have a present capacity to provide services, directly or indirectly. TOD easements, while a contractual or property right controlled by Metro, are entered into for the purposes of developing properties that increase transit ridership. The transit system is a service function of a wholly separate government entity. In the broadest sense, success of the program through TOD easements can enable the region and its individual government entities to maximize future resources. As such, there is no increase in Metro's present capacity to provide service and TOD easements are effectively contributions to the programs and service capacity of other governments.

6. Restricted Assets

Resources for future payment of bonds and certain long-term liabilities or activities have been classified as restricted assets on the statement of net position because their use is limited by certain applicable agreements or state laws. Assets of the Parks and Natural Areas Local Option Levy Fund are restricted by Measure 26-152, a voter-approved five-year local option property tax levy. Assets of the Debt Service, Oregon Zoo Infrastructure and Animal Welfare, Natural Areas, and Open Spaces Funds are restricted by state law controlling the use of bond proceeds. Assets of the Smith and Bybee Wetlands Fund, and portions of the General Fund related to the TOD program, Convention Center Hotel project and Willamette Falls Legacy project are restricted by contractual agreements with third parties. Assets of the Community Enhancement and the Cemetery Perpetual Care Funds are restricted by state law and/or Metro Code.

7. Capital Assets

Capital assets, which include land, intangible easements, artwork, construction in progress, buildings and exhibits, improvements, equipment and vehicles, intangible software, office furniture and equipment, and railroad equipment and facilities, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined as assets with an initial cost of $10,000 or more, and an estimated useful life in excess of one year. Capital assets are recorded at cost, and donated capital assets are stated at estimated fair market value when received. Normal maintenance and repairs are charged to operations as incurred. Replacements exceeding $10,000 that improve or extend the lives of property are capitalized.

Capital assets are recorded as capital outlay expenditures in the governmental funds statements when purchased. Capital assets in the enterprise and internal service funds are capitalized when purchased. Interest expense (net of interest earned on the invested proceeds over the period of construction) incurred during construction of capital assets of business-type activities is capitalized as part of the cost of the constructed asset. No interest was capitalized in fiscal year 2015.

Depreciation/amortization is computed using the straight line method over the following estimated useful lives:

Asset	Years
Buildings and exhibits	20-50
Improvements	10-65
Equipment and vehicles	8-20
Intangible-software	5-20
Office furniture and equipment	5-20
Railroad equipment and facilities	10

Pursuant to an intergovernmental agreement with the City of Portland, Metro (through MERC) operates and manages activities for Portland'5, but capital assets purchased from funds derived from these operations become property of the City. As such, these expenses are reflected as contributions to other governments and are not capitalized.

8. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position reports a separate section for *deferred outflows of resources*, which represents a consumption of net position that applies to future periods and so will *not* be recognized as an outflow of resources (expense/expenditure) until that time. Metro reports two items in the government-wide statement of net position: deferred charge on refunding and deferred pension contributions. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred pension contributions are contributions to the pension plan subsequent to the measurement date of the plan for reporting purposes and are recognized as outflows of resources in the following fiscal year.

In addition to liabilities, the statement of financial position reports a separate section for *deferred inflows of resources*, which represents an acquisition of net position that applies to future periods and so will *not* be recognized as an inflow of resources (revenue) until that time. The government-wide statement of net position reports deferred pension amounts which represent the net difference between projected and actual earnings on pension plan investments and the changes in proportionate share of contributions. Metro also has *unavailable revenue*, which arises only under a modified accrual basis of accounting and so is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and fines and forfeits revenues. All deferred inflows are recognized as inflows of resources in the period that the amounts become available.

9. Pension Plan

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Oregon Public Employees Retirement System (PERS) and additions to/deductions from PERS fiduciary net position have been determined on the same accrual basis as they are reported by PERS. For this purpose, revenues are recognized when earned. Contributions are recognized when due, pursuant to formal commitments, as well as statutory and PERS Board requirements. Expenses are recognized when incurred. Benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Withdrawals are recognized in the month they are due and payable. Investments are reported at fair value.

10. Long-term Obligations

In the government-wide financial statements, and in 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 position. Bond premiums, discounts, and deferred charge on refunding amounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported on the statement of net position net of the unamortized portion of premiums or discounts. Deferred charge on refunding is reported as a deferred outflow of resources.

For governmental fund types in the fund financial statements, bond premiums, discounts and issuance costs are recognized in the period incurred. The face amount of debt issued plus any premium received on issuance is reported as other financing sources. Discounts on issuance are reported as other financing uses. Issuance costs are reported as expenditures.

11. Liability for Compensated Absences

Accumulated unpaid vacation benefits are accrued as earned in government-wide and proprietary fund financial statements. Accumulated unpaid vacation benefits are recorded as liabilities in the governmental fund types only if they have matured as the result of employee resignations or retirements. Calculated amounts of vacation leave payable include salary-related payments associated with the leave, such as Metro's share of Social Security and Medicare taxes. The amount due within one year is estimated on a historical average of leave taken during a fiscal year. Accumulated sick leave does not vest and is, therefore, recorded in all funds when leave is taken.

12. Fund Balances and Net Position

Fund balance is classified in the governmental fund financial statements in five components to give users information necessary to understand any constraints imposed upon the resources and how those constraints may be modified or eliminated. Fund balance is classified as *nonspendable* when amounts cannot be spent because they are either in nonspendable form, such as prepaid expenditures, long-term receivables, or inventory, or are legally required to remain intact, such as the corpus of a permanent fund. Amounts classified as *restricted* fund balance are amounts with constraints imposed externally by creditors, grantors, contributors, or the laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. The Metro Council is the highest level of decision-making authority for Metro that can, by adopting an ordinance, place constraints on resources that are reported as *committed* fund balance. These commitments can be modified or rescinded only by Council adoption of subsequent ordinances. *Assigned* fund balances are amounts intended to be used for specific purposes but do not meet the criteria to be classified as committed. Metro Council has, by resolution, authorized the Chief Operating Officer to assign fund balance. *Unassigned* fund balance is available for other uses and only the general fund may report a positive unassigned fund balance amount. It is Metro's policy to use restricted resources first, then unrestricted resources as needed when both restricted and unrestricted resources are available for use. Within unrestricted amounts, committed amounts are considered to have been spent first, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

In the government-wide statement of net position and the statement of net position for proprietary funds, limitations on how the net position may be used are reported as restrictions. Restrictions may be placed by an external party providing the resources, by enabling legislation, or by the nature of the asset.

E. ADOPTION OF NEW GASB PRONOUNCEMENTS

During the fiscal year ended June 30, 2015, Metro implemented the following GASB Statements:

GASB Statement No. 67, *Financial Reporting for Pension Plans, an amendment of GASB Statement No. 25*. The objective of this statement is to improve financial reporting by state and local government pension plans and replaces Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The information required of the multiple-employer cost-sharing plan (Oregon Public Employees Retirement System or PERS) is used by Metro in conjunction with Statement No. 68 - described further below - and establishes the definition of a pension plan that reflects the primary activities associated with the pension arrangement – determining pensions, accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Issued June 2012, this statement makes changes to actuarial methods and financial reporting by pension plans by amending the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, and GASB Statement No. 50, *Pension Disclosures*. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. Metro has implemented this statement for the fiscal year ended June 30, 2015 as reflected in Note V.G.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Issued January 2013, this statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. GASB Statement No. 69 is effective for Metro for fiscal year ending June 30, 2015. Metro did not experience any transactions covered by this statement during the fiscal year.

GASB Statement No. 71, P*ension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Issued November 2013, this statement amends GASB Statement No. 68 related to initial balances of deferred inflows and outflows. GASB Statement No. 71 is effective for Metro for fiscal year ending June 30, 2015 and is reflected in Note V.G. in these financial statements.

F. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

GASB Statement No. 72, *Fair Value Measurement and Application*. Issued February 2015, this statement addresses accounting and financial reporting issues related to fair value measurements. The statement will enhance comparability of financial statements among governments by providing guidance for determining fair value measurement of certain assets and liabilities using a consistent and more detailed definition of fair value and accepted valuation techniques for financial reporting purposes and for applying fair value to certain investments and disclosures related to those measurements. GASB Statement No. 72 is effective for fiscal years beginning after June 15, 2015.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Issued June 2015, this statement establishes requirements for defined benefit pension plans and requirements for defined contribution pension plans that are not within the scope of Statement No. 68. It also amends certain provisions of Statement No. 67 and No. 68. For the latter statement, it clarifies the application of certain provisions with regard to information required to be presented as notes to the 10-year schedule of required supplementary information and investment-related factors that significantly affect trends in the amounts; clarifies accounting and financial reporting for separately financed specific liabilities of individual employers and nonemployer contributing entities for defined benefit pensions; and clarifies timing of employer recognition of revenue for the support of nonemployer contributing entities not in a special funding situation. The effective date of this statement for Metro is for fiscal years beginning after June 15, 2015.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. Issued June 2015, this statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of OPEB plans and replaces Statements No. 43, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Issued June 2015, this statement is to improve the accounting and financial reporting for postemployment benefits other than pensions, OPEB. The statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. The effective date of this statement is for fiscal years beginning after June 15, 2017.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Issued June 2015, this statement identifies – in the context of the current governmental financial reporting environment – the hierarchy of generally accepted accounting principles (GAAP). The "GAAP Hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities and the framework for selecting those principles. This statement supersedes Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement is effective for financial statements for periods beginning after June 15, 2015.

GASB Statement No. 77, *Tax Abatement Disclosures*. Issued August 2015, this statement provides for the reporting and disclosure of information about the nature and magnitude of tax abatements which will make these transactions more transparent to financial statement users than at present. As a result, users will be better equipped to understand how tax abatements affect a government's future ability to raise resources and meet its financial obligations and the impact of those abatements on a government's financial position and economic condition. This statement is effective for periods beginning after December 15, 2015.

Metro will implement future GASB pronouncements no later than the required effective date. Metro is currently evaluating whether or not the above listed future GASB pronouncements will have a significant impact to Metro's financial statements.

III. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Elements of that reconciliation explain that capital assets, other long-term assets and long-term liabilities/deferred outflows are either not reported or are reported as unavailable in the funds. The details of these differences are:

		Capital assets	Net pension asset and related amounts	Other long-term assets	Long-term liabilities/ deferred outflows
Capital assets	$	530,436,394	-	-	-
Accumulated depreciation		(85,861,681)	-	-	-
Net pension asset		-	7,444,172	-	-
Deferred pension contributions		-	2,596,055	-	-
Deferred pension amounts		-	(14,820,861)	-	-
Unavailable property tax/other revenue		-	-	3,126,490	-
Accrued interest payable		-	-	-	(870,037)
Bonds payable (net of unamortized premium/discount)		-	-	-	(241,115,729)
Net other postemployement benefits obligation		-	-	-	(1,340,497)
Compensated absences		-	-	-	(2,749,622)
Deferred charge on refunding		-	-	-	4,669,932
Net adjustment to fund balance-total governmental funds to arrive at net position-governmental activities	$	444,574,713	(4,780,634)	3,126,490	(241,405,953)

IV. ACCOUNTING CHANGES

Metro implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* for the fiscal year ended June 30, 2015. These GASB statements provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governments. The information will assist users in assessing the relationship between Metro's inflows of resources and its total cost (including pension expense) of providing government services each period. It also provides users with information about Metro's pension obligations and the resources available to satisfy those obligations. Beginning net position was restated at June 30, 2014 for this change in accounting principle resulting in a decrease in net position of $29,058,534 for governmental-activities and $8,084,088 for business-type activities. At the fund level, only the proprietary fund statements are affected by this change and resulted in a decrease in net position of $3,359,039 and $4,725,049 for the Solid Waste Fund and MERC Fund, respectively.

V. DETAILED NOTES ON ALL FUNDS

A. CASH AND INVESTMENTS

Metro pools virtually all funds for investment purposes. Each fund's portion of this pool is reported as "equity in internal cash and investment pool."

Policies adopted by Metro's Investment Advisory Board and the Metro Council authorize Metro to invest in obligations of U.S. government agencies, U.S. Government Sponsored Enterprises (USGSE), the U.S. Treasury, certificates of deposit, repurchase agreements, money market investments, bankers' acceptances, commercial paper, certain corporate promissory notes, State of Oregon and local government securities, debt obligations of the states of California, Idaho and Washington and their political subdivisions, and the State Treasurer's local government investment pool (LGIP). The LGIP is an external investment pool that is not rated by any national rating agency. LGIP investments are reported at fair value and are materially the same as the value of the pool shares. The State Treasurer's investment policies are governed by Oregon Revised Statutes and the Oregon Short Term Fund Board (OSTFB).

There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year. Equity in internal cash and investment pool on the Statement of Net Position includes the internal pool reported below. The OZF component unit does not participate in the internal investment pool of Metro. As of June 30, 2015, Metro had the following investments and maturities:

		Held by			Investment Maturities (in months)		
Investment Type		Individual funds	Internal pool	Fair Value	Less than 3	3-17	18-59
Bankers' Acceptances	$	-	3,000,000	3,000,000	3,000,000	-	-
U.S. Treasuries		5,009,750	62,887,423	67,897,173	-	18,781,990	49,115,183
U.S. Government securities - USGSE		47,542,643	45,156,213	92,698,856	7,338,433	61,918,525	23,441,898
Corporate Debt		-	10,245,825	10,245,825	-	4,504,310	5,741,515
Municipal Bonds		-	1,253,662	1,253,662	-	1,253,662	-
State Treasurer's investment pool		21,311,711	25,490,660	46,802,371	46,802,371	-	-
Total Investments		73,864,104	148,033,783	221,897,887	57,140,804	86,458,487	78,298,596
Cash deposits		-	22,435,452				
Total cash and investments		73,864,104	170,469,235				
Per statement of net position:							
Unrestricted		-	112,452,308				
Restricted		73,864,104	58,016,927				
Total	$	73,864,104	170,469,235				

Interest Rate Risk – As a means of limiting its exposure to fair value losses resulting from rising interest rates, Metro's investment policy allows only the purchase of investments that are intended to be held to maturity. However, securities may be sold prior to maturity in order to improve the quality, net yield, or maturity characteristics of the portfolio. The structure of the investment portfolio aims to fund cash needs of ongoing operations, thereby avoiding the need to sell securities. Metro uses a laddered or constant stream of maturing securities in constructing the portfolio to ensure ample liquidity to support business operations without the need to sell securities. Investments cannot be made predicated upon selling the security prior to maturity. Metro avoids purchasing callable investments unless liquidity needs can be met without relying on the call being exercised.

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted an investment policy that was submitted to and reviewed by the OSTFB. Metro's investment policy has been reviewed by the OSTFB. Metro limits investment maturities as follows:

Maturity	Minimum to mature
Under 3 months	20 percent minimum
Under 18 months	25 percent minimum
Under 60 months	100 percent minimum

***Credit Risk* –** Metro's investment policy seeks to minimize credit risk by (1) limiting exposure to poor credits and concentrating investments in the safest types of securities, (2) diversification, (3) pre-qualification of the financial institutions, broker/dealers, and advisers with which Metro will do business, and (4) active monitoring of the portfolio. Neither Oregon Revised Statutes nor Metro investment policy limits investments as to credit rating for securities purchased from U.S. Government Agencies or from USGSE. Metro's Investments in USGSE were rated AA+ by Standard & Poor's (S&P) and Aaa by Moody's Investors Service (Moody's). Other allowed investments, by Metro policy, must have a minimum rating as follows: bankers acceptances, A-1; corporate notes, AA, or A if an Oregon based entity; commercial paper, A-1, or A-2 if an Oregon entity; municipal debt, AA for debt of the states of Idaho, California or Washington or their political subdivisions, or A if the state of Oregon or its political subdivisions. Private placement or 144A securities and mortgage-backed securities are not allowed. The State Investment Pool is unrated.

Oregon Revised Statutes require bankers' acceptances to be guaranteed by and carried on the books of, a qualified financial institution, eligible for discount by the Federal Reserve System, and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

***Custodial Credit Risk* –** Metro monitors custodial credit risk on deposits (the risk that if a bank failed, Metro's deposits would not be returned) in accordance Metro investment policy which specifies the requirements of Oregon statutes. Oregon Revised Statutes Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program, a collateral pool administered by the Oregon State Treasurer. Bank depositories are required to pledge collateral against any public funds deposits in excess of federal deposit insurance amounts. The Oregon Treasury monitors each depository bank and ensures compliance with collateralization requirements for all Oregon public fund deposits. Banks are able to pledge a reduced amount if they are well capitalized; and in turn, the banks are required to share in the liability of a failed institution, should it ever occur. Public entities are required to verify that deposit accounts in excess of federal deposit insurance limits are maintained only at financial institutions included on the list of qualified depositories found on the Treasurer's web site. It is the responsibility of the public official to ensure compliance with these requirements in order to eliminate personal liability in the event of a bank loss. Metro also monitors its depository institutions for indications of financial health. At June 30, 2015, all of Metro's deposits were insured as described above.

For investments, custodial credit risk is the risk that, in the event of failure of the counterparty, Metro will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Metro's investment policy requires that all trades are executed by delivery vs. payment to ensure that securities are deposited for safekeeping in an eligible financial institution prior to the release of funds. As of June 30, 2015, Metro had no investments that were held by either counterparty or the counterparty's trust department agent. Therefore, Metro has no outstanding investments that were exposed to custodial credit risk.

Concentration of Credit Risk – To avoid incurring unreasonable risks inherent in over-investing in specific instruments or in individual financial institutions, Metro diversifies its portfolio and follows the Metro investment policy which sets maximum limits on the percentage of the portfolio that can be invested in any one type of security. In addition, Oregon Revised Statutes require no more than 25 percent of the moneys of a local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2015 Metro was in compliance with all percentage restrictions. More than 5 percent of Metro's total investments are in securities by the following issuers:

			Fund Concentrations Exceeding Total Entity Concentration	
Issuer	**Percentage of Total Investments (Total Entity Concentration)**	**Policy Allowed Maximum**	**Oregon Zoo Infrastructure Fund**	**Natural Areas Fund**
Federal Home Loan Bank (FHLB)	15.4%	40.0%	-	41.4%
Federal Home Loan Mortgage Corp (FHLMC)	6.2%	40.0%	-	14.6%
Federal Agricultural Mortgage Corp (FAMC)	5.2%	40.0%	-	6.3%
Federal National Mortgage Association (FNMA)	10.3%	40.0%	63.7%	12.9%
State Treasurer's Investment Pool	21.1%	100.0%	36.3%	-
U.S. Treasuries	30.6%	100.0%	-	-

B. ASSETS HELD FOR RESALE

Acquisition and improvements to real property that is purchased with the intent to sell to private-sector purchasers meeting certain criteria under Metro's TOD program are reported in governmental activities in the statement of net position as Assets Held for Resale. Such assets are reported at the lower of cost or net realizable value. The carrying value at June 30 is:

Property Name	Address	Amount
Westgate	3950 SW Cedar Hills Boulevard, Beaverton, OR	$ 2,000,000
Milwaukie Town Center	10700 SE McLoughlin Boulevard, Milwaukie, OR	409,186
Gresham Civic	NW Civic Drive & NW 15th, Gresham, OR	5,129,026
82nd & Division	2517 SE 82nd Avenue, Portland, OR	767,050
The Crossings	Section 4, Township 1, South Range 3 East (Parcel 2), Gresham, OR	355,850
		$ 8,661,112

On March 19, 2015, Metro entered into an intergovernmental agreement with the City of Beaverton (City) where Metro agreed to convey its interest in the Westgate property in exchange for payment by the City to Metro. Further, the agreement provides for cooperation between Metro and the City to consider applications from a developer for Metro TOD funding for future TOD-eligible development projects in the City, including the Westgate property. The City will select the developer at its sole discretion and Metro will accomplish the conveyance of its share of the property in coordination with the closing of the conveyance from the City to the developer or third party. If the City's conveyance noted above has not taken place by the end of the five-year term of the agreement, Metro will convey Metro's interest in the property to the City.

C. LOANS RECEIVABLE

1. TOD Loans

TOD loans receivable, reflected in the schedule below, are loans to developers who agree to develop projects in accordance with TOD program criteria. The loans are secured by the underlying property, which is subject to TOD use restrictions for a period of 30 years. Metro's security interest in the property is subordinate to other security interests on the property. These loans receivable are not discounted in accordance with guidance in GASB Statement No. 62.

2. Ringside Loans

Metro leases property to Ringside Grill as part of the operation of the Glendoveer Golf Course. Under the current lease agreement, Metro advanced money to pay for certain tenant improvements. The repayment of these amounts is detailed below.

Loans receivable at June 30 are as follows:

Maximum Term	Interest Rate	First Payment	Last Payment	Payment Frequency	TOD Loans	Ringside Loans	Total Loans
50 years	0 to 1%	03/15/26	03/15/56	annually	$606,530	-	606,530
50 years	0 to 1%	03/01/28	03/01/58	annually	390,542	-	390,542
5 years	5%	05/01/15	04/01/20	monthly	-	81,130	81,130
7.7 years	5%	05/01/15	12/01/22	monthly	-	59,750	59,750
					$997,072	140,880	1,137,952

D. CAPITAL ASSETS

Capital asset balances and activity for fiscal year 2015 were as follows:

		Balance July 1, 2014	Increases	Decreases	Transfers	Balance June 30, 2015
Governmental activities:						
Capital assets, non-depreciable:						
Land	$	243,148,754	8,683,023	(75,652)	779,182	252,535,307
Intangible-easements		9,427,050	228,590	(19,728)	813,196	10,449,108
Artwork		710,508	141,194	-	(274,515)	577,187
Construction in progress		48,752,385	32,574,551	(328,567)	(23,858,104)	57,140,265
Total non-depreciable		302,038,697	41,627,358	(423,947)	(22,540,241)	320,701,867
Capital assets, depreciable:						
Buildings and exhibits		129,446,753	2,338,334	(1,337,469)	19,925,839	150,373,457
Improvements		33,516,837	1,087,377	(25,104)	349,112	34,928,222
Equipment and vehicles		11,374,062	901,201	(289,851)	-	11,985,412
Intangible-software		4,878,333	170,489	-	-	5,048,822
Office furniture and equipment		2,759,062	49,296	(41,364)	-	2,766,994
Railroad equipment and facilities		2,010,301	356,029	-	2,265,290	4,631,620
Total depreciable		183,985,348	4,902,726	(1,693,788)	22,540,241	209,734,527
Accumulated depreciation:						
Buildings and exhibits		(50,889,042)	(3,089,577)	533,958	139,243	(53,305,418)
Improvements		(16,333,704)	(1,257,772)	25,104	(139,243)	(17,705,615)
Equipment and vehicles		(6,175,034)	(755,212)	255,730	-	(6,674,516)
Intangible-software		(3,504,597)	(560,723)	-	-	(4,065,320)
Office furniture and equipment		(1,882,810)	(252,095)	34,243	-	(2,100,662)
Railroad equipment and facilities		(1,989,006)	(21,144)	-	-	(2,010,150)
Total accumulated depreciation		(80,774,193)	(5,936,523)	849,035	-	(85,861,681)
Total capital assets, depreciable, net		103,211,155	(1,033,797)	(844,753)	22,540,241	123,872,846
Governmental activities capital assets, net	$	405,249,852	40,593,561	(1,268,700)	-	444,574,713

		Balance July 1, 2014	Increases	Decreases	Transfers	Balance June 30, 2015
Business-type activities:						
Capital assets, non-depreciable:						
Land	$	19,329,786	-	-	-	19,329,786
Artwork		823,121	-	-	-	823,121
Construction in progress		3,285,658	1,044,576	(9,293)	(2,388,419)	1,932,522
Total non-depreciable		23,438,565	1,044,576	(9,293)	(2,388,419)	22,085,429
Capital assets, depreciable:						
Buildings and exhibits		279,867,703	1,752,366	(10,328)	2,245,520	283,855,261
Improvements		17,562,674	46,944	(47,563)	-	17,562,055
Equipment and vehicles		17,915,524	321,390	(495,202)	142,899	17,884,611
Intangible-software		1,628,680	267,466	(180,957)	-	1,715,189
Office furniture and equipment		888,167	183,971	(154,767)	-	917,371
Total depreciable		317,862,748	2,572,137	(888,817)	2,388,419	321,934,487
Accumulated depreciation:						
Buildings and exhibits		(121,599,227)	(6,335,782)	9,846	-	(127,925,163)
Improvements		(15,758,718)	(157,252)	25,279	-	(15,890,691)
Equipment and vehicles		(13,094,217)	(844,960)	495,202	-	(13,443,975)
Intangible-software		(1,393,012)	(22,353)	180,958	-	(1,234,407)
Office furniture and equipment		(476,933)	(88,995)	154,767	-	(411,161)
Total accumulated depreciation		(152,322,107)	(7,449,342)	866,052	-	(158,905,397)
Total capital assets, depreciable, net		165,540,641	(4,877,205)	(22,765)	2,388,419	163,029,090
Business-type activities capital assets, net	$	188,979,206	(3,832,629)	(32,058)	-	185,114,519

An agreement between the City of Portland and Metro regarding the real property at the Zoo provides that the property must be used for zoo or zoo related purposes and, if such property ceases to be used for such purposes or is used for other purposes, title reverts to the City. Metro was in compliance with this agreement for the fiscal year ended June 30, 2015.

Capital assets for MERC are those of Metro-owned facilities. Capital assets used in operating the Portland'5 are not included in the statement of net position of Metro as title to the assets remains with the City in accordance with an intergovernmental consolidation agreement. These capital assets are included in the Comprehensive Annual Financial Report of the City of Portland.

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:		
General government operations	$	2,062,641
Culture and recreation		1,016,302
Zoo		2,857,580
Total depreciation expense - governmental activities	$	5,936,523
Business-type activities:		
Solid Waste	$	1,364,156
MERC		6,085,186
Total depreciation expense - business-type activities	$	7,449,342

E. UNEARNED REVENUE

Unearned revenue is reported for resources that have been received, but not yet earned. The details of these amounts at June 30, 2015 were:

	Governmental Activities	Business-type Activities
Advance ticket sales/registrations	$ 1,739,242	4,484,952
Advance lease revenue	-	168,485
Unredeemed gift certificates	36,908	238,641
Grant and contract drawdowns prior to meeting all eligibility requirements	3,820,346	800,000
Total	$ 5,596,496	5,692,078

F. DEFERRED COMPENSATION PLAN

Metro offers its employees a 401(k) deferred compensation plan in accordance with Internal Revenue Code provisions. The plan is available to all Metro employees and permits employees to contribute a portion of their salary to the plan to obtain favorable tax treatment for amounts contributed. Moneys accumulated under the plan are deposited with a trustee for the exclusive benefit of the participants and are invested in mutual funds that are self-directed by participants. The deferred compensation is not available to participants until termination, retirement, death, or certain hardship conditions. In accordance with authoritative guidance, the plan is not included in Metro's financial statements.

G. PENSION PLAN

1. Defined Benefit Plan Description

Name of pension plan – Metro participates in the Oregon Public Employees Retirement System (PERS) which is a cost-sharing multiple employer defined benefit pension plan.

Description of benefit terms – Benefit provisions and other requirements of the system are established by the State of Oregon legislature pursuant to Oregon Revised Statutes, Chapters 238 and 238A.

a. Tier One/Tier Two Retirement Benefit (Chapter 238). This segment of the plan is closed to new members hired on or after August 29, 2003.

Pension benefits. The PERS retirement allowance is payable monthly for life. It may be selected from thirteen retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

Death benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability benefits. A member with ten or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit changes after retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360, monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

b. **Oregon Public Service Retirement Plan (OPSRP).** This pension program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003.

Pension benefits. OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for general service members who attain normal retirement age: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits. Upon the death of a non-retired member, the spouse (or other person who is constitutionally required to be treated in the same manner as the spouse), receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits. A member who has accrued ten or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit changes after retirement. Under ORS 238A.210, monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first $60,000 of annual benefit and 0.15 percent on annual benefits above $60,000.

Contributions **–** PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the PERS Retirement Health Insurance Account described in Note V.H.2.

Employer contribution rates during the period were based on the December 31, 2011 actuarial valuation as subsequently modified by 2013 legislated changes in benefit provisions. The rates based on a percentage of payroll, first became effective July 1, 2013. Metro has previously made a lump sum payment to establish a side account, and its rates have been reduced. Metro's actuarially determined contribution rate for the Tier One/Tier Two and OPSRP plans was 8.35 percent and 6.54 percent of subject payroll, respectively. Employer contributions recognized by PERS for the year ended June 30, 2015 were $4,062,684.

A ten year schedule of Defined Benefit Pension Plan Contributions can be found in the Required Supplementary Information section of this report.

Pension plan CAFR **–** Both the PERS and OPSRP plans are administered by the Oregon Public Employees Retirement Board (OPERB), which issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Actuarial valuation **–** The employer contribution rates effective July 1, 2013, through June 30, 2015, were set using the entry age normal actuarial cost method. This method produced an employer contribution rate consisting of (1) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), and (2) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized as described in the table below.

Actuarial methods and assumptions used to measure the total pension liability –

Valuation Date	December 31, 2012 rolled forward to June 30, 2014
Experience Study Report	2012, published September 18, 2013
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two Unfunded Actuarial Liability (UAL) is amortized over 20 years and OPSRP pension UAL is amortized over 16 years.
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent

Projected salary increases	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service.
Mortality	**Healthy retirees and beneficiaries:** RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. **Active members:** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2012 Experience Study which reviewed experience for the four-year period ending on December 31, 2012.

Discount rate. The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability. The assumed asset allocation and the Oregon Investment Council's (OIC) target are provided in the table below:

Asset class/strategy	Low Range		High Range		OIC Target	
Cash	0.0	%	3.0	%	0.0	%
Debt securities	15.0		25.0		20.0	
Public equity	32.5		42.5		37.5	
Private equity	16.0		24.0		20.0	
Real estate	9.5		15.5		12.5	
Alternative equity	0.0		10.0		10.0	
Opportunity portfolio	0.0		3.0		0.0	
Total					100.0	%

Long-Term Expected Rate of Return. To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both the actuary's capital market assumptions team and the OIC's investment advisors. The table below shows the actuary's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

Asset class	Target		Compound Annual Return (Geometric)	
Core fixed income	7.20	%	4.50	%
Short-term bonds	8.00		3.70	
Intermediate term bonds	3.00		4.10	
High yield bonds	1.80		6.66	
Large cap US equities	11.65		7.20	
Mid cap US equities	3.88		7.30	
Small cap US equities	2.27		7.45	
Developed foreign equities	14.21		6.90	
Emerging foreign equities	5.49		7.40	
Private equity	20.00		8.26	
Opportunity funds/absolute return	5.00		6.01	
Real estate (property)	13.75		6.51	
Real estate (REITS)	2.50		6.76	
Commodities	7.71		6.07	
Assumed inflation - mean			2.75	

Sensitivity analysis – Metro's proportionate share of the collective net pension liability (asset) of the plan is as follows:

Metro's Net Pension Liability (Asset)	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
Defined benefit pension plan	$24,669,600	$(11,649,721)	$(42,367,601)

Determination of Metro's proportionate share – Metro's actuarially determined proportionate share of the plan amounts was .51394738 percent for the fiscal year ended June 30, 2014 (measurement date). Metro's proportions are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2012) to the measurement date of June 30, 2014 and subtracting the plan's net position as of June 30, 2014. There were no changes in employer proportions for the fiscal year ended June 30, 2014.

The basis for Metro's proportion is actuarially determined by comparing Metro's projected long-term contribution effort to the plan with the total projected long-term contribution effort for all employers. The rate for every employer has at least two major components; Normal Cost Rate and Unfunded Actuarial Liability (UAL) Rate.

The projected long-term effort is estimated by projecting the present value of all future Normal Cost Rate Contributions (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the Normal Cost Rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For PERS funding, employers may have three different payrolls, each with a different Normal Cost Rate:

- Tier 1/Tier 2 payroll
- OPSRP General Service payroll
- OPSRP Police and Fire payroll

A UAL exists when Plan assets are less than the actuarial liability as measured by the Plan's actuarial funding valuations. UAL can arise in a biennium when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises in a given biennium over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

The projected long-term contribution effort is equal to the sum of the PVFNC and the UAL. After Metro's projected long-term contribution effort is calculated, that amount is reduced by the value of Metro's supplemental lump-sum payments, known as side accounts. Side accounts decrease Metro's projected long-term contribution effort because side accounts are effectively pre-paid contributions.

The preparation of these amounts in conformity with GAAP requires management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

Pension plan's fiduciary net position – Detailed information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position can be found in the separately issued CAFR for the plan which is available as noted above.

Payables to the pension plan – At June 30, 2015, Metro reported a payable of $372,020 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2015.

Pension Expense, Net Pension Liability or Asset, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – For the year ended June 30, 2015, Metro recognized a net pension asset of $11,649,721 and negative pension expense of $10,849,478. At June 30, 2015, Metro reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Governmental activities		Business-type activities	
		Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$	-	14,364,235	-	8,115,007
Changes in proportion and difference between employer contributions and proportionate share of contributions		-	456,626	-	257,968
Contributions subsequent to the measurement date		2,596,055	-	1,466,629	-
Total	$	2,596,055	14,820,861	1,466,629	8,372,975

Pension related amounts will be recognized in future periods as follows: deferred outflows of resources will be recognized as a component of net pension liability and deferred inflows of resources will be recognized in pension expense:

Year ended June 30					
2016	$	2,596,055	3,690,325	1,466,629	2,084,832
2017		-	3,690,325	-	2,084,832
2018		-	3,690,325	-	2,084,832
2019		-	3,690,325	-	2,084,832
2020		-	59,561	-	33,647
Total	$	2,596,055	14,820,861	1,466,629	8,372,975

2. Defined Contribution Pension Plan

Beginning January 1, 2004, PERS active Tier One and Tier Two members became members of the Individual Account Program (IAP) of OPSRP. Although existing PERS members retain their existing PERS account, all current member contributions are deposited into the member's IAP, a defined contribution pension plan. Accounts are credited with earnings and losses net of administrative expenses. The IAP, as part of OPSRP, is administered by the PERS Board which is directed to adopt any rules necessary to administer OPSRP. The IAP is provided to all members or their beneficiaries who are PERS or OPSRP eligible.

State statutes require covered employees to contribute six percent of their annual covered salary to the IAP plan effective January 1, 2004. All new non-represented employees hired after July 1, 2011 pay the contribution for the IAP, whereas employees represented under a collective bargaining agreement pay the contribution for the IAP if hired after the date specified in the applicable collective bargaining agreement. Metro pays for the IAP contribution for the remainder of eligible Metro employees. An IAP member becomes vested on the date the employee account is established or on the date a rollover account was established. If Metro makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Metro's pension expense includes Metro paid contributions to the IAP of $2,261,493 for the fiscal year ended June 30, 2015. At June 30, 2015, a payable to the IAP portion of the plan in the amount of $284,106 for the contractually required contributions for the month of June 2015 is included in salaries, withholdings and payroll taxes payable.

H. OTHER POSTEMPLOYMENT BENEFITS

1. Metro Retiree Health Insurance Plan

Plan Description – All employees of Metro retiring from active service with a pension benefit payable immediately under Oregon PERS are eligible for other postemployment benefits (OPEB) relating to health care. As required by state law, retirees of Metro and their dependents under age 65 are allowed to receive the same health care coverage at tiered premium rates as offered to active Metro employees, resulting in an implicit employer subsidy (health care premiums priced only for retirees would be more expensive than tiered premiums because retirees have higher health care claims on average). The retiree is responsible for paying the full premium. The implicit employer subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare. Metro's single-employer OPEB plan does not issue a publicly available financial report.

Funding Policy – Metro has not established a trust fund for future net OPEB obligations. At June 30, 2015, 26 retirees and spouses were paying premiums through Metro for health insurance coverage. Metro's required contribution is based on projected pay-as-you-go financing requirements. The Metro Council is the authority for setting and modifying the funding policy. Metro contributed an estimated $187,554 of implicit subsidies in postemployment health care in fiscal year 2015.

Annual OPEB Cost/Net OPEB Obligation – Metro's annual OPEB cost is calculated based on the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the guidance of GASB Statement No. 45. The ARC is equal to the normal cost plus an amount to amortize the unfunded actuarial accrued liability (UAAL) as a level dollar amount over 15 years. A schedule of Metro's annual OPEB Obligation for the fiscal year ended June 30, 2015 is:

Annual Required Contribution (ARC)	$ 533,068
Interest on prior year Net OPEB Obligation	73,931
Adjustment to ARC	(183,403)
Annual OPEB cost	423,596
Estimated benefits payments	(187,554)
Increase in Net OPEB Obligation	236,042
Net OPEB Obligation – beginning of year	2,112,322
Net OPEB Obligation – end of year	$ 2,348,364
Percentage of annual OPEB cost contributed	44%

Additional information for fiscal year 2015 and the two preceding years is:

Fiscal year ended June 30:	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
2013	416,036	36%	1,901,769
2014	409,646	49%	2,112,322
2015	423,596	44%	2,348,364

The net OPEB obligation will be liquidated by the General, Solid Waste, and MERC Funds.

Funding Status/Funding Progress – As of July 1, 2013, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was $3,348,685, and the actuarial value of assets was zero, resulting in an UAAL of $3,348,685. The covered payroll was $55,726,726 for fiscal year 2015, and the UAAL as a percentage of covered payroll was 6.0 percent.

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 health care 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 types of benefits provided at the time of each valuation. 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 July 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. This method attempts to track the actual economic pattern of benefit accrual over an employee's working lifetime. Significant actuarial assumptions used in the valuation include an inflation rate of 2.75 percent, a discount rate of 3.5 percent, and health care cost trend rate that varies from an initial rate of 8.0 percent to a low of 5.25 percent in 2064 and thereafter for the major medical component, which is representative of the entire plan. Metro's UAAL is being amortized using the level-dollar method with an open 15 year amortization methodology. The remaining amortization period at June 30, 2015 is 15 years.

2. PERS Retirement Health Insurance Account

Plan Description – Metro contributes to the PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. ORS 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants on or after August 29, 2003. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. To be eligible to receive this monthly payment toward the premium cost, the member must: (1) have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in a PERS-sponsored health plan. A surviving spouse or dependent of a deceased PERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from PERS or (2) was insured at the time the member died and the member retired before May 1, 1991. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Portland, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/section/financial_reports/financials.aspx

Funding Policy – Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to $60 or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the RHIA established by the employer, and any monthly cost in excess of $60 shall be paid by the eligible retired member in the manner provided in ORS 238.410.

Participating governments are contractually required to contribute to RHIA at a rate assessed each year by PERS, currently 0.59 percent of annual covered payroll for Tier One and Two employees, and 0.49 percent for OPSRP employees. The Oregon PERS Board of Trustees sets the employer contribution rate. It is based on the annual required contribution of the combined participant employers. Employer contributions are advance-funded on an actuarially determined basis in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a closed period not to exceed 30 years. There is no inflation assumption for RHIA postemployment benefits because the payment amount is set by statute and is not adjusted for increases in healthcare costs. Metro's contributions to RHIA equaled the required contributions for each of the last three years, as shown in the following table:

Fiscal year ended June 30:		Required Contributions	Percentage of Amount Contributed
2013	$	276,302	100%
2014		283,617	100%
2015		296,985	100%

I. COMMITMENTS

1. Columbia Ridge Landfill

Metro has a waste disposal services contract with the owner and operator of Columbia Ridge Landfill in Gilliam County, Oregon for disposal of solid waste from the transfer stations owned by Metro. This contract expires December 31, 2019. The contract specifies a per ton unit price schedule that is adjusted annually on July 1 in an amount equivalent to 90 percent of the CPI, minus one-half of a percentage point. For fiscal year 2015, this resulted in a contracted per ton unit price of $26.07 for the first 550,000 tons and a declining incremental price scale for each ton of waste in excess of 550,000 tons. In fiscal year 2016, the unit price for the first 550,000 tons will be reduced to $23.13 in accordance with the contract, which requires an annual adjustment to Metro's rate when it exceeds 5% of similar contracts between the landfill and other public entities.

2. Waste Transport

Solid waste transport from Metro facilities to Columbia Ridge Landfill and other disposal sites is privately contracted through December 31, 2019. The contract specifies a per load unit price that is adjusted annually on July 1 in an amount equivalent to 75 percent of the CPI. In addition, the contract calls for Metro to reimburse the contractor for the cost of shuttle fuel used at the transfer stations. The fuel price is highly variable and tied to a weekly index, but historically has added $10 to $15 to the cost of each load. For fiscal year 2015, the unit load price equated to a rate of $636.89 (equivalent to about $18.90 per ton). Metro has a separate contract with a fuel provider for over-the-road diesel fuel. This contract sets a price per gallon that is tied to a national weekly fuel index. The current fuel contract expires on September 30, 2017.

The contract includes supplemental payments to the contractor and rebates to Metro based on annual waste volumes delivered to Columbia Ridge Landfill. The contractor receives a supplemental payment equal to 3.5 percent of the contract amount paid during the previous calendar year if landfilled tonnage was 450,000 tons or less during the same calendar year. Metro receives a 3.5 percent rebate on those payments if tonnage was greater than 500,000 tons. Total supplemental payments and bonuses are both capped at $1,500,000 over the life of the contract. Metro made a supplemental payment of $269,737 in fiscal year 2015.

3. Metro South Station

The operation of Metro South, a solid waste transfer station and materials recovery facility, is privately contracted through March 31, 2017. For fiscal year 2015, the agreement sets an annual fixed payment of $1,000,942, a price of $5.15 per ton of putrescible waste, a price of $11.71 per ton of non-putrescible waste, and prices for other, smaller waste streams such as yard debris and wood. The contractor also receives incentives for materials recovered from the waste stream and not sent to Columbia Ridge Landfill. The contract addresses compensation and obligations for handling source-separated food waste mixed with yard debris ("residential organics") generated by households in the City of Portland. For fiscal year 2015 Metro paid $52.43 per ton for the first 40,000 tons of residential organics, and a declining rate for greater quantities. This figure includes the cost of transfer, transport and processing at a remote composting site. The contractor provides transfer services and arranges for transport and processing. All contract rates are adjusted annually on July 1 in an amount equivalent to 85 percent of the CPI.

4. Metro Central Station

The operation of Metro Central, a solid waste transfer station and materials recovery facility, is privately contracted through March 31, 2017. For fiscal year 2015, the agreement sets an annual fixed payment of $2,207,368, a price of $3.39 per ton of putrescible waste, a price of $15.31 per ton of non-putrescible waste, and prices for other, smaller waste streams such as yard debris and wood. The contractor also receives incentives for materials recovered from the waste stream and not sent to Columbia Ridge Landfill. The contract addresses compensation and obligations for handling source-separated food waste mixed with yard debris ("residential organics") generated by households in the City of Portland. For fiscal year 2015 Metro paid $55.88 per ton for the first 10,000 tons of residential organics, and a declining rate for greater quantities. This figure includes the cost of transfer, transport and processing at remote composting sites. The contractor provides transfer services and arranges for transport and processing. All payments are adjusted annually on July 1 in an amount equivalent to 87 percent of the CPI.

The following table presents approximate annual commitments based on forecasted refuse tons and assumed annual inflation equal to the average of the preceding four fiscal years for all of the previously described contracts. Fiscal year 2020 covers July 1, 2019 through December 31, 2019 when the transport and disposal contracts expire. The figures for Metro South and Metro Central reflect costs and tonnage through March 31, 2017, when both operating contracts expire.

Fiscal year ending June 30:	Columbia Ridge Landfill	Waste Transport	Metro South	Metro Central
2016	$ 8,493,803	8,699,180	5,741,914	6,910,803
2017	8,697,391	9,089,992	4,453,555	5,361,794
2018	8,904,257	9,131,963	-	-
2019	9,018,863	9,283,899	-	-
2020	4,600,468	4,798,363	-	-
Total	$ 39,714,782	41,003,397	10,195,469	12,272,597

5. Construction Projects

Metro is committed under a number of contracts for construction services. The amount of major uncompleted contracts is approximately $9.1 million at June 30, 2015.

J. LEASE OBLIGATIONS

1. Operating Lease

The Portland'5 Centers for the Arts theater complex leases the grounds for the complex under an operating lease expiring in 2083. The term of the original agreement may be extended in ten-year increments for a total of 50 additional years. Rent adjustments may be negotiated every five years commencing on November 1, 1994. The scheduled lease payments are $14,024 per month through October 31, 2019. $157,130 was paid on the lease in fiscal year 2015.

The future minimum lease payments are as follows:

Fiscal year ending June 30:		Fiscal year ending June 30:		Fiscal year ending June 30:	
2016	$ 168,288	2026-30	$ 841,440	2056-60	$ 841,440
2017	168,288	2031-35	841,440	2061-65	841,440
2018	168,288	2036-40	841,440	2066-70	841,440
2019	168,288	2041-45	841,440	2071-75	841,440
2020	168,288	2046-50	841,440	2076-80	841,440
2021-25	841,440	2051-55	841,440	2081-84	560,960
				Total	$11,499,680

K. BONDS PAYABLE

Governmental Activities

1. 2005 Series General Obligation Refunding Bonds

In prior years, Metro issued $18,085,000 of General Obligation Refunding Bonds, 2005 Series to refund all callable outstanding Metro Washington Park Zoo Oregon Project 1996 Series A General Obligation Bonds. The defeased bonds have been called and paid and the escrow account for the defeasance is closed.

The 2005 Series Refunding bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. The bonds mature serially each January 15 through 2017. Interest is payable semiannually on January 15 and July 15. The individual bonds have interest rates ranging from 4.0 percent to 5.0 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

Fiscal year ending June 30:	Principal	Interest
2016	$ 2,095,000	193,150
2017	2,210,000	88,400
	4,305,000	281,550
Unamortized premium	162,536	
Per statement of net position	$4,467,536	

2. 2007 and 2012A Series Natural Areas General Obligation Bonds and 2014 Series General Obligation Refunding Bonds

In prior years, Metro issued $124,295,000 of 2007 Series Natural Areas General Obligation Bonds. The bonds were issued by Metro under authority granted by voters for a total of $227.4 million in general obligation bonds to fund activities to acquire and preserve natural areas and stream frontages, maintain and improve water quality, and protect fish and wildlife habitat. Subsequently, Metro issued an additional $75,000,000 of bonds, the 2012A Series. The remaining portion of bonds under the authorization is anticipated to be issued in 2019.

On November 19, 2014, Metro issued $57,955,000 of General Obligation Refunding Bonds, Series 2014 to refund all callable outstanding 2007 Series Natural Areas General Obligation Bonds. The net proceeds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent until the bonds' optional redemption date of June 1, 2017. At June 30, 2015, $58,750,000 of the refunded bonds were outstanding.

As a result of these actions, the callable portion of 2007 Series bonds are considered defeased and the liability for those bonds has been removed from the government-wide statement of net position. The refunding resulted in a reduction of debt service of $12,862,733 over 12 years and a net present value savings of $9,656,437. The remaining non-callable bonds will be paid as originally scheduled.

The bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. Interest rates on individual bonds range from 2.0 percent to 5.0 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

Fiscal year ending	2007 Series		2012A Series		2014 Series	
June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2016	$ 4,850,000	497,250	2,230,000	2,952,450	10,565,000	2,250,450
2017	5,095,000	254,750	2,790,000	2,840,950	4,810,000	2,039,150
2018	-	-	3,350,000	2,701,450	13,160,000	1,846,750
2019	-	-	3,960,000	2,533,950	14,115,000	1,320,350
2020	-	-	4,610,000	2,335,950	15,115,000	755,750
2021-25	-	-	34,465,000	7,492,000	-	-
2026	-	-	9,555,000	382,200	-	-
	9,945,000	752,000	60,960,000	21,238,950	57,765,000	8,212,450
Unamortized premium	3,711,567		11,708,822		2,710,376	
Per statement of net position	$13,656,567		$72,668,822		$60,475,376	

3. 2012A Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds

In prior years, the region's voters granted authority for a total of $125 million in general obligation bonds to fund Oregon Zoo capital projects to protect animal health and safety, conserve and recycle water and to improve access to conservation education. The first and second series of this bond, issued as taxable Build America Bonds (BABs), for $5,000,000 and $15,000,000 were issued and paid off in prior fiscal years. Subsequently, Metro issued an additional $65,000,000 of bonds, the 2012A Series. The remaining portion of bonds under the authorization is anticipated to be issued in 2016.

The balance of the bonds is to be repaid with proceeds of Metro's *ad valorem* property tax levied each year. Interest rates on individual bonds range from 3.0 percent to 5.0 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

Fiscal year ending June 30:	Principal	Interest
2016	$ 2,000,000	2,268,325
2017	2,260,000	2,168,325
2018	2,510,000	2,055,325
2019	2,770,000	1,929,825
2020	3,050,000	1,791,325
2021-25	20,115,000	6,356,375
2026-28	16,625,000	1,239,000
	49,330,000	17,808,500
Unamortized premium	8,642,428	
Per statement of net position	$57,972,428	

4. Full Faith and Credit Refunding Bonds 2013 Series

In prior years, Metro issued $12,600,000 of Full Faith and Credit Refunding Bonds, 2013 Series to refund the portion of the Full Faith and Credit Refunding Bonds, 2003 Series callable without premium. The defeased bonds have been called and paid and the escrow account for the defeasance is closed.

The bonds are payable from all legally available taxes and other revenues of Metro. Interest rates on individual bonds range from 1.0 percent to 2.2 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

Fiscal year ending June 30:	Principal	Interest
2016	$ 1,610,000	154,368
2017	1,410,000	139,268
2018	1,270,000	125,867
2019	1,280,000	111,198
2020	1,295,000	92,841
2021-23	4,035,000	129,927
Per statement of net position	$10,900,000	753,469

5. Pension Obligation Bonds Metro Limited Tax Series 2005

In prior years, Metro, along with certain other Oregon cities, counties and special districts issued Limited Tax Pension Bonds Series 2005 to finance their PERS unfunded actuarial liabilities. The proceeds of Metro's $24,290,000 in bonds were paid to PERS and resulted in a new, lower employer contribution rate.

The bonds are to be repaid through assessments on Metro departments in exchange for the lower pension cost. The individual bonds have interest rates ranging from 4.859 percent to 5.004 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

Fiscal year ending June 30:	Principal	Interest
2016	$ 820,000	1,041,882
2017	930,000	1,002,039
2018	1,055,000	956,850
2019	1,185,000	905,587
2020	1,325,000	848,008
2021-25	9,165,000	3,092,221
2026-28	6,495,000	598,729
Per statement of net position	$20,975,000	8,445,316

Business-type Activities

6. Full Faith and Credit Oregon Local Governments 2006 Series

In prior years, Metro sold $14,700,000 of Full Faith and Credit Oregon Local Governments 2006 Series Bonds to refund the outstanding Oregon Economic and Community Development Department's (OECDD) Special Public Works Fund loan that in fiscal year 2000 funded the construction of a new building to replace the existing Hall D at Expo. The defeased loan has been paid and the escrow account for the defeasance is closed.

The bonds are payable from all legally available taxes and other revenues of Metro. Interest rates on individual bonds range from 4.25 percent to 5.0 percent.

Bond principal and interest outstanding at June 30 and the corresponding maturities are:

Fiscal year ending June 30:	Principal	Interest
2016	$ 765,000	421,175
2017	795,000	387,528
2018	830,000	349,387
2019	870,000	306,887
2020	915,000	262,262
2021-25	5,270,000	612,045
	9,445,000	2,339,284
Unamortized premium	160,617	
Per statement of net position	$9,605,617	

L. CHANGES IN LONG-TERM LIABILITIES

The following changes occurred during fiscal year 2015 in long-term liabilities:

	Balance July 1, 2014	Additions	Reductions	Balance June 30, 2015	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 210,460,000	57,955,000	(86,110,000)	182,305,000	21,740,000
Full faith and credit bonds	12,495,000	-	(1,595,000)	10,900,000	1,610,000
Pension obligation bonds	21,685,000	-	(710,000)	20,975,000	820,000
Less unamortized amounts:					
For premium or discount	26,996,537	6,780,891	(6,841,699)	26,935,729	-
Total bonds payable	271,636,537	64,735,891	(95,256,699)	241,115,729	24,170,000
Pollution remediation obligation	-	176,500	-	176,500	-
Loans payable	2,136	-	(2,136)	-	-
Net other postemployment benefits	1,195,623	256,331	(111,457)	1,340,497	-
Compensated absences	2,574,454	2,749,622	(2,574,454)	2,749,622	2,349,005
Governmental activity Long-term liabilities	$ 275,408,750	67,918,344	(97,944,746)	245,382,348	26,519,005
Business-type activities:					
Bonds payable:					
Full faith and credit bonds	$ 10,180,000	-	(735,000)	9,445,000	765,000
Less unamortized amounts:					
For premium or discount	177,673	-	(17,056)	160,617	-
Total bonds payable	10,357,673	-	(752,056)	9,605,617	765,000
Post-closure costs payable	7,841,276	579,019	(610,363)	7,809,932	625,622
Pollution remediation obligation	908,402	17,000	(182,402)	743,000	-
Net other postemployment benefits	916,699	167,265	(76,097)	1,007,867	-
Compensated absences	1,164,780	1,289,688	(1,164,780)	1,289,688	1,076,806
Business-type activity Long-term liabilities	$ 21,188,830	2,052,972	(2,785,698)	20,456,104	2,467,428

The internal service fund predominantly serves the governmental funds. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities. For governmental activities, compensated absences are generally liquidated by the General Fund and the Natural Areas Fund, and net other postemployment benefits are charged to the General Fund.

M. POST-CLOSURE COST PAYABLE

The St. Johns Landfill was closed for operations in a prior year. Closure and post-closure care costs were originally recognized while the St. Johns Landfill was still in operation based on the then current estimate of total costs to complete such efforts, regardless of when cash disbursements were to be made. Such costs include methane gas and leachate collection systems, final cover, seeding, roads, drainage, ground water monitoring wells, liner systems, storm water management and operations and maintenance costs. State and federal laws and regulations require Metro to perform certain post-closure maintenance and monitoring functions for thirty years after closure. At June 30, 2015, there were 11 years remaining until the post-closure care requirement is completed in fiscal year 2026.

The total post-closure cost of the St. Johns Landfill as of June 30, 2015 is estimated to be $51,009,276 under current Federal and state regulations, an increase of $579,019 in the current year in the estimated total liability. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. During the fiscal year, Metro paid $610,363 in closure costs as the closure process continued ($43,199,344 cumulative to date); reducing the remaining estimated liability to $7,809,932 at June 30, 2015.

Metro is required by state and federal laws and regulations to provide financial assurance for the coverage of these overall post-closure care estimated costs. Metro is currently providing this financial assurance through an Alternative Financial Assurance Mechanism which has been approved by the Oregon Department of Environmental Quality (DEQ) and consists of its Solid Waste Fund, a post-closure funding guarantee of future revenues to cover these costs and a Landfill Post-Closure Account. Metro is required to submit annual re-certifications of this mechanism. DEQ approved the March 13, 2015 annual recertification.

N. POLLUTION REMEDIATION OBLIGATION

Metro follows the requirements of GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations* to account for its pollution remediation liabilities. Various Metro properties have pollution remediation obligations where obligating events have occurred and amounts are estimable using the expected cash flows technique.

Governmental Activities

Estimable pollution remediation obligations are present at what is referred to as the Texaco site on McLoughlin Boulevard in Milwaukie, Oregon. DEQ includes this site in the Underground Storage Tank (UST) Cleanup program and the incomplete nature of cleanup activities by the prior owners constitutes an obligating event. Metro entered into a Prospective Purchaser Agreement (PPA) with DEQ which called for the decommissioning of USTs and remediation of soil contamination exceeding DEQ tolerances. Initial remediation work, including UST removal has been completed. Some shallow soil contamination remains. A cost estimate was developed for remaining DEQ oversight costs and cleanup of the remaining soil contamination during future site development work, as notified by DEQ in 2006. The estimated pollution remediation obligation for this site is estimated to be $2,500.

The Tualatin River Boat Launch also has estimable pollution remediation obligations. Metro was aware of the environmental concerns associated with the property at the time of purchase and entered into a PPA Consent Order between Metro and DEQ requiring Metro to complete remedial actions at the site. Obligation amounts were determined by estimating the costs for removal of between 300 and 600 cubic yards of material and the associated probabilities. Metro's total remediation obligation outlay is reduced by a brownfield redevelopment grant received in July 2014 in the amount of $176,000, leaving a remaining estimated pollution remediation obligation for this site of $174,000.

These two properties total $176,500 in pollution remediation obligation for governmental activities on the government-wide statement of net position.

Business-type Activities

At the St. Johns Landfill, work associated with pollution remediation for sediment located adjacent to the landfill levees and potentially shallow groundwater includes: completion of a remedial investigation (RI)/feasibility study (FS) and remedial design; remedial action implementation; and remedial action performance monitoring. The work associated with the RI has been completed and the final RI report has been accepted by DEQ. The work associated with the FS component was completed during fiscal year 2013. DEQ signed and issued a Record of Decision on July 9, 2014, which includes DEQ's selected remedial action. Work going forward is based on the Draft Remedial Action Work Plan (RAWP) for implementation of the preferred alternative which calls for activated carbon pellets to be spread across the sediment surface in the risk-based areas. Metro has elected to expand the treatment area to provide greater coverage of the Westside Mud Flat to reduce uncertainty, and Metro's estimated obligation reflects this progress and monitoring activities. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. Metro paid $109,298 in remediation costs, reducing the estimated liability to $360,000 at June 30, 2015.

Other Metro properties fall within the Initial Study Area of the Portland Harbor Superfund site adjacent to the Portland Harbor. The area is being investigated by the Lower Willamette Group (LWG) under a 2001 Environmental Protection Agency (EPA) Administrative Order on Consent. For the entire Portland Harbor Superfund site, the LWG has been conducting a remedial investigation in the Willamette River (in water) since 2001 with oversight from EPA and it is expected to be finalized in a record of decision completed in 2017. Costs associated with these investigations and studies as they pertain to Metro properties and the allocation of such costs among participating responsible parties (PRPs) has not yet been determined. The PRPs are engaging an allocator to develop a method for allocation of costs associated with the remedial investigation and feasibility study. Costs associated with work beyond the feasibility study also are not estimable and therefore none of these costs have been included in Metro's pollution remediation obligation as of June 30, 2015.

For Metro Central Station, Metro received a request from the EPA and recommendation from DEQ to perform an expanded Preliminary Assessment. Metro then entered into an agreement with DEQ regarding the source control evaluation for the property. Metro has contracted with AECOM to update the station's stormwater treatment system to satisfy Tier 2 correction actions related to the DEQ's recommendation. A design cost estimate from AECOM is not yet developed or available, so a reasonable estimate based upon the details in the design report was developed and, based on the probability assessment, is estimated to be $288,000 at June 30, 2015.

Current information on estimable pollution remediation obligations at Expo, which is adjacent to a designated Superfund site, is limited. Therefore, the cost associated with work beyond the initial preliminary study is not yet estimable. The pollution remediation obligation estimate for the DEQ recommended preliminary assessment, which is recorded in the MERC Fund, is $95,000.

The total pollution remediation obligation on the government-wide statement of net position for business-type activities for properties detailed above is $743,000.

O. FUND BALANCE CLASSIFICATIONS

Fund balance classifications as presented on the governmental funds balance sheet are further detailed below:

	General Fund	Special Revenue Fund	Debt Service Fund	Major Capital Project Funds: Oregon ZIAW Fund	Major Capital Project Funds: Natural Areas Fund	Other Funds	Total
Fund balances:							
Nonspendable:							
Not in spendable form	$ 1,413,353	-	-	-	-	-	1,413,353
Corpus of permanent fund	-	-	-	-	-	482,037	482,037
Total nonspendable	1,413,353	-	-	-	-	482,037	1,895,390
Restricted for:							
TOD projects	19,926,395	-	-	-	-	-	19,926,395
Glendoveer operations	43,241	-	-	-	-	-	43,241
Parks and Natural Areas	-	4,249,882	-	-	-	-	4,249,882
Debt service on GO bonds	-	-	1,270,502	-	-	-	1,270,502
Smith & Bybee Wetlands mgmt plan	-	-	-	-	-	3,226,100	3,226,100
Community Enhancement	-	-	-	-	-	1,644,020	1,644,020
Convention Center Hotel project	10,004,077	-	-	-	-	-	10,004,077
Willamette Falls Legacy project	5,204,427	-	-	-	-	-	5,204,427
Capital projects:							
OZF donations	3,019,369	-	-	-	-	-	3,019,369
Bond funded programs	-	-	-	23,086,619	52,348,611	521,152	75,956,382
Total restricted	38,197,509	4,249,882	1,270,502	23,086,619	52,348,611	5,391,272	124,544,395
Committed to:							
Construction excise tax for development planning	5,626,594	-	-	-	-	-	5,626,594
Assigned to:							
Permanent fund programs	-	-	-	-	-	32,839	32,839
Unassigned	16,093,516	-	-	-	-	-	16,093,516
Total fund balances	$ 61,330,972	4,249,882	1,270,502	23,086,619	52,348,611	5,906,148	148,192,734

P. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances totaling $1,630,743 at June 30, 2015 is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
General	MERC	$179,988

The outstanding balance is the portion of an interfund loan expected to be repaid in the subsequent year.

Advances to/from other funds:

Receivable Fund	Payable Fund	Amount
General	MERC	$1,079,928
Solid Waste	General	$1,500,000

The outstanding balances are the portions of interfund loans not scheduled to be repaid in the subsequent year.

Internal balance to reflect the consolidation of internal service fund activities for the government-wide statements

Receivable Entity	Payable Entity	Amount
Governmental activities	Business-type activities	$1,870,827

Interfund transfers for the fiscal year by fund were:

		Transfers in			
Transfers out		**General**	**Solid Waste**	**MERC**	**Total**
General	$	-	138,777	1,138,263	1,277,040
Parks & Natural Areas		31,627			31,627
Oregon Zoo Infrastructure		13,717	-	-	13,717
Natural Areas		41,713	-	-	41,713
Solid Waste		223,490	-	-	223,490
MERC		352,284	-	-	352,284
Risk Management		301,451	-	-	301,451
Total	$	964,282	138,777	1,138,263	2,241,322

The transfers detailed above are transfers of resources from one fund to another that are not based upon a cost allocation plan or any expectation of a payment for services provided, but rather to provide resources for other uses. These include General Fund support to Solid Waste for the Sustainability program, and to MERC for Convention Center Hotel work, Tourism Opportunity and Competiveness Account, and central services subsidy; transfers of PERS reserve balances from various funds to the General Fund; and transfers from Risk Management to General Fund for personnel services to manage the risk program.

Q. INSURED RISKS

Metro is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Metro has established a Risk Management Fund (an internal service fund) to account for risk management activities, including payment of insurance policy premiums, payment of claims, and to finance its uninsured risks of loss. Under this program, the Risk Management Fund provides risk of loss coverage as follows:

- General liability, bodily injury to or property damage of third parties resulting from the negligence of Metro or its employees and errors and omissions risks: these risks are fully covered by the Risk Management Fund. Metro is protected by ORS Chapter 30, the Oregon Tort Claims Act, which contains statutory claim limits of $666,700 for a single claimant and $1,333,700 per multiple claimants. These statutory limits are indexed and change every year on July 1. Metro carries an excess liability policy of $7 million, with a $1 million deductible, which is intended to insure possible liability outside the Oregon Tort Claims Act.

- Property damage to Metro owned facilities: this risk is covered with a commercial property insurance policy. The property policy insures $736,471,000 of property values with a $500,000,000 limit blanket policy and a $500,000 deductible.
- Workers' compensation, bodily injury or illness to an employee while in the course of employment: this risk is covered through a guaranteed cost program from SAIF Corporation, a commercial carrier, in amounts that meet statutory requirements.

Metro has not experienced settlements in excess of insurance coverage in any of the last three fiscal years. An independent actuary prepared an actuarial valuation and estimate of liabilities for unpaid claims as of June 30, 2015. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. Metro also monitors risk activity to ensure that proper reserves are maintained. All operating funds of Metro participate in the program and make payments to the Risk Management Fund based upon actuarial estimates of the amounts needed to pay prior and current year claims and to establish sufficient reserves.

The estimated claims liability of $380,000 reported as accrued self-insurance claims in the Risk Management Fund at June 30, 2015 was established in accordance with the requirements of GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for total estimated claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. A portion of the loss reserves have been discounted, using an assumed average investment rate of 0.5 percent in preparing the estimates. Metro does not purchase annuity contracts from commercial insurers to pay any aggregate amount of outstanding claims liabilities.

Changes in Risk Management Fund claims liability for the previous and current fiscal year were:

	Beginning of Fiscal Year Liability	Current Year Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability
2013-2014	$ 430,927	1,494,971	992,898	933,000
2014-2015	933,000	28,045	581,045	380,000

R. CONTINGENT LIABILITIES

1. Reviews by Grantor Agencies

Grant costs are subject to review by the grantor agencies. Any costs disallowed as the result of the review would be borne by Metro and may require the return of such amount to the grantor agency. Should costs be disallowed on a grant for which Metro acts in a pass through capacity, Metro should be able to require repayment of amounts disallowed from the subgrantees.

2. Legal Matters

Metro is involved as a defendant in several claims and disputes that are normal to Metro's activities. Management intends to vigorously contest these matters and does not believe their ultimate resolution will have a material effect upon its financial position or operations.

S. SUBSEQUENT EVENTS

Changes in Pension Plan Provisions Subsequent to Measurement Date

On April 30, 2015, the Oregon Supreme Court ruled in the Moro decision, that the provisions of Senate Bill 861, signed into law in October 2013, that limited the post-retirement COLA on benefits accrued prior to the signing of the law were unconstitutional. Benefits could be modified prospectively, but not retrospectively. As a result, those who retired before the bills were passed will continue to receive a COLA tied to the Consumer Price Index that normally results in a two percent increase annually. PERS will make restoration payments to benefit recipients.

PERS members who have accrued benefits before and after the effective dates of the 2013 legislation will have a blended COLA when they retire.

This is a change in benefit terms subsequent to the measurement date of June 30, 2014, which will be reflected in the next year's actuarial valuations. The impact of the Moro decision on the total pension liability and Metro's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which is summarized below (this represents Metro's proportional share of this estimate):

		June 30, 2014 Measurement Date	
		Prior to Moro	After Moro (estimated)
Total penison liability	$	324,479,650	349,741,192
Fiduciary net position		336,129,371	336,121,662
Net pension liabilty (asset)	$	(11,649,721)	13,619,530

Supplementary Information

Required Supplementary Information

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

General Fund

Special Revenue Fund

Parks and Natural Areas Local Option Levy Fund

Schedule of District's Proportionate Share of Net Pension Liability

Oregon Public Employees' Retirement System

Schedule of District's Contributions

Oregon Public Employees' Retirement System

Schedule of Funding Progress

Other Postemployment Benefits

Notes to Required Supplementary Information

METRO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Government fees	$ 214,289	214,289	95,725	(118,564)
Culture and recreation fees	25,040,873	25,295,625	24,856,959	(438,666)
Other fees	2,946,245	3,571,245	3,271,705	(299,540)
Internal charges for services	-	-	7,390	7,390
Licenses and permits	380,000	380,000	393,796	13,796
Miscellaneous revenue	875,778	875,778	717,817	(157,961)
Operating grants and contributions:				
Grants	10,592,168	10,634,320	6,981,951	(3,652,369)
Local government shared revenue	754,287	754,287	773,657	19,370
Government contributions	3,017,288	3,017,288	3,370,903	353,615
Contributions and donations	250,102	284,622	445,343	160,721
General revenues:				
Taxes:				
Property taxes	12,740,972	12,740,972	13,071,534	330,562
Excise taxes	16,597,648	16,597,648	16,587,938	(9,710)
Construction excise tax	2,000,000	2,000,000	2,669,188	669,188
Investment income	151,000	301,000	151,288	(149,712)
Total revenues	75,560,650	76,667,074	73,395,194	(3,271,880)
EXPENDITURES				
Communications	3,086,345	3,095,395	2,975,773	119,622
Council office	4,612,781	4,876,688	3,983,295	893,393
Finance and regulatory services	4,403,060	4,558,522	4,440,584	117,938
Human resources	2,477,432	2,553,482	2,508,627	44,855
Information services	4,187,887	4,269,697	4,055,078	214,619
Metro auditor	748,190	748,190	559,331	188,859
Office of Metro attorney	2,202,018	2,202,018	2,194,412	7,606
Oregon Zoo	30,780,575	31,009,741	30,994,502	15,239
Parks and environmental services	8,532,296	8,873,700	8,612,125	261,575
Planning and development	15,094,485	15,094,485	10,499,206	4,595,279
Research center	3,950,995	4,635,779	4,178,091	457,688
Sustainability center	3,384,535	3,388,005	2,797,746	590,259

(Continued)

METRO

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting), *continued*

For the fiscal year ended June 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with final budget
Expenditures, continued:				
Special appropriations	$ 5,017,085	5,052,085	3,660,103	1,391,982
Non-departmental:				
Debt service	1,786,381	1,786,381	1,786,381	-
Contingency	4,100,722	1,727,818	-	1,727,818
Total expenditures	94,364,787	93,871,986	83,245,254	10,626,732
Revenues under expenditures	(18,804,137)	(17,204,912)	(9,850,060)	7,354,852
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	19,341	19,341
Transfers in	13,781,636	13,781,636	13,161,908	(619,728)
Transfers out	(6,740,016)	(7,309,489)	(6,836,274)	473,215
Total other financing sources (uses)	7,041,620	6,472,147	6,344,975	(127,172)
Revenues and other sources under expenditures and other uses	(11,762,517)	(10,732,765)	(3,505,085)	7,227,680
Beginning fund balance available for appropriation - July 1, 2014	29,642,971	29,642,971	32,583,026	2,940,055
Unappropriated ending fund balance - June 30, 2015	$ 17,880,454	18,910,206	29,077,941	10,167,735

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting:	
General Fund, as presented above	$ (3,505,085)
General Revenue Bond Fund-General, from page 129	10,004,139
General Asset Management Fund, from page 130	3,986,570
Budget resources not qualifying as revenues under Governmental GAAP:	
Receipt of interfund loan (transfers)	(1,500,000)
Receipt of interfund loan repayments (transfers)	(220,000)
Additional revenues required by Governmental GAAP:	
Accrual of interest receivable on TOD loans	9,201
Budget requirements not qualifying as expenses under Governmental GAAP:	
Purchase of assets held for resale	767,050
Additional expenses required by Governmental GAAP:	
Accrual of pollution remediation liability	(176,500)
General Fund net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 9,365,375

METRO

Parks and Natural Areas Local Option Levy Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Operating grants and contributions:				
Grants	$ -	510,900	717,788	206,888
Capital grants and contributions:				
Capital contributions and donations	-	-	130,000	130,000
General revenues:				
Taxes:				
Property taxes	10,522,300	10,522,300	11,414,902	892,602
Investment income	24,500	24,500	38,711	14,211
Total revenues	10,546,800	11,057,700	12,301,401	1,243,701
EXPENDITURES				
Oregon Zoo	312,244	312,244	235,465	76,779
Parks and environmental services	3,883,354	4,655,689	4,328,294	327,395
Sustainability center	6,903,738	6,903,738	6,748,674	155,064
Special appropriations	1,500,000	1,500,000	288,779	1,211,221
Contingency	1,173,117	911,682	-	911,682
Total expenditures	13,772,453	14,283,353	11,601,212	2,682,141
Revenues over (under) expenditures	(3,225,653)	(3,225,653)	700,189	3,925,842
OTHER FINANCING USES				
Transfers out	(1,637,347)	(1,637,347)	(1,621,346)	16,001
Revenues under expenditures and other uses	(4,863,000)	(4,863,000)	(921,157)	3,941,843
Beginning fund balance available for appropriation - July 1, 2014	4,863,000	4,863,000	5,171,039	308,039
Unappropriated ending fund balance - June 30, 2015	$ -	-	4,249,882	4,249,882

METRO

Schedule of District's Proportionate Share of Net Pension Liability
Oregon Public Employees' Retirement System
Last Two Fiscal Years

		Fiscal Year	
		2014	2015
Metro's proportion of the net pension liability (asset)		0.51394738%	0.51394738%
Metro's proportionate share of the net pension liability (asset)	$	26,233,596	(11,649,721)
Metro's covered-employee payroll	$	52,521,307	55,726,726
Metro's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll		49.9%	-20.9%
Plan fiduciary net position as a percentage of the total pension liability		92.0%	103.6%

This schedule is presented to illustrate Metro's proportionate share of net pension liability over the last 10 years.

However, until a full 10-year trend is compiled, Metro presents information for those years for which information is available.

METRO

Schedule of District's Contributions
Oregon Public Employees' Retirement System
Last Two Fiscal Years

		Fiscal Year 2014	Fiscal Year 2015
Actuarially Determined Contributions	$	3,840,003	4,062,684
Contributions in Relation to Actuarially Determined Contributions		3,840,003	4,062,684
Contributions Deficiency (Excess)	$	-	-
Covered Employee Payroll		52,399,493	55,325,674
Contributions as a percentage of covered-employee payroll		7.3%	7.3%

This schedule is presented to illustrate Metro's required contributions to the PERS pension plan over the last 10 years.
However, until a full 10-year trend is compiled, Metro presents information for those years for which information is available.

METRO

Schedule of Funding Progress
Other Postemployment Benefits

June 30, 2015

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percentage	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2009	$ -	$ 3,007,784	$ 3,007,784	0%	$ 49,864,609	6%
July 1, 2011	-	2,907,891	2,907,891	0%	52,255,709	6%
July 1, 2013	-	3,348,685	3,348,685	0%	52,521,307	6%

BUDGETARY INFORMATION

1. BUDGETS

A budget is prepared for each fund in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. This basis differs from GAAP. The Council adopts the original budget for all funds by ordinance prior to the beginning of Metro's fiscal year. The ordinance authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. The legal level of control for each fund is set by department, with separate designations within the fund for the categories of debt service, interfund transfers and contingency.

The General Revenue Bond Fund is a budgetary fund comprised of two components that are separated and combined with other budgetary funds for reporting under GAAP. The General Asset Management Fund is a budgetary fund that is combined with the General Fund for reporting under GAAP.

The detail budget document is required to contain more specific, detailed information about the aforementioned expenditure categories. Appropriations that have not been expended at year end lapse and subsequent actual expenditures are charged against ensuing year appropriations. Encumbrances are recorded in Metro's internal accounting records for management reporting and control. Encumbrances are closed at June 30 and re-established in the ensuing fiscal year against appropriations for that year.

Unexpected additional resources and budget revisions may be added to the budget through the use of a supplemental budget or by an ordinance passed by the Council amending the budget. A supplemental budget requires hearings before the public, publication in newspapers and approval by the Council. Original, amended and supplemental budgets may be modified by the use of appropriation transfers between the levels of control, with approval of the Council. Management may amend the budget within the appropriated levels of control without Council approval.

Metro adopted four budget amendments during the fiscal year ended June 30, 2015. All four of the amendments were "consolidated" amendments with multiple actions in each ordinance. Only one of the actions included in the consolidated amendments would be considered significant. In March 2015, the Council acknowledged additional tonnage in the Solid Waste Revenue Fund and provided additional associated expenditure appropriation of about $1.6 million as a result of the increased revenue.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended June 30, 2015, expenditures exceeded appropriations in the General Obligation Bond Debt Service Fund due to the refunding of the 2007 Series Natural Areas General Obligation Bonds. Oregon Local Budget Law (ORS 294.338) provides certain exemptions for overexpenditures due to the issuance of debt.

3. RECONCILIATION OF BASIS OF BUDGETING TO GAAP BASIS

Oregon Local Budget Law, as adopted by Metro, requires accounting for certain transactions to be on a basis other than GAAP. The Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting) for each fund as presented in supplementary information is presented on the basis of budgeting and is adjusted to the GAAP basis for presentation in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds. The accounting for the reclassification of interfund transfers as operating transactions causes no difference between the excess of revenues and other sources over expenditures and other uses on the basis of budgeting and such amounts on a GAAP basis. Other reconciliations as necessary are presented on the face of the budgetary schedules.

PENSION PLAN INFORMATION

1. CHANGES IN BENEFIT TERMS

There were no changes of benefit terms between the periods shown in the schedules. However, subsequent to the measurement date of June 30, 2014, as a result of the Oregon Supreme Court ruling in the Moro decision, the law placing limits on the amount of post-retirement COLA was overturned and certain retirees will continue to receive a COLA tied to the Consumer Price Index. PERS will make restoration payments to benefit recipients. PERS members who have accrued benefits before and after the effective dates of the previous law will have a blended COLA when they retire. This change in benefit terms will be reflected in the next year's actuarial valuations.

The impact of the Moro decision on the total pension liability and Metro's net pension liability (asset) has not been fully determined. However, PERS' third-party actuaries have estimated the impact of the Moro decision under one possible methodology, which results in Metro's proportional share of pension balances changing from a net pension asset of $11,649,721 to a net pension liability of $13,619,530.

These events are described more fully in the Notes to the Financial Statements, note V.S.

There were no changes in the size or composition of the population covered by the benefit terms.

2. CHANGES IN ASSUMPTIONS

There were no changes in the assumptions used to determine the amounts in the schedules.

Other Supplementary Information

Combining Statements

Nonmajor Governmental Funds

Budgetary Comparison Schedules

Combining Statements
Nonmajor Governmental Funds

Special Revenue Funds

Smith and Bybee Wetlands Fund

This fund accounts for development and management of the Smith and Bybee Wetlands Natural Resource Management plan, which calls for Smith and Bybee Wetlands to be managed as environmental and recreational resources for the region. The principal source of revenue is investment income.

Community Enhancement Fund

This fund accounts for special fees collected on solid waste disposal. The funds are used for community enhancement projects in the areas around various solid waste disposal facilities and for administration of the enhancement program.

Capital Projects Fund

Open Spaces Fund

This fund accounts for the activities to acquire and protect regional open spaces, parks, trails, and streams. The principal resource is investment income.

Permanent Fund

Cemetery Perpetual Care Fund

This fund accounts for amounts provided to build a permanent investment of principal from which the earnings will be used to provide long-term maintenance of pioneer cemeteries under Metro's management. The principal resource is a cemetery revenue surcharge on grave sales.

METRO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2015

		Special Revenue			Capital Projects	Permanent	Total
		Smith and Bybee Wetlands	Community Enhancement	Total	Open Spaces	Cemetery Perpetual Care	Nonmajor Governmental Funds
ASSETS							
Equity in internal cash and investment pool	$	3,269,673	1,757,642	5,027,315	520,479	514,230	6,062,024
Receivables:							
Other		-	5,127	5,127	-	-	5,127
Interest		4,239	2,246	6,485	673	646	7,804
Total assets		3,273,912	1,765,015	5,038,927	521,152	514,876	6,074,955
LIABILITIES							
Liabilities:							
Accounts payable		47,812	120,995	168,807	-	-	168,807
Total liabilities		47,812	120,995	168,807	-	-	168,807
FUND BALANCES							
Nonspendable		-	-	-	-	482,037	482,037
Restricted		3,226,100	1,644,020	4,870,120	521,152	-	5,391,272
Assigned		-	-	-	-	32,839	32,839
Total fund balances		3,226,100	1,644,020	4,870,120	521,152	514,876	5,906,148
Total liabilities and fund balances	$	3,273,912	1,765,015	5,038,927	521,152	514,876	6,074,955

METRO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2015

	Special Revenue			Capital Projects	Permanent	Total
	Smith and Bybee Wetlands	Community Enhancement	Total	Open Spaces	Cemetery Perpetual Care	Nonmajor Governmental Funds
REVENUES						
Cemetery revenue surcharge	$ -	-	-	-	48,335	48,335
Investment income	17,265	9,302	26,567	2,683	2,503	31,753
Solid waste fees	-	340,912	340,912	-	-	340,912
Total revenues	17,265	350,214	367,479	2,683	50,838	421,000
EXPENDITURES						
Current:						
Culture and recreation	237,443	644,286	881,729	-	-	881,729
Capital outlay	-	-	-	17,171	-	17,171
Total expenditures	237,443	644,286	881,729	17,171	-	898,900
Net change in fund balances	(220,178)	(294,072)	(514,250)	(14,488)	50,838	(477,900)
Fund balances - July 1, 2014	3,446,278	1,938,092	5,384,370	535,640	464,038	6,384,048
Fund balances - June 30, 2015	$ 3,226,100	1,644,020	4,870,120	521,152	514,876	5,906,148

Budgetary Comparison Schedules

Oregon Administrative Rules 162-010-0050 through 162-010-0330 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, requires an individual schedule of revenues, expenditures, and changes in fund balance, budget and actual be presented for each fund for which a legally adopted budget is required.

In accordance with GASB Statement No. 34, Metro's General Fund and major special revenue fund, the Parks and Natural Areas Local Option Levy Fund are presented as required supplemetary information. Budgetary comparisons for all other funds are displayed in the following pages.

Other Major Governmental Funds

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

Debt Service Fund

General Obligation Bond Debt Service Fund

Capital Projects Funds

Oregon Zoo Infrastructure and Animal Welfare Fund

Natural Areas Fund

METRO

General Obligation Bond Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with final budget
REVENUES				
General revenues:				
Taxes:				
Property taxes	$ 36,775,750	36,775,750	37,304,106	528,356
Investment income	5,000	5,000	77,981	72,981
Total revenues	36,780,750	36,780,750	37,382,087	601,337
EXPENDITURES				
Materials and services	-	-	155,867	(155,867)
Debt service:				
Principal	27,170,000	27,170,000	27,360,000	(190,000)
Interest	10,061,175	10,061,175	8,471,942	1,589,233
Total expenditures	37,231,175	37,231,175	35,987,809	1,243,366
Revenues over (under) expenditures	(450,425)	(450,425)	1,394,278	1,844,703
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	-	57,955,000	57,955,000
Premium on refunding bonds issued	-	-	6,780,891	6,780,891
Payment to refunded bond escrow agent	-	-	(65,967,620)	(65,967,620)
Total other financing sources (uses)	-	-	(1,231,729)	(1,231,729)
Revenues and other sources over (under) expenditures and other uses	(450,425)	(450,425)	162,549	612,974
Beginning fund balance available for appropriation - July 1, 2014	547,000	547,000	1,107,953	560,953
Unappropriated ending fund balance - June 30, 2015	$ 96,575	96,575	1,270,502	1,173,927

METRO

Oregon Zoo Infrastructure and Animal Welfare Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Investment income	$	225,000	225,000	131,036	(93,964)
Total revenues		225,000	225,000	131,036	(93,964)
EXPENDITURES					
Oregon Zoo		29,210,633	29,210,633	23,411,399	5,799,234
Contingency		5,700,000	5,700,000	-	5,700,000
Total expenditures		34,910,633	34,910,633	23,411,399	11,499,234
Revenues under expenditures		(34,685,633)	(34,685,633)	(23,280,363)	11,405,270
OTHER FINANCING USES					
Transfers out		(376,086)	(376,086)	(366,831)	9,255
Revenues under expenditures and other uses		(35,061,719)	(35,061,719)	(23,647,194)	11,414,525
Beginning fund balance available for appropriation - July 1, 2014		38,571,472	38,571,472	46,733,813	8,162,341
Unappropriated ending fund balance - June 30, 2015	$	3,509,753	3,509,753	23,086,619	19,576,866

METRO

Natural Areas Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
Program revenues:					
Charges for services:					
Miscellaneous revenue	$	-	-	2,880	2,880
General revenues:					
Investment income		262,738	262,738	404,005	141,267
Total revenues		262,738	262,738	406,885	144,147
EXPENDITURES					
Sustainability center		33,832,518	33,832,518	12,208,716	21,623,802
Contingency		15,000,000	15,000,000	-	15,000,000
Total expenditures		48,832,518	48,832,518	12,208,716	36,623,802
Revenues under expenditures		(48,569,780)	(48,569,780)	(11,801,831)	36,767,949
OTHER FINANCING USES					
Transfers out		(1,673,177)	(1,673,177)	(1,604,683)	68,494
Revenues under expenditures and other uses		(50,242,957)	(50,242,957)	(13,406,514)	36,836,443
Beginning fund balance available for appropriation - July 1, 2014		52,603,488	52,603,488	65,755,125	13,151,637
Unappropriated ending fund balance - June 30, 2015	$	2,360,531	2,360,531	52,348,611	49,988,080

Nonmajor Governmental Funds

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

Special Revenue Funds

Smith and Bybee Wetlands Fund

Community Enhancement Fund

Capital Projects Funds

Open Spaces Fund

Permanent Fund

Cemetery Perpetual Care Fund

METRO
Smith and Bybee Wetlands Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Investment income	$	17,200	17,200	17,265	65
Total revenues		17,200	17,200	17,265	65
EXPENDITURES					
Parks and environmental services		65,000	205,075	149,746	55,329
Contingency		1,200,000	1,059,925	-	1,059,925
Total expenditures		1,265,000	1,265,000	149,746	1,115,254
Revenues under expenditures		(1,247,800)	(1,247,800)	(132,481)	1,115,319
OTHER FINANCING USES					
Transfers out		(107,596)	(107,596)	(87,697)	19,899
Revenues under expenditures and other uses		(1,355,396)	(1,355,396)	(220,178)	1,135,218
Beginning fund balance available for appropriation - July 1, 2014		3,432,768	3,432,768	3,446,278	13,510
Unappropriated ending fund balance - June 30, 2015	$	2,077,372	2,077,372	3,226,100	1,148,728

METRO
Community Enhancement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
Program revenues:					
Charges for services:					
Solid waste fees	$	367,164	367,164	340,912	(26,252)
General revenues:					
Investment income		8,681	8,681	9,302	621
Total revenues		375,845	375,845	350,214	(25,631)
EXPENDITURES					
Sustainability center		842,020	842,020	585,335	256,685
Contingency		280,000	280,000	-	280,000
Total expenditures		1,122,020	1,122,020	585,335	536,685
Revenues under expenditures		(746,175)	(746,175)	(235,121)	511,054
OTHER FINANCING USES					
Transfers out		(58,951)	(58,951)	(58,951)	-
Revenues under expenditures and other uses		(805,126)	(805,126)	(294,072)	511,054
Beginning fund balance available for appropriation - July 1, 2014		1,736,067	1,736,067	1,938,092	202,025
Unappropriated ending fund balance - June 30, 2015	$	930,941	930,941	1,644,020	713,079

METRO

Open Spaces Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Investment income	$	3,180	3,180	2,683	(497)
Total revenues		3,180	3,180	2,683	(497)
EXPENDITURES					
Sustainability center		639,321	639,321	17,171	622,150
Total expenditures		639,321	639,321	17,171	622,150
Revenues under expenditures		(636,141)	(636,141)	(14,488)	621,653
Beginning fund balance available for appropriation - July 1, 2014		636,141	636,141	535,640	(100,501)
Unappropriated ending fund balance - June 30, 2015	$	-	-	521,152	521,152

METRO
Cemetery Perpetual Care Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Taxes:					
Cemetery revenue surcharge	$	40,000	40,000	48,335	8,335
Investment income		2,265	2,265	2,503	238
Total revenues		42,265	42,265	50,838	8,573
Beginning fund balance available for appropriation - July 1, 2014		452,992	452,992	464,038	11,046
Unappropriated ending fund balance - June 30, 2015	$	495,257	495,257	514,876	19,619

Proprietary Funds

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

Enterprise Funds

Solid Waste Revenue Fund

MERC Fund

Reconciliation of Enterprise Fund Revenues and Expenditures (Basis of Budgeting) to Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds (GAAP Basis)

Internal Service Fund

Risk Management Fund

METRO
Solid Waste Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
Program revenues:					
Charges for services:					
Government fees	$	1,100,950	1,100,950	1,361,402	260,452
Culture and recreation fees		-	-	80,135	80,135
Solid waste fees		58,525,332	60,156,332	61,201,478	1,045,146
Other fees		10,000	10,000	3,534	(6,466)
Miscellaneous revenue		27,000	27,000	43,443	16,443
General revenues:					
Investment income		202,976	202,976	213,970	10,994
Total revenues		59,866,258	61,497,258	62,903,962	1,406,704
EXPENDITURES					
Finance and regulatory services		2,582,058	2,582,058	2,256,995	325,063
Sustainability center		7,920,141	7,920,141	6,871,500	1,048,641
Parks and environmental services		47,168,798	48,799,798	44,745,517	4,054,281
Contingency		15,885,160	14,254,160	-	14,254,160
Total expenditures		73,556,157	73,556,157	53,874,012	19,682,145
Revenues over (under) expenditures		(13,689,899)	(12,058,899)	9,029,950	21,088,849
OTHER FINANCING SOURCES (USES)					
Sale of capital assets		-	-	17,333	17,333
Transfers in		214,868	214,868	201,478	(13,390)
Transfers out		(8,898,408)	(8,898,408)	(6,930,224)	1,968,184
Total other financing sources (uses)		(8,683,540)	(8,683,540)	(6,711,413)	1,972,127
Revenues and other sources over (under) expenditures and other uses		(22,373,439)	(20,742,439)	2,318,537	23,060,976
Beginning fund balance available for appropriation - July 1, 2014		41,611,366	41,611,366	43,119,323	1,507,957
Unappropriated ending fund balance - June 30, 2015	$	19,237,927	20,868,927	45,437,860	24,568,933

METRO

MERC Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Culture and recreation fees	$ 32,918,376	32,918,376	39,325,029	6,406,653
Other fees	3,382,874	3,382,874	3,392,830	9,956
Miscellaneous revenue	84,542	84,542	174,417	89,875
Operating grants and contributions:				
Grants	70,000	70,000	256,022	186,022
Local government shared revenue	13,526,498	13,526,498	18,880,684	5,354,186
Government contributions	831,905	831,905	837,608	5,703
Capital grants and contributions:				
Capital contributions and donations	-	-	200,000	200,000
General revenues:				
Investment income	57,750	57,750	211,752	154,002
Total revenues	50,871,945	50,871,945	63,278,342	12,406,397
EXPENDITURES				
MERC	51,837,332	52,437,332	50,699,669	1,737,663
Contingency	28,817,223	28,217,223	-	28,217,223
Total expenditures	80,654,555	80,654,555	50,699,669	29,954,886
Revenues over (under) expenditures	(29,782,610)	(29,782,610)	12,578,673	42,361,283
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	3,125	3,125
Transfers in	1,137,263	1,137,263	1,138,263	1,000
Transfers out	(5,680,018)	(5,680,018)	(5,414,178)	265,840
Total other financing sources (uses)	(4,542,755)	(4,542,755)	(4,272,790)	269,965
Revenues and other sources over (under) expenditures and other uses	(34,325,365)	(34,325,365)	8,305,883	42,631,248
Beginning fund balance available for appropriation - July 1, 2014	34,325,365	34,325,365	32,059,959	(2,265,406)
Unappropriated ending fund balance - June 30, 2015	$ -	-	40,365,842	40,365,842

METRO

Reconciliation of Enterprise Fund Revenues and Expenditures (Basis of Budgeting) to Statement of Revenues, Expenses and Changes in Net Position-Proprietary Funds (GAAP Basis)

For the fiscal year ended June 30, 2015

	Solid Waste	MERC	Total
Excess of revenues and other financing sources over expenditures			
and other financing uses on the basis of budgeting:			
Solid Waste Revenue Fund	$ 2,318,537	-	2,318,537
MERC Fund	-	8,305,883	8,305,883
General Revenue Bond Fund-Expo	-	5	5
Budget resources not qualifying as revenues under GAAP:			
Revenue deferred	(9,527)	-	(9,527)
Sale of capital assets	(17,333)	(3,125)	(20,458)
Additional revenues required by GAAP:			
Gain on disposal of capital assets	17,333	-	17,333
Budget requirements not qualifying as expenses under GAAP:			
Payment of post-closure costs payable	610,363	-	610,363
Payment of pollution remediation obligation	109,298	-	109,298
Interfund loans provided	1,500,000	-	1,500,000
Capital assets additions	720,907	2,895,806	3,616,713
Principal and interest payments on bonds	-	772,237	772,237
Principal payments on interfund loans	-	220,000	220,000
Decrease to (additional) expenses required by GAAP:			
Post-closure costs payable estimate	(579,019)	-	(579,019)
Pollution remediation obligation estimate	73,104	(17,000)	56,104
Depreciation and amortization	(1,364,156)	(6,085,186)	(7,449,342)
Loss on disposal of capital assets	-	(28,933)	(28,933)
Amortization of bond discount and deferred charge on refunding	-	(25,987)	(25,987)
Other postemployment benefits	(44,960)	(46,208)	(91,168)
Vacation benefits	(60,634)	(64,274)	(124,908)
Pension related obligations	2,236,824	3,146,467	5,383,291
Accrued interest on bonds	-	(34,755)	(34,755)
Change in net position presented in the statement of revenues, expenses and changes in net position for proprietary funds	$ 5,510,737	9,034,930	14,545,667

METRO

Risk Management Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
Program revenues:				
Charges for services:				
Other fees	$ -	-	22,042	22,042
Internal charges for services	317,509	317,509	317,509	-
Miscellaneous revenue	5,000	5,000	242,156	237,156
Operating grants and contributions:				
Grants	50,000	50,000	12,208	(37,792)
General revenues:				
Investment income	10,000	10,000	16,311	6,311
Total revenues	382,509	382,509	610,226	227,717
EXPENDITURES				
Finance and regulatory services	2,452,110	2,452,110	1,122,207	1,329,903
Contingency	500,000	500,000	-	500,000
Total expenditures	2,952,110	2,952,110	1,122,207	1,829,903
Revenues under expenditures	(2,569,601)	(2,569,601)	(511,981)	2,057,620
OTHER FINANCING SOURCES (USES)				
Transfers in	1,245,265	1,245,265	1,245,320	55
Transfers out	(301,451)	(301,451)	(301,451)	-
Total other financing sources (uses)	943,814	943,814	943,869	55
Revenues and other sources over (under) expenditures and other uses	(1,625,787)	(1,625,787)	431,888	2,057,675
Beginning fund balance available for appropriation - July 1, 2014	2,885,209	2,885,209	2,490,274	(394,935)
Unappropriated ending fund balance - June 30, 2015	$ 1,259,422	1,259,422	2,922,162	1,662,740

Other Budgetary Funds

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

General Revenue Bond Fund

This fund is a budgetary fund comprised of two components that are separated and combined with other budgetary funds for reporting under GAAP.

General Asset Management Fund

This fund is a budgetary fund that is combined with another budgetary fund for reporting under GAAP.

METRO
General Revenue Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances-
Budget and Actual (Non-GAAP Basis of Budgeting)
For the fiscal year ended June 30, 2015

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
Program revenues:					
Operating grants and contributions:					
Grants	$	-	-	10,000,000	10,000,000
General revenues:					
Investment income		33	33	4,143	4,110
Total revenues		33	33	10,004,143	10,004,110
EXPENDITURES					
Debt service		2,953,444	2,953,444	2,953,442	2
Total expenditures		2,953,444	2,953,444	2,953,442	2
Revenues over (under) expenditures		(2,953,411)	(2,953,411)	7,050,701	10,004,112
OTHER FINANCING SOURCES					
Transfers in		2,953,444	2,953,444	2,953,443	(1)
Revenues and other sources over expenditures		33	33	10,004,144	10,004,111
Beginning fund balance available for appropriation - July 1, 2014		6,487	6,487	6,471	(16)
Unappropriated ending fund balance - June 30, 2015	$	6,520	6,520	10,010,615	10,004,095

Note: This schedule demonstrates compliance with budget at the legal level of control.

METRO

General Revenue Bond Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-

(Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

		Allocated to:		
		General	**MERC**	**Total**
REVENUES				
Program revenues:				
Operating grants and contributions:				
Grants	$	10,000,000	-	10,000,000
General revenues:				
Investment income		4,138	5	4,143
Total revenues		10,004,138	5	10,004,143
EXPENDITURES				
Debt service		1,765,392	1,188,050	2,953,442
Total expenditures		1,765,392	1,188,050	2,953,442
Revenues over (under) expenditures		8,238,746	(1,188,045)	7,050,701
OTHER FINANCING SOURCES				
Transfers in		1,765,393	1,188,050	2,953,443
Revenues and other sources over expenditures		10,004,139	5	10,004,144
Beginning fund balance available for appropriation - July 1, 2014		6,103	368	6,471
Unappropriated ending fund balance - June 30, 2015	$	10,010,242	373	10,010,615

Note: This schedule presents the activity of the two components of the fund.

METRO

General Asset Management Fund

Schedule of Revenues, Expenditures and Changes in Fund Balances-

Budget and Actual (Non-GAAP Basis of Budgeting)

For the fiscal year ended June 30, 2015

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Miscellaneous revenue	$ -	-	362,838	362,838
Operating grants and contributions:				
Grants	73,250	173,250	141,177	(32,073)
Government contributions	-	-	65,000	65,000
Capital grants and contributions:				
Grants	-	-	18,740	18,740
Capital contributions and donations	1,965,000	1,965,000	6,992,542	5,027,542
General revenues:				
Investment income	31,324	31,324	49,175	17,851
Total revenues	2,069,574	2,169,574	7,629,472	5,459,898
EXPENDITURES				
Asset Management Program	12,739,140	13,480,898	8,168,145	5,312,753
Contingency	5,337,970	5,265,685	-	5,265,685
Total expenditures	18,077,110	18,746,583	8,168,145	10,578,438
Revenues under expenditures	(16,007,536)	(16,577,009)	(538,673)	16,038,336
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	4,020	4,020
Transfers in	6,140,575	6,710,048	4,521,223	(2,188,825)
Total other financing sources	6,140,575	6,710,048	4,525,243	(2,184,805)
Revenues and other sources over (under) expenditures	(9,866,961)	(9,866,961)	3,986,570	13,853,531
Beginning fund balance available for appropriation - July 1, 2014	10,048,869	10,048,869	9,014,619	(1,034,250)
Unappropriated ending fund balance - June 30, 2015	$ 181,908	181,908	13,001,189	12,819,281

Other Financial Schedules

METRO

Schedule of Property Tax Transactions and Outstanding Receivable

For the fiscal year ended June 30, 2015

Fiscal Year		Original levy or balance of receivable July 1, 2014	Add (deduct) Discounts	Adjustments	Interest	Collections	Property taxes receivable June 30, 2015
2014-15	$	63,625,056	(1,650,132)	(113,418)	5,649	(60,524,636)	1,342,519
2013-14		1,439,494	-	(49,960)	13,096	(666,757)	735,873
2012-13		696,364	-	(18,580)	8,549	(210,110)	476,223
2011-12		412,670	-	(19,862)	10,278	(144,669)	258,417
2010-11		302,580	-	(21,694)	6,266	(81,037)	206,115
2009-10		221,084	-	(4,262)	2,043	(16,427)	202,438
2008-09 & prior		50,665	-	(3,886)	2,993	(14,984)	34,788
Total	$	66,747,913	(1,650,132)	(231,662)	48,874	(61,658,620)	3,256,373

Reconciliation to property tax revenue presented in the Statement of Activities:		Governmental Activities
Cash collections July 1, 2014 to June 30, 2015	$	61,658,620
Accrual of receivables:		
July 1, 2014 to August 31, 2014		(304,052)
July 1, 2015 to August 31, 2015		270,766
Timing difference between county tax collector and county treasurer		14,997
Payments in lieu of property taxes		150,210
Taxes earned but not available:		
June 30, 2014		(2,818,805)
June 30, 2015		2,985,608
Property tax revenue per Statement of Activities	$	61,957,344

METRO
Schedule of Future Bonded Debt Service Requirements
General Obligation Bonds
June 30, 2015

Year of maturity		**2005 Series General Obligation Refunding Bonds**		**2007 Series Natural Areas General Obligation Bonds**		**2012A Series Natural Areas General Obligation Bonds**	
		Principal	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2015-16	$	2,095,000	193,150	4,850,000	497,250	2,230,000	2,952,450
2016-17		2,210,000	88,400	5,095,000	254,750	2,790,000	2,840,950
2017-18		-	-	-	-	3,350,000	2,701,450
2018-19		-	-	-	-	3,960,000	2,533,950
2019-20		-	-	-	-	4,610,000	2,335,950
2020-21		-	-	-	-	5,300,000	2,105,450
2021-22		-	-	-	-	6,045,000	1,840,450
2022-23		-	-	-	-	6,840,000	1,538,200
2023-24		-	-	-	-	7,690,000	1,196,200
2024-25		-	-	-	-	8,590,000	811,700
2025-26		-	-	-	-	9,555,000	382,200
2026-27		-	-	-	-	-	-
2027-28		-	-	-	-	-	-
Total	$	4,305,000	281,550	9,945,000	752,000	60,960,000	21,238,950

(1) The principal amount of the bonds is reported net of unamortized premium or discount in governmental activities on the statement of net position.

2012A Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds		2014 Series General Obligation Refunding Bonds		Total	
Principal	Interest	Principal	Interest	Principal (1)	Interest
2,000,000	2,268,325	10,565,000	2,250,450	21,740,000	8,161,625
2,260,000	2,168,325	4,810,000	2,039,150	17,165,000	7,391,575
2,510,000	2,055,325	13,160,000	1,846,750	19,020,000	6,603,525
2,770,000	1,929,825	14,115,000	1,320,350	20,845,000	5,784,125
3,050,000	1,791,325	15,115,000	755,750	22,775,000	4,883,025
3,350,000	1,638,825	-	-	8,650,000	3,744,275
3,665,000	1,471,325	-	-	9,710,000	3,311,775
4,000,000	1,288,075	-	-	10,840,000	2,826,275
4,360,000	1,088,075	-	-	12,050,000	2,284,275
4,740,000	870,075	-	-	13,330,000	1,681,775
5,145,000	633,075	-	-	14,700,000	1,015,275
5,525,000	427,275	-	-	5,525,000	427,275
5,955,000	178,650	-	-	5,955,000	178,650
49,330,000	17,808,500	57,765,000	8,212,450	182,305,000	48,293,450

METRO
Schedule of Future Bonded Debt Service Requirements
Full Faith and Credit and Pension Obligation Bonds
June 30, 2015

		Full Faith and Credit Bonds				Pension Obligation Bonds	
		Refunding Bonds 2013 Series		Oregon Local Governments 2006 Series		Metro Limited Tax Pension Obligation Bonds Series 2005	
Year of maturity		Principal (2)	Interest	Principal (1)	Interest	Principal (2)	Interest
2015-16	$	1,610,000	154,368	765,000	421,175	820,000	1,041,882
2016-17		1,410,000	139,268	795,000	387,528	930,000	1,002,039
2017-18		1,270,000	125,867	830,000	349,387	1,055,000	956,850
2018-19		1,280,000	111,198	870,000	306,887	1,185,000	905,587
2019-20		1,295,000	92,841	915,000	262,262	1,325,000	848,008
2020-21		1,320,000	70,595	960,000	215,388	1,480,000	783,626
2021-22		1,345,000	44,262	1,010,000	169,925	1,645,000	709,567
2022-23		1,370,000	15,070	1,055,000	126,044	1,820,000	627,251
2023-24		-	-	1,095,000	76,250	2,010,000	536,179
2024-25		-	-	1,150,000	24,438	2,210,000	435,598
2025-26		-	-	-	-	2,430,000	325,010
2026-27		-	-	-	-	2,660,000	203,413
2027-28		-	-	-	-	1,405,000	70,306
Total	$	10,900,000	753,469	9,445,000	2,339,284	20,975,000	8,445,316

(1) The principal amount of the bonds is reported net of unamortized premium or discount in business-type activities on the statement of net position.

(2) The principal amount of the bonds is reported in governmental activities on the statement of net position.

METRO
Schedule of Long-term Bonded Debt Transactions
General Obligation Bonds
For the fiscal year ended June 30, 2015

	Principal				
	Outstanding July 1, 2014	Issued During Year	Matured and Paid During Year	Outstanding June 30, 2015	Interest Expenditure
DEBT SERVICE FUND					
2005 Series					
General Obligation Refunding Bonds with interest rates from 4.0 to 5.0%, final maturity 1/15/17	6,300,000	-	1,995,000	4,305,000	292,900
2007 Series Natural Areas					
General Obligation Bonds partially refunded 11/19/14 with interest rate of 5%, final maturity 6/1/17	73,315,000	-	63,370,000	9,945,000	728,250
2012A Series Natural Areas					
General Obligation Bonds with interest rates from 4.0 to 5.0%, final maturity 6/1/26	66,310,000	-	5,350,000	60,960,000	3,219,950
2012A Series Oregon Zoo Infrastructure and Animal Welfare					
General Obligation Bonds with interest rates from 3.0 to 5.0%, final maturity 6/1/28	55,000,000	-	5,670,000	49,330,000	2,551,825
2012B Series B					
General Obligation Refunding Bonds with interest rate of 5.0%, final maturity 6/1/15	9,535,000	-	9,535,000	-	476,750
2014 Series					
General Obligation Refunding Bonds with interest rates from 2.0 to 5.0%, final maturity 6/1/20	-	57,955,000	190,000	57,765,000	1,202,267
Total	$ 210,460,000	57,955,000	86,110,000	182,305,000	8,471,942

METRO
Schedule of Long-term Bonded Debt Transactions
Full Faith and Credit and Pension Obligation Bonds
For the fiscal year ended June 30, 2015

		Principal				
		Outstanding July 1, 2014	**Issued During Year**	**Matured and Paid During Year**	**Outstanding June 30, 2015**	**Interest Expenditure**
GENERAL FUND						
Full Faith and Credit						
Refunding Bonds 2013 Series						
with interest rates from 1.0 to 2.2%,						
final maturity 8/1/22	$	12,495,000	-	1,595,000	10,900,000	170,392
Pension Obligation						
Metro Limited Tax Series 2005						
with interest rates from 4.859 to 5.004%,						
final maturity 6/1/28		21,685,000	-	710,000	20,975,000	1,076,381
Total	$	34,180,000	-	2,305,000	31,875,000	1,246,773
ENTERPRISE FUNDS						
MERC FUND:						
Full Faith and Credit						
Oregon Local Governments 2006 Series						
with interest rates from 4.25 to 5.0%,						
final maturity 12/1/24	$	10,180,000	-	735,000	9,445,000	453,050

Statistical Section

This section of Metro's comprehensive annual financial report presents detailed data regarding the current and prior fiscal years for assistance in understanding what the information in the financial statements, note disclosures, and required supplementary information says about Metro's overall financial health. The information is presented in these categories.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

METRO
Net Position by Component
Last Ten Fiscal Years (1)
(accrual basis of accounting), Unaudited

		Fiscal Year	
	2006	**2007**	**2008**
GOVERNMENTAL ACTIVITIES			
Net investment in capital assets (2)	$ 72,055,226	70,472,572	101,632,452
Restricted	21,244,741	24,458,851	27,246,181
Unrestricted	35,400,215	57,456,789	59,035,445
Total governmental activities net position	128,700,182	152,388,212	187,914,078
BUSINESS-TYPE ACTIVITIES			
Net investment in capital assets	204,536,894	199,184,754	198,109,226
Restricted	12,415,936	12,688,488	16,295,656
Unrestricted	39,548,688	43,989,254	45,547,649
Total business-type activities net position	256,501,518	255,862,496	259,952,531
PRIMARY GOVERNMENT			
Net investment in capital assets (2)	276,592,120	269,657,326	299,741,678
Restricted	33,660,677	37,147,339	43,541,837
Unrestricted	74,948,903	101,446,043	104,583,094
Total primary government net position	$ 385,201,700	408,250,708	447,866,609

(1) Restated for fiscal year 2007 prior period adjustment changing classification of MERC from component unit to business-type activity.

(2) Through fiscal year 2012, these balances include the result of Metro financing capital assets for the business-type activities through the issuance of general obligation bonds. The amount of long-term debt outstanding on these bonds is reflected as a liability of the governmental activities in which repayment of the bonds occurs, whereas the associated capital assets financed by this debt are reflected with the business-type activities. The primary government totals have been adjusted to match the debt against the assets; the bonds were paid off in fiscal year 2013. These balances increase over time as a result of increases in capital assets, decreases in related long-term debt outstanding, and reductions in the amount of related unspent bond proceeds.

2009	2010	2011	2012 Restated	2013	2014	2015
142,681,077	161,033,641	219,717,752	237,849,839	271,978,616	293,851,981	326,328,783
41,383,007	47,868,259	47,802,264	49,673,790	43,460,675	60,588,283	79,540,758
38,868,189	39,949,912	(4,511,250)	(13,149,913)	(17,127,868)	(24,867,150)	(51,369,202)
222,932,273	248,851,812	263,008,766	274,373,716	298,311,423	329,573,114	354,500,339
197,896,445	193,123,523	189,929,698	186,405,139	182,360,721	179,069,899	175,914,225
14,548,959	2,652,250	1,591,637	2,130,034	2,496,996	3,734,868	8,914,318
41,293,389	41,363,765	46,842,210	47,918,522	53,862,598	56,992,148	61,672,307
253,738,793	237,139,538	238,363,545	236,453,695	238,720,315	239,796,915	246,500,850
320,942,522	339,047,164	399,322,450	418,964,978	454,339,337	472,921,880	502,243,008
55,931,966	50,520,509	49,393,901	50,437,907	45,957,671	64,323,151	88,455,076
99,796,578	96,423,677	52,655,960	40,058,609	36,734,730	32,124,998	10,303,105
476,671,066	485,991,350	501,372,311	509,461,494	537,031,738	569,370,029	601,001,189

METRO
Changes in Net Position
Last Ten Fiscal Years (1)
(accrual basis of accounting), Unaudited

		Fiscal Year	
	2006	2007	2008
EXPENSES			
Governmental activities:			
General government operations	$ 10,128,233	11,724,680	14,464,735
Regional planning and development	10,580,855	11,633,709	15,998,524
Culture and recreation	6,515,693	6,906,903	12,040,343
Zoo	23,159,685	25,165,745	27,268,768
Interest on long-term debt	8,421,370	9,626,880	13,228,648
Total governmental activities expenses	58,805,836	65,057,917	83,001,018
Business-type activities:			
Solid Waste (2)	50,565,165	52,805,117	53,514,858
MERC	42,799,786	45,069,117	44,148,046
Total business-type activities expenses	93,364,951	97,874,234	97,662,904
Total primary government expenses	$ 152,170,787	162,932,151	180,663,922
PROGRAM REVENUES			
Governmental activities:			
Charges for services:			
General government operations	$ 1,377,281	1,359,684	1,440,462
Regional planning and development	1,547,604	1,024,612	1,271,625
Culture and recreation	2,568,418	2,519,340	2,824,138
Zoo	14,417,730	15,699,595	15,991,730
Operating grants and contributions (3)	12,015,598	9,674,387	14,963,194
Capital grants and contributions	959,676	1,378,075	2,163,915
Total governmental activities program revenues	32,886,307	31,655,693	38,655,064
Business-type activities:			
Charges for services:			
Solid Waste	53,814,957	54,108,083	53,238,401
MERC	26,296,316	29,064,019	30,451,878
Operating grants and contributions (4)	984,284	692,146	861,851
Capital grants and contributions	-	-	-
Total business-type activities program revenues	81,095,557	83,864,248	84,552,130
Total primary government program revenues	$ 113,981,864	115,519,941	123,207,194

2009	2010	2011	2012	2013	2014	2015
14,198,441	12,779,417	14,456,222	16,417,342	14,704,292	17,216,935	14,121,383
13,023,497	14,978,447	14,816,800	13,908,730	11,234,615	11,609,788	12,164,998
13,350,232	17,316,051	20,351,578	22,695,565	20,788,176	19,969,697	23,281,061
29,426,286	28,311,531	27,400,337	30,064,611	33,662,272	35,660,651	32,483,204
12,121,270	10,888,841	9,538,172	8,159,660	10,927,415	9,712,521	6,736,232
82,119,726	84,274,287	86,563,109	91,245,908	91,316,770	94,169,592	88,786,878
52,014,903	64,228,318	51,721,806	51,020,053	55,266,458	56,759,612	57,279,945
46,239,579	46,229,249	48,048,265	49,389,612	51,344,928	53,945,435	54,868,782
98,254,482	110,457,567	99,770,071	100,409,665	106,611,386	110,705,047	112,148,727
180,374,208	194,731,854	186,333,180	191,655,573	197,928,156	204,874,639	200,935,605
1,394,695	1,741,850	2,120,491	1,875,695	1,871,628	1,615,075	1,501,207
1,682,136	1,214,423	1,364,601	925,904	1,112,779	1,422,619	1,180,754
2,648,864	3,696,310	3,985,483	4,175,114	5,095,656	6,121,579	7,444,771
18,040,150	17,606,196	18,150,234	19,745,074	22,538,536	22,082,776	21,546,136
13,889,920	14,446,031	10,973,394	15,551,926	13,553,316	11,945,779	22,495,818
8,457,258	2,725,497	1,866,808	1,105,751	2,264,327	3,454,245	7,141,282
46,113,023	41,430,307	38,461,011	43,379,464	46,436,242	46,642,073	61,309,968
50,478,290	50,904,000	50,782,440	52,989,049	55,661,225	58,583,492	62,743,167
30,007,172	29,650,854	31,597,534	33,231,703	36,670,638	35,091,155	42,892,276
830,902	1,378,076	1,144,867	1,620,989	1,382,789	17,183,489	19,974,313
265,740	2,000,000	584,808	123,574	-	-	200,000
81,582,104	83,932,930	84,109,649	87,965,315	93,714,652	110,858,136	125,809,756
127,695,127	125,363,237	122,570,660	131,344,779	140,150,894	157,500,209	187,119,724

(Continued)

METRO
Changes in Net Position, *continued*
Last Ten Fiscal Years (1)
(accrual basis of accounting), Unaudited

		Fiscal Year		
		2006	**2007**	**2008**
NET (EXPENSE)/REVENUE				
Governmental activities	$	(25,919,529)	(33,402,224)	(44,345,954)
Business-type activities		(12,269,394)	(14,009,986)	(13,110,774)
Total primary government net expense	$	(38,188,923)	(47,412,210)	(57,456,728)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Property taxes	$	27,804,374	28,686,523	46,901,621
Excise taxes		14,243,252	14,834,721	14,367,409
Construction excise tax		-	1,806,012	2,483,137
Cemetery revenue surcharge		21,395	33,000	23,267
Unrestricted local government shared revenues		547,512	519,463	545,550
Unrestricted investment earnings		2,315,910	4,945,208	9,182,961
Special items		357,921	-	-
Transfers		533,324	(289,417)	275,192
Total governmental activities		45,823,688	50,535,510	73,779,137
Business-type activities:				
Unrestricted local government shared revenues (4)		8,852,246	9,976,554	11,156,012
Unrestricted investment earnings		2,078,669	3,104,993	2,828,289
Special items		(357,921)	-	-
Transfers		(533,324)	289,417	(275,192)
Total business-type activities		10,039,670	13,370,964	13,709,109
Total primary government	$	55,863,358	63,906,474	87,488,246
CHANGE IN NET POSITION				
Governmental activities	$	19,904,159	17,133,286	29,433,183
Business-type activities		(2,229,724)	(639,022)	598,335
Total primary government	$	17,674,435	16,494,264	30,031,518
Prior period adjustment/cumulative change in accounting principle	$	4,613,707	6,554,744	9,584,383

(1) Restated for fiscal year 2007 prior period adjustment changing classification of MERC from component unit to business-type activity.

(2) Changes in Solid Waste business-type activities expenses between fiscal years 2009 and 2010 is due primarily to the recording of a change in estimate for landfill post-closure costs of $13,634,086 in fiscal year 2010.

(3) Changes in governmental activities operating grants and contribution revenue between fiscal years 2014 and 2015 is due primarily to the receipt in fiscal year 2015 of one-time grants of approximately $15 million for the Willamette Falls Legacy and Convention Center Hotel projects.

(4) Changes in business-type activities operating grants and contribution and unrestricted local government shared revenues between fiscal years 2013 and 2014 is due to a change in classification in fiscal year 2014 of MERC transient lodging taxes received from Multnomah County.

2009	2010	2011	2012	2013	2014	2015
(36,006,703)	(42,843,980)	(48,102,098)	(47,866,444)	(44,880,528)	(47,527,519)	(27,476,910)
(16,672,378)	(26,524,637)	(15,660,422)	(12,444,350)	(12,896,734)	153,089	13,661,029
(52,679,081)	(69,368,617)	(63,762,520)	(60,310,794)	(57,777,262)	(47,374,430)	(13,815,881)
45,447,596	51,668,586	49,624,399	39,609,807	51,609,216	59,506,228	61,957,344
12,976,156	12,945,697	14,066,453	14,410,951	15,354,852	15,999,908	16,584,669
1,734,579	1,427,730	1,440,755	1,765,024	2,349,487	2,537,894	2,669,188
24,168	25,670	27,056	33,619	28,792	49,581	48,335
500,473	509,323	468,776	466,123	555,198	-	-
4,996,270	1,632,756	885,490	506,774	754,672	1,202,458	904,399
-	-	-	-	-	-	-
120,655	553,757	(4,913,239)	2,439,096	(596,564)	(506,859)	(701,266)
65,799,897	68,763,519	61,599,690	59,231,394	70,055,653	78,789,210	81,462,669
10,702,508	9,941,144	11,558,961	12,581,998	14,463,987	-	-
1,714,787	537,995	412,229	391,598	231,302	416,652	425,728
-	-	-	-	-	-	-
(120,655)	(553,757)	4,913,239	(2,439,096)	596,564	506,859	701,266
12,296,640	9,925,382	16,884,429	10,534,500	15,291,853	923,511	1,126,994
78,096,537	78,688,901	78,484,119	69,765,894	85,347,506	79,712,721	82,589,663
29,793,194	25,919,539	13,497,592	11,364,950	25,175,125	31,261,691	53,985,759
(4,375,738)	(16,599,255)	1,224,007	(1,909,850)	2,395,119	1,076,600	14,788,023
25,417,456	9,320,284	14,721,599	9,455,100	27,570,244	32,338,291	68,773,782
-	-	659,362	(1,365,917)	-	-	(8,084,088)

METRO

Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting), Unaudited

	Fiscal Year		
	2006	**2007**	**2008**
General Fund (1)			
Nonspendable	$ -	-	-
Restricted	-	-	-
Committed	-	-	-
Unassigned	-	-	-
Reserved	7,333,324	8,518,324	9,088,951
Unreserved	25,630,402	34,564,077	28,607,477
Total General Fund	32,963,726	43,082,401	37,696,428
All other governmental funds (1)			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	-	-	-
Reserved	10,680,405	12,082,430	13,661,489
Unreserved, reported in:			
Special Revenue Funds	5,679,471	5,930,679	6,052,654
Capital Projects Funds	9,151,671	131,173,017	110,314,883
Permanent Funds	178,943	222,452	256,340
Total all other governmental funds	$ 25,690,490	149,408,578	130,285,366

(1) Metro implemented GASB Statement No. 54 during fiscal year 2011, which changed required fund balance classifications for governmental funds.

2009	2010	2011	2012	2013	2014	2015
-	-	800,367	181,891	157,544	1,434,164	1,413,353
-	-	13,412,488	16,962,147	20,175,302	23,335,910	38,197,509
-	-	3,661,469	4,169,918	5,427,647	5,836,553	5,626,594
-	-	27,140,104	27,269,809	25,530,229	21,358,970	16,093,516
9,462,022	9,637,987	-	-	-	-	-
35,517,221	36,817,500	-	-	-	-	-
44,979,243	46,455,487	45,014,428	48,583,765	51,290,722	51,965,597	61,330,972

-	-	330,288	355,441	384,121	436,202	482,037
-	-	66,436,156	193,949,944	154,652,128	124,685,440	86,346,886
-	-	503,681	26,330	27,671	30,336	32,839
13,133,831	13,041,477	-	-	-	-	-
6,221,690	6,000,611	-	-	-	-	-
85,037,915	60,882,128	-	-	-	-	-
288,683	317,158	-	-	-	-	-
104,682,119	80,241,374	67,270,125	194,331,715	155,063,920	125,151,978	86,861,762

METRO
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting), Unaudited

		Fiscal Year	
	2006	**2007**	**2008**
REVENUES			
Property taxes	$ 27,850,826	28,669,525	46,312,638
Excise taxes	14,243,252	14,834,721	14,341,764
Construction excise tax	-	1,806,012	2,483,137
Cemetery revenue surcharge	21,395	33,000	23,267
Investment income	2,068,326	4,536,529	8,802,118
Government fees	490,892	441,531	576,342
Culture and recreation fees	14,712,855	15,860,633	16,728,873
Solid waste fees	-	-	-
Other fees	3,237,906	3,012,834	2,569,892
Internal charges for services	514,885	661,007	849,709
Licenses and permits	402,300	409,332	405,408
Miscellaneous revenue	573,107	221,369	397,731
Grants	10,682,649	8,015,836	13,961,401
Local government shared revenues	547,512	519,463	545,550
Government contributions	-	342,540	12,500
Contributions and donations	1,332,949	1,316,011	1,391,471
Capital grants	-	-	-
Capital contributions and donations	959,676	1,378,075	2,163,915
Total revenues	77,638,530	82,058,418	111,565,716
EXPENDITURES			
General government operations	8,853,776	9,634,211	12,752,353
Regional planning and development	10,553,489	11,896,946	15,951,042
Culture and recreation	6,349,345	7,737,303	13,218,846
Zoo	20,908,177	22,974,261	25,527,960
Debt service:			
Principal	12,478,037	12,703,945	24,181,585
Interest	8,304,109	8,469,032	14,847,345
Capital outlay	5,210,036	12,320,285	29,890,673
Total expenditures	72,656,969	85,735,983	136,369,804
Excess of revenues over (under) expenditures	4,981,561	(3,677,565)	(24,804,088)

2009	2010	2011	2012	2013	2014	2015
44,897,096	51,457,062	49,747,025	39,333,293	51,517,060	59,245,166	61,790,541
12,971,067	12,964,535	14,068,190	14,413,338	15,357,373	16,002,790	16,587,938
1,734,579	1,427,730	1,440,755	1,765,024	2,349,487	2,537,894	2,669,188
24,168	25,497	26,861	33,195	28,680	49,581	48,335
4,715,238	1,545,284	853,253	488,586	742,206	1,180,790	888,088
481,480	389,643	301,329	109,500	127,590	99,809	95,725
17,893,774	17,402,009	17,890,108	19,553,150	22,172,112	23,306,808	24,856,959
-	-	-	270,856	301,902	317,949	340,912
3,246,604	3,086,589	3,309,488	3,452,403	3,471,424	3,470,826	3,271,705
917,250	2,629,198	2,797,314	2,740,228	3,623,649	3,223,107	1,812,342
388,375	385,155	379,485	373,675	375,160	369,855	393,796
838,365	366,185	943,084	221,974	477,361	365,234	540,467
12,382,032	11,622,037	9,611,840	9,743,878	10,390,062	8,056,565	17,840,916
500,473	509,323	468,776	466,123	555,198	621,111	773,657
266,319	1,505,000	65,505	4,427,539	2,992,196	2,975,000	3,370,903
1,241,569	1,318,994	1,296,050	862,141	689,428	293,104	510,343
1,851,255	1,226,124	10,617	38,334	26,876	842,564	18,740
6,606,003	1,499,373	991,105	1,027,495	2,011,176	2,611,681	7,122,542
110,955,647	109,359,738	104,200,785	99,320,732	117,208,940	125,569,834	142,933,097
12,251,458	11,575,042	12,432,590	14,142,072	12,883,851	15,189,343	16,506,570
12,974,517	14,909,242	14,797,588	13,904,294	11,263,128	11,598,462	13,888,509
12,057,905	14,670,631	17,415,303	19,350,637	18,618,034	18,866,771	22,358,773
26,112,124	24,623,138	25,030,953	27,860,285	30,978,416	31,274,828	31,967,441
26,447,275	32,203,540	30,393,356	24,980,000	39,675,000	27,320,000	29,665,000
12,745,812	11,653,488	10,367,591	9,093,066	13,907,089	12,428,417	9,722,466
31,911,433	23,298,304	24,231,381	28,910,761	26,777,135	39,647,950	46,140,996
134,500,524	132,933,385	134,668,762	138,241,115	154,102,653	156,325,771	170,249,755
(23,544,877)	(23,573,647)	(30,467,977)	(38,920,383)	(36,893,713)	(30,755,937)	(27,316,658)

(Continued)

METRO
Changes in Fund Balances, Governmental Funds, *continued*
Last Ten Fiscal Years
(modified accrual basis of accounting), Unaudited

	Fiscal Year		
	2006	**2007**	**2008**
OTHER FINANCING SOURCES (USES)			
Bonds issued	24,290,000	124,295,000	-
Refunding bonds issued	-	-	-
Premium on bonds issued	23,286	6,383,369	-
Loan proceeds	-	592,500	-
Sale of capital assets	-	-	16,000
Transfers in	4,288,434	2,933,742	8,574,992
Payment to refunded bond escrow agent	-	-	-
Transfers out	(3,752,514)	(3,695,027)	(8,296,089)
Total other financing sources (uses)	24,849,206	130,509,584	294,903
Special item	(24,022,369)	-	-
Net change in fund balances	5,808,398	126,832,019	(24,509,185)
Prior period adjustment/cumulative change in accounting principle	$ 4,613,707	7,004,744	-
Debt service as a percentage of noncapital expenditures	31.2%	29.4%	37.4%

2009	2010	2011	2012	2013	2014	2015
5,000,000	-	15,000,000	140,000,000	-	-	-
-	-	-	27,575,000	12,600,000	-	57,955,000
-	-	-	27,903,859	42,577	-	6,780,891
-	-	-	-	-	-	-
100,000	50,000	78,716	440,934	531,116	1,743,987	23,361
9,390,120	1,901,669	1,027,878	5,343,680	355,757	281,742	964,282
-	-	-	(29,679,329)	(12,515,811)	-	(65,967,620)
(9,265,675)	(1,342,523)	(710,287)	(2,032,834)	(680,764)	(506,859)	(1,364,097)
5,224,445	609,146	15,396,307	169,551,310	332,875	1,518,870	(1,608,183)
-	-	-	-	-	-	-
(18,320,432)	(22,964,501)	(15,071,670)	130,630,927	(36,560,838)	(29,237,067)	(28,924,841)
-	-	659,362	-	-	-	-
38.2%	40.0%	37.6%	31.2%	42.2%	34.1%	31.8%

METRO

Solid Waste Tonnage by Waste Type and Destination (1)
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	Waste (2) Metro-Owned Facilities	Waste (2) Total Per Ton Rate	Waste (2) Privately-Owned Facilities	Waste (2) Total Per Ton Rate	Organic (3) Metro-Owned Facilities	ECU (4) Privately-Owned Facilities	Regional Total All Waste Types
2006	589,140	$ 71.41	762,080	$ 22.87	17,581	351,367	1,720,168
2007	610,853	69.86	798,065	21.92	21,639	183,291	1,613,848
2008	592,950	71.14	758,765	22.31	26,003	146,652	1,524,370
2009	514,710	75.75	687,296	25.01	27,832	151,488	1,381,326
2010	483,471	80.75	642,813	27.36	26,604	168,104	1,320,992
2011	453,790	85.85	628,743	27.66	23,143	142,515	1,248,191
2012	422,746	89.53	599,339	29.44	84,375	191,256	1,297,716
2013	398,139	93.84	646,479	30.75	101,386	227,608	1,373,612
2014	428,794	94.33	651,480	30.85	91,843	259,015	1,431,132
2015	471,781	93.33	663,504	29.97	86,753	346,475	1,568,513

(1) Waste generated in the Metro region and delivered to solid waste facilities for disposal. The figures represent tons of solid waste from which Metro derives revenue.

(2) "Waste" is mixed solid waste on which Metro levies a Public Goods Charge that generates revenue for the Solid Waste Fund and pays for solid waste programs, and on which an Excise Tax that generates revenue for the General Fund is levied. Waste delivered to Metro's own transfer stations also incurs a user charge that is deposited in the Solid Waste Revenue Fund to pay for station operation, transport, and disposal.

(3) "Organic" is source-separated wood waste, yard debris and compostable food wastes delivered to Metro's own transfer stations. Metro levies a user charge and host fee only on the food waste portion of this group of wastes.

(4) "ECU" or "Environmental Clean-Up" material is soil and cleanup media contaminated by hazardous substances (though not itself a hazardous waste), including petroleum contaminated soils. Metro levies a reduced-rate Public Goods Charge and Excise Tax only on ECU. ECU is often generated by one or two large remediation projects in the region; therefore tonnage may vary considerably year to year.

Source: Metro Parks and Environmental Services Department, solid waste information system.

METRO
Solid Waste Disposal Rates
Last Ten Fiscal Years
Unaudited

		Fiscal Year									
		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
METRO FACILITIES											
Disposal fee	$	46.80	46.20	47.09	49.00	51.65	56.45	58.35	61.35	61.74	61.62
Regional system fee		14.54	13.57	14.08	16.04	17.53	16.72	17.64	18.56	18.56	18.21
Excise tax		8.33	8.35	8.23	8.97	9.83	10.94	11.80	12.19	12.29	11.76
Host fee		0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
DEQ fees - orphan sites		0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13	0.13
DEQ fees - promotion		1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11	1.11
Total rate per ton (1)	$	71.41	69.86	71.14	75.75	80.75	85.85	89.53	93.84	94.33	93.33
Transaction fee-scalehouse	$	7.50	8.50	8.50	8.50	10.00	11.00	12.00	12.00	12.00	12.00
Transaction fee-automated	$	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
PRIVATELY-OWNED FACILITIES											
Regional system fee	$	14.54	13.57	14.08	16.04	17.53	16.72	17.64	18.56	18.56	18.21
Excise tax		8.33	8.35	8.23	8.97	9.83	10.94	11.80	12.19	12.29	11.76
Total rate per ton	$	22.87	21.92	22.31	25.01	27.36	27.66	29.44	30.75	30.85	29.97

(1) Rates are per ton of mixed waste disposal. For fiscal year 2015, minimum charge is $28.00 for 340 pounds or less.
DEQ rates are set by the State of Oregon Department of Environmental Quality.

Source: Metro Parks and Environmental Services Department.

METRO

Principal Solid Waste Fee Payers

Current Year and Nine Years Ago (1)

Unaudited

Customer/Payer	2015 Fees Paid (1)	2015 Rank	2015 Percentage of Total Solid Waste Fee Revenue	2006 Fees Paid (1)	2006 Rank	2006 Percentage of Total Solid Waste Fee Revenue
Waste Management of Oregon	$ 12,709,461	1	22.17 %	$ 9,007,035	1	17.36 %
Oregon City Garbage Company	2,853,633	2	4.98	2,171,740	4	4.19
AGG Recology Inc.	2,567,414	3	4.48	2,592,013	2	5.00
Portland Disposal & Recycling	2,483,267	4	4.33	2,354,554	3	4.54
Arrow Sanitary Services	2,241,244	5	3.91	-	-	-
Trashco Services Inc.	1,985,666	6	3.46	1,602,648	7	3.09
Heiberg Garbage Service	1,733,140	7	3.02	-	-	-
Keller Drop Box Inc.	1,721,044	8	3.00	1,789,205	5	3.45
Allied Waste Services of Portland	1,379,378	9	2.41	1,719,528	6	3.32
Walker Garbage Services Inc.	1,028,209	10	1.79	817,001	10	1.58
Gresham Sanitary Service Inc.	-	-	-	1,276,453	8	2.46
Oak Grove Disposal Company Inc.	-	-	-	1,177,831	9	2.27
Total	$ 30,702,456		53.55 %	$ 24,508,008		47.26 %

(1) Customers pay a per ton rate for solid waste disposal. The per ton rate includes various fee components which change each fiscal year. See page 154 for rate detail.

Sources: Metro Parks and Environmental Services Department and Metro Accounting Division.

METRO
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years (1)
Unaudited

	Governmental Activities			
Fiscal year ended June 30,	**General Obligation Bonds**	**Full Faith and Credit Refunding Bonds**	**Pension Obligation Bonds**	**Loans Payable**
2006	$ 133,778,271	$ 19,616,423	$ 24,032,908	$ 507,151
2007	252,287,497	18,652,639	24,044,639	1,072,239
2008	229,338,399	17,658,856	23,896,369	592,500
2009	209,351,110	16,640,072	23,688,100	-
2010	178,115,055	15,591,289	23,409,830	-
2011	163,799,185	14,502,505	23,061,561	-
2012	304,897,649	13,378,722	22,638,291	-
2013	265,579,168	13,985,000	22,300,000	-
2014	237,456,537	12,495,000	21,685,000	2,136
2015	209,240,729	10,900,000	20,975,000	-

(1) Restated for fiscal year 2007 prior period adjustment changing classification of MERC from component unit to business-type activity.

(2) See page 165 for personal income and population data.

* Not available

Business-type Activities					
Revenue Bonds	Full Faith and Credit Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
$ 7,461,729	$ 14,030,822	$ 164,470	$ 199,591,774	0.25 %	$ 127.20
5,475,094	13,937,157	154,191	315,623,456	0.37	198.09
4,417,547	13,418,493	143,911	289,466,075	0.33	179.30
-	12,874,828	133,632	262,687,742	0.31	160.99
-	12,311,164	-	229,427,338	0.26	139.51
-	11,722,499	-	213,085,750	0.23	128.61
-	11,108,835	-	352,023,497	0.36	210.42
-	11,079,730	-	312,943,898	0.31	184.78
-	10,357,673	-	281,996,346	N/A *	164.16
-	9,605,617	-	250,721,346	N/A *	143.65

METRO
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	General Bonded Debt Outstanding: General Obligation Bonds	General Bonded Debt Outstanding: Less: Amounts Restricted to Repaying Principal	General Bonded Debt Outstanding: Net General Bonded Debt	Real Market Value (1)	Percentage of Actual Real Market Value of Property	Per Capita (2)
2006	$ 133,778,271	$ 10,680,405	$ 123,097,866	$ 156,666,228,799	0.08 %	$ 78.45
2007	252,287,497	12,082,430	240,205,067	181,787,247,525	0.13	150.75
2008	229,338,399	13,661,489	215,676,910	207,455,843,980	0.10	133.59
2009	209,351,110	13,133,831	196,217,279	218,478,090,509	0.09	120.26
2010	178,115,055	13,041,458	165,073,597	208,123,520,973	0.08	100.38
2011	163,799,185	14,086,438	149,712,747	196,930,643,603	0.08	90.36
2012	304,897,649	11,134,999	293,762,650	186,113,692,723	0.16	175.59
2013	265,579,168	632,127	264,947,041	182,115,877,804	0.15	156.44
2014	237,456,537	1,107,953	236,348,584	191,403,168,645	0.12	137.59
2015	209,240,729	1,270,502	207,970,227	211,844,217,262	0.10	119.15

Sources:
(1) The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington counties.

(2) See page 165 for population data.

Direct and Overlapping Governmental Activities Debt

As of June 30, 2015

Unaudited

Overlapping government	Net property tax backed debt	Percent within Metro	Share of Overlapping Debt
Banks Fire District 13	$ 480,000	0.06 %	$ 286
City of Cornelius	1,793,000	94.21	1,689,121
City of Durham	705,000	100.00	705,000
City of Forest Grove	505,000	99.70	503,475
City of Gresham	27,689,545	100.00	27,689,545
City of Happy Valley	3,750,000	100.00	3,750,000
City of Hillsboro	33,885,000	98.62	33,416,946
City of Lake Oswego	13,115,000	100.00	13,115,000
City of Milwaukie	4,490,000	100.00	4,490,000
City of Oregon City	750,000	99.93	749,476
City of Portland	126,830,000	100.00	126,829,112
City of Sherwood	2,645,000	99.85	2,641,046
City of Tigard	24,775,000	99.57	24,668,344
City of Troutdale	10,470,000	100.00	10,470,000
City of Tualatin	7,691,763	100.00	7,691,763
City of West Linn	16,605,000	100.00	16,605,000
Clackamas Community College	66,116,012	75.03	49,604,332
Clackamas County	98,780,000	75.09	74,177,261
Clackamas County SD 115 (Gladstone)	51,535,310	100.00	51,535,310
Clackamas County SD 12 (N Clackamas)	327,458,315	98.76	323,407,656
Clackamas County SD 3J (West Linn-Wilsonville)	252,766,741	94.52	238,918,157
Clackamas County SD 46 (Oregon Trail)	107,595,487	6.62	7,118,948
Clackamas County SD 62 (Oregon City)	87,055,000	69.70	60,676,552
Clackamas County SD 7J (Lake Oswego)	101,024,917	100.00	101,024,917
Clackamas County SD 86 (Canby)	72,197,179	13.48	9,733,335
Columbia County SD 1J (Scappoose)	30,190,000	6.12	1,848,836
Lusted Water District	795,000	97.16	772,425
Mt. Hood Community College	24,445,000	86.72	21,198,826
Multnomah County	171,825,000	99.08	170,239,743
Multnomah County Drainage District 1	80,000	100.00	80,000
Multnomah County RFPD 10	4,085,000	84.67	3,458,720
Multnomah County SD 10J (Gresham-Barlow)	80,738,445	95.11	76,793,484
Multnomah County SD 1J (Portland)	757,114,062	99.69	754,733,696
Multnomah County SD 28J (Centennial)	26,836,858	100.00	26,836,858
Multnomah County SD 3 (Parkrose)	58,965,000	100.00	58,965,000
Multnomah County SD 40 (David Douglas)	97,152,481	100.00	97,152,481
Multnomah County SD 51J (Riverdale)	23,837,474	100.00	23,837,474
Multnomah County SD 7 (Reynolds)	101,835,776	100.00	101,835,776
Pleasant Home Water District	1,720,000	56.72	975,567
Portland Community College	160,095,000	92.34	147,826,440
Tualatin Hills Park & Recreation District	90,832,785	99.92	90,758,120
Tualatin Valley Fire & Rescue District	55,020,000	97.10	53,426,841

(Continued)

METRO

Direct and Overlapping Governmental Activities Debt, *continued*

As of June 30, 2015

Unaudited

Overlapping government		Net property tax backed debt	Percent within Metro		Share of Overlapping Debt
Washington County	$	19,890,000	93.33 %	$	18,563,436
Washington County SD 13 (Banks)		15,657,495	0.05		8,064
Washington County SD 15 (Forest Grove)		107,823,641	77.69		83,769,481
Washington County SD 1J (Hillsboro)		297,100,000	85.21		253,172,280
Washington County SD 23J (Tigard-Tualatin)		97,837,628	99.35		97,204,228
Washington County SD 48J (Beaverton)		844,318,784	99.78		842,479,858
Washington County SD 88J (Sherwood)		105,472,683	82.24		86,740,101
Subtotal, overlapping debt		4,614,376,381			4,203,888,317
Metro direct debt					241,115,729
Total direct and overlapping debt				$	4,445,004,046

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of Metro. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of Metro.
"Net property tax backed debt" is gross property tax backed debt less self-supporting unlimited-tax general obligation, self-supporting full faith and credit debt, and revenue bonds.

Source: The Municipal Debt Advisory Commission, State of Oregon.

METRO
Legal Debt Margin Information
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2015

True cash value		$ 211,844,217,262
Debt limit (10% of true cash value)		21,184,421,726
Debt applicable to limit:		
Gross bonded debt principal	$ 223,625,000	
Less legal deductions from debt limit:		
Full Faith and Credit Refunding Bonds 2013 Series	(10,900,000)	
Full Faith and Credit Oregon Local Governments Bonds 2006 Series	(9,445,000)	
Metro Limited Tax Pension Obligation Bonds Series 2005	(20,975,000)	
Total net debt applicable to limit		182,305,000
Legal debt margin		$ 21,002,116,726

	Fiscal Year		
	2006	2007	2008
Debt limit	$ 15,666,622,880	18,178,724,753	20,745,584,398
Total net debt applicable to limit	131,647,201	244,378,256	221,976,671
Legal debt margin	$ 15,534,975,679	17,934,346,497	20,523,607,727
Total net debt applicable to the limit as a percentage of the debt limit	0.84%	1.34%	1.07%

Note: ORS 268.520 sets a debt limit of 10% of the true cash value of all taxable property within the district.

Source: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington Counties.

2009	2010	2011	2012	2013	2014	2015
21,847,809,051	20,812,352,097	19,693,064,360	18,611,369,272	18,211,587,780	19,140,316,865	21,184,421,726
202,536,896	171,848,356	158,080,000	273,485,000	235,675,000	210,460,000	182,305,000
21,645,272,155	20,640,503,741	19,534,984,360	18,337,884,272	17,975,912,780	18,929,856,865	21,002,116,726
0.93%	0.83%	0.80%	1.47%	1.29%	1.10%	0.86%

METRO

Pledged Revenue Coverage
Last Ten Fiscal Years
Unaudited

		Solid Waste Revenue Bonds					
Fiscal year ended June 30,		**Solid Waste operating revenue**	**Less: operating expenses**	**Net available revenue**	**Debt service (1) Principal**	**Interest**	**Coverage**
2006		$ 55,276,659	47,332,824	7,943,835	781,768	1,555,221	3.40
2007		56,198,701	49,919,528	6,279,173	640,903	1,600,400	2.80
2008		55,134,283	50,918,534	4,215,749	2,265,000	108,963	1.78
2009	(2)	-	-	-	-	-	-
2010		-	-	-	-	-	-
2011		-	-	-	-	-	-
2012		-	-	-	-	-	-
2013		-	-	-	-	-	-
2014		-	-	-	-	-	-
2015		-	-	-	-	-	-

Note: The coverage information in this schedule is presented based on the formula required by bond covenants, which specifies that Metro shall maintain its existing solid waste disposal system and establish rates to produce net revenues each year which at least equal 110% of annual debt service. Under the covenants, operating expenses exclude depreciation, amortization and capital assets.

(1) Debt service expenditures paid as pass-through debt service activities and payments to escrow agents on advance refundings are not included as a debt service requirement for purposes of this schedule.

(2) The bonds to which pledged revenue coverage covenants applied were defeased in fiscal year 2009.

METRO
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	Population (1)	Total Personal income (in thousands) (2)	Per capita personal income (2)	Portland metropolitan unemployment rate (2)
2006	1,569,170	$ 80,203,298	$ 38,135	5.1 %
2007	1,593,370	84,574,989	39,561	5.0
2008	1,614,465	88,216,561	40,599	6.1
2009	1,631,665	85,796,807	38,879	10.9
2010	1,644,535	87,357,277	39,135	10.2
2011	1,656,775	93,058,939	41,168	8.9
2012	1,672,970	98,862,187	43,189	8.1
2013	1,693,600	101,210,007	43,728	7.1
2014	1,717,765	N/A *	N/A *	6.3
2015	1,745,385 (3)	N/A *	N/A *	N/A *

* Not available

(1) For Clackamas, Multnomah and Washington counties.

(2) Portland-Vancouver-Hillsboro OR-WA MSA

(3) Preliminary estimate

Sources: Population Research Center, Portland State University.
Oregon Employment Department.
U.S. Department of Commerce, Bureau of Economic Analysis (BEA).

METRO

Principal Employers (1)
Current Year and Nine Years Ago
Unaudited

	2015				2006			
Employer	**Employees**	**Rank**	**Percentage of Total Metropolitan Area Employment**		**Employees**	**Rank**	**Percentage of Total Metropolitan Area Employment**	
State of Oregon	23,200	1	2.12	%	18,000	2	1.80	%
US Government	17,900	2	1.64		20,900	1	2.09	
Intel Corporation	17,500	3	1.60		16,500	3	1.65	
Providence Health System	15,239	4	1.39		13,496	4	1.35	
Oregon Health & Science University	14,616	5	1.34		11,300	6	1.13	
Kaiser Foundation Health Plan of the NW	11,881	6	1.09		8,747	8	0.87	
Legacy Health System	10,436	7	0.95		8,500	9	0.85	
Fred Meyer Stores	10,237	8	0.94		11,300	7	1.13	
City of Portland	8,558	9	0.78		-	-	-	
Nike, Inc.	8,000	10	0.73		5,500	10	0.55	
Safeway, Inc.	-	-	-		13,000	5	1.30	
Total	137,567		12.58	%	127,243		12.72	%

(1) Portland-Vancouver-Hillsboro OR-WA MSA

Sources: Piper Jaffray & Co and www.qualityinfo.org.

METRO
Full-Time Equivalent Employees by Function/Program
Last Ten Fiscal Years (1)
Unaudited

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
FUNCTIONS/PROGRAMS										
Primary Government:										
Governmental activities:										
General government operations	125.50	134.70	142.96	149.78	169.50	172.75	176.15	174.04	175.79	181.80
Regional planning and development	78.60	81.40	82.08	83.65	88.78	89.87	87.43	76.05	72.15	75.65
Culture and recreation	45.15	42.40	55.65	63.65	59.63	54.40	53.20	58.30	76.75	83.55
Zoo	149.13	149.13	151.96	155.98	157.98	155.98	159.31	168.20	174.85	187.15
Total governmental activities	398.38	407.63	432.65	453.06	475.89	473.00	476.09	476.59	499.54	528.15
Business-type activities:										
Solid Waste	106.20	106.75	106.75	109.00	92.95	93.60	93.55	91.05	90.75	101.30
MERC	156.00	163.00	186.00	191.00	194.00	190.00	185.85	181.50	175.50	182.35
Total business-type activities	262.20	269.75	292.75	300.00	286.95	283.60	279.40	272.55	266.25	283.65
Total primary government	660.58	677.38	725.40	753.06	762.84	756.60	755.49	749.14	765.79	811.80
			(2)	(3)	(4)					(5)

(1) Restated for fiscal year 2007 prior period adjustment changing classification of MERC from component unit to business-type activity.

(2) Increase over previous fiscal year is due primarily to personnel additions resulting from the passage of the Natural Areas bond measure and increased service demands at the Oregon Zoo and MERC due to economic recovery. Some stagehands at MERC became full-time in fiscal year 2008.

(3) Increase over previous fiscal year is due primarily to personnel additions resulting from the passage of the Natural Areas bond measure and increased service demands at the Oregon Zoo and MERC due to economic recovery.

(4) In fiscal year 2010, Metro undertook the Sustainable Metro Initiative which reorganized the management structure by core competencies and functions to align programs with desired regional outcomes. This resulted in the shifting of staff and responsibilities between areas.

(5) Increase over previous fiscal year is due primarily to first time tracking of part-time personnel and the conversion of temporary to permanent positions. Increased service demands also led to the addition of staff.

Source: Metro Adopted Budget documents.

METRO
Operating Indicators by Function/Program
Last Ten Fiscal Years
Unaudited

		Fiscal Year		
		2006	**2007**	**2008**
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental activities:				
General government operations:				
Business licenses issued		2,980	3,032	3,011
General obligation bond rating:				
Moody's		Aa1	Aaa	Aaa
Standard and Poor's		AAA	AAA	AAA
Regional planning and development:				
Data Resource Center sales of maps and aerials	$	185,182	178,972	175,897
Culture and recreation:				
Visitors to Blue Lake Park, Oxbow Park and Chinook Landing		656,616	695,176	711,009
Volunteer visits (1)		1,100	1,687	5,169
Volunteer hours		22,570	14,642	18,196
Acres acquired in Open Spaces and Natural Areas land target areas		42	316	426
Zoo:				
Adult admission price	$	9.50	9.75	9.75
Annual attendance		1,365,459	1,508,564	1,500,570
Volunteer hours		151,533	156,839	168,795
Enterprise revenue as percentage of operating revenue		61.1%	60.2%	56.0%
Contributions and donations as percent of total revenue		4.9%	4.6%	5.0%
Business-type activities:				
Solid Waste:				
Recycling Information Center calls/hits on website		139,830	134,489	147,186
Students reached in elementary and secondary school presentations		43,692	43,420	57,189
Regional recovery rate (2)		58.6%	55.4%	55.1%
Hazardous waste net cost per pound	$	0.89	0.78	0.82
Gallons of recycled paint produced		102,196	92,982	119,536
Latex paint revenue	$	809,484	955,802	1,009,012
PaintCare revenue (management of post-consumer paint)	$	-	-	-
MERC:				
Annual attendance				
Oregon Convention Center		633,575	608,673	639,000
Portland Expo Center		470,984	477,072	510,141
Portland'5 Centers for the Arts (3)		953,863	862,897	817,637
Number of events/performances				
Oregon Convention Center		85	91	104
Portland Expo Center		102	98	107
Portland'5 Centers for the Arts (3)		980	1,113	827
Capacity				
Occupancy rate (75% considered maximum)				
Oregon Convention Center		39%	42%	46%

*Not available

(1) The methodology for tracking volunteers was changed in 2008 from hours to visits; data prior to 2008 could not be restated.

(2) Regional recovery rate is calculated by taking total waste generated in the region divided by amount recycled plus DEQ credits up to 6% for waste prevention, reuse, and home composting.

(3) Was renamed from Portland Center for the Performing Arts in 2014.

Source: Various Metro departments.

2009	2010	2011	2012	2013	2014	2015
2,876	2,851	2,811	2,768	2,779	2,739	2,918
Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
AAA	AAA	AAA	AAA	AAA	AAA	AAA
137,344	146,199	102,727	73,091	75,279	78,635	81,943
824,375	743,546	704,430	754,351	813,194	739,324	719,804
4,780	5,457	5,278	4,101	2,634	2,011	2,736
17,000	19,497	20,328	15,664	10,357	9,384	14,385
312	1,438	392	1,117	398	234	361
9.75	10.50	10.50	10.50	11.50	11.50	11.50
1,621,567	1,634,978	1,536,303	1,597,475	1,683,442	1,514,192	1,560,035
183,711	166,890	156,997	150,035	130,993	158,551	130,065
61.8%	62.9%	64.0%	64.1%	62.4%	60.4%	61.2%
7.0%	6.0%	7.0%	4.0%	3.0%	2.4%	2.0%
148,465	136,178	135,789	138,438	130,110	147,389	147,875
41,045	58,413	42,767	46,636	31,636	26,591	44,482
56.8%	56.5%	57.9%	59.3%	62.2%	64.2%	N/A*
0.87	0.95	0.77	0.93	0.93	0.89	0.97
99,253	121,207	134,548	157,957	158,421	199,192	243,341
1,159,152	1,037,583	948,328	997,290	1,147,907	1,258,303	1,360,872
-	-	1,097,559	1,382,882	1,303,797	1,131,360	1,521,246
574,199	505,371	524,388	732,982	661,283	581,195	633,047
454,005	420,616	390,333	506,508	429,613	466,213	381,169
930,841	778,691	769,468	844,750	785,277	743,560	876,819
92	98	88	80	95	88	81
110	98	93	114	110	154	112
1,061	931	877	878	952	906	967
41%	43%	46%	42%	46%	44%	51%

METRO

Capital Asset Statistics by Function/Program
Last Ten Fiscal Years
Unaudited

	Fiscal Year		
	2006	2007	2008
FUNCTIONS/PROGRAMS			
Primary Government:			
Governmental activities:			
General government operations:			
Regional Center facilities	1	1	1
Square footage	110,000	110,000	110,000
Parking spaces - Regional Center garage	162	162	162
Parking spaces - Irving Street garage	485	485	485
Culture and recreation:			
Regional park facilities	5	5	5
Acres (including acres acquired using Natural areas bond proceeds)	1,572	1,572	1,572
Cemeteries	14	14	14
Acres	67	67	67
Golf facilities	1	1	1
Acres	232	232	232
18-hole courses	2	2	2
Marine facilities	3	3	3
Natural areas acquired from Multnomah County	7	7	7
Acres	2,422	2,422	2,422
Open Spaces land target areas	20	20	20
Acres	8,173	8,185	8,185
Natural areas acquired using bond proceeds	-	27	27
Acres	-	304	730
Zoo:			
Acres	65	65	65
Buildings and exhibits	65	70	70
Railways	1	1	1
Business-type activities:			
Solid Waste:			
Transfer stations (including hazardous waste facilities)	2	2	2
Latex paint facilities	1	1	1
Closed landfills maintained	1	1	1
MERC:			
Convention Centers	1	1	1
Square footage	907,000	907,000	907,000
Parking spaces	800	800	800
Exposition Centers	1	1	1
Square footage	330,000	330,000	330,000
Parking spaces	2,200	2,200	2,200

Note: No capital asset indicators are available for the regional planning and development function.

Source: Various Metro departments.

2009	2010	2011	2012	2013	2014	2015
1	1	1	1	1	1	1
110,000	110,000	110,000	110,000	110,000	110,000	110,000
162	162	162	162	162	162	162
485	485	485	485	485	485	485
6	7	7	8	8	8	8
1,701	1,957	1,957	2,207	2,207	2,207	2,305
14	14	14	14	14	14	14
67	67	67	67	67	67	67
1	1	1	1	1	1	1
232	232	232	232	232	232	232
2	2	2	2	2	2	2
3	3	3	3	3	3	3
7	7	7	7	7	7	7
2,422	2,422	2,422	2,422	2,422	2,422	2,422
20	20	20	20	20	20	20
8,001	7,745	7,745	7,668	7,668	7,684	7,684
27	27	27	27	27	27	27
1,037	2,465	2,838	4,032	4,430	4,647	4,910
65	65	65	65	65	65	65
70	71	73	73	71	68	68
1	1	1	1	1	1	2
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
1	1	1	1	1	1	1
907,000	907,000	907,000	907,000	907,000	907,000	907,000
800	800	800	800	800	800	800
1	1	1	1	1	1	1
330,000	330,000	330,000	330,000	330,000	330,000	330,000
2,200	2,200	2,200	2,200	2,256	2,256	2,256

METRO

Property Tax Levies and Collections (1)

Last Ten Fiscal Years

Unaudited

Fiscal year ended June 30,	Total tax levy for fiscal year	Collected within the fiscal year of the levy: Tax collections	Collected within the fiscal year of the levy: Percentage of levy	Collections in subsequent fiscal years	Total collections to date: Tax collections	Total collections to date: Percentage of levy	Total uncollected taxes for the fiscal year
2006	$ 28,618,145	$ 27,115,918	94.8 %	$ 641,105	$ 27,757,023	97.0 %	$ 1,100,030
2007	29,415,279	27,895,188	94.8	696,526	28,591,714	97.2	1,140,509
2008	48,123,417	45,437,777	94.4	1,276,308	46,714,085	97.1	1,815,332
2009	46,756,581	43,824,192	93.7	1,545,379	45,369,571	97.0	2,427,570
2010	53,137,308	49,982,313	94.1	1,442,559	51,424,872	96.8	2,699,142
2011	51,113,288	48,209,584	94.3	1,146,420	49,356,004	96.6	2,524,787
2012	40,461,529	38,168,544	94.3	788,127	38,956,671	96.3	2,718,087
2013	53,097,952	50,317,145	94.8	848,629	51,165,774	96.4	2,846,442
2014	61,068,522	57,913,674	94.8	666,757	58,580,431	95.9	3,122,857
2015	63,625,056	60,524,636	95.1	-	60,524,636	95.1	3,256,373

(1) Property tax levies provide operating revenue for the General Fund and the Parks and Natural Areas Local Option Levy Fund and debt service for Metro's general obligation bonds.

METRO
Assessed and Real Market Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal year ended June 30,	Real property		Personal property	
	Assessed value	Real market value	Assessed value	Real market value
2006	$ 91,988,728,939	$ 147,912,179,454	$ 4,818,026,408	$ 4,927,283,069
2007	96,689,252,140	172,711,048,668	4,957,074,851	5,044,779,069
2008	101,956,444,799	197,962,560,247	5,205,212,864	5,295,350,718
2009	106,884,314,269	208,683,033,872	5,461,575,352	5,562,877,902
2010	110,633,008,438	197,889,829,108	5,337,576,261	5,438,484,913
2011	114,498,699,986	186,840,459,956	5,068,544,598	5,184,960,128
2012	118,087,095,940	175,920,808,830	4,962,502,374	5,075,340,667
2013	121,033,991,441	171,744,962,351	5,051,262,562	5,156,461,065
2014	125,990,164,932	180,689,884,059	5,184,275,640	5,275,688,288
2015	131,649,958,132	200,511,171,373	5,424,133,310	5,516,548,190

Source: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington counties.

Public utility property		Total		Ratio of total assessed
Assessed value	Real market value	Assessed value	Real market value	to total real market value
$ 3,796,815,443	$ 3,826,766,276	$ 100,603,570,790	$ 156,666,228,799	64.2 %
3,968,232,130	4,031,419,788	105,614,559,121	181,787,247,525	58.1
4,053,406,742	4,197,933,015	111,215,064,405	207,455,843,980	53.6
4,168,433,884	4,232,178,735	116,514,323,505	218,478,090,509	53.3
4,696,890,236	4,795,206,952	120,667,474,935	208,123,520,973	58.0
4,787,221,228	4,905,223,519	124,354,465,812	196,930,643,603	63.1
4,863,683,259	5,117,543,226	127,913,281,573	186,113,692,723	68.7
4,750,118,205	5,214,454,388	130,835,372,208	182,115,877,804	71.8
4,930,093,963	5,437,596,298	136,104,534,535	191,403,168,645	71.1
5,387,560,188	5,816,497,699	142,461,651,630	211,844,217,262	67.2

METRO
Principal Property Tax Taxpayers Within the District by County
(amounts expressed in thousands)
June 30, 2015

Taxpayer account	Type of business		Assessed valuation	Percent of total valuation	
MULTNOMAH COUNTY					
Port of Portland	Marine and aviation facilities	$	525,774	0.84	%
Comcast Corporation	Telecommunications		428,499	0.68	
Portland General Electric Co.	Electric utility		424,703	0.68	
Pacificorp (PP&L)	Electric utility		328,947	0.52	
Weston Investment Co. LLC	Nonresidential construction		255,154	0.41	
Alaska Airlines, Inc.	Air travel		254,800	0.41	
Evraz Inc. NA	Steel manufacturing		219,673	0.35	
Boeing Company	Aircraft manufacturing		213,690	0.34	
AT & T Inc.	Telecommunications		187,289	0.30	
Centurylink	Telecommunications		174,979	0.28	
All other taxpayers	-		59,696,081	95.19	
	Total	$	62,709,589	100.00	%
WASHINGTON COUNTY					
Intel Corporation	Computer electronics	$	1,263,822	2.55	%
Nike, Inc.	Athletic apparel		588,017	1.18	
Portland General Electric Co.	Electric utility		354,544	0.71	
Pacific Realty Associates	Real estate		323,846	0.65	
Comcast Corporation	Telecommunications		293,208	0.59	
Northwest Natural Gas Co.	Natural gas utility		245,834	0.50	
Frontier Communications	Telecommunications		231,118	0.47	
Genentech, Inc.	Biotechnology		156,284	0.31	
Verizon Communications	Telecommunications		143,284	0.29	
PPR Washington Square LLC	Retail shopping mall		138,610	0.28	
All other taxpayers	-		45,888,896	92.47	
	Total	$	49,627,463	100.00	%
CLACKAMAS COUNTY					
Shorenstein Properties LLC	Real estate	$	262,189	0.86	%
Portland General Electric Co.	Electric utility		231,746	0.77	
General Growth Properties, Inc.	Real estate		224,899	0.75	
Comcast Corporation	Telecommunications		194,732	0.65	
Clackamas Baking Plant (Fred Meyer, Inc.)	Retailer		144,646	0.48	
Northwest Natural Gas Co.	Natural gas utility		125,077	0.42	
PCC Structurals, Inc.	Metal castings and machining		116,813	0.39	
Xerox Corporation	Document management		76,046	0.25	
Blount, Inc.	Equipment manufacturer		72,338	0.24	
Mentor Graphics Corp.	Electronics		64,887	0.22	
All other taxpayers	-		28,611,227	94.97	
	Total	$	30,124,600	100.00	%

Source: The Departments of Assessment and Taxation for Multnomah, Clackamas and Washington counties.

AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY STATE AND FEDERAL REGULATIONS

Oregon Administrative Rules 162-010-0000 through 162-010-0330 incorporated in the Minimum Standards for Audits of Oregon Municipal Corporations, as prescribed by the Secretary of State in cooperation with the Oregon State Board of Accountancy, enumerate the financial statements, schedules, comments and disclosures required in audit reports. The required financial statements and schedules are set forth in the preceding sections of this report.

Metro is the recipient of Federal Grant Awards and requires an audit under the Single Audit Act and Office of Management and Budget (OMB) Circular A-133, A*udits of States, Local Governments, and Non-Profit Organizations*. As a result, Metro's audit is also required to be performed in compliance with Generally Accepted Government Audit Standards.

Comments and disclosures required by the above rules and regulations are set forth on the following pages.

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *OREGON MINIMUM AUDIT STANDARDS*

Metro Council and Metro Auditor
Portland, Oregon

We have audited the basic financial statements of Metro as of and for the year ended June 30, 2015 and have issued our report thereon dated November 17, 2015. 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 Metro'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:

OAR	Section	Instances of Non-Compliance Identified?
162-010-0000	Preface	None Noted
162-010-0010	Definitions	None Noted
162-010-0020	Introduction	None Noted
162-010-0030	General Requirements	None Noted
162-010-0050	Financial Statements	None Noted
162-010-0115	Required Supplementary Information (RSI)	None Noted
162-010-0120	Other Supplementary Information	None Noted
162-010-0130	Schedule of Revenues, Expenditures / Expenses, and Changes in Fund Balances, / Net Position, Budget and Actual (Each Fund)	None Noted
162-010-0140	Schedule of Accountability for Independently Elected Officials	Not applicable
162-010-0150	Schedule of Property Tax Transactions or Acreage Assessments	None Noted
162-010-0160	Schedule of Bonded or Long-Term Debt Transactions	None Noted
162-010-0170	Schedule of Future Requirements for Retirement of Bonded or Long-Term Debt	None Noted
162-010-0190	Other Financial or Statistical Information	None Noted
162-010-0200	Required Disclosures and Independent Auditors Comments	None Noted
162-010-0230	Accounting Records and Internal Control	None Noted
162-010-0240	Public Fund Deposits	None Noted
162-010-0250	Indebtedness	None Noted
162-010-0260	Budget	None Noted
162-010-0270	Insurance and Fidelity Bonds	None Noted
162-010-0280	Programs Funded from Outside Sources	None Noted
162-010-0295	Highway Funds	Not applicable
162-010-0300	Investments	None Noted
162-010-0310	Public Contracts and Purchasing	None Noted
162-010-0315	State School Fund	Not applicable
162-010-0316	Public Charter Schools	Not applicable
162-010-0320	Other Comments and Disclosures	None Noted
162-010-0330	Extensions of Time to Deliver Audit Reports	Not applicable

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However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Minimum Standards for Audits of Municipal Corporations.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James C. Lanzarotta

For Moss Adams LLP
Eugene, Oregon
November 17, 2015

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REPORT OF INDEPENDENT AUDITORS 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*

Metro Council and Metro Auditor
Portland, Oregon

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Metro, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Metro's basic financial statements, and have issued our report thereon dated November 17, 2015. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, as described in our report on Metro's financial statements. The financial statements of the Oregon Zoo Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Oregon Zoo Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Metro's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Metro's internal control. Accordingly, we do not express an opinion on the effectiveness of Metro's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Metro's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 17, 2015

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REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY OMB CIRCULAR A-133

Metro Council and Metro Auditor
Portland, Oregon

Report on Compliance for Each Major Federal Program

We have audited Metro's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Metro's major federal programs for the year ended June 30, 2015. Metro's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Metro's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Metro'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 on compliance for each major federal program. However, our audit does not provide a legal determination of Metro's compliance.

Opinion on Each Major Federal Program

In our opinion, Metro complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Metro is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing

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our audit of compliance, we considered Metro's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Metro's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 17, 2015

METRO
Schedule of Expenditures of Federal Awards
For the fiscal year ended June 30, 2015

Grantor and Program Title	Federal CFDA Number	Grant/Pass Through Number	Federal Expenditures
U. S. DEPARTMENT OF AGRICULTURE			
Forest Service-			
Direct Programs:			
UNO Program	10.XXX	09-CS-11062200-010 Mod #6	$ 10,000
Total U. S. Department of Agriculture			10,000
U.S. DEPARTMENT OF DEFENSE			
Department of the Army, Office of the Chief of Engineers			
Passed through Washington Department of Fish & Wildlife:			
Planning Assistance to States - Water Resources Development Act	12.110	WDFW #14-03420	63,000
Total U.S. Department of Defense			63,000
U. S. DEPARTMENT OF THE INTERIOR			
Bureau of Land Management-			
Direct Program:			
Fish, Wildlife and Plant Conservation Resource Management; Federal Land Policy and Management Act (FLPMA)	15.231	L07AC20271 Task order-HAF079Q05	40,000
Fish and Wildlife Service-			
Passed through Oregon Department of Parks and Recreation:			
Cooperative Endangered Species Conservation Fund	15.615	FY13-E28TW5 OZ	16,778
Cooperative Endangered Species Conservation Fund	15.615	FY14-E28TW6 OZ	13,666
Subtotal Cooperative Endangered Species Conservation Fund			30,444
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	1,800
Clean Vessel Act	15.616	1516	21,851
Subtotal Clean Vessel Act			23,651
Passed through Ducks Unlimited:			
North American Wetlands Conservation Fund	15.623	F10AP00700 / US-OR-32-6	95,453
North American Wetlands Conservation Fund	15.623	F10AP00700 / US-OR-220-1	12,137
Subtotal North American Wetlands Conservation Fund			107,590
Passed through Washington Department of Fish & Wildlife:			
State Wildlife Grants	15.634	WA-S-2013-002-0	9,303
Endangered Species Conservation-Recovery Implementation Funds	15.657	F14AC00611	9,241
Total U. S. Department of the Interior			220,229

METRO

Schedule of Expenditures of Federal Awards

For the fiscal year ended June 30, 2015

Grantor and Program Title	Federal CFDA Number	Grant/Pass Through Number	Federal Expenditures
U. S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration-			
Highway Planning and Construction-			
Passed through Oregon Department of Transportation:			
Chimney Pier Park pedestrian/bike bridge	20.205	ODOT # 26482	(329)
2015 Planning & 2013 Planning Carryover funds	20.205	ODOT # 30053-01	1,505,086
2015 STP & 2013 STP Carryover funds	20.205	ODOT # 30053-01	796,772
2015 Powell Division STP funds	20.205	ODOT # 30053-01	816,038
2015 TSMO STP funds	20.205	ODOT # 30053-01	60,000
2015 Technical Studies (Sec 5303)	20.205	ODOT # 30053-01	398,888
Drive Less Connect - Spanish Language Outreach	20.205	ODOT # 28609	8,426
Women's TDM/Rideshare, Drive Less Connect	20.205	ODOT # 30213	164,871
SW Corridor 2015-2016 Work Plan	20.205	ODOT # 30681	500,000
Subtotal Highway Planning and Construction			4,249,752
Federal Transit Administration-			
Federal Transit - Formula Grants-			
Direct Programs:			
Congestion Mitigation & Air Quality Improvement Program (CMAQ)			
Regional Travel Options	20.507	OR-95-X037	27,012
Surface Transportation Funds			
Regional Travel Options	20.507	OR-95-X051	1,473,592
Subtotal Regional Travel Options Grants			1,500,604
Alternative Analysis-			
Direct Programs:			
Streetcar/Eastside/LO-PDX (Sec 5339)	20.522	OR-39-0002	27,836
Total U.S. Department of Transportation			5,778,192
U.S. Environmental Protection Agency			
Congressionally Mandated Projects			
Passed through City of Portland-Environmental Services			
Innovative Wet Weather Program(IWWP)	66.202	30003706	100,000
Total U.S. Environmental Protection Agency			100,000
Total Expenditures of Federal Awards			**$ 6,171,421**

The accompanying notes are an integral part of this schedule.

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all federal grant activity of Metro, under programs of the federal government for the year ended June 30, 2015. The information in this Schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because this Schedule presents only a selected portion of the operations of Metro, it is not intended to and does not present the financial position, changes in net position or cash flows of Metro.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in note II.C to Metro's basic financial statements. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 – SUBRECIPIENTS

Included within the federal expenditures presented on the Schedule are federal awards subrecipients as follows:

SUBRECIPIENT	FEDERAL CFDA #	FEDERAL GRANT #	TOTAL EXPENDITURES
Bicycle Transportation Alliance (BTA)	20.507	FTA OR95-X051	$ 43,569
City of Portland - # 931970	20.507	FTA OR95-X051	157,435
City of Portland - # 931983	20.507	FTA OR95-X051	149,937
Clackamas County	20.507	FTA OR95-X051	32,937
Community Cycling Center	20.507	FTA OR95-X051	45,107
Drive Oregon	20.507	FTA OR95-X037	27,011
Go Lloyd	20.507	FTA OR95-X051	45,147
Gresham Area Chamber of Commerce	20.507	FTA OR95-X051	22,779
Home Forward	20.507	FTA OR95-X051	31,805
Portland Community College	20.507	FTA OR95-X051	2,127
Ride Connection Inc	20.507	FTA OR95-X051	98,392
Tri Met - # 929340	20.507	FTA OR95-X051	38,682
Tri Met - # 931908	20.507	FTA OR95-X051	12,068
Verde	20.507	FTA OR95-X051	73,813
Westside Transportation Alliance Inc	20.507	FTA OR95-X051	124,875
Total Subrecipient Federal Expenditures			**$ 905,684**

METRO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditor's Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes __✓__ no
- Significant deficiency(ies) identified? _____ yes __✓__ none reported

Noncompliance material to financial statements noted? _____ yes __✓__ no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes __✓__ no
- Significant deficiency(ies) identified? _____ yes __✓__ none reported

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

Identification of major federal programs:

CFDA Numbers	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued*
20.205	Highway Planning and Construction	*Unmodified*
66.202	Congressionally Mandated Projects - Innovative Wet Weather Program	*Unmodified*

Dollar threshold used to distinguish between type A and type B programs: $300,000

Auditee qualified as low-risk auditee? __✓__ yes _____ no

Section II—Financial Statement Findings

No matters were reported.

Section III—Federal Award Findings and Questioned Costs

No matters were reported.