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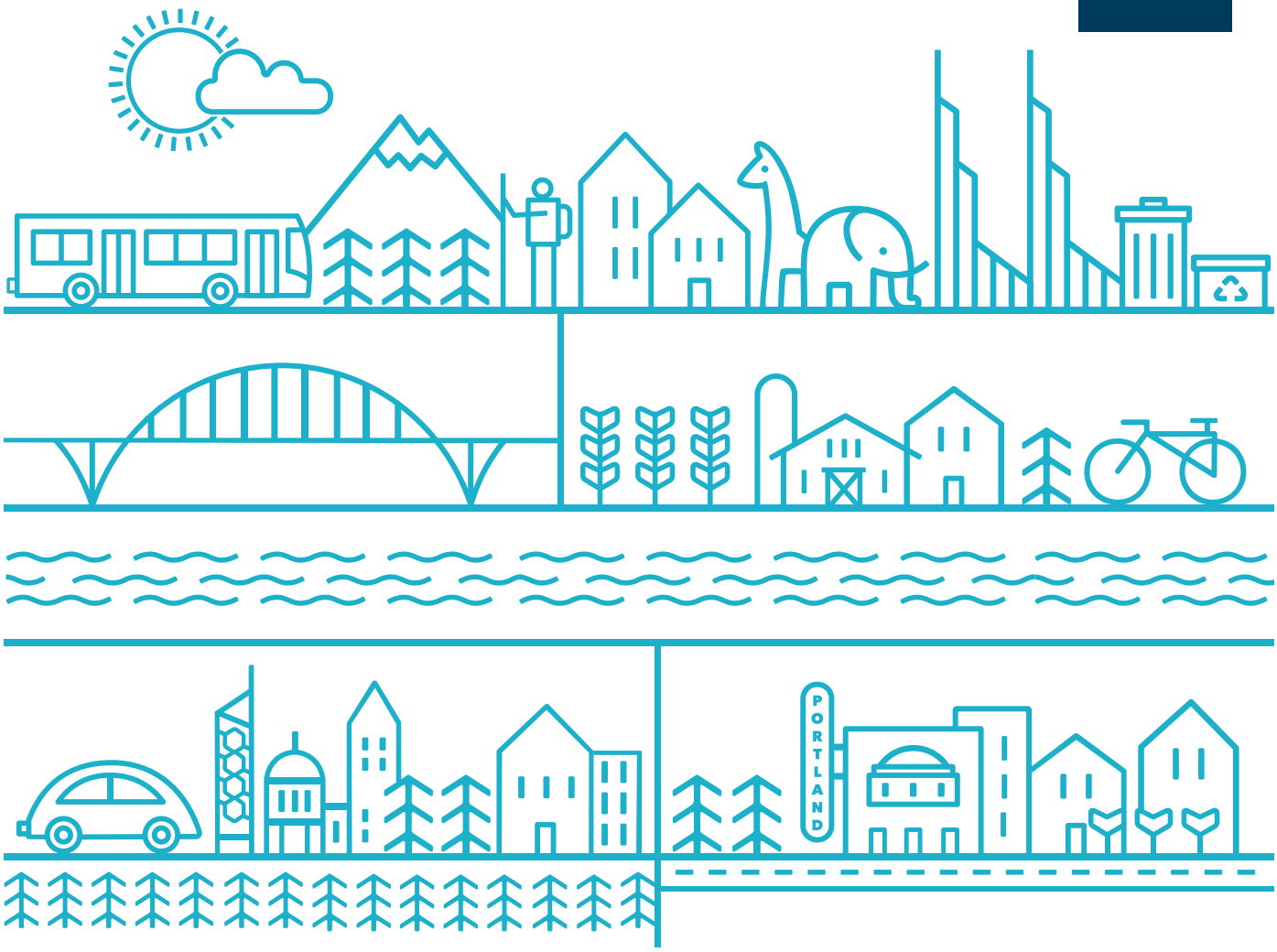

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2019

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Metro

If you picnic at Blue Lake or take your kids to the Oregon Zoo, enjoy symphonies at the Schnitz or auto shows at the convention center, put out your trash or drive your car – we've already crossed paths.

So, hello. We're Metro – nice to meet you.

In a metropolitan area as big as Portland, we can do a lot of things better together. Join us to help the region prepare for a happy, healthy future.

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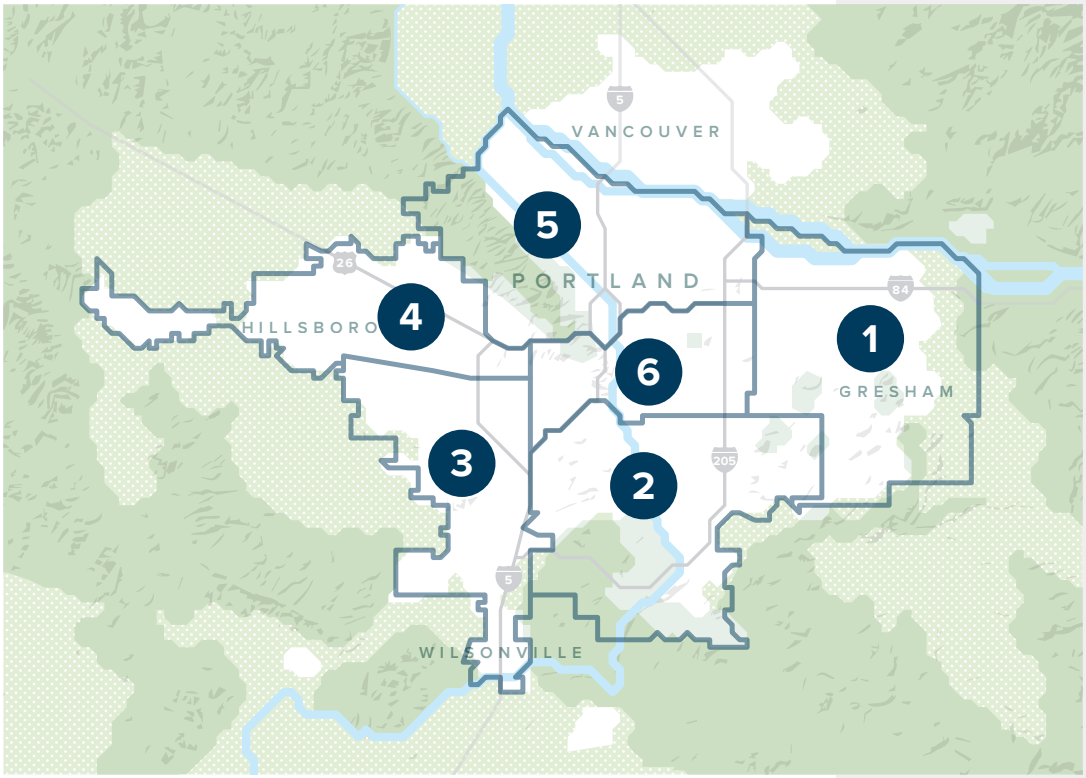

Metro Council President
Lynn Peterson

Metro Councilors
Shirley Craddick, District 1
Christine Lewis, District 2
Craig Dirksen, District 3
Juan Carlos Gonzalez, District 4
Sam Chase, District 5
Bob Stacey, District 6

Auditor
Brian Evans

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2019

Finance and Regulatory Services Department

Chief Financial Officer
Brian Kennedy

Assistant Director
W. Caleb Ford, CPFO

Prepared by
Accounting Services Division

Financial Reporting Supervisor
Christine A. Balcazar, CPA

600 NE Grand Ave., Portland, Oregon 97232

METRO

Comprehensive Annual Financial Report

For the fiscal year ended June 30, 2019

Table of Contents

Table of Contents i

INTRODUCTORY SECTION

Letter of Transmittal 1
Certificate of Achievement for Excellence in Financial Reporting 6
Elected and Appointed Officials 7
Organizational Structure 8

FINANCIAL SECTION

Letter from Metro Auditor 9
Report of Independent Auditors 10
Management's Discussion and Analysis 13

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements 23
Statement of Net Position 24
Statement of Activities 26

Fund Financial Statements

Governmental Funds: 29
Balance Sheet and Reconciliation to Statement of Net Position 30
Statement of Revenues, Expenditures and Changes in Fund Balances 32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 34
Proprietary Funds: 35
Statement of Net Position 36
Statement of Revenues, Expenses and Changes in Net Position 38
Statement of Cash Flows 39

Notes to the Financial Statements 41

REQUIRED SUPPLEMENTARY INFORMATION:

Introduction 79
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis of Budgeting):
General Fund 80
Parks and Natural Areas Local Option Levy Fund 82
Affordable Housing Fund 83
Oregon Public Employees' Retirement System, Retirement Health Insurance Account:
Schedule of District's Propropriate Share of the Net OPEB Liability (Asset) 84
Schedule of District's Contributions 85
Implicit Rate Subsidy Plan
Schedule of District's Changes in Total OPEB Liability and Related Ratios 86
Oregon Public Employees' Retirement System, Pension Plan
Schedule of District's Proportionate Share of Net Pension Liability 87
Schedule of District's Contributions 88
Notes to Required Supplementary Information 90

OTHER SUPPLEMENTARY INFORMATION:

Introduction 93
Combining Statements: 94
Nonmajor Governmental Funds:
Combining Balance Sheet 95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances 96
Budgetary Comparison Schedules: 97
Other Major Governmental Funds: 99
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis of Budgeting):
General Obligation Bond Debt Service Fund 100
Oregon Zoo Infrastructure and Animal Welfare Fund 101
Natural Areas Fund 102
Nonmajor Governmental Funds: 103
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis of Budgeting):
Smith and Bybee Wetlands Fund 104
Community Enhancement Fund 105
Open Spaces Fund 106
Cemetery Perpetual Care Fund 107
Proprietary Funds: 109
Enterprise Funds:
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis of Budgeting):
Solid Waste Revenue Fund 110
Oregon Zoo Operating Fund 111
MERC Fund 112
Internal Service Fund:
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis of Budgeting):
Risk Management Fund 113
Reconciliation of Enterprise Fund Fund Balance (Basis of Budgeting) to Statement of Net Position-Proprietary Funds (GAAP Basis) 114
Other Budgetary Funds: 115
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Basis of Budgeting):
General Revenue Bond Fund 116
General Asset Management Fund 117
Oregon Zoo Asset Management Fund 118
Schedule of Revenues, Expenditures and Changes in Fund Balance - (Non-GAAP Basis of Budgeting)
General Revenue Bond Fund 119

Other Financial Schedules: 121
Schedule of Property Tax Transactions and Outstanding Receivable 123
Schedule of Future Bonded Debt Service Requirements:
General Obligation Bonds 124
Full Faith and Credit, Dedicated Tax Revenue and Pension Obligation Bonds 126
Schedule of Long-term Bonded Debt Transactions:
General Obligation Bonds 128
Full Faith and Credit, Dedicated Tax Revenue and Pension Obligation Bonds 129

STATISTICAL SECTION (UNAUDITED)
Introduction 131
Financial Trends Information:
Net Position by Component - Last Ten Fiscal Years 132
Changes in Net Position - Last Ten Fiscal Years 134
Fund Balances, Governmental Funds - Last Ten Fiscal Years 138
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years 140
Revenue Capacity Information:
Solid Waste Tonnage by Waste Type and Destination - Last Ten Fiscal Years 145
Solid Waste Disposal Rates - Last Ten Fiscal Years 146
Principal Solid Waste Fee Payers - Current Year and Nine Years Ago 147
Debt Capacity Information:
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years 148
Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years 151
Direct and Overlapping Governmental Activities Debt as of June 30, 2019 152
Legal Debt Margin Information - Last Ten Fiscal Years 155
Revenue Support for Dedicated Tax Revenue Bonds, Series 2017 (OCC Hotel Project) – Last Ten Fiscal Years 156
Demographic and Economic Information:
Demographic and Economic Statistics - Last Ten Fiscal Years 159
Principal Employers - Current Year and Nine Years Ago 160
Operating Information:
Full-Time Equivalent Employees by Function/Program - Last Ten Fiscal Years 161
Operating Indicators by Function/Program - Last Ten Fiscal Years 162
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years 164
Additional Information:
Property Tax Levies and Collections - Last Ten Fiscal Years 166
Taxable Property Values - Last Ten Fiscal Years 167
Property Tax Rates by Type of Levy - Last Ten Fiscal Years 168
Principal Property Tax Taxpayers Within the District by County - June 30, 2019 169

AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE AND FEDERAL REGULATIONS

Introduction 171
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 *Oregon Minimum Audit Standards* 173
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* 175
Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance 177
Schedule of Expenditures of Federal Awards 179
Notes to Schedule of Expenditures of Federal Awards 181
Schedule of Findings and Questioned Costs 182
Summary Schedule of Prior Audit Findings 185
Corrective Action Plan 187

600 NE Grand Ave.
Portland, OR 97232-2736
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November 20, 2019

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, 2019, accompanied by the report of Metro's independent auditors, Moss Adams, LLP.

This Comprehensive Annual Financial Report (CAFR) presents the financial position of Metro and the results of its operations, as well as cash flows for its proprietary fund types, for the fiscal year ended June 30, 2019. 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 from 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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.

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, 2019 (see pages 10 -12). 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 24 cities in the Portland, Oregon metropolitan area.

The voters of the region approved a constitutional amendment to allow the creation of a home rule-rule regional government in the Portland metropolitan area in 1990, then a home rule charter for Metro in 1992 and a charter amendment in 2000. Metro is a directly-elected regional government in the United States and is governed by a council president, elected region wide, and six councilors elected by district. The charter established the elected position of Metro Auditor. Ordinances are passed by a simple majority vote of the seven council members.

Services. The primary responsibility of Metro, as authorized by its charter, is to provide regional land use planning. The charter further recognizes the significant

role Metro has in other regional issues. As such, Metro provides the following services that focus on issues that cross local boundaries:

- **Planning and Development:** Manages the regional urban growth boundary, prepares the Regional Transportation Plan, allocates federal highway and transit funds for the region, facilitates the creation of affordable housing, and conducts all regional transit and light rail planning.
- **Solid Waste Management:** Operates regional solid waste transfer stations, household hazardous waste facilities, and develops the Regional Solid Waste Management Plan.
- **Parks and Natural Areas:** Provides regional natural areas, parks, and trails, including historical cemeteries, a golf course, and marine facilities. Purchases land and restores natural habitats.
- **Visitor Venues:** Operates the Oregon Zoo, Oregon Convention Center, Portland Expo Center, and the Portland'5 Centers for the Arts.
- **Research Center:** Provides mapping and technical services, coordinates data and research activities with governmental and other partners, and develops regional economic and travel forecasts.

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, ORS §294.305 to §294.565. The Council adopts the budget for all funds by ordinance prior to the beginning of Metro's fiscal year (July 1). Expenditures for each fund cannot legally exceed the appropriation levels set by the authorizing ordinance. 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) Statements No. 14 and 61*. 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.

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 (MSA)) is home to nearly 2.5 million residents, with over 1.6 million of those residing within the Metro boundary. The Portland MSA ranks 25th in the nation of large U.S. metropolitan areas; regional population grew 0.9 percent in 2018 (Census Bureau).

The economic region is comprised of five counties in Oregon and two other counties in Washington State. 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 non-farm payroll employment totaling over 1.2 million jobs (Bureau of Labor Statistics), with over 80 percent of those jobs located inside the Metro boundary. The latest Portland MSA job reading (August 2019) shows year-over-year annualized growth of 2.1 percent. The region is very close to full employment, with a seasonally adjusted unemployment rate of 3.9 percent (Oregon Employment Department).

For renters and first time home buyers in recent years, the cost of renting and buying has been a steep challenge. Rents and home values have started to slow, but property values continue to rise; the median single-family home sold for $410,000 (Sep. 2019), an annual growth rate of

4.5 percent (Portland RMLS). For homebuyers looking to relocate in the west coast, homes in the Portland area remain a less expensive option than the Seattle and San Francisco bay area markets (Case-Shiller).

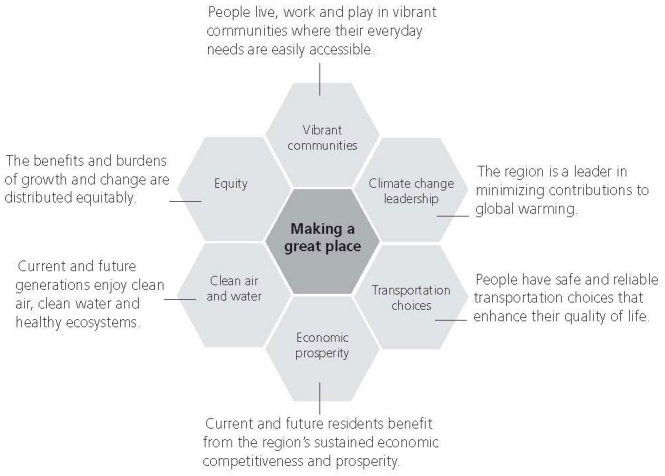
Economic outlook. Metro's regionally accepted growth projections anticipate an annual average growth rate of 1.0 percent for the Portland MSA from 2015 to 2040 (2018 Urban Growth Management Decision). The MSA region will likely top three million residents by 2040, adding 784,000 new residents from year 2015. Job growth should match regional population trends and increase by an annual growth rate of 1.0 percent through 2040.

Metro is likely to face few fiscal challenges in the near term as the region's economic expansion surpasses the 10th straight year. Key elements of the regional economy are strong – especially the visitor economy – and this expansion has relieved pressure on some of Metro's services. The convention center hotel is one among many commercial projects under construction. Residential construction has seen a cyclic increase in single family construction while at the same time the production of multi-family units has sharply exceeded the pre-recession peak. The increase in construction activity should benefit Metro's construction excise tax receipts.

In other budget areas, federal transportation funding has declined, affecting both general transportation system planning and limited specific project planning. In other cases, the economy has permanently "reset." For example, revenue from interest earned on investments may never return to pre-2006 levels, but the opportunity to re-finance outstanding debts has been advantageous to Metro's bond-financed programs. Revenue from garbage excise taxes has improved sharply with growth in the economy. Increased property taxes from rising property values have also added to Metro coffers.

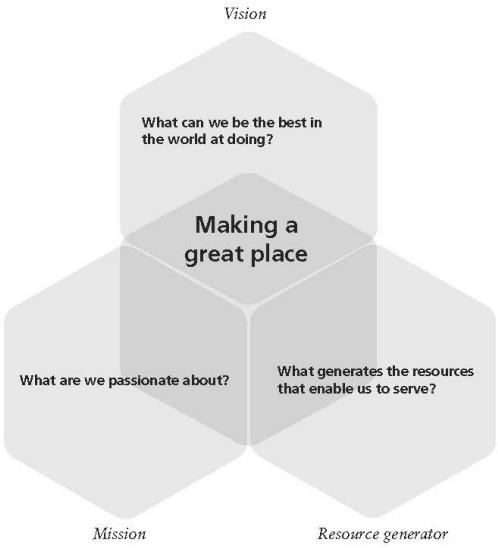
Long-term financial planning. Metro's strong financial policies and disciplined practices have created operational stability. An important tool for building Metro's budget is the five-year forecast for its primary operating funds: the General Fund, the Solid Waste Revenue Fund, the Oregon Zoo Operating Fund and the Metropolitan Exposition Recreation Commission (MERC) 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.



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.



Major initiatives. The budget for fiscal year 2019 was 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. The 2018-19 Budget included:

Focusing on livability in the region. Metro has set forth to pass a series of ballot measures to advance livability by funding affordable housing, parks and natural areas, and transportation over a three year period. The $653 million dollar ballot measure passed in November 2018 to fund construction of affordable housing in the Metro region.

Implementing our goals and strategies for equity, diversity and inclusion. In June 2016, Metro Council adopted the agency's Strategic Plan to Advance Racial Equity, Diversity, and Inclusion and in May 2017, Council considered an update to our Diversity Action Plan. Council has made increasing the diversity of our workforce, increasing the percentage and dollar value of the contracts we award to minority, women, and emerging businesses, improving our relationships with historically underserved communities, and ensuring that all of the region's residents have access to the six desired regional outcomes a high priority for our departments. The budget includes funding for programs and activities to support diversity, equity, and inclusion in every department of Metro.

Investing in Metro's infrastructure. As in the past several fiscal years, the budget recommended that Metro invest in taking care of our systems and structures. It also includes funding to address these deferred investments and also to increase our efficiency. Projects receiving funding included:

- Voice over Internet Protocol implementation
- Enterprise Resource Planning system improvements
- Polar Passage, Primate Forest, and Rhino habitat construction projects at the Oregon Zoo
- Major renovations at the Oregon Convention Center
- Significant capital maintenance to the Metro Regional Center
- Equipment upgrades at MetroPaint and major maintenance at Metro Central and Metro South transfer stations
- Various projects to meet the commitments of the 2013 local option levy at Newell Canyon, Killin Wetlands, Borland, and Oxbow parks.

Relevant Financial Polices. 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 20, 2019 (Resolution No. 19-4984), 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'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. A further detailed discussion of Metro's financial policies and plans for the future can be found in *Metro's 2019-20 Adopted Budget*.

Awards and Acknowledgements

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, 2018. This was the twenty-seventh consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government 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, 2018. 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.

The preparation of this report would not have been possible without the cooperation of employees across the Metro organization. We especially acknowledge Christine A. Balcazar, CPA, Financial Reporting Supervisor and the staff in the Accounting Services Division of the Finance and Regulatory Services Department 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 extend our appreciation to the Metro Council, Metro Auditor, and the many Metro managers for their leadership and commitment to financial excellence.

Respectfully submitted,

Andrew Scott
Interim Chief Operating Officer

Brian Kennedy
Chief Financial Officer

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, 2018

Christopher P. Morrill

Executive Director/CEO

Elected Officials (as of June 30, 2019)

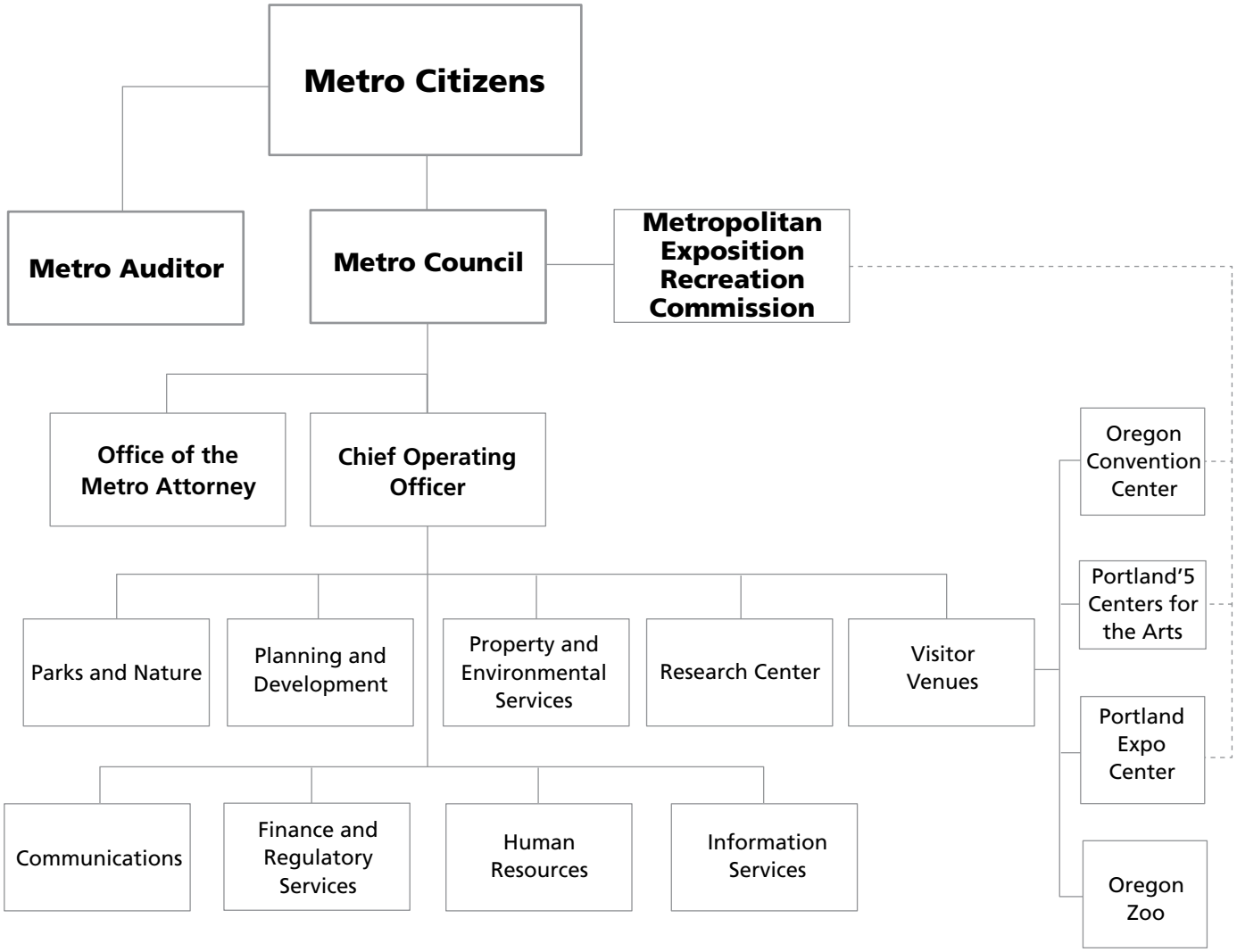
Name	Position	Term expires
Lynn Peterson	Metro Council President	January 2023
Shirley Craddick	Councilor-District 1	January 2023
Christine Lewis	Councilor-District 2	January 2023
Craig Dirksen	Councilor-District 3	January 2021
Juan Carlos Gonzalez	Councilor-District 4	January 2023
Sam Chase	Councilor-District 5	January 2021
Bob Stacey	Councilor-District 6	January 2021
Brian Evans, CIA	Metro Auditor	January 2023

Appointed Officials

Name	Position
Andrew Scott	Interim Chief Operating Officer
Heidi Rahn	Interim Deputy Chief Operating Officer
Carrie MacLaren	Metro Attorney
Brian Kennedy	Chief Financial Officer
Julio Garcia	Human Resources Director
Jim Middaugh	Communications Director
Rachel Coe	Information Services Director
Don Moore	Oregon Zoo Director
Elissa Gertler	Planning and Development Director
Jeff Frkonja	Research Center Director
Roy Brower	Interim Property and Environmental Services Director
Jon Blasher	Parks and Nature Director
Scott Cruickshank	General Manager of Visitor Venues
Craig Stroud	Oregon Convention Center Director
Matthew Rotchford	Portland Expo Center Director
Robyn Williams	Portland'5 Centers for the Arts Director

Organizational Structure

as of June 30, 2019



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

November 20, 2019

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, 2019. In addition to the above report, Metro is required to have an audit of its expenditures of federal awards in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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, 2019 are included in the last section of this report, Audit Comments and Disclosures Required by State and Federal Regulations.

I want to thank Metro employees for the hard work and the attention to detail that makes this process run smoothly.

Respectfully submitted,

Brian Evans
Metro Auditor

MOSSADAMS

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, 2019, 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 the entity'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.

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, 2019, 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 13 through 22 and the required supplementary information as listed in the table of contents on pages 79 through 91, 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 required supplementary information 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.

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 other supplementary information and schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (collectively, "supplementary information") is 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section each as listed in the table of contents has 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 20, 2019 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Metro's 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.

Other Reporting Required by *Minimum Standards for Audits of Oregon Municipal Corporations*

In accordance with *Minimum Standards for Audits of Oregon Municipal Corporations*, we have issued our report dated November 20, 2019, 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.

For Moss Adams LLP
Eugene, Oregon
November 20, 2019

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, 2019. 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 - 5 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 $637,178,290 at June 30, 2019, which reflects an increase of 5.2 percent or $31,550,792 over the prior fiscal year.
- Metro completed the fiscal year with its governmental funds reporting combined fund balances of $828,191,548. Of the total amount of governmental combined fund balance, $9,988,598 or 1.2 percent, is considered available for spending at Metro's discretion (unassigned fund balance).
- At the end of fiscal year 2019, unrestricted spendable fund balance (the total of the committed, assigned and unassigned components of fund balance) in the general fund totaled $38,011,759 and represents 62.5 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities increased $619,810,929 or 153.7 percent during the current fiscal year. The significant increase in this amount is due to the issuance of $652.8 million in taxable general obligation bonds authorized under the 2018 Affordable Housing ballot measure.

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 statement*s, and 3) the *notes to the financial statements*. This report also includes *supplementary information* intended to furnish additional detail to support the basic financial statements.

Government-wide financial statements. The 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.

The *Statement of Net Position* includes all of Metro's assets, deferred outflows of resources, liabilities, and deferred 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.

The *Statement of Activities* 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).

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 planning, land use planning, and affordable housing development; and *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 Historic Cemeteries.

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*, *Oregon Zoo*, 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. Oregon Zoo operations

include zoo visitor experience, environmental education, and animal conservation and research. 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 23-27 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. 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, Affordable Housing, 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 (GAAP) 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, along with the entire budgetary Oregon Zoo Asset Management Fund.

  The governmental fund financial statements can be found on pages 29-34 of this report.

- ***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, Oregon Zoo and MERC operations, all three 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 35-40 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 41-78 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, and pension and other post-employment benefit disclosures. RSI can be found on pages 79-91.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 93-129.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 $637,178,290 at June 30, 2019. The table on the following page reflects the condensed Government-wide Statement of Net Position.

Metro's governmental activities account for net position of $252,464,658, or 39.6 percent, whereas business-type activities account for $384,713,632 or 60.4 percent.

Of Metro's total net position, $570,027,275 (89.5 percent) reflects its net investment in capital assets (e.g., headquarters offices, zoo exhibits, natural areas property, 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.

Metro's restricted net position (25.3 percent) represents resources that are subject to external restrictions on how they may be used. External restrictions for specific purposes include areas such as parks and natural areas local option levy, Transit Oriented Development (TOD), Smith and Bybee Wetlands management plan, and capital projects funded by bond or restricted proceeds. The restricted component of net position increased $4,259,657 or 2.7 percent from the amount at June 30, 2018.

The remaining $94,069,899 is an unrestricted deficit, 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, $24,855,194 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 $38,191,232 (to a total deficit of $151,303,822) in governmental activities, primarily due to scheduled debt retirement. A portion of this deficit can be attributed to the allocable proportion of the Oregon Public Employees

Metro's Net Position

		Governmental Activities		Business-type Activities		Total - Primary Government	
		2019	2018	2019	2018	2019	2018
Current and other assets	$	848,125,188	203,440,848	140,062,876	149,714,251	988,188,064	353,155,099
Capital assets		360,933,412	347,772,437	327,258,925	318,755,111	688,192,337	666,527,548
Total assets		1,209,058,600	551,213,285	467,321,801	468,469,362	1,676,380,401	1,019,682,647
Total deferred outflows of resources		16,942,022	15,354,842	20,074,746	16,864,110	37,016,768	32,218,952
Long-term liabilities outstanding		955,856,578	341,111,045	67,250,737	62,185,341	1,023,107,315	403,296,386
Other liabilities		14,873,042	15,224,929	31,838,881	25,623,458	46,711,923	40,848,387
Total liabilities		970,729,620	356,335,974	99,089,618	87,808,799	1,069,819,238	444,144,773
Total deferred inflows of resources		2,806,344	941,821	3,593,297	1,187,507	6,399,641	2,129,328
Net position:							
Net investment in capital assets		281,246,439	265,925,123	321,159,565	311,737,639	570,027,275	540,953,664
Restricted		122,522,041	132,860,263	38,698,873	24,100,994	161,220,914	156,961,257
Unrestricted		(151,303,822)	(189,495,054)	24,855,194	60,498,533	(94,069,899)	(92,287,423)
Total net position	$	252,464,658	209,290,332	384,713,632	396,337,166	637,178,290	605,627,498

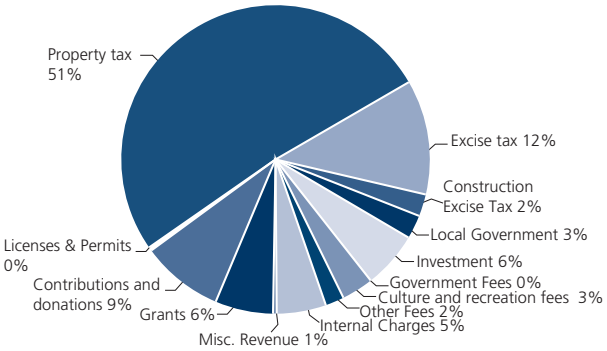
Pension System liability, as discussed in Note IV.G.1. Metro has several bonds which are accounted for in governmental activities without a corresponding asset; the proceeds from Dedicated Tax Revenue bonds for the Oregon Convention Center hotel were distributed to the developer and there is no asset owned by Metro. Similar transactions contributed to the unrestricted net deficit such as the local share component of the Natural Areas program and the bond construction at the Oregon Zoo; in both cases, the debt is accounted for in the governmental funds without a corresponding asset. It is expected that the unrestricted net deficit will increase as the Affordable Housing Bond proceeds are expended in future years. It should further be noted that all four of these bond issuances are supported by dedicated tax revenues (property taxes and site-specific transient lodging taxes) and current accounting standards only allow the recording of taxes as they are levied.

Changes in net position. Overall, Metro's net position increased 5.2 percent or $31,550,792 over the prior fiscal year. Governmental activities' net position increased $43,174,326, while business-type activities' net position decreased $11,623,534 for the fiscal year ended June 30, 2019. The components of the change in net position are reflected in the condensed information from Metro's Statement of Activities presented in the table above. The reasons for the changes noted here are discussed in the following sections for governmental activities and business-type activities.

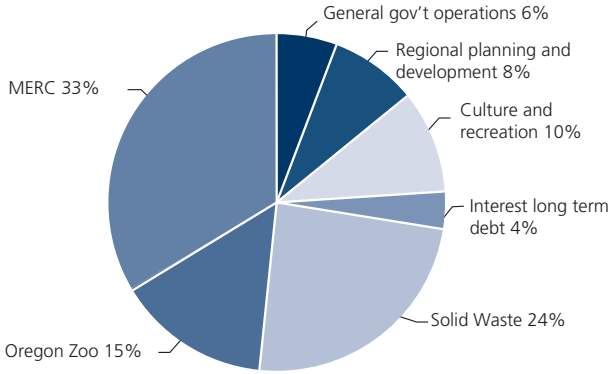
Changes in Metro's Net Position

		Governmental Activities		Business-type Activities		Total - Primary Government	
		2019	2018	2019	2018	2019	2018
Revenues:							
Program revenues							
Charges for services	$	17,427,021	14,420,218	161,101,138	152,299,636	178,528,159	166,719,854
Operating grants and contributions		26,137,387	18,750,842	30,313,581	27,284,520	56,450,968	46,035,362
Capital grants and contributions		425,138	7,675,000	1,595,833	1,687,660	2,020,971	9,362,660
General revenues							
Property taxes		78,203,583	64,162,251	-	-	78,203,583	64,162,251
Excise taxes		22,170,774	22,135,852	-	-	22,170,774	22,135,852
Other		9,245,531	1,763,300	3,947,274	1,182,067	13,192,805	2,945,367
Total revenues		153,609,434	128,907,463	196,957,826	182,453,883	350,567,260	311,361,346
Expenses:							
General government operations		18,419,574	92,414,695	-	-	18,419,574	92,414,695
Regional planning and development		26,623,652	18,694,103	-	-	26,623,652	18,694,103
Culture and recreation		31,389,370	34,237,180	-	-	31,389,370	34,237,180
Interest on long-term debt		11,408,272	8,150,951	-	-	11,408,272	8,150,951
Solid Waste		-	-	76,879,522	70,581,702	76,879,522	70,581,702
Oregon Zoo		-	-	47,446,196	51,803,762	47,446,196	51,803,762
MERC		-	-	106,849,882	74,435,547	106,849,882	74,435,547
Total expenses		87,840,868	153,496,929	231,175,600	196,821,011	319,016,468	350,317,940
Increase (decrease) in net position before transfers		65,768,566	(24,589,466)	(34,217,774)	(14,367,128)	31,550,792	(38,956,594)
Transfers		(22,594,240)	(20,896,055)	22,594,240	20,896,055	-	-
Increase (decrease) in net position		43,174,326	(45,485,521)	(11,623,534)	6,528,927	31,550,792	(38,956,594)
Net Position, July 1		209,290,332	254,815,737	396,337,166	389,984,195	605,627,498	644,799,932
Change in accounting principle			(39,884)		(175,956)	-	(215,840)
Net Position, June 30	$	252,464,658	209,290,332	384,713,632	396,337,166	637,178,290	605,627,498

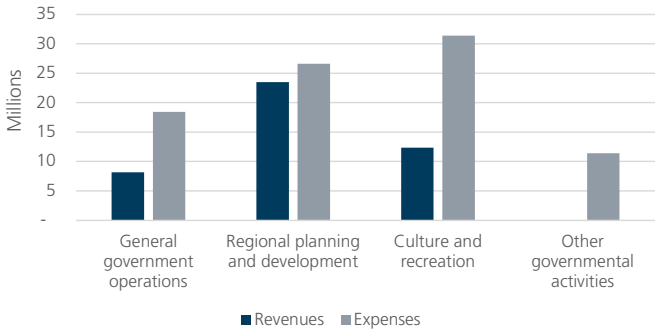
Metro Governmental Activities Sources of Revenue, Fiscal Year 2019



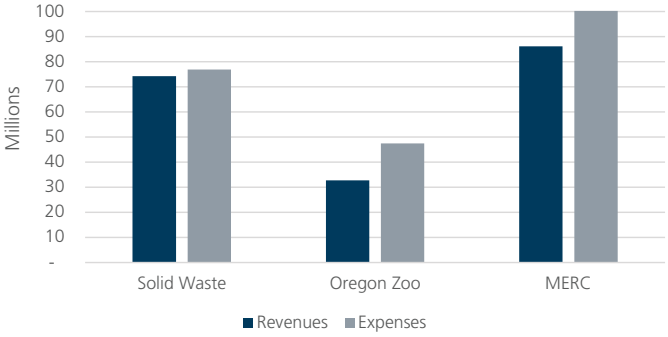
Metro Function/Program Expenses, Fiscal Year 2019



Program Revenues and Expenses - Governmental Activities, Fiscal Year 2019



Program Revenues and Expenses - Business-type Activities, Fiscal Year 2019



Governmental activities. Governmental activities program revenues were up $3,143,486 or 7.7 percent and totaled $43,989,546. The majority of this increase is due to management fees charged to the MERC fund in lieu of excise taxes.

Metro's general government operations expense totaled $18,419,574 or 21.0 percent of Metro's total primary government expenses, which was a decrease of $73,995,121. This is primarily due to a $74.0 million dollar contribution to Mortensen Construction for the development of the Oregon Convention Center Hotel in the prior fiscal year. Regional Planning and Development costs increased 42.4 percent to a total of $26,623,652, driven by $4,762,271 in expenditures on the Affordable Housing program; the bulk of this spending was related to bond issuance costs. Interest on long-term debt increased by $3,257,321 or 40.0 percent from the prior fiscal year. The increase is attributed to the higher debt service from the newly issued debt for the Oregon Convention Center Hotel, Natural Areas, and Oregon Zoo Infrastructure bond series.

Business-type activities. Program revenues of Metro's business-type activities (Solid Waste, Oregon Zoo and MERC operations) totaled $193,010,552, up $11,738,736 or 6.5 percent. The main drivers of this increase are higher event related-revenues at OCC due to large national conventions, additional Transient Lodging Tax receipts due to a timing issue with the prior year, and increases in solid waste fees and tonnage. Charges for services increased in all business-type activities by a total of $8,801,502, or 5.8 percent.

Total expenses increased $34,354,589 or 17.5 percent to a total of $231,175,600. Solid Waste program expenses increased $6,297,820, or 8.9 percent. Tonnage increased 6.3 percent and 7.3 percent at the Metro Central and South stations, respectively, and had a corresponding effect on transportation costs. Operations costs also increased due to new provisions in the operations contracts. Oregon Zoo program expenses decreased $4,357,566, or 8.4 percent primarily due to a correction in depreciation expense. MERC expenses increased $32,414,335, or 43.5 percent; the major renovation at Oregon Convention Center accounted for the bulk of the variance. Personal services and materials and services costs increases were in line with expectations.

General revenues. The most significant general revenue, property taxes, accounts for 50.9 percent of all governmental activities revenues, up from 49.8 percent in the prior fiscal year. Property taxes are dedicated to repayment of general obligation bond debt, for programs authorized by the 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. While the total percentage of revenues provided by property taxes only increase slightly for the fiscal year ended June 30, 2019, the total amount of property taxes increased $14,041,332 or 21.9 percent. This revenue increase reflects economic expansion and higher general obligation debt service.

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, 2019, Metro's governmental funds reported combined fund balances of $828,191,548. This significant increase of $648,244,030 (360.2 percent) reflects the proceeds of the Affordable Housing bond. These balances are restricted for those purposes and will decrease over the next several years as the proceeds are spent. Of the total amount of governmental combined fund balance above, $9,988,598 or 1.2 percent, is considered *unassigned* fund balance and available for spending at Metro's discretion. This is notably lower than prior years due to the classification of certain budgetary items for Fiscal Year 2019-20 as *assigned*.

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 $834,434 at June 30, 2019. Fund balances *restricted* for particular purposes, such as affordable housing, parks and natural areas, bonded capital projects, the Willamette Falls Legacy, and debt service totaled $789,308,583. Fund balance in the amount of $12,493,221 is *committed* by the Metro Council for local governments' planning efforts under the Construction Excise Tax (CET) program. *Assigned* fund balance totaled $15,566,712 and is reflected in Metro's permanent fund dedicated to cemetery programs and appropriated fund balances for the next fiscal year.

Note II.D.12 and Note IV.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 2019, unassigned fund balance of the general fund was $9,988,598. Total fund balance increased $9,568,978 to a total of $102,214,548 at June 30, 2019. 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 12.3 percent of total general fund expenditures, while total fund balance represents 126.0 percent of that same amount.

The General Fund expended $15,377,945 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 decreased $72,391,779. This decrease reflects the contribution to the development of the Oregon Convention Center Hotel in the prior year.

Planning and development expenditures were $3,015,648 higher in the general fund than the prior fiscal year, or an increase of 17.1 percent. Expenditures are highly variable dependent on the amount of planning services required by the agency. There is a corresponding increase in revenue due to the reimbursement arrangements for those projects.

Metro collected $3,583,092 in CET during the fiscal year ended June 30, 2019, down $209,503 or 5.5 percent from the prior 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. While collections decreased over the prior year, they are still at relatively high levels, corresponding with the high level of construction activity in the region.

The restricted position in other governmental funds changed from $86,678,277 to $725,292,232, or an increase of $638,613,955. The Natural Areas Fund and Oregon Zoo Infrastructure & Animal Welfare fund reduced their restricted fund balances by $11,131,152 and $8,040,261, respectively, due to planned expenditures on major capital projects.

Proprietary funds. Metro's proprietary fund statements provide the same type of information found in the government-wide financial statements on pages 35-40, but in more detail.

At the end of fiscal year 2019, unrestricted net position of the Solid Waste Fund, Oregon Zoo Fund and MERC Fund amounted to $40,366,046, a deficit of $9,869,696, and a deficit of $3,817,354, respectively. The total change in net position for each fund equaled a decrease of $3,636,953, an increase of $157,592, and a decrease of $33,403,078, respectively. All funds either added significantly to investment in capital assets or reserved additional amounts for capital projects.

BUDGETARY HIGHLIGHTS

As noted earlier, Metro's General Fund is used to account for general government operations and the programs of Planning, and Parks and Nature. Over the course of the fiscal year, the Metro Council revised the budget for the General Fund three times, and total requirements came to $131,859,315. The total increase in budgeted expenditures and transfers amounted to $5,562,930. This can mostly be attributed to the recognition of several large grants awarded to Metro's Planning and Development department; $4,449,155 in Regional Flexible Funds Allocation was granted to Metro and budgeted for distribution to local jurisdictions.

Grant revenues also came in $3,564,402 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 and lower activity for these programs created variances on both the revenue and expenditure line items.

Investment income exceeded budgeted amounts in both the general fund and all proprietary funds; positive variances of $714,265, $152,339, and $555,813 were recorded in the Solid Waste, Oregon Zoo, and MERC funds, respectively. The general fund recorded $682,103 more than the $250,000 in investment income budgeted. This reflects strong market returns in our pooled investment portfolio.

MERC expenditures were $9,699,244 lower than budgeted due to the timing on several major capital projects. The major renovation at the Oregon Convention Center spent approximately $5.5 million less than anticipated in the fiscal year ending June 30, 2019 and the start of a $2.0 million project at Portland'5 was delayed until the fiscal year ending June 30, 2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Metro's capital assets for its governmental and business-type activities totals $688,192,337 (net of accumulated depreciation) as of June 30, 2019. 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

Metro's Capital Assets
(net of accumulated depreciation)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	$300,821,558	$290,485,603	21,045,160	21,045,160	321,866,718	311,530,763
Intangible - easements	12,207,229	11,654,470	-	-	12,207,229	11,654,470
Artwork	353,641	359,039	1,869,521	1,786,866	2,223,162	2,145,905
Buildings and Exhibits	22,937,360	22,971,819	257,551,285	265,588,966	280,488,645	288,560,785
Improvements	15,413,968	16,627,345	7,124,398	9,187,135	22,538,366	25,814,480
Equipment and Vehicles	2,181,108	2,135,052	12,193,644	12,022,465	14,374,752	14,157,517
Intangible - software	1,045,439	808,808	1,120,249	431,954	2,165,688	1,240,762
Office furniture/equip	313,929	358,012	639,296	738,088	953,225	1,096,100
Railroad equip/facilities	-	-	2,472,454	2,823,483	2,472,454	2,823,483
Construction in Progress	5,659,180	2,372,289	23,242,918	5,130,994	28,902,098	7,503,283
Total	$360,933,412	347,772,437	327,258,925	318,755,111	688,192,337	666,527,548

the current fiscal year was $21,664,789 or 3.3 percent, net of accumulated depreciation. The total change consists of an increase of $13,160,975 or 3.8 percent in capital assets attributable to governmental activities and an increase of $8,503,814 or 2.7 percent in business-type activity capital assets (additional capital assets, less increases in accumulated depreciation).

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

Long-term debt. At the end of the current fiscal year, Metro had total bonded debt outstanding of $918,544,698 net of unamortized premiums and discounts. Of this amount, $816,251,155 comprises debt backed by property tax assessments and the remainder of $102,293,543 represents bonds secured by a broad pledge of Metro revenues, including property taxes used to support operations, site-specific transient lodging tax, and excise taxes levied on users of certain Metro services.

The table at the top of the following page 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 total debt increased $609,071,787 or 196.8 percent during the current fiscal year. The key factor for this increase was the issuance of the Affordable Housing 2019 series of taxable bonds in the amount of $652.8 million. It was determined to issue the entire authorization in a single series to best meet programmatic requirements and minimize administrative expenses.

In April 2019, 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.

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 $32,607,224,100, 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 IV.K through IV.L in the financial statements.

SUBSEQUENT EVENTS

Natural Areas Bond

On November 6, 2019, voters approved a measure 26-203 authorizing $475 million in general obligation bonds to protect water quality, fish, wildlife habitat, and natural areas. See the subsequent events note IV.T. for more details.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

By law, Metro must present a balanced budget. When accounting for all resources and requirements, the budget for Fiscal Year 2019-20 totals $1,348,853,894, up 101.5% percent from Fiscal Year 2018-19. A detailed discussion can be found in *Metro's 2019-20 Adopted Budget*.

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

- The zoo is expected to experience flat attendance due to on-site construction, estimating 1.525 million guests.
- In fiscal year 2020, Solid Waste rates will be $97.45 per ton, an increase of 2.6 percent from fiscal year 2019. 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 1.2 percent greater in fiscal year 2020.

Metro's Outstanding Debt

	Governmental Activities		Business-type Activities		Total - Primary Government	
	2019	2018	2019	2018	2019	2018
General obligation bonds	$816,251,155	$202,515,140	-	-	816,251,155	202,515,140
Full Faith & Credit/Dedicated Tax/Pension bonds	96,194,183	99,940,299	6,099,360	7,017,472	102,293,543	106,957,771
Total	$ 912,445,338	302,455,439	6,099,360	7,017,472	918,544,698	309,472,911

- MERC Venues have budgeted a revenue increase of 5.0 percent based on event bookings and rate increases. The OCC is undergoing a major renovation that is scheduled to be completed in October 2019 and the Convention Center Hotel is expected to open in the winter. Both of these events are expected to increase activity at OCC.

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 an assumed rate of collection of 94.5 percent. 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 $15,532,940. The levy for general obligation debt is $84,680,542 based upon debt schedules and cash flow requirements.
- Transient lodging taxes receipts are projected to increase 6.9 percent.
- The excise tax on solid waste disposal is tied to CPI and for fiscal year 2019 increases by $1.60 to $12.41 per ton. Excise tax on other Metro facilities and services remains at 7.5 percent. Discretionary excise tax is expected to generate $17.8 million, a slight decrease from fiscal year 2018.

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 2020 by a net 23.75 FTE, with the total increase being seen primarily in the General Fund and Solid Waste Fund.
- Metro will experience a substantial increase in Oregon Public Employee Retirement System (PERS) rates in fiscal year 2020 of 3.8 percent of payroll. Health benefit costs are anticipated to increase 5 percent in the next fiscal year. The fiscal year 2020 budget reflects reserves for the PERS increases, increased insurance costs, and typical cost-of-living adjustments tied to CPI between 1.5 and 2.5 percent.
- Significant capital project expenditures in fiscal year 2020 include: $23.9 million for the capital improvements at the Oregon Zoo under the Oregon Zoo Infrastructure and Animal Welfare bond measure; $13.4 million for land acquisition and capital expenditures under the Natural Areas program; $6.4 million for capital improvements at MERC facilities; $7.7 million for solid waste facility capital projects; $18.2 million at the Oregon Convention Center for major renovations, $9.5 million at Portland'5 Center for the Arts, and another $9.0 million for various capital or renewal and replacement projects at the Metro Regional Center.

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

METRO
Statement of Net Position
June 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
ASSETS				
Equity in internal cash and investment pool	$ 43,502,103	115,741,866	159,243,969	1,355,174
Investments	-	-	-	15,920,976
Receivables (net of allowance for uncollectibles):				
Property taxes	482,083	-	482,083	-
Trade	137,728	8,599,694	8,737,422	1,081,911
Other	6,966,216	7,890,996	14,857,212	472,164
Interest	194,743	313,026	507,769	-
Grants	2,901,947	161,648	3,063,595	-
Internal balances	1,773,803	(1,773,803)	-	-
Inventories	-	248,603	248,603	-
Prepaid items	695,461	794,243	1,489,704	-
Net OPEB asset	288,997	399,165	688,162	
Other assets	129,985	132,000	261,985	91,488
Restricted assets:				
Equity in internal cash and investment pool	81,617,619	7,555,438	89,173,057	-
Investments	699,309,535	-	699,309,535	-
Receivables (net of allowance for uncollectibles):				
Property taxes	1,701,923	-	1,701,923	-
Trade	21,450	-	21,450	-
Other	36,810	-	36,810	-
Interest	2,939,775	-	2,939,775	-
Grants	142,107	-	142,107	-
Assets held for resale	4,216,567	-	4,216,567	-
Loans receivable	1,066,336	-	1,066,336	-
Capital assets:				
Land, intangibles, artwork and construction in progress	319,041,608	46,157,599	365,199,207	-
Other capital assets (net of accumulated depreciation)	41,891,804	281,101,326	322,993,130	31,137
Total assets	1,209,058,600	467,321,801	1,676,380,401	18,952,850
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	1,120,377	-	1,120,377	-
Deferred pension amounts	15,627,926	19,787,005	35,414,931	
Deferred OPEB amounts	193,719	287,741	481,460	-
Total deferred outflows of resources	16,942,022	20,074,746	37,016,768	-
LIABILITIES				
Accounts payable	7,579,738	15,960,957	23,540,695	24,171
Accrued salaries and benefits	1,910,730	2,439,453	4,350,183	-
Contracts payable	615,073	1,624,719	2,239,792	2,601,456
Accrued interest payable	3,518,148	14,015	3,532,163	-
Accrued self-insurance claims	377,000	-	377,000	-
Unearned revenue	184,232	9,143,929	9,328,161	98,708
Deposits payable	143,761	2,645,265	2,789,026	-
Other liabilities	544,360	10,543	554,903	-
Payable from restricted assets:				
Contracts payable	-	-	-	30,175

(Continued)

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Oregon Zoo Foundation
LIABILITIES, *Continued*				
Non-current liabilities:				
Due within one year:				
Bonds payable	$ 56,290,000	865,000	57,155,000	-
Post-closure costs payable	-	647,777	647,777	-
Compensated absences	2,327,778	2,549,996	4,877,774	-
Due in more than one year:				
Bonds payable (net of unamortized premium or discount)	856,155,338	5,234,360	861,389,698	-
Other postemployment benefits	1,040,767	1,783,066	2,823,833	-
Post-closure costs payable	-	4,241,275	4,241,275	-
Pollution remediation obligation	2,500	1,058,000	1,060,500	-
Compensated absences	-	175,121	175,121	-
Net pension liability	40,040,195	50,696,142	90,736,337	-
Total liabilities	970,729,620	99,089,618	1,069,819,238	2,754,510
DEFERRED INFLOWS OF RESOURCES				
Deferred pension amounts	2,656,233	3,363,140	6,019,373	
Deferred OPEB amounts	150,111	230,157	380,268	-
Total deferred inflows of resources	2,806,344	3,593,297	6,399,641	-
NET POSITION				
Net investment in capital assets (1)	281,246,439	321,159,565	570,027,275	31,137
Restricted for:				
Parks and natural areas operations:				-
Expendable	7,266,792	-	7,266,792	
Non-expendable	1,083	-	1,083	
Transit oriented development projects	22,367,527	-	22,367,527	-
Planning projects	9,654,957	-	9,654,957	
Smith and Bybee Wetlands management plan	2,076,632	-	2,076,632	-
Community enhancement	1,434,563	-	1,434,563	-
Willamette Falls Legacy project	14,542,454	-	14,542,454	-
Debt service	1,039,163	-	1,039,163	-
Capital projects	63,455,185	38,698,873	102,154,058	-
Perpetual care:				
Expendable	36,772	-	36,772	-
Non-expendable	646,913	-	646,913	-
Zoo purposes:				
Expendable	-	-	-	1,184,441
Non-expendable	-	-	-	113,095
Unrestricted	(151,303,822)	24,855,194	(94,069,899)	14,869,667
Total net position	$ 252,464,658	384,713,632	637,178,290	16,198,340

(1) See Note II.D.12 in the notes to the financial statements

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

METRO
Statement of Activities
For the fiscal year ended June 30, 2019

		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	$	18,419,574	4,942,275	3,208,746	-
Regional planning and development		26,623,652	1,562,666	21,941,864	-
Culture and recreation		31,389,370	10,922,080	986,777	425,138
Interest on long-term debt		11,408,272	-	-	-
Total governmental activities		87,840,868	17,427,021	26,137,387	425,138
Business-type activities:					
Solid Waste		76,879,522	74,185,046	-	-
Oregon Zoo		47,446,196	29,994,324	1,925,988	830,333
MERC		106,849,882	56,921,768	28,387,593	765,500
Total business-type activities		231,175,600	161,101,138	30,313,581	1,595,833
Total primary government	$	319,016,468	178,528,159	56,450,968	2,020,971
Component Unit:					
Oregon Zoo Foundation	$	7,095,080	5,849,463	2,886,045	-

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, 2018
Net position - June 30, 2019

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
(10,268,553)	-	(10,268,553)	
(3,119,122)	-	(3,119,122)	
(19,055,375)	-	(19,055,375)	
(11,408,272)	-	(11,408,272)	
(43,851,322)	-	(43,851,322)	
-	(2,694,476)	(2,694,476)	
-	(14,695,551)	(14,695,551)	
-	(20,775,021)	(20,775,021)	
-	(38,165,048)	(38,165,048)	
(43,851,322)	(38,165,048)	(82,016,370)	
			1,640,428
78,203,583	-	78,203,583	-
18,587,682	-	18,587,682	-
3,583,092	-	3,583,092	-
39,854	-	39,854	-
9,205,677	3,947,274	13,152,951	622,630
(22,594,240)	22,594,240	-	-
87,025,648	26,541,514	113,567,162	622,630
43,174,326	(11,623,534)	31,550,792	2,263,058
209,290,332	396,337,166	605,627,498	13,935,282
$ 252,464,658	384,713,632	637,178,290	16,198,340

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 Council, Office of the Auditor, Office of Metro Attorney, Information Services, Communications, Finance and Regulatory Services, Human Resources, Property and Environmental Services (construction project management and Metro Regional Center building operations components), Parks and Nature, Planning and Development (land use, urban growth management, and environmental and transportation planning), Research Center, and special and non-departmental appropriations. The principal resources of the fund are charges for services, grants, property taxes, construction excise tax, excise taxes on Metro's facilities and services levied in accordance with the Metro Code, bonds issued, and premium on bonds issued.

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 Funds

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.

Affordable Housing Fund

The fund was established to account for bond proceeds and expenditures related to the 2018 Affordable Housing Measure. Metro sold $652.8 million in taxable bonds in May 2019 to fund affordable housing for low-income families, seniors, veterans and people with disabilities in the greater Portland region.

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 sources of revenue are bonds issued, premium on bonds issued and 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 resources are investment income and grants.

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 and Reconciliation to Statement of Net Position
Governmental Funds
June 30, 2019

		General	Special Revenue: Parks and Natural Areas Local Option Levy	Special Revenue: Affordable Housing	General Obligation Bond Debt Service
ASSETS					
Equity in internal cash and investment pool	$	89,639,804	8,028,222	3,700,782	3,012,387
Investments		-	-	648,278,939	-
Receivables:					
Property taxes		482,083	422,021	-	1,279,902
Trade		137,728	20,000	-	-
Other		6,966,216	372	-	-
Interest		218,411	20,852	2,728,701	5,892
Grants		2,903,029	141,024	-	-
Assets held for resale		4,216,567	-	-	-
Prepaid items		161,669	1,083	-	-
Other assets		129,985	-	-	-
Loans receivable		1,066,336	-	-	-
Restricted assets:					
Equity in internal cash and investment pool		3,397,064	-	-	193
Total assets	$	109,318,892	8,633,574	654,708,422	4,298,374
LIABILITIES					
Accounts payable	$	4,503,189	1,008,631	192,089	-
Accrued salaries and benefits		1,591,746	208,554	4,326	-
Contracts payable		152,550	9,879	-	-
Unearned revenue		184,232	-	-	-
Deposits payable		143,761	-	-	-
Other liabilities		22,313	-	-	-
Due to other funds		50,000	-	-	-
Total liabilities		6,647,791	1,227,064	196,415	-
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes		424,089	365,895	-	1,119,745
Unavailable revenue-other		32,464	-	-	-
Total deferred inflows of resources		456,553	365,895	-	1,119,745
FUND BALANCES					
Nonspendable		186,438	1,083	-	-
Restricted		64,016,351	7,039,532	654,512,007	3,178,629
Committed		12,493,221	-	-	-
Assigned		15,529,940	-	-	-
Unassigned		9,988,598	-	-	-
Total fund balances		102,214,548	7,040,615	654,512,007	3,178,629
Total liabilities, deferred inflows of resources and fund balances	$	109,318,892	8,633,574	654,708,422	4,298,374

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

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

Property taxes and certain other revenues 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	Natural Areas	Other Governmental Funds	Total Governmental Funds
5,304,602	3,423,791	3,635,993	116,745,581
31,089,617	19,940,979	-	699,309,535
-	-	-	2,184,006
-	-	-	157,728
-	1,450	36,366	7,004,404
64,715	71	9,511	3,048,153
-	73,358	-	3,117,411
-	-	-	4,216,567
-	-	-	162,752
-	-	-	129,985
-	-	-	1,066,336
-	-	-	3,397,257
36,458,934	23,439,649	3,681,870	840,539,715
751,172	708,587	316,197	7,479,865
18,833	87,270	-	1,910,729
342,070	110,575	-	615,074
-	-	-	184,232
-	-	-	143,761
-	-	-	22,313
-	-	-	50,000
1,112,075	906,432	316,197	10,405,974
-	-	-	1,909,729
-	-	-	32,464
-	-	-	1,942,193
-	-	646,913	834,434
35,346,859	22,533,217	2,681,988	789,308,583
-	-	-	12,493,221
-	-	36,772	15,566,712
-	-	-	9,988,598
35,346,859	22,533,217	3,365,673	828,191,548
36,458,934	23,439,649	3,681,870	
			360,933,413
			(27,068,502)
			(708,162)
			1,942,193
			6,869,603
			(917,695,435)
			$ 252,464,658

METRO
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2019

		Special Revenue		General
	General	Parks and Natural Areas Local Option Levy	Affordable Housing	Obligation Bond Debt Service
REVENUES				
Property taxes	$ 16,061,721	15,423,668	-	47,884,675
Excise taxes	18,587,682	-	-	-
Construction excise tax	3,583,093	-	-	-
Cemetery revenue surcharge	-	-	-	-
Investment income	2,615,505	244,125	3,844,240	477,090
Government fees	83,043	-	-	-
Culture and recreation fees	5,156,720	-	-	-
Solid waste fees	-	-	-	-
Other fees	1,971,267	-	-	-
Internal charges for services	7,709,975	280,000	-	-
Licenses and permits	577,621	-	-	-
Miscellaneous revenue	521,506	-	-	-
Grants	8,798,783	331,788	-	-
Local government shared revenues	3,863,885	-	-	-
Government contributions	13,140,795	-	-	-
Capital grants	-	-	-	-
Capital contributions and donations	15,010	20,000	-	-
Total revenues	82,686,606	16,299,581	3,844,240	48,361,765
EXPENDITURES				
Current:				
General government operations	15,377,945	499,737	-	-
Regional planning and development	20,682,052	-	4,762,271	-
Culture and recreation	13,866,936	11,797,839	-	-
Debt service:				
Principal	3,330,000	-	-	37,410,000
Interest	4,159,788	-	-	8,620,553
Capital outlay	3,363,256	2,698,550	-	-
Total expenditures	60,779,977	14,996,126	4,762,271	46,030,553
Revenues over (under) expenditures	21,906,629	1,303,455	(918,031)	2,331,212
OTHER FINANCING SOURCES (USES)				
Bonds issued	-	-	652,800,000	-
Premium on bonds issued	-	-	2,630,335	-
Sale of capital assets	64,909	-	-	-
Transfers in	1,904,259	-	-	-
Transfers out	(14,306,819)	(70,959)	(297)	-
Total other financing sources (uses)	(12,337,651)	(70,959)	655,430,038	-
Net change in fund balances	9,568,978	1,232,496	654,512,007	2,331,212
Fund balances - July 1, 2018	92,645,570	5,808,119	-	847,417
Fund balances - June 30, 2019	$ 102,214,548	7,040,615	654,512,007	3,178,629

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

Capital Projects			
Oregon Zoo Infrastructure and Animal Welfare	Natural Areas	Other Governmental Funds	Total Governmental Funds
-	-	-	79,370,064
-	-	-	18,587,682
-	-	-	3,583,093
-	-	39,854	39,854
1,007,095	770,294	114,630	9,072,979
-	-	-	83,043
-	-	-	5,156,720
-	-	1,077,086	1,077,086
-	-	-	1,971,267
-	-	-	7,989,975
-	-	-	577,621
-	57,920	-	579,426
-	-	-	9,130,571
-	-	-	3,863,885
-	1,450	-	13,142,245
-	261,638	-	261,638
-	143,500	-	178,510
1,007,095	1,234,802	1,231,570	154,665,659
-	-	-	15,877,682
-	-	-	25,444,323
11,562	912,713	1,460,818	28,049,868
-	-	-	40,740,000
-	-	-	12,780,341
9,030,109	10,423,684	-	25,515,599
9,041,671	11,336,397	1,460,818	148,407,813
(8,034,576)	(10,101,595)	(229,248)	6,257,846
-	-	-	652,800,000
-	-	-	2,630,335
-	-	-	64,909
-	-	-	1,904,259
(5,685)	(1,029,557)	-	(15,413,317)
(5,685)	(1,029,557)	-	641,986,186
(8,040,261)	(11,131,152)	(229,248)	648,244,032
43,387,120	33,664,369	3,594,921	179,947,516
35,346,859	22,533,217	3,365,673	828,191,548

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, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances-total governmental funds		$ 648,244,032
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	25,502,141	
Less current year depreciation	(2,926,267)	22,575,874
Governmental funds expend general obligation bond proceeds that become capital assets that are owned and depreciated by a proprietary fund in governmental activities		(9,071,302)
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.		(335,898)
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	(1,166,481)	
Change in unavailable revenue-other	(15,127)	(1,181,608)
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.		612,180
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 the differences in the treatment of long-term debt and related items.		
Bonds issued	(652,800,000)	
Premium on bonds issued	(2,630,335)	
Principal payments on bonds	40,740,000	
Amortization of unamortized premium or discount	4,700,435	(609,989,900)
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	317,609	
Compensated absences	1,720	
Amortization of deferred charge on refunding	(859,404)	
Accruals associated with pension related obligations	(4,203,907)	
Arbitrage payable on bonds	(466,107)	
Accrued interest on long-term debt	(2,468,963)	(7,679,052)
Change in net position of governmental activities		$ 43,174,326

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.

Oregon Zoo Fund

This fund accounts for revenues and expenses related to the management and operation of the Oregon Zoo. The principal sources of revenue are charges for services such as admission and membership fees, and food, beverage and gift sales. Expenses consist primarily of facility operation costs and payroll. This fund consists of two budgetary funds (Oregon Zoo Operating Fund and Oregon Zoo Asset Management Fund) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

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, food and beverage and operation costs. This fund consists of two budgetary funds (MERC Fund and General Revenue Bond Fund-MERC) 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, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
ASSETS					
Current assets:					
Equity in internal cash and investment pool	$ 55,561,497	16,198,109	43,982,260	115,741,866	4,976,884
Receivables:					
Trade	4,509,384	484,820	3,605,490	8,599,694	-
Other	1,632,189	571,602	5,687,205	7,890,996	-
Interest	141,981	41,569	129,476	313,026	13,078
Grants	-	161,648	-	161,648	-
Due from other funds	468,000	-	-	468,000	-
Inventories	248,603	-	-	248,603	-
Prepaid items	7,883	786,260	100	794,243	532,708
Other assets	-	132,000	-	132,000	-
Total current assets	62,569,537	18,376,008	53,404,531	134,350,076	5,522,670
Noncurrent assets:					
Advances to other funds	1,768,000	-	-	1,768,000	-
Restricted equity in internal cash and investment pool	-	-	7,555,438	7,555,438	-
OPEB asset	97,855	150,025	151,285	399,165	-
Capital assets, net	31,902,253	145,691,520	149,665,152	327,258,925	-
Total noncurrent assets	33,768,108	145,841,545	157,371,875	336,981,528	-
Total assets	96,337,645	164,217,553	210,776,406	471,331,604	5,522,670
DEFERRED OUTFLOWS OF RESOURCES					
Deferred pension amounts	6,098,573	6,353,018	7,335,414	19,787,005	-
Deferred OPEB amounts	69,015	109,106	109,620	287,741	-
Total deferred outflows of resources	6,167,588	6,462,124	7,445,034	20,074,746	-
LIABILITIES					
Current liabilities:					
Accounts payable	5,677,778	3,640,737	6,642,443	15,960,958	99,874
Accrued salaries and benefits	680,260	931,627	827,566	2,439,453	-
Contracts payable	104,168	25,000	1,495,551	1,624,719	-
Accrued interest payable	-	-	14,015	14,015	-
Accrued self-insurance claims	-	-	-	-	377,000
Unearned revenue	-	3,148,189	5,995,740	9,143,929	-
Deposits payable	(40)	134,049	2,511,256	2,645,265	-
Other liabilities	32	750	9,761	10,543	-
Due to other funds	-	418,000	-	418,000	-
Bonds payable-current	-	-	865,000	865,000	-
Post-closure costs payable-current	647,777	-	-	647,777	-
Compensated absences-current	795,321	878,862	875,813	2,549,996	-
Total current liabilities	7,905,296	9,177,214	19,237,145	36,319,655	476,874

(Continued)

METRO
Statement of Net Position
Proprietary Funds, *continued*
June 30, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
LIABILITIES, *Continued*					
Noncurrent liabilities:					
Bonds payable (net of unamortized premium or discount)	$ -	-	5,234,360	5,234,360	-
Advances from other funds	-	1,768,000	-	1,768,000	-
Other postemployment benefits	410,997	686,597	685,472	1,783,066	-
Post-closure costs payable	4,241,275	-	-	4,241,275	-
Pollution remediation obligation	963,000	-	95,000	1,058,000	-
Compensated absences	-	121,705	53,416	175,121	-
Net pension liability	15,625,111	16,277,021	18,794,010	50,696,142	-
Total non-current liabilities	21,240,383	18,853,323	24,862,258	64,955,964	-
Total liabilities	29,145,679	28,030,537	44,099,403	101,275,619	476,874
DEFERRED INFLOWS OF RESOURCES					
Deferred pension amounts	1,036,557	1,079,804	1,246,779	3,363,140	
Deferred OPEB amounts	54,698	87,589	87,870	230,157	-
Total deferred inflows of resources	1,091,255	1,167,393	1,334,649	3,593,297	-
NET POSITION					
Net investment in capital assets	31,902,253	145,691,520	143,565,792	321,159,565	-
Restricted for:					
Capital projects	-	5,659,923	33,038,950	38,698,873	-
Unrestricted	40,366,046	(9,869,696)	(3,817,354)	26,678,996	5,045,796
Total net position	$ 72,268,299	141,481,747	172,787,388	386,537,434	5,045,796
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				(1,823,802)	
Net position of business-type activities				$ 384,713,632	

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, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
OPERATING REVENUES					
Charges for services	$ 74,168,610	29,969,324	56,921,768	161,059,702	170,019
Internal charges for services	16,435	25,000	-	41,435	2,866,093
Total operating revenues	74,185,045	29,994,324	56,921,768	161,101,137	3,036,112
OPERATING EXPENSES					
Payroll and fringe benefits	17,277,781	23,160,505	24,131,690	64,569,976	-
Depreciation and amortization	900,773	1,935,090	4,444,822	7,280,685	-
Administration	5,723,972	3,882,997	4,956,558	14,563,527	-
Facility operations	18,350,558	12,424,008	46,228,979	77,003,545	-
Marketing	-	66	4,755,575	4,755,641	-
Food and beverage	-	1,228,730	15,874,093	17,102,823	-
Disposal fees	10,404,721	-	-	10,404,721	-
Waste transport	13,768,351	-	-	13,768,351	-
Special waste disposal fees	1,097,323	-	-	1,097,323	-
Landfill post-closure (reduction)	(14,312)	-	-	(14,312)	-
Consulting services	2,869,946	3,697,160	1,195,753	7,762,859	-
Charges for services	827,573	47,965	2,620,752	3,496,290	-
Insurance	-	-	-	-	1,106,621
Claims	-	-	-	-	343,792
Actuarial claims (reduction)	-	-	-	-	(154,000)
Other materials and services	2,565,424	-	-	2,565,424	33,669
Total operating expenses	73,772,110	46,376,521	104,208,222	224,356,853	1,330,082
Operating income (loss)	412,935	(16,382,197)	(47,286,454)	(63,255,716)	1,706,030
NON-OPERATING REVENUES (EXPENSES)					
Investment income	1,699,598	449,410	1,798,266	3,947,274	132,695
Grants	-	368,315	49,371	417,686	12,554
Local government shared revenue	-	-	26,914,379	26,914,379	-
Government contributions	-	-	1,423,843	1,423,843	-
Contributions and donations	-	1,557,673	-	1,557,673	-
Contributions to other governments	-	(3,000)	(1,810,001)	(1,813,001)	-
Gain (loss) on disposal of capital assets	(490,519)	(1,557,847)	(1,311,906)	(3,360,272)	-
Waste reduction grants	(2,732,038)	-	-	(2,732,038)	-
Interest expense	-	(51,900)	(100,635)	(152,535)	-
Total non-operating revenues (expenses)	(1,522,959)	762,651	26,963,317	26,203,009	145,249
Income (loss) before transfers and capital contributions	(1,110,024)	(15,619,546)	(20,323,137)	(37,052,707)	1,851,279
Capital contributions	-	9,939,342	765,500	10,704,842	-
Transfers in	185,570	13,721,249	400,000	14,306,819	-
Transfers out	(259,122)	(272,481)	(289,984)	(821,587)	-
Change in net position	(1,183,576)	7,768,564	(19,447,621)	(12,862,633)	1,851,279
Total net position - July 1, 2018	73,451,875	133,713,183	192,235,009		3,194,517
Total net position - June 30, 2019	$ 72,268,299	141,481,747	172,787,388		5,045,796
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				1,239,099	
Change in net position of business-type activites				$ (11,623,534)	

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, 2019

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management
Cash flows from operating activities:					
Receipts from customers	$ 74,868,091	29,981,096	56,963,916	161,813,103	170,019
Receipts from interfund services provided	-	-	-	-	2,866,093
Payments to suppliers for goods and services	(49,842,832)	(14,971,865)	(67,235,216)	(132,049,913)	(1,240,423)
Payments for claims	-	-	-	-	(343,792)
Payments to employees for services	(15,141,586)	(22,254,589)	(22,196,919)	(59,593,094)	-
Payments for interfund services used	(5,723,972)	(3,882,997)	(4,956,558)	(14,563,527)	-
Net cash provided by (used in) operating activities	4,159,701	(11,128,355)	(37,424,777)	(44,393,431)	1,451,897
Cash flows from noncapital financing activities:					
Grants received	-	316,935	49,371	366,306	12,554
Local government shared revenues	-	-	26,510,320	26,510,320	-
Government contributions	-	-	1,423,843	1,423,843	-
Contributions and donations	-	1,557,673	-	1,557,673	-
Contributions to other governments	-	(3,000)	(1,810,002)	(1,813,002)	-
Grants to others	(2,732,038)	-	-	(2,732,038)	-
Principal collected (paid) on interfund loans	1,959,000	(409,000)	(719,952)	830,048	-
Interest collected (paid) on interfund loans	65,500	(51,900)	-	13,600	-
Transfers from other funds	185,570	13,721,249	400,000	14,306,819	-
Transfers to other funds	(259,122)	(272,481)	(289,984)	(821,587)	-
Net cash provided by (used in) noncapital financing activities	(781,090)	14,859,476	25,563,596	39,641,982	12,554
Cash flows from capital and related financing activities:					
Capital grants and contributions	-	830,333	765,500	1,595,833	-
Principal payment on bonds	-	-	(825,000)	(825,000)	-
Interest payments	-	-	(197,025)	(197,025)	-
Acquisition and construction of capital assets	(3,687,929)	(1,578,028)	(4,623,575)	(9,889,532)	-
Net proceeds from sale of capital assets	(156,740)	10,510	-	(146,230)	-
Net cash used in capital and related financing activities	(3,844,669)	(737,185)	(4,880,100)	(9,461,954)	-
Cash flows from investing activities:					
Investment income	1,585,907	430,223	1,781,829	3,797,959	125,718
Net cash provided by investing activities	1,585,907	430,223	1,781,829	3,797,959	125,718
Net increase in cash including restricted amounts	1,119,849	3,424,159	(14,959,452)	(10,415,444)	1,590,169
Cash at beginning of year including restricted amounts	54,441,648	12,773,950	66,497,150	133,712,748	3,386,715
Cash at end of year including restricted amounts	$ 55,561,497	16,198,109	51,537,698	123,297,304	4,976,884

(Continued)

METRO
Statement of Cash Flows
Proprietary Funds, *continued*
For the fiscal year ended June 30, 2019

		Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Fund
		Solid Waste	Oregon Zoo	MERC	Total	Risk Management
Equity in internal cash and investment pool	$	55,561,497	16,198,109	43,982,260	115,741,866	4,976,884
Restricted equity in internal cash and investment pool		-	-	7,555,438	7,555,438	-
Total	$	55,561,497	16,198,109	51,537,698	123,297,304	4,976,884
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:						
Operating income (loss)	$	412,935	(16,382,197)	(47,286,454)	(63,255,716)	1,706,030
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:						
Depreciation and amortization		900,773	1,935,090	4,444,822	7,280,685	-
Change in assets and liabilities:						
Trade/other accounts receivable		683,046	(13,228)	42,148	711,966	-
Inventories		(24,715)	207,371	-	182,656	-
Prepaid items		82,943	(388,199)	9,035	(296,221)	-
Other assets		-	(15,000)	-	(15,000)	(119,728)
Accounts payable		420,757	1,925,109	2,581,602	4,927,468	19,815
Accrued salaries, benefits and compensated absences		2,136,196	905,915	1,934,771	4,976,882	-
Contracts payable		(79,440)	5,488	1,304,887	1,230,935	-
Accrued self-insurance claims		-	-	-	-	(154,000)
Unearned revenue		-	642,575	885,388	1,527,963	-
Deposits payable		(40)	50,918	(53,507)	(2,629)	-
Other liabilities		-	(2,197)	(1,287,469)	(1,289,666)	(220)
Post-closure costs payable		(732,754)	-	-	(732,754)	-
Pollution remediation obligation		360,000	-	-	360,000	-
Total adjustments		3,746,766	5,253,842	9,861,677	18,862,285	(254,133)
Net cash provided by (used in) operating activities	$	4,159,701	(11,128,355)	(37,424,777)	(44,393,431)	1,451,897
Noncash investing, capital, and financing activities:						
Non-cash portion of capital contributions	$	-	9,109,009	-	9,109,009	-

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 (the 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 Council, Office of the Auditor, Office of Metro Attorney, Information Services, Communications, Finance and Regulatory Services, Human Resources, Property and Environmental Services (construction project management and Metro Regional Center building operations components), Parks and Nature, Planning and Development (land use, urban growth management, and environmental and transportation planning), Research Center, and special 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 funds are:

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.

Affordable Housing Fund – This fund was established to account for bond proceeds and expenditures related to the 2018 Affordable Housing Measure. Metro sold $652.8 million in taxable bonds in May 2019 to fund affordable housing for low-income families, seniors, veterans and people with disabilities in the greater Portland region.

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.

Oregon Zoo Fund - This fund accounts for revenues and expenses related to the management and operation of the Oregon Zoo. The principal sources of revenue are charges for services such as admission and membership fees, and food, beverage and gift sales. Expenses consist primarily of facility operation costs and payroll. This fund consists of two budgetary funds (Oregon Zoo Operating Fund and Oregon Zoo Asset Management) that are combined as one Enterprise Fund to be in accordance with accounting principles generally accepted in the United States of America.

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-MERC) 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, Oregon Zoo 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 within the fair value hierarchy established by GAAP. Fair value is determined annually as of June 30.

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 2019 allocated indirect costs to grants at a rate of approximately 23 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 acquisition value when received, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. 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 incurred before the end of a construction period is recognized as an expense in the period in which the cost is incurred and is not capitalized as part of the asset's historical cost.

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
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 amounts. 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 amounts 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 loan receipt 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, deferred outflows of resources and deferred inflows of resources related to pensions, and 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.

The government-wide statement of net position includes the result of Metro financing capital assets for the business-type activities through the issuance of general obligation bonds, a governmental activities function. The amount of long-term debt outstanding on the bonds is reflected as a liability (and as a component of unrestricted net position) in the governmental activities column, whereas the associated capital assets financed by this debt are reflected as assets (and as a component of invested in capital assets, net of related debt) in the business-type activities column. The primary government total column has been adjusted to match the debt against the assets in the invested in capital assets, net of related debt category.

E. ADOPTION OF NEW GASB PRONOUNCEMENTS

During the fiscal year ended June 30, 2019, Metro implemented the following GASB Statements that were applicable to Metro's operations:

GASB Statement No. 83, *Certain Asset Retirement Obligations*. Issued November 2016, this statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. Issued April 2018, the objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

F. FUTURE ADOPTION OF GASB PRONOUNCEMENTS

Metro will implement future GASB pronouncements no later than the required effective date. Metro is currently evaluating the applicability of the following GASB pronouncements for their impact on Metro's financial statements in subsequent years:

- GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after December 15, 2018.
- GASB Statement No. 87, *Leases*, effective for reporting periods beginning after December 15, 2019.
- GASB Statement No. 90, *Majority Equity Interests*, effective for reporting periods beginning after December 15, 2018.
- GASB Statement No. 91, *Conduit Debt Obligations*, effective for reporting periods beginning after December 15, 2020.

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, net pension liability and related amounts, 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 liability and related amounts	Net OPEB liability and related amounts	Long-term liabilities/ deferred outflows
Capital assets	$	403,249,504	-	-	-
Accumulated depreciation		(42,316,091)	-	-	-
Deferred pension amounts (deferred outflows)		-	15,627,926	-	-
Net pension liability		-	(40,040,195)	-	-
Deferred pension amounts (deferred inflows)		-	(2,656,233)	-	-
Net OPEB asset		-	-	288,997	-
Deferred OPEB amounts (deferred outflows)		-	-	193,719	-
Net OPEB liability		-	-	(1,040,767)	-
Deferred OPEB amounts (deferred inflows)		-	-	(150,111)	-
Accrued interest payable		-	-	-	(3,518,148)
Arbitrage payable		-	-	-	(522,044)
Bonds payable (net of unamortized premium/discount)		-	-	-	(912,445,338)
Pollution remediation obligation		-	-	-	(2,500)
Compensated absences		-	-	-	(2,327,778)
Deferred charge on refunding		-	-	-	1,120,377
Net adjustment to fund balance-total governmental funds to arrive at net position-governmental activities	$	360,933,413	(27,068,502)	(708,162)	(917,695,431)

IV. 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).

Fair Value Measurements - - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based upon the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 - Unadjusted quoted prices for identical instruments in active markets.

Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active.

Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

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, 2019, Metro had the following investments and maturities presented at fair value within the fair value hierarchy established by GAAP:

Investment Type	Standard & Poor's Ratings	Held by Individual funds	Held by Internal pool	Fair Value Level 1	Fair Value Level 2	Investment Maturities (in months) Less than 3	3-17	18-59
U.S. Treasuries	AA+	$ 441,767,905	133,340,490	575,108,395	-	19,854,966	367,315,992	187,937,437
U.S. Government securities - USGSE	AA+	245,640,962	41,367,860	-	287,008,822	14,504,673	16,622,222	255,881,927
Corporate Debt								
	AA	-	1,880,194	-	1,880,194	-	-	1,880,194
	AA+	-	2,991,837	-	2,991,837	-	-	2,991,837
	AAA	-	7,178,204	-	7,178,204	-	1,248,915	5,929,289
Commercial Paper								
	A-1	-	4,470,130	-	4,470,130	1,991,712	2,478,418	-
Sub-total		687,408,867	191,228,715	575,108,395	303,529,187	36,351,351	387,665,547	454,620,684
State Treasurer's investment pool		11,900,669	35,068,988					
Total Investments		699,309,535	226,297,702					
Cash deposits		-	22,119,323					
Total cash and investments		$ 699,309,535	248,417,025					
Per statement of net position:								
Unrestricted		$ -	159,243,968					
Restricted		699,309,535	89,173,057					
Total		$ 699,309,535	248,417,025					

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. 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, 2019, 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, 2019, 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, 2019 Metro was in compliance with all percentage restrictions. More than 5 percent of Metro's total investments are in securities by the following issuers:

Issuer	Percentage of Total Investments (Total Entity Concentration)	Policy Allowed Maximum	Fund Concentrations Exceeding Total Entity Concentration		
			Oregon Zoo Infrastructure Fund	Natural Areas Fund	Affordable Housing Fund
Federal Home Loan Bank (FHLB)	22.3%	40.0%	-	-	30.1%
Federal Home Loan Mortgage Corp (FHLMC)	6.7%	40.0%	-	-	7.8%
State Treasurer's Investment Pool	5.1%	100.0%	37.9%	-	-
U.S. Treasuries	62.1%	100.0%	62.1%	100.0%	62.1%

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
Gresham Civic	NW Civic Drive & NW 15th, Gresham, OR	$2,649,104
Milwaukie Town Center	10700 SE McLoughlin Boulevard, Milwaukie, OR	409,186
The Crossings	Section 4, Township 1 South, Range 3 East (Parcel 2), Gresham, OR	355,850
Elmonica	Section 6DB, Township 1 South, Range 1 West (Parcel R0037258), Beaverton, OR	802,427
		$4,216,567

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. Von Ebert Brewing Loan

Metro leased property to Von Ebert Brewing as part of the operation of the Glendoveer Golf Course. Under the lease agreement, Metro advanced money to pay for certain tenant improvements, with repayment to occur over time.

Details on loans receivable at June 30 are as follows:

Maximum Term	Interest Rate	First Payment	Last Payment	Payment Frequency	TOD Loans	Von Ebert Loan	Total Loans
50 years	0 to 1%	3/15/2026	3/15/2056	annually	$ 628,730	-	628,730
50 years	0 to 1%	3/1/2028	3/1/2058	annually	405,142	-	405,142
60 months	3.5%	7/1/2018	6/1/2023	monthly	-	32,464	32,464
					$ 1,033,872	32,464	1,066,336

D. CAPITAL ASSETS

Capital asset balances and activity for fiscal year 2019 were as follows:

		Balance July 1, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Governmental activities:						
Capital assets, non-depreciable:						
Land	$	290,485,603	9,849,767	(33,393)	519,581	300,821,558
Intangible-easements		11,654,470	575,722	(4,059)	(18,904)	12,207,229
Artwork		359,039	364	(4,768)	(83,649)	270,986
Construction in progress		2,372,289	725,728	(115,803)	2,759,621	5,741,835
Total non-depreciable		304,871,401	11,151,581	(158,023)	3,176,649	319,041,608
Capital assets, depreciable:						
Buildings and exhibits		38,915,535	10,943,443	(105,808)	(9,977,235)	39,775,935
Improvements		30,538,641	1,438,629	(289,234)	(1,198,126)	30,489,910
Equipment and vehicles		5,120,543	1,407,685	(270,858)	(950,337)	5,307,033
Intangible-software		6,390,900	559,810	-	(227,106)	6,723,604
Office furniture and equipment		2,125,147	993	(213,734)	(993)	1,911,413
Total depreciable		83,090,766	14,350,560	(879,634)	(12,353,797)	84,207,895
Accumulated depreciation:						
Buildings and exhibits		(15,943,716)	(955,425)	51,185	9,381	(16,838,575)
Improvements		(13,911,296)	(1,417,022)	202,099	50,277	(15,075,942)
Equipment and vehicles		(2,985,491)	(400,479)	246,680	13,365	(3,125,925)
Intangible-software		(5,582,092)	(89,627)	-	(6,446)	(5,678,165)
Office furniture and equipment		(1,767,135)	(42,522)	201,795	10,378	(1,597,484)
Total accumulated depreciation		(40,189,730)	(2,905,075)	701,759	76,955	(42,316,091)
Total capital assets, depreciable, net		42,901,036	11,445,485	(177,875)	(12,276,842)	41,891,804
Governmental activities capital assets, net	$	347,772,437	22,597,066	(335,898)	(9,100,193)	360,933,412

	Balance July 1, 2018	Increases	Decreases	Transfers	Balance June 30, 2019
Business-type activities:					
Capital assets, non-depreciable:					
Land	$ 21,045,160	-	-	-	21,045,160
Artwork	1,786,866	100	-	82,555	1,869,521
Construction in progress	5,130,994	3,221,247	(145,728)	15,036,405	23,242,918
Total non-depreciable	27,963,020	3,221,347	(145,728)	15,118,960	46,157,599
Capital assets, depreciable:					
Buildings and exhibits	459,475,412	1,464,526	(8,647,102)	(2,015,921)	450,276,915
Improvements	35,261,103	(48,025)	(3,851,996)	(841,810)	30,519,272
Equipment and vehicles	31,355,761	4,773,454	(3,667,745)	(2,758,412)	29,703,058
Intangible-software	1,983,997	66,408	(67,901)	(66,408)	1,916,096
Office furniture and equipment	2,005,279	248,211	(165,748)	(179,330)	1,908,412
Railroad equipment and facilities	3,668,673	-	-	-	3,668,673
Total depreciable	533,750,225	6,504,574	(16,400,492)	(5,861,881)	517,992,426
Accumulated depreciation:					
Buildings and exhibits	(193,886,446)	(5,096,848)	6,396,982	(139,318)	(192,725,630)
Improvements	(26,073,968)	(907,377)	3,589,321	(2,850)	(23,394,874)
Equipment and vehicles	(19,333,296)	(1,425,992)	3,279,925	(30,051)	(17,509,414)
Intangible-software	(1,552,043)	688,339	67,901	(44)	(795,847)
Office furniture and equipment	(1,267,191)	(180,200)	162,874	15,401	(1,269,116)
Railroad equipment and facilities	(845,190)	(351,005)	-	(24)	(1,196,219)
Total accumulated depreciation	(242,958,134)	(7,273,083)	13,497,003	(156,886)	(236,891,100)
Total capital assets, depreciable, net	290,792,091	(768,509)	(2,903,489)	(6,018,767)	281,101,326
Business-type activities capital assets, net	$ 318,755,111	2,452,838	(3,049,217)	9,100,193	327,258,925

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, 2019.

Bond proceeds accounted for in the Oregon Zoo Infrastructure and Animal Welfare capital projects fund in governmental activities are expended for the benefit of the Oregon Zoo enterprise fund, and the resulting assets are owned and depreciated by the enterprise fund. This asset activity is shown as transfers from governmental activities to business-type activities.

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	$ 1,316,577
Culture and recreation	1,609,690
Total depreciation expense - governmental activities	$ 2,926,267
Business-type activities:	
Solid Waste	$ 900,773
Oregon Zoo	1,935,090
MERC	4,444,822
Total depreciation expense - business-type activities	$ 7,280,685

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, 2019 were:

		Governmental Activities	Business-type Activities
Advance ticket sales/ registrations	$	30,714	8,994,885
Unredeemed gift certificates		68,594	149,043
Grant and contract drawdowns prior to meeting all eligibility requirements		84,924	-
Total	$	184,232	9,143,929

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 adjustments, which are capped at 2.0 percent per year.

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. The surviving spouse or other person may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70 ½ years.

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 adjustments, which are capped at 2.0 percent per year.

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, 2015 actuarial valuation. The rates, based on a percentage of payroll, first became effective July 1, 2017. 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 16.30 percent and 9.71 percent of subject payroll, respectively. Employer contributions recognized by PERS for the fiscal year ended June 30, 2019 were $8,097,797.

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, Tigard, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Actuarial valuation – The employer contribution rates effective July 1, 2017, through June 30, 2019, 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, 2016
Experience Study Report	2016, published July 26, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of combined payroll; 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	2.50 percent
Investment rate of return	7.50 percent
Projected salary increases	3.50 percent
Mortality	**Healthy retirees and beneficiaries:** RP-2014 Healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. **Active members:** RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation. Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.

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 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Discount rate. The discount rate used to measure the total pension liability was 7.20 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
Real estate	9.5	15.5	12.5
Private equity	13.5	21.5	17.5
Alternative equity	0.0	12.5	12.5
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 2015 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	8.0	%	3.5	%
Short-term bonds	8.0		3.4	
Bank/leveraged loans	3.0		5.1	
High yield bonds	1.0		6.5	
Large/mid cap US equities	15.8		6.3	
Small cap US equities	1.3		6.7	
Micro cap US equities	1.3		6.8	
Developed foreign equities	13.1		6.7	
Emerging foreign equities	4.1		7.5	
Non-US small cap equities	1.9		7.0	
Private equity	17.5		7.8	
Real estate (property)	10.0		5.5	
Real estate (REITS)	2.5		6.4	
Hedge fund of funds - diversified	2.5		4.1	
Hedge fund - event-driven	0.6		5.9	
Timber	1.9		5.6	
Farmland	1.9		6.2	
Infrastructure	3.8		6.6	
Commodities	1.9		3.8	
Assumed inflation - mean			2.5	

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate – The following presents Metro's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.20 percent, as well as what Metro's proportionate share of the net pension liability would be if it were calculated using a discount rate that was one percentage-point lower or one percentage-point higher than the current rate:

Metro's Net Pension Liability (Asset)	1% Decrease (6.50%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
Defined benefit pension plan	$151,637,561	90,736,337	40,467,361

Determination of Metro's proportionate share – Metro's actuarially determined proportionate share of the plan amounts was 0.59897179 percent for the fiscal year ended June 30, 2018 (measurement date). Metro's share of pension balances are determined by rolling forward the total net pension liability (actuarially determined at December 31, 2016) to the measurement date of June 30, 2018 and subtracting the plan's net position as of June 30, 2018.

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, 2019, Metro reported a payable of $733,200 for the outstanding amount of legally required pension contributions to the pension plan for the fiscal year ended June 30, 2019.

Pension Expense, Net Pension Liability or Asset, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - For the fiscal year ended June 30, 2019, Metro recognized a net pension liability of $90,736,337 and a pension expense of $17,667,893. At June 30, 2019, 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**
Differences between expected and actual experience in the measurement of the total pension liability	$	1,362,048	-	1,724,531	-
Changes in assumptions		9,309,269	-	11,786,757	-
Net difference between projected and actual earnings on pension plan investments		-	1,778,011	-	2,251,195
Changes in the employer's proportion		1,383,207	45,316	1,751,322	57,375
Differences between employer contributions and employer's proportionate share of system contributions		-	832,906	-	1,054,569
Total (prior to post-measurement date contributions)	$	12,054,524	2,656,233	15,262,610	3,363,139
Contributions subsequent to the measurement date		3,573,402	-	4,524,395	-
Net deferred outflows/(inflows) of resources	$	15,627,926	2,656,233	19,787,005	3,363,139

The $8,097,797 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in subsequent years as follows (outflows and inflows netted):

Fiscal Year Ended June 30		Governmental activities	Business-type activities
2020	$	5,071,137	6,420,724
2021		3,689,693	4,671,636
2022		(161,546)	(204,538)
2023		565,345	715,801
2024		233,662	295,848
Total	$	9,398,291	11,899,471

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.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5, 10, 15, 20 year period or an anticipated life span option. Each distribution option has a $200 minimum distribution limit.

Death Benefits – Upon the death of a non-retired member, the beneficiary receives a lump sum of the member's account balance, rollover account balance, and the vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Metro paid contributions to the IAP of $1,931,285 for the fiscal year ended June 30, 2019, which is included in payroll and fringe benefits expense. At June 30, 2019, a payable to the IAP portion of the plan in the amount of $323,369 for the contractually required contributions for the month

H. OTHER POSTEMPLOYMENT BENEFITS

The other postemployment benefits (OPEB) for Metro combines two separate plans. Metro provides an implicit rate subsidy for retiree health insurance premiums, and a contribution to the State of Oregon's PERS cost-sharing multiple-employer defined health insurance benefit plan.

1. Metro Retiree Health Insurance Plan – Implicit Rate Subsidy

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 rate 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 implicit rate 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 has not established a trust that meets the criteria in paragraph 4 of GASB Statement 75 for the accumulation of assets. Metro's single-employer OPEB plan does not issue a publicly available financial report.

Benefits Provided – The plan provides eligible retirees and their dependents under age 65 the same health care coverage at the same premium rates as offered to active employees. The retiree is responsible for the premiums. As of the valuation date of July 1, 2017, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	20
Active employees	818
	838

Total OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Metro's total OPEB liability of $2,823,833 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017. For the fiscal year ended June 30, 2019, Metro recognized OPEB expense from this plan of $250,982. At June 30, 2019, Metro reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

Sources		Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$	-	186,508
Benefit payments		164,866	-
Total	$	164,866	186,508

Deferred outflows of resources related to OPEB of $186,508 resulting from Metro's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30:	
2020	$28,324
2021	28,324
2022	28,324
2023	28,324
2024	28,324
Thereafter	44,888
Total	$186,508

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2017 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Salary increases	3.50 percent
Mortality	Employee and Healthy Annuitant tables, no collar, sex distinct for members and dependents. For male members and dependents only, a one year setback is applied. Future mortality improvement is not projected as it would be immaterial to the valuation.
Discount rate	3.87 percent (change from 3.58 percent in previous measurement period)
Healthcare cost trend rate	Medical and vision 10.75 percent in the first year, 5.75 in the second year. Dental: 4.00 percent per year

The discount rate was based on Bond Buyer 20-Year General Obligation Bond Index.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance as of June 30, 2018	$2,766,903
Changes for the year:	
Service cost	176,683
Interest on total OPEB liability	102,623
Effect of assumptions changes or inputs	(66,972)
Benefit payments	(155,404)
Balance as of June 30, 2019	$2,823,833

Changes in assumptions is the result of the change in the discount rate from 3.58 to 3.87.

Sensitivity of the Total OPEB Liability - The following presents Metro's total OPEB liability, as well as what the liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87 percent) or 1-percentage-point higher (4.87 percent) than the current discount rate. A similar sensitivity analysis is then presented for changes in the healthcare trend assumption.

Discount Rate:

		1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB Liability	$	3,061,782	2,823,833	2,603,472

Healthcare Cost Trend Rate:

		1% Decrease (4.75% increasing to 5.00%)	Current Healthcare Cost Trend Rate (5.75% increasing to 6.00%)	1% Increase (6.75% increasing to 7.00%)
Total OPEB Liability	$	2,524,686	2,823,833	3,175,180

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. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums for eligible retirees. 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 hired after August 29, 2003. PERS issues publicly available financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling 1-888-320-7377, or by accessing the PERS web site at http://oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx

Benefits Provided – 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. 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 on or after September 29, 1991.

Contributions - PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Metro's contribution rates for the period were 0.50 percent for Tier One/Tier Two members, and 0.43 percent for OPSRP members. Metro's total for the year ended June 30, 2019 contributions was $316,594.

Total OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - At June 30, 2019, Metro reported an asset of $668,163 for its proportionate share of the OPERS net OPEB asset. The net OPEB asset was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation as of December 31, 2016. Metro's proportion of the net OPEB asset was based on Metro's contributions to the RHIA program during the measurement period relative to contributions from all participating employers. At June 30, 2018, Metro's proportionate share was 0.6165 percent, which is a decrease from its proportion of 0.6034 percent as of June 30, 2017.

For the year ended June 30, 2019, Metro recognized OPEB income from this plan of $66,758. At June 30, 2019, Metro reported deferred outflows of resources and deferred inflows of resources related to this OPEB plan from the following sources:

Sources		Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on investments	$	-	148,366
Changes of assumptions		-	2,183
Changes in proportionate share		-	4,211
Differences between expected and actual experience		-	39,000
Contributions subsequent to the measurement date		316,594	-
Total	$	316,594	193,760

Deferred outflows of resources related to OPEB of $316,594 resulting from Metro's contributions subsequent to the measurement date will be recognized as either a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal year ending June 30:	
2020	$64,614
2021	64,225
2022	50,173
2023	14,748
Total	$193,760

Actuarial Assumptions and Other Inputs

The total OPEB asset based on the December 31, 2015 valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	December 31, 2016
Measurement date	June 30, 2018
Experience Study Report	2016, published July 26, 2017
Actuarial assumptions:	
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Long-term expected rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increases	3.50 percent
Healthcare cost trend rate	Not applicable

Mortality	**Healthy retirees and beneficiaries:** RP-2000 Sex Distinct, generational per Scale BB, 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 (70 percent for males, 95 percent for females) of the RP-2000 Sex-distinct, generational per Scale BB, disabled mortality table.

All other actuarial methods and assumptions are consistent with those disclosed in the OPERS Pension Plan. See Note V.G.1, for additional information on Actuarial Assumptions and Methods, the Long-Term Expected Rate of Return, and the Discount Rate.

Sensitivity of Metro's proportionate share of the net OPEB liability (asset) to changes in the discount rate - The following presents Metro's proportionate share of the net OPEB liability (asset), calculated using the discount rate of 7.20 percent, as well as what Metro's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate of 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

		1% Decrease (6.2%)	Current Discount Rate (7.2%)	1% Increase (8.2%)
Total OPEB Liability (Asset)	$	(400,682)	(688,162)	(932,867)

OPEB Plan Fiduciary Net Position - Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

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 2019, this resulted in a contracted per ton unit price of $24.19 for the first 137,500 tons and a declining incremental price scale for each ton of waste in excess of 137,500 tons. For the first six months of fiscal year 2020, this rate will increase to $24.84.

2. Waste Transport

Solid waste transport from Metro facilities to Columbia Ridge Landfill and other disposal sites is privately contracted through December 31, 2029. This time frame encompasses two contracts with the same vendor. The first contract will expire December 31, 2019 and the second contract starts on January 1, 2020. Both contracts specify a per load unit price that is adjusted annually on July 1 each year, although the second contract has additional price elements per load.

The sun-setting contract adjusts in an amount equivalent to 75 percent of the CPI. For the first six months of fiscal year 2020, the unit load price equated to a rate of $688.89 (equivalent to about $20.73 per ton). For the last six months of fiscal year 2020, the unit price is $591.23 per load. The new contract will adjust the per load unit price by a percentage equal to 95 percent of the annual percent change of CPI. The additional unit prices for the new contract include a mile tax of $66.71 and wage increase of $27.63 per load. Both additional costs per load are *not* subject to the CPI increases.

Both contracts call 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 coast of each load.

Metro has two separate contracts with a fuel provider for over-the-road diesel fuel. These contracts set a price per gallon that is tied to a national weekly fuel index. The current fuel contract expires on December 31, 2019 and the new contract expires December 31, 2024.

3. Metro South Station

The operation of Metro South, a solid waste transfer station and materials recovery facility, is privately contracted through December 31, 2024, although on December 31, 2019 the current contract will end and a new operator will take over on January 1, 2020. For fiscal year 2019, the agreement sets an annual fixed payment of $1,108,916, a price of $5.54 per ton of putrescible waste, a price of $14.11 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 2019, Metro paid $53.34 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 current contractor provides transfer services and arranges for transport and processing.

The new contract starting January 1, 2020 will not have annual fixed payments but will have agreed upon payments for wages, maintenance, and equipment ownership. These are not subject to CPI but are monthly reimbursements that include profit margins. Similar to the current contract, there are prices for putrescible and non-putrescible waste and other waste materials that are subject to CPI adjustments annually.

4. Metro Central Station

The operation of Metro Central, a solid waste transfer station and materials recovery facility, is privately contracted through December 31, 2021. For fiscal year 2019, the agreement sets an annual fixed payment of $2,439,642, a price of $3.76 per ton of putrescible waste, a price of $16.98 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. This contract is in consideration for extension for two more calendar years. For fiscal year 2019, Metro paid $65.78 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 three fiscal years for all of the previously described contracts. The figures for Metro South and Metro Central reflect costs and tonnage as estimated at current contract prices and tonnage from the tonnage forecast as adopted by council in fiscal year 2019 and at various contract expiration dates.

Fiscal year ending June 30:	Columbia Ridge Landfill	Waste Transport	Metro South	Metro Central
2020	$10,005,417	11,048,750	8,506,404	7,764,832
2021	9,604,888	11,119,229	7,698,797	8,438,813
Total	$19,610,305	22,167,979	16,205,201	16,203,645

5. Affordable Housing

Metro Council has approved the following projects under the Affordable Housing Bond program. The projects fund affordable housing for low-income families, seniors, veterans and people with disabilities in the Metro region.

Housing Partner	Project	Commitment
City of Beaverton	Mary Ann Apartments	$ 3,000,000
Home Forward	Dekum Court	22,894,240
Washington County Housing Authority	72nd & Baylor Apartments	11,440,000
Housing Authority Clackamas County	1088 Weber, Gladstone	2,700,000
Total		$ 40,034,240

6. Construction Projects

Metro is committed under a number of contracts for construction services. The amount of major uncompleted contracts is approximately $660,000 at June 30, 2019.

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 October 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 and $26,276 beginning November 1, 2019. $168,288 was paid on the lease in fiscal year 2019.

The future minimum lease payments are as follows:

Fiscal year ending June 30:	
2020	$266,306
2021	315,315
2022	315,315
2023	315,315
2024	315,315
2025-29	1,576,575
2030-34	1,576,575
2035-39	1,576,575
2040-44	1,576,575
2045-49	1,576,575
2050-54	1,576,575
2055-59	1,576,575
2060-64	1,576,575
2065-69	1,576,575
2070-74	1,576,575
2075-79	1,576,575
2080-84	1,366,365
Total	$20,236,256

K. BONDS PAYABLE

Metro issues a variety of long-term debt types to finance capital projects and some capital equipment. The Tax Reform Act of 1986 requires that governmental entities issuing tax-exempt debt after August 1986 calculate and rebate arbitrage earnings to the federal government. Metro's tax-exempt debt is in compliance with all Internal Revenue Service arbitrage regulations. The government-wide financial statements include a reported arbitrage liability of $522,047 as of June 30, 2019.

The various debt issues are discussed below.

Governmental Activities

1. 2012A and 2018 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 and an additional $75,000,000 of 2012A Series 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. On May 15, 2018, Metro issued $28,105,000 of Series 2018 bonds, which is the final issuance of bonds authorized under the 2006 voter approved measure.

In prior years, 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 defeased bonds have been called and paid and the escrow account for the defeasance is closed.

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 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:	2012A Series		2014 Series		2018 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	4,610,000	2,335,950	15,115,000	755,750	8,110,000	1,024,000
2021	5,300,000	2,105,450	-	-	1,705,000	618,500
2022	6,045,000	1,840,450	-	-	1,835,000	533,250
2023	6,840,000	1,538,200	-	-	1,975,000	441,500
2024	7,690,000	1,196,200	-	-	2,125,000	342,750
2025-26	18,145,000	1,193,900	-	-	4,730,000	359,000
	48,630,000	10,210,150	15,115,000	755,750	20,480,000	3,319,000
Unamortized premium	7,418,566		1,121,652		2,222,000	
Per statement of net position	56,048,566		16,236,652		22,702,000	

2. 2012A, 2016, and 2018 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. Also in prior years, Metro issued $65,000,000 of 2012A Series bonds and $30,000,000 of 2016 Series bonds. On May 15, 2018, Metro issued $10,000,000 of Series 2018 bonds, which is the final issuance of bonds authorized under the 2008 voter approved measure.

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 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:	2012A Series		2016 Series		2018 Series	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	$3,050,000	1,791,325	8,105,000	405,250	1,645,000	494,250
2021	3,350,000	1,638,825	-	-	745,000	412,000
2022	3,665,000	1,471,325	-	-	815,000	374,750
2023	4,000,000	1,288,075	-	-	890,000	334,000
2024	4,360,000	1,088,075	-	-	975,000	289,500
2025-28	21,365,000	2,109,075	-	-	4,815,000	626,500
	$39,790,000	9,386,700	8,105,000	405,250	9,885,000	2,531,000
Unamortized premium	5,966,063		761,608		1,342,337	
Per statement of net position	$45,756,063		8,866,608		11,227,337	

3. 2019 Series Affordable Housing General Obligation Bonds

On November 6, 2018, the region's voters granted authority for a total of $652.8 million in general obligation bonds to fund affordable housing projects for low-income families, seniors, veterans and people with disabilities in the Metro region which includes Washington, Clackamas, and Multnomah counties. On May 15, 2019, Metro issued $652,800,000 of federally taxable Series 2019 bonds authorized under the 2018 voter approved measure.

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 3.0 percent to 3.5 percent.

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

Fiscal year ending June 30:	Principal	Interest
2020	$12,140,000	22,673,587
2021	14,575,000	21,283,854
2022	16,160,000	20,773,728
2023	17,835,000	20,208,129
2024	19,600,000	19,583,904
2025-29	127,635,000	86,651,994
2030-34	185,165,000	63,241,784
2035-39	259,690,000	28,278,800
	652,800,000	282,695,780
Unamortized premium	2,613,929	
Per statement of net position	$655,413,929	

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 1.3 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
2020	$1,295,000	92,841
2021	1,320,000	70,595
2022	1,345,000	44,263
2023	1,370,000	15,070
Per statement of net position	$5,330,000	222,769

5. Full Faith and Credit Bonds 2018 Series

On May 24, 2018, Metro issued $13,290,000 of Full Faith and Credit Bonds, Series 2018 to fund renovations, upgrades and repairs to two existing Metro properties, the Metro Regional Center (MRC) building and Lone Fir Cemetery. The MRC building projects include exterior and interior replacements and upgrades and Information Services infrastructure. The Lone Fir Cemetery projects include a retaining wall replacement, fencing, and security and safety upgrades.

The bonds are payable from existing Metro revenues which includes assessments on departments to pay for their share of the MRC building upgrade costs along with other General Fund revenues. 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
2020	-	586,450
2021	-	586,450
2022	-	586,450
2023	-	586,450
2024	$1,060,000	586,450
2025-29	6,160,000	2,081,250
2030-33	6,070,000	522,550
	13,290,000	5,536,050
Unamortized premium	1,699,463	
Per statement of net position	$14,989,463	

6. Dedicated Tax Revenue Bonds OCC Hotel Project 2017 Series

On August 8, 2017, Metro issued $52,260,000 in Dedicated Tax Revenue Bonds, Oregon Convention Center Hotel project, Series 2017 to fund a contribution to the construction of a 600-room hotel adjacent to the OCC, a project to assist in marketing the OCC for national conventions.

Metro negotiated with a development partner who committed to design and construct the hotel, which will ultimately be owned and operated by Hyatt Hotels Corporation; these parties are providing approximately $166 million of the estimated $240 million cost. As part of the Development and Financing Agreement, Metro committed to provide a portion of the funding, consisting of the revenue bonds, $4 million contributed by the MERC Proprietary Fund and $10 million received previously from the State of Oregon lottery funds. Metro has transferred these funding sources to the developer.

The bonds are backed by site specific transient lodging tax revenue. 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
2020	$895,000	2,505,600
2021	930,000	2,469,800
2022	965,000	2,432,600
2023	1,005,000	2,394,000
2024	1,055,000	2,343,750
2025-29	6,110,000	10,874,000
2030-34	7,800,000	9,185,500
2035-39	9,955,000	7,030,500
2040-44	12,705,000	4,280,000
2045-47	9,250,000	940,000
	50,670,000	44,455,750
Unamortized premium	8,219,720	
Per statement of net position	$58,889,720	

7. 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
2020	$1,325,000	848,008
2021	1,480,000	783,627
2022	1,645,000	709,567
2023	1,820,000	627,252
2024	2,010,000	536,179
2025-28	8,705,000	1,034,326
Per statement of net position	$16,985,000	4,538,959

Business-type Activities

8. Full Faith and Credit Refunding Bonds 2016 Series

In prior years, Metro issued $7,385,000 of Full Faith and Credit Refunding Bonds, Series 2016 to refund all callable outstanding 2006 Series Oregon Local Governments Full Faith and Credit Bonds. 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 1.5 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
2020	$865,000	154,775
2021	890,000	126,475
2022	920,000	101,400
2023	950,000	75,875
2024	965,000	49,450
2025	1,005,000	15,075
	5,595,000	523,050
Unamortized premium	504,360	
Per statement of net position	$6,099,360	

L. CHANGES IN LONG-TERM LIABILITIES

The following changes occurred during fiscal year 2019 in long-term liabilities:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	$ 179,415,000	652,800,000	(37,410,000)	794,805,000	52,775,000
Full faith and credit bonds	19,900,000	-	(1,280,000)	18,620,000	1,295,000
Dedicated tax revenue bonds	51,535,000	-	(865,000)	50,670,000	895,000
Pension obligation bonds	18,170,000	-	(1,185,000)	16,985,000	1,325,000
Less unamortized amounts:					
For premium or discount	33,435,439	2,630,334	(4,700,435)	31,365,338	-
Total bonds payable	302,455,439	655,430,334	(45,440,435)	912,445,338	56,290,000
Pollution remediation obligation	2,500	-	-	2,500	-
Net other postemployment benefits	1,025,771	72,609	(57,613)	1,040,767	-
Compensated absences	2,329,500	2,327,778	(2,329,500)	2,327,778	2,327,778
Net pension liability	35,297,835	8,101,523	(3,359,163)	40,040,195	-
Governmental activity Long-term liabilities	$ 341,111,045	665,932,244	(51,186,711)	955,856,578	58,617,778
Business-type activities:					
Bonds payable:					
Full faith and credit bonds	$ 6,420,000	-	(825,000)	5,595,000	865,000
Less unamortized amounts:					
For premium or discount	597,472	-	(93,112)	504,360	-
Total bonds payable	7,017,472	-	(918,112)	6,099,360	865,000
Post-closure costs payable	5,621,806	-	(732,754)	4,889,052	647,777
Pollution remediation obligation	698,000	515,753	(155,753)	1,058,000	-
Net other postemployment benefits	1,741,132	139,725	(97,791)	1,783,066	-
Compensated absences	2,601,222	2,725,117	(2,601,222)	2,725,117	2,549,996
Net pension liability	44,505,709	10,425,875	(4,235,442)	50,696,142	-
Business-type activity Long-term liabilities	$ 62,185,341	13,806,470	(8,741,074)	67,250,737	4,062,773

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 and net pension liabilities 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, 2019, there were 7 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, 2019 is estimated to be $51,138,900 under current Federal and state regulations, a reduction of $14,312 in the current fiscal 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 $718,442 in closure costs as the closure process continued ($46,249,849 cumulative to date); reducing the remaining estimated liability to $4,889,052 at June 30, 2019.

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 and Metro is currently awaiting DEQ approval for this year's 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, reflected in 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 increased in the current fiscal year by $515,753 to reflect the progress and monitoring activities. Actual cost may vary due to inflation or deflation, changes in technology, or changes in regulations. Metro paid $155,753 in remediation costs, reducing the estimated liability to $675,000 at June 30, 2019.

Other Metro properties fall within the Initial Study Area of the Portland Harbor Superfund site adjacent to the Portland Harbor. The area has been under investigation 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. EPA issued a Record of Decision outlining the Selected Remedy in January 2017, which includes dredging, capping, and enhanced natural recovery, estimated to take 13 years to complete. Costs associated with investigations and studies as they pertain to Metro properties and the allocation of such costs among participating responsible parties (PRPs) are still being determined. The PRPs have engaged an allocator to develop a method for allocation of costs associated with the remedial investigation and feasibility study. Costs associated with the Selected Remedy also are not estimable and therefore none of these costs have been included in Metro's pollution remediation obligation as of June 30, 2019.

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, 2019.

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 $1,060,500.

O. FUND BALANCE CLASSIFICATIONS

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

	General Fund	Parks and Natural Areas Local Option Levy Special Revenue Fund	Affordable Housing Special Revenue Fund	General Obligation Bond Debt Service Fund	Major Capital Project Funds		Other Funds	Total
					Oregon ZIAW Fund	Natural Areas Fund		
Fund balances:								
Nonspendable:								
Not in spendable form								
Prepaid items	$ 161,669	1,083	-	-	-	-	-	162,752
Long-term amount of loans receivable	24,769	-	-	-	-	-	-	24,769
Corpus of permanent fund	-	-	-	-	-	-	646,913	646,913
Total nonspendable	186,438	1,083	-	-	-	-	646,913	834,434
Restricted for:								
TOD projects	22,367,527	-	-	-	-	-	-	22,367,527
Planning IGA	9,654,957							9,654,957
Glendoveer operations	133,421	-	-	-	-	-	-	133,421
Parks and Natural Areas	-	7,039,532	-	-	-	-	-	7,039,532
Debt service on bonds	3,383,786	-	-	3,178,629	-	-	-	6,562,415
Smith & Bybee Wetlands mgmt plan	-	-	-	-	-	-	2,076,632	2,076,632
Community Enhancement	851,000	-	-	-	-	-	583,563	1,434,563
Willamette Falls Legacy project	14,566,289	-	-	-	-	-	-	14,566,289
Affordable Housing	-	-	654,512,006	-	-	-	-	654,512,006
Capital projects:								
Bond funded programs	13,059,371	-	-	-	35,346,860	22,533,218	21,793	70,961,242
Total restricted	64,016,351	7,039,532	654,512,006	3,178,629	35,346,860	22,533,218	2,681,988	789,308,584
Committed to:								
Construction excise tax for development planning	12,493,221	-	-	-	-	-	-	12,493,221
Total restricted	12,493,221	-	-	-	-	-	-	12,493,221
Assigned to:								
Appropriated fund balance	15,529,940	-	-	-	-	-	-	15,529,940
Permanent fund programs	-	-	-	-	-	-	36,772	36,772
Total assigned	15,529,940	-	-	-	-	-	36,772	15,566,712
Unassigned	9,988,598	-	-	-	-	-	-	9,988,598
Total fund balances	$ 102,214,548	7,040,615	654,512,007	3,178,629	35,346,859	22,533,217	3,365,673	828,191,548

P. INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund receivables and payables are detailed in the table below.

		Payable Fund/Entity						
		Due to Other Funds			***Advances from Other Funds***		***Internal balances***	
Interfund receivables and payables detail		*(portion of interfund loans expected to be repaid in the subsequent year)*			*(portion of interfund loans not scheduled to be repaid in the subsequent year)*		*(to reflect the consolidation of internal service fund activities)*	*Assets per fund statements*
		General	Oregon Zoo	MERC	General	Oregon Zoo	Business-type activities	
Receivable Fund/Entity								
Due from Other Funds *(portion of interfund loans expected to be repaid in the subsequent year)*								
General	$							-
Solid Waste		50,000	418,000					468,000
Advances to Other Funds *(portion of interfund loans not scheduled to be repaid in the subsequent year)*								
Solid Waste						1,768,000		1,768,000
Internal balances *(to reflect the consolidation of internal service fund activities)*								
Governmental activities							1,823,803	
Liabilities per fund statements	$	50,000	418,000	-	-	1,768,000		
Reconciliation to government-wide statements:								
Receivables/Payables between government-wide activity types:								
Due to/from other funds							(50,000)	
Internal balances per the government-wide statement of net position							$1,773,803	

The loan from General Fund to MERC Fund is to finance the Portland Streetcar loop extension. Loans from Solid Waste Fund to General Fund and Oregon Zoo Fund are to finance various capital projects.

Note that amounts shown between Solid Waste and Oregon Zoo net within business-type activities in internal balances

Interfund transfers for the fiscal year by fund were:

		Transfers in				
Transfers out		**General**	**Solid Waste**	**Oregon Zoo**	**MERC**	**Total**
General	$	-	185,570	13,721,249	400,000	14,306,819
Parks & Natural Areas		70,959	-	-	-	70,959
Affordable Housing		297				297
Oregon Zoo Infrastructure		5,685	-	-	-	5,685
Natural Areas		1,029,557	-	-	-	1,029,557
Solid Waste		259,122	-	-	-	259,122
Oregon Zoo		272,481	-	-	-	272,481
MERC		289,984	-	-	-	289,984
Total	$	1,928,085	185,570	13,721,249	400,000	16,234,904
Reconciliation:						
Capital assets transferred to Governmental Activities from Business-type Activities		(23,826)	-	-	-	(23,826)
Total	$	1,904,259	185,570	13,721,249	400,000	16,211,078

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, to Oregon Zoo for general allocations and renewal and replacement of capital assets, and to MERC for Tourism Opportunity and Competiveness Account; Natural Areas support to the General Fund for the Willamette Falls Riverwalk project; and transfers of PERS reserve balances from various funds to the General Fund.

Q. TAX ABATEMENTS

Metro has not entered into any tax abatement programs. However, Metro is subject to tax abatements granted by the three counties in which Metro operates. Metro's abated property taxes total $6,798,891 for fiscal year 2019. The following two tax abatement programs account for 73 percent of the abated property taxes:

Strategic Investment Program

The Strategic Investment Program (SIP) was adopted by the Oregon legislature in 1993 under ORS 285C.600. The purpose of this program is to attract and keep companies that provide good jobs in Oregon, particularly capital-intensive, high-technology employers. It allows "traded-sector" businesses, such as manufacturing firms, and local governments to negotiate alternative property tax agreements if these businesses are willing to invest at least $100 million at an urban site or at least $25 million at a rural location in Oregon. "Traded sector" is defined in Oregon law as "industries in which member firms sell their goods or services into markets for which national and international competition exists." The project must either receive local approval through a custom agreement with the county/city or be located in a pre-established "Strategic Investment Zone."

SIP allows for tax exemptions on project property for fifteen years. In exchange for receiving a property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor (Washington County).

Oregon Enterprise Zone

The Enterprise Zone program (E-Zone) was adopted by the Oregon legislature under ORS 285C.175. The purpose of this program is to encourage business investment through property tax relief, in specific areas of the state. In exchange for locating or expanding into an Enterprise Zone, eligible (generally non-retail) businesses receive total exemption from the property taxes normally assessed on new plant and equipment. Subject to local authorization, timely filings and criteria the benefits include:

- Construction-in-Process Enterprise Zone Exemption- For up to two years before qualified property is placed in service, it can be exempt from local taxes, which can cover more property than the regular exemption for commercial facilities under construction.
- Three to five consecutive years of full relief from property taxes on qualified property, after it is in service.
- Depending on the zone, local incentives also may be available.

Metro's property tax abatements under these programs for the fiscal year ended June 30, 2019 were:

Tax Abatement Program		Amount of Taxes Abated
SIP	$	4,577,000
E-Zone		389,638
Subtotal major abatement programs		4,966,638
Other immaterial abatement programs		1,832,253
Total	$	6,798,891

R. 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 $727,200 for a single claimant and $1,454,300 per multiple claimants. These statutory limits are indexed and change every year on July 1. Metro carries an excess liability policy of $10 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 $873,407,264 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, 2019. 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 $377,000 reported as accrued self-insurance claims in the *Risk Management Fund* at June 30, 2019 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 1.025 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
2017-18	$	637,000	161,159	267,159	531,000
2018-19		531,000	265,431	419,431	377,000

S. 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 sub grantees.

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.

T. SUBSEQUENT EVENT

On November 6, 2019, voters approved a measure authorizing $475 million in general obligation bonds to protect water quality, fish, wildlife habitat, and natural areas.

The measure authorizes Metro to issue bonds to continue regional investments that improve water quality in local rivers and streams and restore fish and wildlife habitat by protecting land along the Clackamas, Tualatin and Sandy rivers and Johnson, Fanno, Beaver, Newell and other creeks. Bond funds would protect salmon, trout, steelhead and lamprey, help prevent flooding in urban areas and protect and restore culturally significant plant communities.

The measure requires community oversight and independent financial audits. Bond costs estimated at $0.19 per $1,000 of assessed value annually, approximately $4.00 a month for the average homeowner.

It is estimated that the bonds will be issued over time in multiple series beginning in spring 2020. The bonds are to be repaid with proceeds of Metro's *ad valorem* property tax levied each year.

Required 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

Affordable Housing Fund

Postemployment benefits other than pensions Retirement Health Insurance Account

Schedule of District's Propropriate Share of the Net OPEB Liability (Asset)
Schedule of District's Contributions

Postemployment benefits other than pensions Implicit Rate Subsidy

Schedule of District's Changes in Total OPEB Liability and Related Ratios

Oregon Public Employees Retirement System, Pension Plan

Schedule of District's Propropriate Share of Net Pension Liability
Schedule of District's Contributions

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Government fees	$ 67,000	67,000	83,043	16,043
Culture and recreation fees	5,165,570	5,165,570	5,156,720	(8,850)
Other fees	1,813,633	1,813,633	1,971,267	157,634
Internal charges for services	2,341,110	2,341,110	2,341,110	-
Licenses and permits	629,124	629,124	577,621	(51,503)
Miscellaneous revenue	1,448,693	1,448,693	1,550,561	101,868
Operating grants and contributions:				
Grants	12,311,248	12,363,185	8,798,783	(3,564,402)
Local government shared revenue	682,585	682,585	776,061	93,476
Government contributions	3,229,915	7,679,070	13,140,795	5,461,725
General revenues:				
Taxes:				
Property taxes	15,522,590	15,522,590	16,061,721	539,131
Excise taxes	17,774,022	17,774,022	18,587,682	813,660
Construction excise tax	3,742,000	3,742,000	3,583,093	(158,907)
Investment income	250,000	250,000	932,103	682,103
Total revenues	64,977,490	69,478,582	73,560,560	4,081,978
EXPENDITURES				
Council	5,263,816	5,730,710	5,436,042	294,668
Office of the auditor	764,147	764,147	688,974	75,173
Office of Metro attorney	2,733,469	2,733,469	2,528,845	204,624
Information services	6,249,309	6,343,309	5,042,449	1,300,860
Communications	2,072,803	2,072,803	1,875,304	197,499
Finance and regulatory services	5,469,072	5,669,072	5,512,621	156,451
Human resources	3,332,673	3,402,673	3,277,421	125,252
Property and environmental services	2,747,207	2,747,207	2,466,305	280,902
Parks and nature	12,608,665	12,743,665	12,060,011	683,654
Planning and development	18,414,697	22,921,733	13,657,985	9,263,748
Research center	5,188,753	5,278,753	4,682,928	595,825
Special appropriations	4,341,262	4,341,262	2,722,222	1,619,040
Non-departmental:				
Debt service	2,090,587	2,090,587	2,090,587	-

(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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
Expenditures, continued:				
Contingency	$ 2,636,146	1,574,308	-	1,574,308
Total expenditures	73,912,606	78,413,698	62,041,694	16,372,004
Revenues over (under) expenditures	(8,935,116)	(8,935,116)	11,518,866	20,453,982
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	79,919	79,919
Transfers in	20,948,385	20,948,385	20,686,557	(261,828)
Transfers out	(19,096,795)	(19,096,795)	(19,082,075)	14,720
Total other financing sources (uses)	1,851,590	1,851,590	1,684,401	(167,189)
Revenues and other sources over (under) expenditures and other uses	(7,083,526)	(7,083,526)	13,203,267	20,286,793
Beginning fund balance available for appropriation - July 1, 2018	41,432,348	41,432,348	43,888,651	2,456,303
Unappropriated ending fund balance - June 30, 2019	$ 34,348,822	34,348,822	57,091,918	22,743,096

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	$ 13,203,267
General Revenue Bond Fund-General	(15,306,678)
General Asset Management Fund	12,366,903
Budget resources not qualifying as revenues under Governmental GAAP:	
Receipt of interfund loan repayments (transfers)	(719,952)
Additional (decrease to) revenues required by Governmental GAAP:	
Adjustment to value investments at fair value	946,160
Accrual of interest receivable on TOD loans	9,200
Budget requirements not qualifying as expenses under Governmental GAAP:	
Repayment of interfund loans (transfers)	1,550,000
Purchase of assets held for resale	(2,479,922)
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 9,568,978

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Operating grants and contributions:				
Grants	$ 100,000	100,000	331,788	231,788
Government contributions	200,000	200,000	-	(200,000)
Capital grants and contributions:				
Capital contributions and donations	-	-	20,000	20,000
General revenues:				
Taxes:				
Property taxes	15,021,595	15,021,595	15,423,668	402,073
Investment income	6,000	6,000	158,765	152,765
Total revenues	15,327,595	15,327,595	15,934,221	606,626
EXPENDITURES				
Parks and nature	15,444,385	16,015,509	10,457,487	5,558,022
Special appropriations	1,230,000	1,230,000	499,737	730,263
Contingency	2,598,920	2,027,796	-	2,027,796
Total expenditures	19,273,305	19,273,305	10,957,224	8,316,081
Revenues over (under) expenditures	(3,945,710)	(3,945,710)	4,976,997	8,922,707
OTHER FINANCING SOURCES (USES)				
Transfers in	280,000	280,000	280,000	-
Transfers out	(4,111,333)	(4,111,333)	(4,109,861)	1,472
Total other financing sources (uses)	(3,831,333)	(3,831,333)	(3,829,861)	1,472
Revenues and other sources over (under) expenditures and other uses	(7,777,043)	(7,777,043)	1,147,136	8,924,179
Beginning fund balance available for appropriation - July 1, 2018	7,777,043	7,777,043	5,853,585	(1,923,458)
Unappropriated ending fund balance - June 30, 2019	$ -	-	7,000,721	7,000,721

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ 1,147,136
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	85,360
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 1,232,496

METRO
Affordable Housing 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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
General revenues:				
Investment income	$ -	-	250,129	250,129
Total revenues	-	-	250,129	250,129
EXPENDITURES				
Housing	-	10,000,000	4,762,568	(5,237,432)
Total expenditures	-	10,000,000	4,762,568	(5,237,432)
Revenues over (under) expenditures	-	(10,000,000)	(4,512,439)	5,487,561
OTHER FINANCING SOURCES (USES)				
General obligation bond proceeds	-	10,000,000	652,800,000	642,800,000
Premium on bonds sold	-	-	2,630,335	2,630,335
Total other financing sources (uses)	-	10,000,000	655,430,335	645,430,335
Revenues and other sources over expenditures and other uses	-	-	650,917,896	650,917,896
Beginning fund balance available for appropriation - July 1, 2018	-	-	-	-
Unappropriated ending fund balance - June 30, 2019	$ -	-	650,917,896	650,917,896

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ 650,917,896
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	3,594,111
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 654,512,007

METRO

Schedule of District's Proportionate Share of the Net OPEB Liability (Asset)
Oregon Public Employees' Retirement System, Retirement Health Insurance Account
Last Three Fiscal Years

		2017	2018	2019
Metro's proportion of the net OPEB liability (asset)		0.6214%	0.6037%	0.6165%
Metro's proportionate share of the net OPEB liability (asset)	$	168,747	(251,939)	(688,163)
Metro's covered payroll	$	60,051,593	62,262,783	66,236,964
Metro's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll		0.3%	-0.4%	-1.0%
Plan fiduciary net position as a percentage of the total OPEB liability		94.2%	108.9%	124.0%

This schedule is presented to illustrate Metro's proportionate share of net OPEB 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, Retirement Health Insurance Account
Last Three Fiscal Years

		2017	2018	2019
Contractually required contribution	$	317,059	298,503	316,595
Contributions in relation to the contractually required contribution		317,059	298,503	316,595
Contribution deficiency (excess)	$	-	-	-
Metro's covered payroll	$	62,262,783	66,236,964	69,412,840
Contribution as a percentage of covered payroll		0.5%	0.5%	0.5%

This schedule is presented to illustrate Metro's OPEB contributions 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 Changes in Total OPEB Liability and Related Ratios
Implicit Rate Subsidy Plan
Last Two Fiscal Years

		2018	2019
Total OPEB Liability			
Service Cost	$	188,084	176,683
Interest on total OPEB liability		83,594	102,623
Changes of assumptions or other inputs		(168,115)	(66,972)
Benefit payments		(162,251)	(155,404)
Net change in total OPEB liability		(58,688)	56,930
Total OPEB liability, beginning of year		2,825,591	2,766,903
Total OPEB liability, end of year	$	2,766,903	2,823,833
Metro's covered payroll		N/A	N/A
Total OPEB liability as a percentage of covered payroll		N/A	N/A

This schedule is presented to illustrate Metro's changes in total OPEB 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 Proportionate Share of Net Pension Liability
Oregon Public Employees' Retirement System, Pension Plan
Last Six Fiscal Years

		2014	2015	2016	2017	2018	2019
Metro's proportion of the net pension liability (asset)		0.51394738%	0.51394738%	0.55014352%	0.54657727%	0.59201276%	0.59897179%
Metro's proportionate share of the net pension liability (asset)	$	26,233,596	(11,649,721)	31,586,277	82,053,939	79,803,544	90,736,337
Metro's covered payroll	$	50,208,189	52,521,307	55,726,726	60,051,593	62,262,783	66,236,964
Metro's proportionate share of the net pension liability (asset) as a percentage of its covered payroll		52.2%	-22.2%	56.7%	136.6%	128.2%	137.0%
Plan fiduciary net position as a percentage of the total pension liability		92.0%	103.6%	91.9%	80.5%	83.1%	82.1%

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, Pension Plan
Last Ten Fiscal Years

		2010	2011	2012
Contractually required contribution	$	1,249,483	1,306,457	3,914,572
Contributions in relation to the contractually required contribution		1,249,483	1,306,457	3,914,572
Contributions deficiency (excess)	$	-	-	-
Metro's covered payroll	$	49,864,609	51,603,332	52,255,709
Contributions as a percentage of covered payroll		2.5%	2.5%	7.5%

2013	2014	2015	2016	2017	2018	2019
3,746,270	3,840,003	4,062,684	4,729,515	5,315,109	7,594,605	8,097,797
3,746,270	3,840,003	4,062,684	4,729,515	5,315,109	7,594,605	8,097,797
-	-	-	-	-	-	-
50,208,189	52,521,307	55,726,726	60,051,593	62,262,783	66,236,964	69,412,840
7.5%	7.3%	7.3%	7.9%	8.5%	11.5%	11.7%

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 Oregon Zoo Asset Management Fund is a budgetary fund that is combined with the Oregon Zoo Operating 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 five budget amendments during the fiscal year ended June 30, 2019. All five of the amendments were consolidated amendments with multiple actions in each resolution. None of the individual actions within the consolidated amendments were significant.

2. 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.

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 POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY INFORMATION

1. CHANGES IN BENEFIT TERMS

There were no changes of benefit terms between the periods shown in the schedules.

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

2. CHANGES IN ASSUMPTIONS

In the July 1, 2017 actuarial valuation, the OPEB liability discount rate increased from 3.58 percent to 3.87 percent for results as of June 30, 2018 measurement date.

Other Supplementary Information

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 resources are miscellaneous and 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, 2019

	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	$ 2,103,768	828,712	2,932,480	21,568	681,945	3,635,993
Receivables:						
Other	-	36,366	36,366	-	-	36,366
Interest	5,512	2,033	7,545	226	1,740	9,511
Total assets	2,109,280	867,111	2,976,391	21,794	683,685	3,681,870
LIABILITIES						
Liabilities:						
Accounts payable	32,649	283,548	316,197	-	-	316,197
Total liabilities	32,649	283,548	316,197	-	-	316,197
FUND BALANCES						
Nonspendable	-	-	-	-	646,913	646,913
Restricted	2,076,631	583,563	2,660,194	21,794	-	2,681,988
Assigned	-	-	-	-	36,772	36,772
Total fund balances	2,076,631	583,563	2,660,194	21,794	683,685	3,365,673
Total liabilities and fund balances	$ 2,109,280	867,111	2,976,391	21,794	683,685	3,681,870

METRO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the fiscal year ended June 30, 2019

	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	$ -	-	-	-	39,854	39,854
Investment income	66,018	24,548	90,566	3,904	20,160	114,630
Solid waste fees	-	1,077,086	1,077,086	-	-	1,077,086
Total revenues	66,018	1,101,634	1,167,652	3,904	60,014	1,231,570
EXPENDITURES						
Culture and recreation	195,064	1,095,754	1,290,818	170,000	-	1,460,818
Total expenditures	195,064	1,095,754	1,290,818	170,000	-	1,460,818
Revenues over (under) expenditure	(129,046)	5,880	(123,166)	(166,096)	60,014	(229,248)
Net change in fund balances	(129,046)	5,880	(123,166)	(166,096)	60,014	(229,248)
Fund balances - July 1, 2018	2,205,677	577,683	2,783,360	187,890	623,671	3,594,921
Fund balances - June 30, 2019	$ 2,076,631	583,563	2,660,194	21,794	683,685	3,365,673

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.

Metro

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
General revenues:				
Taxes:				
Property taxes	$ 46,202,553	46,202,553	47,884,675	1,682,122
Investment income	25,000	25,000	446,460	421,460
Total revenues	46,227,553	46,227,553	48,331,135	2,103,582
EXPENDITURES				
Debt service:				
Principal	38,145,000	38,145,000	37,410,000	(735,000)
Interest	8,620,553	8,620,553	8,620,553	-
Total expenditures	46,765,553	46,765,553	46,030,553	(735,000)
Revenues over (under) expenditures	(538,000)	(538,000)	2,300,582	2,838,582
Beginning fund balance available for appropriation - July 1, 2018	538,000	538,000	850,861	312,861
Unappropriated ending fund balance - June 30, 2019	$ -	-	3,151,443	3,151,443

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ 2,300,582
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	30,630
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ 2,331,212

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
General revenues:				
Investment income	$ 300,000	300,000	891,484	591,484
Total revenues	300,000	300,000	891,484	591,484
EXPENDITURES				
Oregon Zoo	14,605,087	14,605,087	8,600,708	6,004,379
Contingency	2,500,000	2,500,000	-	2,500,000
Total expenditures	17,105,087	17,105,087	8,600,708	8,504,379
Revenues under expenditures	(16,805,087)	(16,805,087)	(7,709,224)	9,095,863
OTHER FINANCING USES				
Transfers out	(446,647)	(446,647)	(446,647)	-
Total other financing uses	(446,647)	(446,647)	(446,647)	-
Revenues and other sources under expenditures and other uses	(17,251,734)	(17,251,734)	(8,155,871)	9,095,863
Beginning fund balance available for appropriation - July 1, 2018	40,375,000	40,375,000	43,448,114	3,073,114
Unappropriated ending fund balance - June 30, 2019	$ 23,123,266	23,123,266	35,292,243	12,168,977

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ (8,155,871)
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	115,610
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ (8,040,261)

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Miscellaneous revenue	$ -	-	57,920	57,920
Operating grants and contributions:				
Grants	-	261,638	-	(261,638)
Government contributions	-	-	1,450	1,450
Capital grants and contributions:				
Capital contributions and donations	-	-	405,138	405,138
General revenues:				
Investment income	175,000	175,000	690,548	515,548
Total revenues	175,000	436,638	1,155,056	718,418
EXPENDITURES				
Parks and nature	15,451,657	15,713,295	9,199,299	6,513,996
Contingency	3,810,284	3,810,284	-	3,810,284
Total expenditures	19,261,941	19,523,579	9,199,299	10,324,280
Revenues under expenditures	(19,086,941)	(19,086,941)	(8,044,243)	11,042,698
OTHER FINANCING USES				
Transfers out	(3,227,582)	(3,227,582)	(3,166,656)	60,926
Total other financing uses	(3,227,582)	(3,227,582)	(3,166,656)	60,926
Revenues and other sources under expenditures and other uses	(22,314,523)	(22,314,523)	(11,210,899)	11,103,624
Beginning fund balance available for appropriation - July 1, 2018	31,946,208	31,946,208	33,689,769	1,743,561
Unappropriated ending fund balance - June 30, 2019	$ 9,631,685	9,631,685	22,478,870	12,847,185

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ (11,210,899)
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	79,747
Net change in fund balance as reported on the statement of revenues, expenditures and changes in fund balances-governmental funds	$ (11,131,152)

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
General revenues:				
Investment income	$ 19,950	19,950	43,500	23,550
Total revenues	19,950	19,950	43,500	23,550
EXPENDITURES				
Parks and nature	525,000	525,000	116,392	408,608
Contingency	1,000,000	1,000,000	-	1,000,000
Total expenditures	1,525,000	1,525,000	116,392	1,408,608
Revenues under expenditures	(1,505,050)	(1,505,050)	(72,892)	1,432,158
OTHER FINANCING USES				
Transfers out	(78,671)	(78,671)	(78,671)	-
Total other financing uses	(78,671)	(78,671)	(78,671)	-
Revenues and other sources under expenditures and other uses	(1,583,721)	(1,583,721)	(151,563)	1,432,158
Beginning fund balance available for appropriation - July 1, 2018	2,027,306	2,027,306	2,220,005	192,699
Unappropriated ending fund balance - June 30, 2019	$ 443,585	443,585	2,068,442	1,624,857

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ (151,563)
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	22,517
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$ (129,046)

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Solid waste fees	$ 1,048,218	1,048,218	1,077,086	28,868
General revenues:				
Investment income	10,700	10,700	15,658	4,958
Total revenues	1,058,918	1,058,918	1,092,744	33,826
EXPENDITURES				
Property and environmental services	1,347,728	1,347,728	1,079,320	268,408
Contingency	19,000	19,000	-	19,000
Total expenditures	1,366,728	1,366,728	1,079,320	287,408
Revenues under expenditures	(307,810)	(307,810)	13,424	321,234
OTHER FINANCING USES				
Transfers out	(867,435)	(867,435)	(16,435)	(851,000)
Revenues under expenditures and other uses	(1,175,245)	(1,175,245)	(3,011)	(1,172,234)
Beginning fund balance available for appropriation - July 1, 2018	1,184,245	1,184,245	585,327	(598,918)
Unappropriated ending fund balance - June 30, 2019	$ 9,000	9,000	582,316	(1,771,152)
Reconciliation to Governmental GAAP basis:				
Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budge	$		$ (3,011)	
Additional (decrease to) revenue required by Governmental GAAP:				
Adjustment to value investments at fair value			8,891	
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonma	$		$ 5,880	

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	**Final**	**Amounts**	**final budget**
REVENUES				
General revenues:				
Investment income	$ 4,105	4,105	3,658	(447)
Total revenues	4,105	4,105	3,658	(447)
EXPENDITURES				
Parks and nature	202,940	202,940	40,000	162,940
Total expenditures	202,940	202,940	40,000	(162,940)
Revenues under expenditures	(198,835)	(198,835)	(36,342)	162,493
OTHER FINANCING SOURCES				
Transfers out	(130,000)	(130,000)	(130,000)	-
Revenues and other sources under expenditures	(328,835)	(328,835)	(166,342)	162,493
Beginning fund balance available for appropriation - July 1, 2018	328,835	328,835	189,460	(139,375)
Unappropriated ending fund balance - June 30, 2019	$ -	-	23,118	23,118

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$ (166,342)
Additional (decrease to) revenue required by Governmental GAAP:	
Adjustment to value investments at fair value	246
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$ (166,096)

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, 2019

		Budgeted Amounts		Actual	Variance with
		Original	Final	Amounts	final budget
REVENUES					
General revenues:					
Taxes:					
Cemetery revenue surcharge	$	46,000	46,000	39,854	(6,146)
Investment income		4,246	4,246	12,870	8,624
Total revenues		50,246	50,246	52,724	2,478
OTHER FINANCING USES					
Transfers out		(50,000)	(50,000)	-	50,000
Revenues and other sources over expenditures and other uses		246	246	52,724	52,478
Beginning fund balance available for appropriation - July 1, 2018		666,808	666,808	627,479	(39,329)
Unappropriated ending fund balance - June 30, 2019	$	667,054	667,054	680,203	13,149

Reconciliation to Governmental GAAP basis:

Excess of revenues and other financing sources over (under) expenditures and other financing uses on the basis of budgeting per above	$	52,724
Additional (decrease to) revenue required by Governmental GAAP:		
Adjustment to value investments at fair value		7,290
Net change in fund balance as reported on the combining statement of revenues, expenditures and changes in fund balances-nonmajor governmental funds	$	60,014

Metro

Proprietary Funds

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

Enterprise Funds

Solid Waste Revenue Fund

Oregon Zoo Operating Fund

MERC Fund

Internal Service Fund

Risk Management 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)

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Government fees	$ 1,200,950	1,200,950	1,156,763	(44,187)
Culture and recreation fees	-	-	17,486	17,486
Solid waste fees	70,039,660	70,039,660	72,787,685	2,748,025
Other fees	-	-	4,545	4,545
Miscellaneous revenue	17,000	17,000	136,632	119,632
Operating grants and contributions:				
Government contributions	40,000	40,000	-	(40,000)
General revenues:				
Investment income	391,600	391,600	1,105,865	714,265
Total revenues	71,689,210	71,689,210	75,208,976	3,519,766
EXPENDITURES				
Property and environmental services	77,643,790	77,691,228	71,865,832	5,825,396
Contingency	17,797,220	19,099,782	-	19,099,782
Total expenditures	95,441,010	96,791,010	71,865,832	24,925,178
Revenues over (under) expenditures	(23,751,800)	(25,101,800)	3,343,144	28,444,944
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	21,496	21,496
Transfers in	894,905	2,245,105	2,226,505	(18,600)
Transfers out	(6,322,306)	(6,322,306)	(6,131,880)	-
Total other financing sources (uses)	(5,427,401)	(4,077,201)	(3,883,879)	2,896
Revenues and other sources under expenditures and other uses	(29,179,201)	(29,179,001)	(540,735)	28,638,266
Beginning fund balance available for appropriation - July 1, 2018	59,784,264	59,784,264	55,917,627	(3,866,637)
Unappropriated ending fund balance - June 30, 2019	$ 30,605,063	30,605,263	55,376,892	24,771,629

METRO
Oregon Zoo Operating 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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Culture and recreation fees	$ 28,321,487	28,321,487	28,348,610	27,123
Other fees	1,607,469	1,607,469	1,414,224	(193,245)
Miscellaneous revenue	50,000	50,000	94,999	44,999
Operating grants and contributions:				
Grants	466,290	493,090	368,314	(124,776)
Contributions and donations	1,539,205	1,586,979	1,557,674	(29,305)
General revenues:				
Investment income	15,000	15,000	167,339	152,339
Total revenues	31,999,451	32,074,025	31,951,160	(122,865)
EXPENDITURES				
Visitor venues-Oregon Zoo	40,147,743	40,722,317	39,704,491	1,017,826
Contingency	1,700,000	1,200,000	-	1,200,000
Total expenditures	41,847,743	41,922,317	39,704,491	2,217,826
Revenues under expenditures	(9,848,292)	(9,848,292)	(7,753,331)	2,094,961
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	10,510	10,510
Transfers in	13,070,000	13,070,000	13,070,000	-
Transfers out	(4,656,862)	(4,656,862)	(4,656,862)	-
Total other financing sources	8,413,138	8,413,138	8,423,648	10,510
Revenues and other sources over (under) expenditures and other uses	(1,435,154)	(1,435,154)	670,317	2,105,471
Beginning fund balance available for appropriation - July 1, 2018	1,435,154	1,435,154	4,092,773	2,657,619
Unappropriated ending fund balance - June 30, 2019	$ -	-	4,763,090	4,763,090

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Culture and recreation fees	$ 49,350,137	49,350,137	52,246,792	2,896,655
Other fees	4,263,272	4,263,272	4,511,441	248,169
Miscellaneous revenue	156,328	156,328	163,535	7,207
Operating grants and contributions:				
Grants	-	-	49,371	49,371
Local government shared revenue	23,588,780	23,588,780	26,914,379	3,325,599
Government contributions	911,677	911,677	1,423,843	512,166
Contributions and donations	125,000	125,000	-	(125,000)
Capital grants and contributions:				
Capital contributions and donations	3,862,501	3,862,501	765,500	(3,097,001)
General revenues:				
Investment income	690,798	690,798	1,246,611	555,813
Total revenues	82,948,493	82,948,493	87,321,472	4,372,979
EXPENDITURES				
MERC	109,197,350	109,197,350	99,498,106	9,699,244
Contingency	23,073,202	23,073,202	-	23,073,202
Total expenditures	132,270,552	132,270,552	99,498,106	32,772,446
Revenues under expenditures	(49,322,059)	(49,322,059)	(12,176,634)	37,145,425
OTHER FINANCING SOURCES (USES)				
Transfers in	400,000	400,000	400,000	-
Transfers out	(6,725,855)	(6,725,855)	(6,713,171)	12,684
Total other financing sources (uses)	(6,325,855)	(6,325,855)	(6,313,171)	12,684
Revenues and other sources under expenditures and other uses	(55,647,914)	(55,647,914)	(18,489,805)	37,158,109
Beginning fund balance available for appropriation - July 1, 2018	55,647,914	55,647,914	61,813,068	6,165,154
Unappropriated ending fund balance - June 30, 2019	$ -	-	43,323,263	43,323,263

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Other fees	$ -	-	21,605	21,605
Internal charges for services	204,933	204,933	449,718	244,785
Miscellaneous revenue	10,000	10,000	148,414	138,414
Operating grants and contributions:				
Grants	50,000	50,000	12,554	(37,446)
General revenues:				
Investment income	10,000	10,000	79,581	69,581
Total revenues	274,933	274,933	711,872	436,939
EXPENDITURES				
Finance and regulatory services	3,701,112	3,701,112	1,330,082	2,371,030
Contingency	760,855	760,855	-	760,855
Total expenditures	4,461,967	4,461,967	1,330,082	3,131,885
Revenues under expenditures	(4,187,034)	(4,187,034)	(618,210)	3,568,824
OTHER FINANCING SOURCES				
Transfers in	2,416,375	2,416,375	2,416,375	-
Total other financing sources	2,416,375	2,416,375	2,416,375	-
Revenues and other sources over (under) expenditures and other uses	(1,770,659)	(1,770,659)	1,798,165	3,568,824
Beginning fund balance available for appropriation - July 1, 2018	1,816,176	1,816,176	3,213,860	1,397,684
Unappropriated ending fund balance - June 30, 2019	$ 45,517	45,517	5,012,025	4,966,508

METRO

Reconciliation of Enterprise Fund Fund Balance (Basis of Budgeting) to Statement of Net Position-Proprietary Funds (GAAP Basis)

For the fiscal year ended June 30, 2019

	Enterprise Funds				Internal Service Fund
	Solid Waste	Oregon Zoo	MERC	Total	Risk Management Fund
Unappropriated ending fund balance on the basis of budgeting:					
Solid Waste Revenue Fund	$ 55,376,892	-	-	55,376,892	-
Oregon Zoo Operating Fund	-	4,763,090	-	4,763,090	-
Oregon Zoo Asset Management Fund	-	5,627,497	-	5,627,497	-
MERC Fund	-	-	43,323,263	43,323,263	-
General Revenue Bond Fund-MERC	-	-	463	463	-
Risk Management Fund	-	-	-	-	5,012,024
Additional Statement of Net Position items:					
Due from other funds	418,000	-	-	418,000	-
Advances to other funds	1,818,000	-	-	1,818,000	-
Capital assets, net	31,902,253	145,691,520	149,665,152	327,258,925	-
Deferred pension amounts	6,098,573	6,353,018	7,335,414	19,787,005	-
Deferred OPEB amounts	69,015	109,106	109,620	287,741	-
Accrued interest payable	-	-	(14,015)	(14,015)	-
Due to other funds	-	(418,000)	-	(418,000)	-
Bonds payable-current	-	-	(865,000)	(865,000)	-
Post-closure costs payable-current	(647,777)	-	-	(647,777)	-
Compensated absences-current	(795,321)	(878,862)	(875,813)	(2,549,996)	-
Bonds payable (net of unamortized premium or discount)	-		(5,234,360)	(5,234,360)	-
Advances from other funds	-	(1,768,000)	-	(1,768,000)	-
Net Other postemployment benefits	(313,142)	(536,573)	(534,188)	(1,383,903)	-
Post-closure costs payable	(4,241,275)	-	-	(4,241,275)	-
Pollution remediation obligation	(963,000)	-	(95,000)	(1,058,000)	-
Compensated absences	-	(121,705)	(53,416)	(175,121)	-
Net pension liability	(15,625,111)	(16,277,021)	(18,794,010)	(50,696,142)	-
Deferred pension amounts	(1,036,557)	(1,079,804)	(1,246,779)	(3,363,140)	-
Deferred OPEB amounts	(54,698)	(87,589)	(87,870)	(230,157)	-
Adjustments to Statement of Net Position items:					
Cumulative fair value adjustment to Equity in internal cash and investment pool	262,447	105,070	153,927	521,444	33,772
Total net position as reported on the Statement of Net Position-Proprietary Funds	$ 72,268,299	141,481,747	172,787,388	386,537,434	5,045,796

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.

Oregon Zoo 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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Operating grants and contributions:				
Local government shared revenue	$ 3,396,550	3,396,550	3,087,824	(308,726)
General revenues:				
Investment income	50,118	50,118	41,713	(8,405)
Total revenues	3,446,668	3,446,668	3,129,537	(317,131)
EXPENDITURES				
Debt service account	6,407,627	6,407,627	6,407,626	1
Total expenditures	6,407,627	6,407,627	6,407,626	1
Revenues under expenditures	(2,960,959)	(2,960,959)	(3,278,089)	(317,130)
OTHER FINANCING SOURCES				
Transfers in	3,011,077	3,011,077	3,011,077	-
Transfers out	(15,100,000)	(15,100,000)	(15,039,634)	60,366
Total other financing sources and (uses)	(12,088,923)	(12,088,923)	(12,028,557)	60,366
Revenues and other sources over (under) expenditures	(15,049,882)	(15,049,882)	(15,306,646)	(256,764)
Beginning fund balance available for appropriation - July 1, 2018	19,187,602	19,187,602	19,389,289	201,687
Unappropriated ending fund balance - June 30, 2019	$ 4,137,720	4,137,720	4,082,643	(55,077)

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

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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Miscellaneous revenue	$ 8,709	8,709	351,209	342,500
Operating grants and contributions:				
Grants	7,500	7,500	-	(7,500)
General revenues:				
Investment income	397,350	397,350	695,562	298,212
Total revenues	413,559	413,559	1,046,771	633,212
EXPENDITURES				
Asset Management Program	19,539,124	19,719,856	5,219,997	14,499,859
Contingency	11,042,539	9,511,807	-	9,511,807
Total expenditures	30,581,663	29,231,663	5,219,997	24,011,666
Revenues under expenditures	(30,168,104)	(28,818,104)	(4,173,226)	24,644,878
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	525,000	525,000	-	(525,000)
Transfers in	19,233,495	19,233,495	18,253,729	(979,766)
Transfers out	(382,000)	(1,732,000)	(1,713,600)	18,400
Total other financing sources and (uses)	19,376,495	18,026,495	16,540,129	(1,486,366)
Revenues and other sources over (under) expenditures and other uses	(10,791,609)	(10,791,609)	12,366,903	23,158,512
Beginning fund balance available for appropriation - July 1, 2018	19,569,814	19,569,814	22,964,406	3,394,592
Unappropriated ending fund balance - June 30, 2019	$ 8,778,205	8,778,205	35,331,309	26,553,104

METRO
Oregon Zoo 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, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	final budget
REVENUES				
Program revenues:				
Charges for services:				
Miscellaneous revenue	$ -	-	111,492	111,492
Capital grants and contributions:				
Capital contributions and donations	400,000	400,000	830,333	430,333
General revenues:				
Investment income	35,000	35,000	109,866	74,866
Total revenues	435,000	435,000	1,051,691	616,691
EXPENDITURES				
Visitor venues-Oregon Zoo	5,057,241	5,057,241	1,628,602	3,428,639
Contingency	893,197	893,197	-	893,197
Total expenditures	5,950,438	5,950,438	1,628,602	4,321,836
Revenues under expenditures	(5,515,438)	(5,515,438)	(576,911)	4,938,527
OTHER FINANCING SOURCES (USES)				
Transfers in	941,249	941,249	941,249	-
Total other financing sources (uses)	941,249	941,249	941,249	-
Revenues and other sources over (under) expenditures and other uses	(4,574,189)	(4,574,189)	364,338	4,938,527
Beginning fund balance available for appropriation - July 1, 2018	4,574,189	4,574,189	5,263,159	688,970
Unappropriated ending fund balance - June 30, 2019	$ -	-	5,627,497	5,627,497

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, 2019

	Allocated to:		
	General	**MERC**	**Total**
REVENUES			
Program revenues:			
Operating grants and contributions:			
Local government shared revenue	$ 3,087,824	-	3,087,824
General revenues:			
Investment income	41,681	32	41,713
Total revenues	3,129,505	32	3,129,537
EXPENDITURES			
Debt service account	5,385,601	1,022,025	6,407,626
Total expenditures	5,385,601	1,022,025	6,407,626
Revenues under expenditures	(2,256,096)	(1,021,993)	(3,278,089)
OTHER FINANCING SOURCES			
Transfers in	1,989,052	1,022,025	3,011,077
Transfers out	(15,039,634)	-	(15,039,634)
Total other financing sources	(13,050,582)	1,022,025	(12,028,557)
Revenues and other sources over (under) expenditures	(15,306,678)	32	(15,306,646)
Beginning fund balance available for appropriation - July 1, 2018	19,388,859	430	19,389,289
Unappropriated ending fund balance - June 30, 2019	$ 4,082,181	462	4,082,643

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

Other Financial Schedules

METRO

Schedule of Property Tax Transactions and Outstanding Receivable

For the fiscal year ended June 30, 2019

Fiscal Year	Original levy or balance of receivable July 1, 2018	Add (deduct) Discounts	Adjustments	Interest	Collections	Property taxes receivable June 30, 2019
2018-19	$ 80,232,825	(2,141,916)	(217,628)	5,984	(76,823,359)	1,055,905
2017-18	967,585	-	(83,798)	10,100	(521,096)	372,791
2016-17	854,038	-	(247,632)	7,077	(248,796)	364,687
2015-16	534,843	-	(196,232)	6,495	(203,893)	141,213
2014-15	472,936	-	(64,410)	3,898	(324,712)	87,712
2013-14	358,630	-	(37,535)	600	(261,453)	60,242
2012-13 & prior	831,747	-	(17,989)	2,049	(714,351)	101,456
Total	$ 84,252,603	(2,141,916)	(865,224)	36,202	(79,097,660)	2,184,005

Reconciliation to property tax revenue presented in the Statement of Activities:	Governmental Activities
Cash collections July 1, 2018 to June 30, 2019	$ 79,097,660
Accrual of receivables:	
July 1, 2018 to August 31, 2018	(316,431)
July 1, 2019 to August 31, 2019	274,277
Timing difference between county tax collector and county treasurer	(6,452)
Payments in lieu of property taxes	321,011
Taxes earned but not available:	
June 30, 2018	(3,076,210)
June 30, 2019	1,909,728
Property tax revenue per Statement of Activities	$ 78,203,583

METRO
Schedule of Future Bonded Debt Service Requirements
General Obligation Bonds
June 30, 2019

Year of maturity		2012A Series Natural Areas General Obligation Bonds		2012A Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds		2014 Series General Obligation Refunding Bonds		2016 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds	
		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	$	4,610,000	2,335,950	3,050,000	1,791,325	15,115,000	755,750	8,105,000	405,250
2020-21		5,300,000	2,105,450	3,350,000	1,638,825	-	-	-	-
2021-22		6,045,000	1,840,450	3,665,000	1,471,325	-	-	-	-
2022-23		6,840,000	1,538,200	4,000,000	1,288,075	-	-	-	-
2023-24		7,690,000	1,196,200	4,360,000	1,088,075	-	-	-	-
2024-25		8,590,000	811,700	4,740,000	870,075	-	-	-	-
2025-26		9,555,000	382,200	5,145,000	633,075	-	-	-	-
2026-27		-	-	5,525,000	427,275	-	-	-	-
2027-28		-	-	5,955,000	178,650	-	-	-	-
2028-29		-	-	-	-	-	-	-	-
2029-30		-	-	-	-	-	-	-	-
2030-31		-	-	-	-	-	-	-	-
2031-32		-	-	-	-	-	-	-	-
2032-33		-	-	-	-	-	-	-	-
2033-34		-	-	-	-	-	-	-	-
2034-35		-	-	-	-	-	-	-	-
2035-36		-	-	-	-	-	-	-	-
2036-37		-	-	-	-	-	-	-	-
2037-38		-	-	-	-	-	-	-	-
2038-39		-	-	-	-	-	-	-	-
Total	$	48,630,000	10,210,150	39,790,000	9,386,700	15,115,000	755,750	8,105,000	405,250

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

2018 Series Natural Areas General Obligation Bonds		2018 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds		2019 Series Affordable Housing General Obligation Bonds		Total	
Principal	Interest	Principal	Interest	Principal	Interest	Principal (1)	Interest
8,110,000	1,024,000	1,645,000	494,250	12,140,000	22,673,587	52,775,000	29,480,112
1,705,000	618,500	745,000	412,000	14,575,000	21,283,854	25,675,000	26,058,629
1,835,000	533,250	815,000	374,750	16,160,000	20,773,728	28,520,000	24,993,503
1,975,000	441,500	890,000	334,000	17,835,000	20,208,129	31,540,000	23,809,904
2,125,000	342,750	975,000	289,500	19,600,000	19,583,904	34,750,000	22,500,429
2,280,000	236,500	1,060,000	240,750	21,465,000	18,897,904	38,135,000	21,056,929
2,450,000	122,500	1,150,000	187,750	23,425,000	18,146,629	41,725,000	19,472,154
-	-	1,250,000	130,250	25,435,000	17,385,316	32,210,000	17,942,841
-	-	1,355,000	67,750	27,545,000	16,558,679	34,855,000	16,805,079
-	-	-	-	29,765,000	15,663,466	29,765,000	15,663,466
-	-	-	-	32,020,000	14,770,516	32,020,000	14,770,516
-	-	-	-	34,380,000	13,809,916	34,380,000	13,809,916
-	-	-	-	36,895,000	12,744,136	36,895,000	12,744,136
-	-	-	-	39,535,000	11,591,168	39,535,000	11,591,168
-	-	-	-	42,335,000	10,326,048	42,335,000	10,326,048
-	-	-	-	45,290,000	8,950,160	45,290,000	8,950,160
-	-	-	-	48,410,000	7,455,590	48,410,000	7,455,590
-	-	-	-	51,735,000	5,809,650	51,735,000	5,809,650
-	-	-	-	55,270,000	3,998,925	55,270,000	3,998,925
-	-	-	-	58,985,000	2,064,475	58,985,000	2,064,475
20,480,000	3,319,000	9,885,000	2,531,000	652,800,000	282,695,780	794,805,000	309,303,630

METRO

Schedule of Future Bonded Debt Service Requirements

Full Faith and Credit, Dedicated Tax Revenue and Pension Obligation Bonds

June 30, 2019

	Full Faith and Credit Bonds					
	Refunding Bonds 2013 Series (1)		Refunding Bonds 2016 Series (2)		2018 Series (1)	
Year of maturity	Principal	Interest	Principal	Interest	Principal	Interest
2019-20	$ 1,295,000	92,841	865,000	154,775	-	586,450
2020-21	1,320,000	70,595	890,000	126,475	-	586,450
2021-22	1,345,000	44,263	920,000	101,400	-	586,450
2022-23	1,370,000	15,070	950,000	75,875	-	586,450
2023-24	-	-	965,000	49,450	1,060,000	586,450
2024-25	-	-	1,005,000	15,075	1,115,000	533,450
2025-26	-	-	-	-	1,170,000	477,700
2026-27	-	-	-	-	1,230,000	419,200
2027-28	-	-	-	-	1,290,000	357,700
2028-29	-	-	-	-	1,355,000	293,200
2029-30	-	-	-	-	1,420,000	225,450
2030-31	-	-	-	-	1,495,000	154,450
2031-32	-	-	-	-	1,555,000	94,650
2032-33	-	-	-	-	1,600,000	48,000
2033-34	-	-	-	-	-	-
2034-35	-	-	-	-	-	-
2035-36	-	-	-	-	-	-
2036-37	-	-	-	-	-	-
2037-38	-	-	-	-	-	-
2038-39	-	-	-	-	-	-
2039-40	-	-	-	-	-	-
2040-41	-	-	-	-	-	-
2041-42	-	-	-	-	-	-
2042-43	-	-	-	-	-	-
2043-44	-	-	-	-	-	-
2044-45	-	-	-	-	-	-
2045-46	-	-	-	-	-	-
2046-47	-	-	-	-	-	-
Total	$ 5,330,000	222,769	5,595,000	523,050	13,290,000	5,536,050

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

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

Dedicated Tax Revenue Bonds		Pension Obligation Bonds	
Oregon Convention Center Hotel Project Series 2017 (1)		Metro Limited Tax Pension Obligation Bonds Series 2005 (1)	
Principal	Interest	Principal	Interest
895,000	2,505,600	1,325,000	848,008
930,000	2,469,800	1,480,000	783,627
965,000	2,432,600	1,645,000	709,567
1,005,000	2,394,000	1,820,000	627,251
1,055,000	2,343,750	2,010,000	536,179
1,105,000	2,291,000	2,210,000	435,598
1,160,000	2,235,750	2,430,000	325,010
1,220,000	2,177,750	2,660,000	203,413
1,280,000	2,116,750	1,405,000	70,306
1,345,000	2,052,750	-	-
1,410,000	1,985,500	-	-
1,485,000	1,915,000	-	-
1,555,000	1,840,750	-	-
1,635,000	1,763,000	-	-
1,715,000	1,681,250	-	-
1,800,000	1,595,500	-	-
1,895,000	1,505,500	-	-
1,985,000	1,410,750	-	-
2,085,000	1,311,500	-	-
2,190,000	1,207,250	-	-
2,300,000	1,097,750	-	-
2,415,000	982,750	-	-
2,535,000	862,000	-	-
2,660,000	735,250	-	-
2,795,000	602,250	-	-
2,935,000	462,500	-	-
3,080,000	315,750	-	-
3,235,000	161,750	-	-
50,670,000	44,455,750	16,985,000	4,538,959

METRO
Schedule of Long-term Bonded Debt Transactions
General Obligation Bonds
For the fiscal year ended June 30, 2019

	Principal				
	Outstanding July 1, 2018	Issued During Year	Matured and Paid During Year	Outstanding June 30, 2019	Interest Expenditure
DEBT SERVICE FUND					
2012A Series Natural Areas General Obligation Bonds with interest rates from 4.0 to 5.0%, final maturity 6/1/26	$ 52,590,000	-	3,960,000	48,630,000	2,533,950
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	42,560,000	-	2,770,000	39,790,000	1,929,825
2014 Series General Obligation Refunding Bonds with interest rates from 4.0 to 5.0%, final maturity 6/1/20	29,230,000	-	14,115,000	15,115,000	1,320,350
2016 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds with interest rate of 5.0%, final maturity 6/1/20	16,930,000	-	8,825,000	8,105,000	846,500
2018 Series Natural Areas General Obligation Bonds with interest rate of 5.0%, final maturity 6/1/26	28,105,000	-	7,625,000	20,480,000	1,467,705
2018 Series Oregon Zoo Infrastructure and Animal Welfare General Obligation Bonds with interest rate of 5.0%, final maturity 6/1/28	10,000,000	-	115,000	9,885,000	522,222
2019 Series Affordable Housing General Obligation Bonds with interest rates from 3.0 to 3.5%, final maturity 6/1/39	-	652,800,000	-	652,800,000	-
Total	$ 179,415,000	652,800,000	37,410,000	794,805,000	8,620,552

METRO
Schedule of Long-term Bonded Debt Transactions
Full Faith and Credit, Dedicated Tax Revenue and Pension Obligation Bonds
For the fiscal year ended June 30, 2019

	Principal				
	Outstanding July 1, 2018	Issued During Year	Matured and Paid During Year	Outstanding June 30, 2019	Interest Expenditure
GENERAL FUND					
Full Faith and Credit					
Refunding Bonds 2013 Series					
with interest rates from 1.3 to 2.2%,					
final maturity 8/1/22	$ 6,610,000	-	1,280,000	5,330,000	111,198
Full Faith and Credit					
2018 Series					
with interest rates from 3.0 to 5.0%,					
final maturity 6/1/33	13,290,000	-	-	13,290,000	597,853
Dedicated Tax Revenue					
OCC Hotel Project Series 2017					
with interest rates from 3.0 to 5.0%,					
final maturity 6/15/47	51,535,000	-	865,000	50,670,000	2,531,550
Pension Obligation					
Metro Limited Tax Series 2005					
with interest rates from 4.859 to 5.004%,					
final maturity 6/1/28	18,170,000	-	1,185,000	16,985,000	905,587
Total	$ 89,605,000	-	3,330,000	86,275,000	4,146,188
ENTERPRISE FUNDS					
MERC FUND:					
Full Faith and Credit					
Refunding Bonds 2016 Series					
with interest rates from 1.5 to 5.0%,					
final maturity 12/1/24	$ 6,420,000	-	825,000	5,595,000	197,025
Total	$ 6,420,000	-	825,000	5,595,000	197,025

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.

	Page
Financial Trends Information These schedules contain trend information to help the reader understand how Metro's financial performance and well-being have changed over time.	132-143
Revenue Capacity Information These schedules contain information to help the reader assess the factors affecting Metro's ability to generate its most significant own-source revenue, solid waste fees.	145-147
Debt Capacity Information These schedules present information to help the reader assess the affordability of Metro's current levels of outstanding debt and Metro's ability to issue additional debt in the future.	148-157
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which Metro's financial activities take place.	159-160
Operating Information These schedules contain information about Metro's operations and resources to help the reader understand how Metro's financial information relates to the services Metro provides and the activities it performs.	161-165
Additional Information These schedules present information to meet Metro's continuing disclosure requirements under The Securities and Exchange Commission's Rule 15c2-12 pertaining to governmental debt issuers.	166-169

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
(accrual basis of accounting), Unaudited

		Fiscal Year		
		2010	2011	2012 Restated
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets (1)	$	161,033,641	219,717,752	237,849,839
Restricted		47,868,259	47,802,264	49,673,790
Unrestricted		39,949,912	(4,511,250)	(13,149,913)
Total governmental activities net position		248,851,812	263,008,766	274,373,716
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets		193,123,523	189,929,698	186,405,139
Restricted		2,652,250	1,591,637	2,130,034
Unrestricted		41,363,765	46,842,210	47,918,522
Total business-type activities net position		237,139,538	238,363,545	236,453,695
PRIMARY GOVERNMENT				
Net investment in capital assets (1)		339,047,164	399,322,450	418,964,978
Restricted		50,520,509	49,393,901	50,437,907
Unrestricted		96,423,677	52,655,960	40,058,609
Total primary government net position	$	485,991,350	501,372,311	509,461,494

(1) Through fiscal year 2012, and again starting in fiscal year 2016, 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. 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.

2013	2014	2015	2016	2017	2018	2019
271,978,616	293,851,981	326,328,783	237,716,303	267,856,359	265,925,123	281,246,439
43,460,675	60,588,283	79,540,758	141,591,292	128,141,074	132,860,263	122,522,041
(17,127,868)	(24,867,150)	(51,369,202)	(151,660,696)	(141,181,696)	(189,495,054)	(151,303,822)
298,311,423	329,573,114	354,500,339	227,646,899	254,815,737	209,290,332	252,464,658
182,360,721	179,069,899	175,914,225	311,325,512	310,527,670	311,737,639	321,159,565
2,496,996	3,734,868	8,914,318	19,991,871	24,326,517	24,100,994	38,698,873
53,862,598	56,992,148	61,672,307	53,779,562	55,130,008	60,498,533	24,855,194
238,720,315	239,796,915	246,500,850	385,096,945	389,984,195	396,337,166	384,713,632
454,339,337	472,921,880	502,243,008	501,174,344	533,080,026	540,953,664	570,027,275
45,957,671	64,323,151	88,455,076	161,583,163	152,467,591	156,961,257	161,220,914
36,734,730	32,124,998	10,303,105	(50,013,663)	(40,747,685)	(92,287,423)	(94,069,899)
537,031,738	569,370,029	601,001,189	612,743,844	644,799,932	605,627,498	637,178,290

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

		Fiscal Year		
		2010	2011	2012
EXPENSES				
Governmental activities:				
General government operations (1)	$	12,779,417	14,456,222	16,417,342
Regional planning and development		14,978,447	14,816,800	13,908,730
Culture and recreation		17,316,051	20,351,578	22,695,565
Zoo (2)		28,311,531	27,400,337	30,064,611
Interest on long-term debt		10,888,841	9,538,172	8,159,660
Total governmental activities expenses		84,274,287	86,563,109	91,245,908
Business-type activities:				
Solid Waste (3)		64,228,318	51,721,806	51,020,053
Oregon Zoo (2)		-	-	-
MERC		46,229,249	48,048,265	49,389,612
Total business-type activities expenses		110,457,567	99,770,071	100,409,665
Total primary government expenses	$	194,731,854	186,333,180	191,655,573
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government operations	$	1,741,850	2,120,491	1,875,695
Regional planning and development		1,214,423	1,364,601	925,904
Culture and recreation		3,696,310	3,985,483	4,175,114
Zoo (2)		17,606,196	18,150,234	19,745,074
Operating grants and contributions (4)		14,446,031	10,973,394	15,551,926
Capital grants and contributions		2,725,497	1,866,808	1,105,751
Total governmental activities program revenues		41,430,307	38,461,011	43,379,464
Business-type activities:				
Charges for services:				
Solid Waste		50,904,000	50,782,440	52,989,049
Oregon Zoo (2)		-	-	-
MERC		29,650,854	31,597,534	33,231,703
Operating grants and contributions (5)		1,378,076	1,144,867	1,620,989
Capital grants and contributions		2,000,000	584,808	123,574
Total business-type activities program revenues		83,932,930	84,109,649	87,965,315
Total primary government program revenues	$	125,363,237	122,570,660	131,344,779

2013	2014	2015	2016	2017	2018	2019
14,704,292	17,216,935	14,121,383	21,833,274	16,571,054	92,414,695	18,419,574
11,234,615	11,609,788	12,164,998	16,311,836	18,252,248	18,694,103	26,623,652
20,788,176	19,969,697	23,281,061	29,221,523	33,156,498	34,237,180	31,389,370
33,662,272	35,660,651	32,483,204	-	-	-	-
10,927,415	9,712,521	6,736,232	7,071,050	6,766,723	8,150,951	11,408,272
91,316,770	94,169,592	88,786,878	74,437,683	74,746,523	153,496,929	87,840,868
55,266,458	56,759,612	57,279,945	64,542,514	67,359,647	70,581,702	76,879,522
-	-	-	51,633,613	46,636,849	51,803,762	47,446,196
51,344,928	53,945,435	54,868,782	69,110,637	69,090,836	74,435,547	106,849,882
106,611,386	110,705,047	112,148,727	185,286,764	183,087,332	196,821,011	231,175,600
197,928,156	204,874,639	200,935,605	259,724,447	257,833,855	350,317,940	319,016,468
1,871,628	1,615,075	1,501,207	2,132,646	3,133,150	2,764,649	4,942,275
1,112,779	1,422,619	1,180,754	789,058	1,485,757	1,172,496	1,562,666
5,095,656	6,121,579	7,444,771	8,851,083	9,616,244	10,483,073	10,922,080
22,538,536	22,082,776	21,546,136	-	-	-	-
13,553,316	11,945,779	22,495,818	13,145,776	16,845,537	18,750,842	26,137,387
2,264,327	3,454,245	7,141,282	261,290	313,816	7,675,000	425,138
46,436,242	46,642,073	61,309,968	25,179,853	31,394,504	40,846,060	43,989,546
55,661,225	58,583,492	62,743,167	68,196,150	70,798,890	71,897,428	74,185,046
-	-	-	23,741,859	26,062,207	29,390,534	29,994,324
36,670,638	35,091,155	42,892,276	50,972,855	47,876,192	51,011,674	56,921,768
1,382,789	17,183,489	19,974,313	23,414,591	28,801,808	27,284,520	30,313,581
-	-	200,000	609,917	1,293,000	1,687,660	1,595,833
93,714,652	110,858,136	125,809,756	166,935,372	174,832,097	181,271,816	193,010,552
140,150,894	157,500,209	187,119,724	192,115,225	206,226,601	222,117,876	237,000,098

(Continued)

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

		Fiscal Year		
		2010	2011	2012
NET (EXPENSE)/REVENUE				
Governmental activities	$	(42,843,980)	(48,102,098)	(47,866,444)
Business-type activities		(26,524,637)	(15,660,422)	(12,444,350)
Total primary government net expense	$	(69,368,617)	(63,762,520)	(60,310,794)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Property taxes	$	51,668,586	49,624,399	39,609,807
Excise taxes		12,945,697	14,066,453	14,410,951
Construction excise tax		1,427,730	1,440,755	1,765,024
Cemetery revenue surcharge		25,670	27,056	33,619
Unrestricted local government shared revenues		509,323	468,776	466,123
Unrestricted investment earnings		1,632,756	885,490	506,774
Transfers		553,757	(4,913,239)	2,439,096
Total governmental activities		68,763,519	61,599,690	59,231,394
Business-type activities:				
Unrestricted local government shared revenues (5)		9,941,144	11,558,961	12,581,998
Unrestricted investment earnings		537,995	412,229	391,598
Transfers		(553,757)	4,913,239	(2,439,096)
Total business-type activities		9,925,382	16,884,429	10,534,500
Total primary government	$	78,688,901	78,484,119	69,765,894
CHANGE IN NET POSITION				
Governmental activities	$	25,919,539	13,497,592	11,364,950
Business-type activities		(16,599,255)	1,224,007	(1,909,850)
Total primary government	$	9,320,284	14,721,599	9,455,100
Prior period adjustment/cumulative change in accounting principle	$	-	659,362	(1,365,917)

(1) The large change in General government operations governmental activities expenses between fiscal years 2017 and 2018 is due to the approximately $74 million Convention Center Hotel project bond proceeds which were transferred to the developer of the project in fiscal year 2018.

(2) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, a governmental fund.

(3) 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.

(4) 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.

(5) 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.

2013	2014	2015	2016	2017	2018	2019
(44,880,528)	(47,527,519)	(27,476,910)	(49,257,830)	(43,352,019)	(112,650,869)	(43,851,322)
(12,896,734)	153,089	13,661,029	(18,351,392)	(8,255,235)	(15,549,195)	(38,165,048)
(57,777,262)	(47,374,430)	(13,815,881)	(67,609,222)	(51,607,254)	(128,200,064)	(82,016,370)
51,609,216	59,506,228	61,957,344	55,546,801	59,711,015	64,162,251	78,203,583
15,354,852	15,999,908	16,584,669	18,144,766	18,830,032	18,343,257	18,587,682
2,349,487	2,537,894	2,669,188	3,338,479	3,561,675	3,792,595	3,583,092
28,792	49,581	48,335	46,711	47,095	51,479	39,854
555,198	-	-	-	-	-	-
754,672	1,202,458	904,399	1,383,708	857,777	1,711,821	9,205,677
(596,564)	(506,859)	(701,266)	(156,056,075)	(12,486,737)	(20,896,055)	(22,594,240)
70,055,653	78,789,210	81,462,669	(77,595,610)	70,520,857	67,165,348	87,025,648
14,463,987	-	-	-	-	-	-
231,302	416,652	425,728	891,412	655,748	1,182,067	3,947,274
596,564	506,859	701,266	156,056,075	12,486,737	20,896,055	22,594,240
15,291,853	923,511	1,126,994	156,947,487	13,142,485	22,078,122	26,541,514
85,347,506	79,712,721	82,589,663	79,351,877	83,663,342	89,243,470	113,567,162
25,175,125	31,261,691	53,985,759	(126,853,440)	27,168,838	(45,485,521)	43,174,326
2,395,119	1,076,600	14,788,023	138,596,095	4,887,250	6,528,927	(11,623,534)
27,570,244	32,338,291	68,773,782	11,742,655	32,056,088	(38,956,594)	31,550,792
-	-	(8,084,088)	-	-	(215,840)	-

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

			Fiscal Year	
		2010	2011	2012
General Fund (1)				
Nonspendable	$	-	800,367	181,891
Restricted		-	13,412,488	16,962,147
Committed		-	3,661,469	4,169,918
Assigned		-	-	-
Unassigned		-	27,140,104	27,269,809
Reserved		9,637,987	-	-
Unreserved		36,817,500	-	-
Total General Fund		46,455,487	45,014,428	48,583,765
All other governmental funds (1)				
Nonspendable		-	330,288	355,441
Restricted (2)		-	66,436,156	193,949,944
Assigned		-	503,681	26,330
Reserved		13,041,477	-	-
Unreserved, reported in:				
Special Revenue Funds		6,000,611	-	-
Capital Projects Funds		60,882,128	-	-
Permanent Funds		317,158	-	-
Total all other governmental funds	$	80,241,374	67,270,125	194,331,715

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

(2) Changes in Restricted fund balance of All other governmental funds between 2011 and 2012, between 2017 and 2018, is due and between 2018 and 2019 is primarily to the issuance of bonds in 2012, 2018, and 2019; subsequent years changes are primarily due to the spend down of the proceeds.

2013	2014	2015	2016	2017	2018	2019
157,544	1,434,164	1,413,353	1,013,709	798,952	42,693	186,438
20,175,302	23,335,910	38,197,509	37,683,525	42,309,999	52,899,445	64,016,351
5,427,647	5,836,553	5,626,594	11,135,969	12,316,557	10,522,814	12,493,221
-	-	-	-	-	-	15,529,940
25,530,229	21,358,970	16,093,516	17,162,433	21,133,911	29,180,618	9,988,598
-	-	-	-	-	-	-
-	-	-	-	-	-	-
51,290,722	51,965,597	61,330,972	66,995,636	76,559,419	92,645,570	102,214,548
384,121	436,202	482,037	528,748	555,580	607,059	647,996
154,652,128	124,685,440	86,346,886	89,903,244	62,107,158	86,678,277	725,292,232
27,671	30,336	32,839	37,398	60,859	16,612	36,772
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
155,063,920	125,151,978	86,861,762	90,469,390	62,723,597	87,301,948	725,977,000

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

		Fiscal Year	
	2010	2011	2012
REVENUES			
Property taxes	$ 51,457,062	49,747,025	39,333,293
Excise taxes	12,964,535	14,068,190	14,413,338
Construction excise tax	1,427,730	1,440,755	1,765,024
Cemetery revenue surcharge	25,497	26,861	33,195
Investment income	1,545,284	853,253	488,586
Government fees	389,643	301,329	109,500
Culture and recreation fees (1)	17,402,009	17,890,108	19,553,150
Solid waste fees	-	-	270,856
Other fees	3,086,589	3,309,488	3,452,403
Internal charges for services	2,629,198	2,797,314	2,740,228
Licenses and permits	385,155	379,485	373,675
Miscellaneous revenue	366,185	943,084	221,974
Grants	11,622,037	9,611,840	9,743,878
Local government shared revenues	509,323	468,776	466,123
Government contributions	1,505,000	65,505	4,427,539
Contributions and donations	1,318,994	1,296,050	862,141
Capital grants	1,226,124	10,617	38,334
Capital contributions and donations	1,499,373	991,105	1,027,495
Total revenues	109,359,738	104,200,785	99,320,732
EXPENDITURES			
General government operations	11,575,042	12,432,590	14,142,072
Regional planning and development	14,909,242	14,797,588	13,904,294
Culture and recreation	14,670,631	17,415,303	19,350,637
Zoo (1)	24,623,138	25,030,953	27,860,285
Debt service:			
Principal	32,203,540	30,393,356	24,980,000
Interest	11,653,488	10,367,591	9,093,066
Capital outlay	23,298,304	24,231,381	28,910,761
Total expenditures	132,933,385	134,668,762	138,241,115
Excess of revenues over (under) expenditures	(23,573,647)	(30,467,977)	(38,920,383)

2013	2014	2015	2016	2017	2018	2019
51,517,060	59,245,166	61,790,541	55,397,507	59,562,937	64,369,020	79,370,064
15,357,373	16,002,790	16,587,938	18,144,768	18,830,032	18,343,257	18,587,682
2,349,487	2,537,894	2,669,188	3,338,479	3,561,675	3,792,595	3,583,093
28,680	49,581	48,335	46,711	47,095	51,479	39,854
742,206	1,180,790	888,088	1,358,919	846,966	1,688,487	9,072,979
127,590	99,809	95,725	76,236	85,353	96,500	83,043
22,172,112	23,306,808	24,856,959	4,592,527	4,612,352	4,821,013	5,156,720
301,902	317,949	340,912	985,486	1,033,211	1,053,525	1,077,086
3,471,424	3,470,826	3,271,705	1,485,642	1,951,142	1,985,501	1,971,267
3,623,649	3,223,107	1,812,342	3,969,961	5,477,184	5,145,553	7,989,975
375,160	369,855	393,796	507,560	558,504	593,228	577,621
477,361	365,234	540,467	177,329	540,483	730,850	579,426
10,390,062	8,056,565	17,840,916	8,569,740	11,733,942	11,595,479	9,130,571
555,198	621,111	773,657	761,253	766,318	3,954,656	3,863,885
2,992,196	2,975,000	3,370,903	3,814,143	4,345,277	3,200,708	13,142,245
689,428	293,104	510,343	640	-	-	-
26,876	842,564	18,740	238,790	107,046	175,000	261,638
2,011,176	2,611,681	7,122,542	22,500	206,770	7,500,000	178,510
117,208,940	125,569,834	142,933,097	103,488,191	114,266,287	129,096,851	154,665,659
12,883,851	15,189,343	16,506,570	12,583,030	13,885,115	88,524,517	15,877,682
11,263,128	11,598,462	13,888,509	13,304,049	16,814,210	17,666,404	25,444,323
18,618,034	18,866,771	22,358,773	24,568,215	28,730,153	30,295,557	28,049,868
30,978,416	31,274,828	31,967,441	-	-	-	-
39,675,000	27,320,000	29,665,000	23,770,000	24,315,000	30,165,000	40,740,000
13,907,089	12,428,417	9,722,466	9,354,224	10,321,223	11,131,207	12,780,341
26,777,135	39,647,950	46,140,996	30,098,540	29,097,093	16,635,087	25,515,599
154,102,653	156,325,771	170,249,755	113,678,058	123,162,794	194,417,772	148,407,813
(36,893,713)	(30,755,937)	(27,316,658)	(10,189,867)	(8,896,507)	(65,320,921)	6,257,846

(Continued)

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

	Fiscal Year		
	2010	**2011**	**2012**
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	15,000,000	140,000,000
Refunding bonds issued	-	-	27,575,000
Premium on bonds issued	-	-	27,903,859
Sale of capital assets	50,000	78,716	440,934
Transfers in	1,901,669	1,027,878	5,343,680
Payment to refunded bond escrow agent	-	-	(29,679,329)
Transfers out	(1,342,523)	(710,287)	(2,032,834)
Total other financing sources (uses)	609,146	15,396,307	169,551,310
Net change in fund balances	(22,964,501)	(15,071,670)	130,630,927
Prior period adjustment/cumulative change in accounting principle	$ -	659,362	-
Debt service as a percentage of noncapital expenditures	40.0%	37.6%	31.2%

(1) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, a governmental fund.

2013	2014	2015	2016	2017	2018	2019
-	-	-	30,000,000	-	103,655,000	652,800,000
12,600,000	-	57,955,000	-	-	-	-
42,577	-	6,780,891	3,479,164	-	14,710,080	2,630,335
531,116	1,743,987	23,361	348,744	430,096	933,046	64,909
355,757	281,742	964,282	5,779,685	6,815,333	2,485,448	1,904,259
(12,515,811)	-	(65,967,620)	-	-	-	-
(680,764)	(506,859)	(1,364,097)	(20,145,434)	(16,530,932)	(15,798,151)	(15,413,317)
332,875	1,518,870	(1,608,183)	19,462,159	(9,285,503)	105,985,423	641,986,186
(36,560,838)	(29,237,067)	(28,924,841)	9,272,292	(18,182,010)	40,664,502	648,244,032
-	-	-	-	-	-	-
42.2%	34.1%	31.8%	39.6%	36.8%	23.2%	43.5%

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
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	23,142	142,515	1,248,190
2012	422,746	89.53	599,457	29.44	84,375	191,257	1,297,835
2013	398,133	93.84	647,938	30.75	101,386	227,707	1,375,164
2014	428,788	94.33	655,546	30.85	91,843	256,438	1,432,615
2015	471,727	93.33	668,913	29.97	86,753	343,303	1,570,696
2016	509,286	94.98	786,179	29.87	76,970	290,151	1,662,586
2017	523,199	96.25	819,233	30.24	79,533	383,483	1,805,448
2018	532,333	94.95	888,619	28.93	74,525	273,996	1,769,473
2019	549,143	97.45	916,939	30.22	77,630	195,544	1,739,257

(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.

Source: Metro Property and Environmental Services Department, solid waste information system. Data reflects revisions to previous years and therefore may not match previously published CAFRs.

METRO
Solid Waste Disposal Rates
Last Ten Fiscal Years
Unaudited

		Fiscal Year									
		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
METRO FACILITIES											
Disposal fee	$	51.65	56.45	58.35	61.35	61.74	61.62	62.87	63.19	63.20	64.41
Regional system fee		17.53	16.72	17.64	18.56	18.56	18.21	18.39	18.48	18.12	17.81
Excise tax		9.83	10.94	11.80	12.19	12.29	11.76	11.48	11.76	10.81	12.41
Community & enhancement/host fee		0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00
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	1.69	1.69	1.69
Total rate per ton (1)	$	80.75	85.85	89.53	93.84	94.33	93.33	94.98	96.25	94.95	97.45
Transaction fee-scalehouse	$	10.00	11.00	12.00	12.00	12.00	12.00	12.00	10.00	10.00	10.00
Transaction fee-automated	$	3.00	3.00	3.00	3.00	3.00	3.00	3.00	2.00	2.00	2.00
PRIVATELY-OWNED FACILITIES											
Regional system fee	$	17.53	16.72	17.64	18.56	18.56	18.21	18.39	18.48	18.12	17.81
Excise tax		9.83	10.94	11.80	12.19	12.29	11.76	11.48	11.76	10.81	12.41
Total rate per ton	$	27.36	27.66	29.44	30.75	30.85	29.97	29.87	30.24	28.93	30.22

(1) Rates are per ton of mixed waste disposal. For fiscal year 2019, minimum charge is $28.00 for 360 pounds or less.
DEQ rates are set by the State of Oregon Department of Environmental Quality.

Source: Metro Property and Environmental Services Department.

METRO
Principal Solid Waste Fee Payers
Current Year and Nine Years Ago (1)
Unaudited

	2019			2010		
Customer/Payer	**Fees Paid (1)**	**Rank**	**Percentage of Total Solid Waste Fee Revenue**	**Fees Paid (1)**	**Rank**	**Percentage of Total Solid Waste Fee Revenue**
Waste Management of Oregon	$ 15,848,858	1	22.08 %	$ 7,345,816	1	15.04
Arrow Sanitary Services	4,190,800	2	5.84	1,038,920	10	2.13
Oregon City Garbage Company	3,499,904	3	4.88	2,328,079	3	4.77
Heiberg Garbage Service	2,927,841	4	4.08	1,217,045	9	2.49
Portland Disposal & Recycling	2,900,024	5	4.04	1,644,345	5	3.37
Trashco Services Inc.	2,833,644	6	3.95	1,708,614	4	3.50
AGG Recology Inc.	2,369,072	7	3.30	2,538,147	2	5.20
Allied Waste Services of Portland	1,549,000	8	2.16	1,248,494	8	2.56
Walker Garbage Services Inc.	1,195,934	9	1.67	-	-	-
Sunset Garbage Collection Inc.	1,077,017	10	1.50	-	-	-
Keller Drop Box Inc.	-	-	-	1,513,750	6	3.10
Gresham Sanitary Service Inc.	-	-	-	1,417,673	7	2.90
Oak Grove Disposal Company Inc.	-	-	-			
Total	$ 38,392,094		53.50 %	$ 22,000,883		45.06

(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 Solid Waste Disposal Rates table for rate detail.

Sources: Metro Property 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	Dedicated Tax Revenue Bonds	Pension Obligation Bonds	Loans Payable
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	-
2016	217,472,440	9,125,000	-	20,155,000	-
2017	191,285,127	7,880,000	-	19,225,000	-
2018	202,515,140	21,721,580	60,048,719	18,170,000	-
2019	816,251,155	20,319,463	58,889,720	16,985,000	-

(1) See Demographic and Economic Statistics table for personal income and population data.

* Not available

Business-type Activities				
Full Faith and Credit Bonds	Loans Payable	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
$ 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	0.35	210.42
11,079,730	-	312,943,898	0.31	184.78
10,357,673	-	281,996,346	0.26	164.16
9,605,617	-	250,721,346	0.21	143.65
8,988,560	-	255,741,000	0.21	143.74
7,895,584	-	226,285,711	N/A *	124.89
7,017,472	-	309,472,911	N/A *	168.28
6,099,360	-	918,544,698	N/A *	494.22

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	Pension Obligation Bonds	Less: Amounts Restricted to Repaying Principal	Net General Bonded Debt	Real Market Value (1)	Percentage of Actual Real Market Value of Property	Per Capita (2)
2010	$ 178,115,055	$ 23,409,830	$ 13,041,458	$ 188,483,427	$ 208,123,520,973	0.09 %	$ 114.61
2011	163,799,185	23,061,561	14,086,438	172,774,308	196,930,643,603	0.09	104.28
2012	304,897,649	22,638,291	11,134,999	316,400,941	186,113,692,723	0.17	189.13
2013	265,579,168	22,300,000	632,127	287,247,041	182,115,877,804	0.16	169.61
2014	237,456,537	21,685,000	1,107,953	258,033,584	191,403,168,645	0.13	150.21
2015	209,240,729	20,975,000	1,270,502	228,945,227	211,844,217,262	0.11	131.17
2016	217,472,440	20,155,000	495,726	237,131,714	232,729,794,715	0.10	133.28
2017	191,285,127	19,225,000	814,903	209,695,224	266,256,751,631	0.08	115.73
2018	202,515,140	18,170,000	847,417	219,837,723	299,124,101,408	0.07	119.54
2019	816,251,155	16,985,000	3,178,629	830,057,526	326,072,241,004	0.25	446.61

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

(2) See Demographic and Economic Statistics table for population data.

METRO
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019
Unaudited

Overlapping government	Net property tax backed debt	Percent within Metro	Share of Overlapping Debt
Banks Fire District 13	$ 3,880,000	0.04 %	$ 1,727
City of Beaverton	34,133,680	99.87	34,090,808
City of Cornelius	806,000	93.85	756,408
City of Fairview	3,606,607	100.00	3,606,607
City of Gladstone	4,170,000	100.00	4,170,000
City of Gresham	46,663,492	100.00	46,663,492
City of Hillsboro	39,605,000	98.66	39,073,976
City of Lake Oswego	55,645,000	100.00	55,645,000
City of Milwaukie	32,387,826	100.00	32,387,826
City of Oregon City	14,125,000	99.90	14,111,454
City of Portland	300,122,106	100.00	300,120,305
City of Sherwood	17,668,831	99.53	17,585,381
City of Tigard	17,660,942	99.77	17,618,986
City of Troutdale	10,885,000	100.00	10,885,000
City of Tualatin	22,924,766	100.00	22,924,766
City of West Linn	32,435,000	100.00	32,435,000
Clackamas Community College	93,763,913	74.94	70,263,582
Clackamas County	129,945,000	74.84	97,255,776
Clackamas County ESD	20,970,000	75.04	15,736,475
Clackamas County RFPD 1	29,447,277	86.33	25,422,894
Clackamas County SD 115 (Gladstone)	39,401,716	100.00	39,401,716
Clackamas County SD 12 (North Clackamas)	694,062,196	98.61	684,391,827
Clackamas County SD 3J (West Linn-Wilsonville)	209,850,109	94.88	199,108,931
Clackamas County SD 46 (Oregon Trail)	87,695,487	6.51	5,704,591
Clackamas County SD 62 (Oregon City)	212,093,894	71.34	151,307,572
Clackamas County SD 7J (Lake Oswego)	249,044,136	100.00	249,044,136
Clackamas County SD 86 (Canby)	50,166,039	12.57	6,307,727
Clackamas Soil & Water Conservation	6,815,000	74.84	5,100,605
Columbia County SD 1J (Scappoose)	0	5.60	0
Corbett Water District	797,632	22.52	179,599
Lusted Water District	650,000	97.25	632,154
Mt. Hood Community College	20,660,000	87.14	18,003,868
Multnomah County	330,220,117	99.16	327,457,496
Multnomah County Drainage District 1	4,387,920	100.00	4,387,920
Multnomah County RFPD 10	3,019,182	85.11	2,569,713
Multnomah County SD 10J (Gresham-Barlow)	344,989,393	95.66	330,004,088
Multnomah County SD 1J (Portland)	867,455,242	99.71	864,929,212
Multnomah County SD 28J (Centennial)	17,677,677	100.00	17,677,677
Multnomah County SD 3 (Parkrose)	74,811,429	100.00	74,811,428
Multnomah County SD 39 (Corbett)	1,793,311	13.57	243,275
Multnomah County SD 40 (David Douglas)	75,387,481	100.00	75,387,481
Multnomah County SD 51J (Riverdale)	18,126,964	100.00	18,126,964
Multnomah County SD 7 (Reynolds)	198,463,864	100.00	198,463,864
Oak Lodge Water Services District	1,320,000	100.00	1,320,000
Pleasant Home Water District	1,425,000	57.63	821,245
Portland Community College	602,297,900	93.11	560,814,030
Rivergrove Water District 14J	536,529	100.00	536,529
Tualatin Hills Park & Recreation District	76,498,613	99.91	76,430,682
Tualatin Valley Fire & Rescue District	26,055,000	90.40	23,552,808
Valley View Water District	1,435,313	100.00	1,435,313

(Continued)

METRO

Direct and Overlapping Governmental Activities Debt, *continued*

As of June 30, 2019

Unaudited

Overlapping government, ***Continued***		backed debt	Metro			Overlapping Debt
Washington County	$	228,769,717	93.80	%	$	214,584,164
Washington County SD 13 (Banks)		11,370,621	0.04			4,332
Washington County SD 15 (Forest Grove)		82,403,782	79.74			65,710,259
Washington County SD 1J (Hillsboro 7 Bond)		1,682,551	86.31			1,452,131
Washington County SD 1J (Hillsboro)		461,390,000	86.32			398,278,769
Washington County SD 23J (Tigard-Tualatin)		341,851,415	99.48			340,059,771
Washington County SD 48J (Beaverton)		996,146,084	99.89			995,038,369
Washington County SD 88J (Sherwood)		327,983,172	82.22			269,675,308
Subtotal, overlapping debt	$	7,604,359,926				7,066,557,570
Metro direct debt						912,445,338
Total direct and overlapping debt					$	7,979,002,908

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

Fiscal Year Ended June 30,	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of the debt limit
2010	$ 20,812,352,097	$ 171,848,356	$ 20,640,503,741	0.83 %
2011	19,693,064,360	158,080,000	19,534,984,360	0.80
2012	18,611,369,272	273,485,000	18,337,884,272	1.47
2013	18,211,587,780	235,675,000	17,975,912,780	1.29
2014	19,140,316,865	210,460,000	18,929,856,865	1.10
2015	21,184,421,726	182,305,000	21,002,116,726	0.86
2016	23,272,979,472	190,565,000	23,082,414,472	0.82
2017	26,625,675,163	168,425,000	26,457,250,163	0.63
2018	29,912,410,141	179,415,000	29,732,995,141	0.60
2019	32,607,224,100	794,805,000	31,812,419,100	2.44

Legal Debt Margin Calculation for Fiscal Year 2019

True cash value		$ 326,072,241,004
Debt limit (10% of true cash value)		32,607,224,100
Debt applicable to limit:		
Gross bonded debt principal	$ 886,675,000	
Less legal deductions from debt limit:		
Full Faith and Credit Refunding Bonds 2013 Series	(5,330,000)	
Full Faith and Credit Refunding Bonds 2016 Series	(5,595,000)	
Full Faith and Credit Bonds 2018 Series	(13,290,000)	
Dedicated Tax Revenue OCC Hotel Project Bonds 2017 Series	(50,670,000)	
Metro Limited Tax Pension Obligation Bonds Series 2005	(16,985,000)	
Total net debt applicable to limit		794,805,000
Legal debt margin		$ 31,812,419,100

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.

METRO

Revenue Support for Dedicated Tax Revenue Bonds, Series 2017 (OCC Hotel Project)

Last Ten Fiscal Years

Unaudited

	Multnomah County Transient Lodging Tax (TLT) Collections		Visitor Facilities Trust Account (VFTA) TLT Net Revenue			
Fiscal Year Ended June 30,	3% Excise Tax Fund (ETF) TLT(1)	2.5% VFTA TLT(2)	VFTA TLT Net Revenue (3)	City of Portland Bonds VFTA Existing Debt Service (4)	VFTA Payments Available for Series 2017 Bonds (5)	VFTA Payments Transferred to Metro (5)
2010	$ 8,422,303	$ 7,018,585	$ -	$ -	$ -	$ -
2011	9,931,773	8,276,478	8,241,979	8,084,960	157,019	-
2012	10,937,682	9,114,735	9,077,577	7,410,481	1,667,096	-
2013	11,708,823	9,754,922	9,716,872	7,716,076	2,000,796	-
2014	13,237,477	11,030,282	10,989,687	7,843,453	3,146,234	-
2015	16,187,084	13,489,237	13,447,078	7,987,333	5,459,745	-
2016	18,713,326	15,594,438	15,587,195	8,480,753	7,106,442	-
2017	19,193,769	15,999,832	15,999,832	9,574,819	6,425,013	6,425,013
2018	18,978,594	15,800,071	15,800,071	8,777,222	7,022,849	6,963,788
2019	22,251,356	18,515,110	18,515,110	9,030,659	9,484,451	4,942,458

(1) A component of 3% ETF TLT transferred by Multnomah County to Metro for OCC operating support, including the payment of debt service of the Series 2017 Bonds, defined as "ETF Payments."

(2) A component of 2.5% VFTA TLT transferred by Multnomah County to Metro for payment of debt service of the Series 2017 Bonds, defined as "VFTA Payments."

(3) Excludes VFTA Vehicle Registration Tax (VRT) Revenue.

(4) Debt service on the City of Portland OCC and Stadium bonds and Full Faith and Credit Loan Agreement (PCPA Refunding, defeased in Fiscal Year 2016).

(5) Pledged for repayment of the Series 2017 Bonds, effective date of issuance fiscal year 2018.

(6) Debt service begins fiscal year 2018.

ETF Payments to Metro (5)	Total Pledged Revenue (VFTA Payments plus ETF Payments) (5)	Pledged Revenue Used to Pay Debt Service (6)	Debt Service Requirements		Coverage
			Principal	Interest	
$ 7,227,865	$ -	$ -	$ -	$ -	-
7,262,373	-	-	-	-	-
7,770,739	-	-	-	-	-
8,314,691	-	-	-	-	-
8,896,719	-	-	-	-	-
9,519,489	-	-	-	-	-
10,185,853	-	-	-	-	-
10,898,863	17,323,876	-	-	-	-
11,193,132	18,215,981	2,896,215	725,000	2,171,215	6.29
11,634,142	21,118,593	3,396,550	865,000	2,531,550	6.22

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)
2010	1,644,535	$ 88,150,843	$ 39,484	10.2 %
2011	1,656,775	93,931,598	41,560	9.0
2012	1,672,970	100,257,000	43,816	8.0
2013	1,693,600	101,689,188	43,974	7.1
2014	1,717,765	109,125,143	46,512	6.1
2015	1,745,385	117,372,731	49,217	5.2
2016	1,779,245	122,433,633	50,489	4.6
2017	1,811,860	131,861,400	53,751	3.9
2018	1,839,005	N/A *	N/A *	3.9
2019	1,858,560 (3)	N/A *	N/A *	NA *

* 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

	2019			2010		
Employer	**Employees**	**Rank**	**Percentage of Total Metropolitan Area Employment**	**Employees**	**Rank**	**Percentage of Total Metropolitan Area Employment**
Intel Corporation	20,000	1	1.52 %	15,141	3	1.46 %
Providence Health System	18,885	2	1.44	13,825	4	1.33
US Government	18,400	3	1.40	18,600	2	1.79
Oregon Health & Science University	17,556	4	1.34	12,700	5	1.22
Kaiser Permanente	13,500	5	1.03	8,759	7	0.84
State of Oregon	12,800	6	0.98	22,700	1	2.19
Nike, Inc.	12,000	7	0.91	7,000	9	0.67
Legacy Health System	11,404	8	0.87	8,251	8	0.80
Fred Meyer Stores	9,777	9	0.74	9,630	6	0.93
City of Portland	9,710	10	0.74	6,900	10	0.67
Total	144,032		10.97 %	123,506		11.90 %

(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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
FUNCTIONS/PROGRAMS										
Primary Government:										
Governmental activities:										
General government operations	169.50	172.75	176.15	174.04	175.79	181.80	183.20	170.85	175.77	179.66
Regional planning and development	88.78	89.87	87.43	76.05	72.15	75.65	76.30	85.30	84.80	93.06
Culture and recreation	59.63	54.40	53.20	58.30	76.75	83.55	92.10	99.80	103.95	112.06
Zoo (1)	157.98	155.98	159.31	168.20	174.85	187.15	-	-	-	-
Total governmental activities	475.89	473.00	476.09	476.59	499.54	528.15	351.60	355.95	364.52	384.78
Business-type activities:										
Solid Waste	92.95	93.60	93.55	91.05	90.75	101.30	107.45	114.16	121.79	139.96
Oregon Zoo (1)	-	-	-	-	-	-	198.65	200.60	207.60	209.25
MERC	194.00	190.00	185.85	181.50	175.50	182.35	186.35	189.95	195.65	200.97
Total business-type activities	286.95	283.60	279.40	272.55	266.25	283.65	492.45	504.71	525.04	550.18
Total primary government	762.84	756.60	755.49	749.14	765.79	811.80	844.05	860.66	889.56	934.96
	(2)					(3)	(4)		(5)	(6)

(1) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, a governmental fund.

(2) 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.

(3) 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.

(4) Increase over previous fiscal year is due to conversion of temporary to permanent positions. Increased service demands at the venues and in parks management also led to the addition of staff.

5) Increase over previous fiscal year is primarily due to an increase in service demand for visitor venues, central services, solid waste operations and parks management.

6) Increase over previous fiscal year is due to planning staff needed for the Affordable Housing Bond projects, increase in service demand for solid waste operations, and MetroPaint staff converted from contracted to permanent positions.

Source: Metro Adopted Budget documents.

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

		Fiscal Year		
		2010	2011	2012
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental activities:				
General government operations:				
Business licenses issued		2,851	2,811	2,768
General obligation bond rating:				
Moody's		Aaa	Aaa	Aaa
Standard and Poor's		AAA	AAA	AAA
Regional planning and development:				
Data Resource Center sales of maps and aerials	$	146,199	102,727	73,091
Culture and recreation:				
Visitors to Blue Lake Park, Oxbow Park and Chinook Landing		743,546	704,430	754,351
Volunteer visits		5,272	5,082	4,248
Volunteer hours		19,497	20,328	15,664
Acres acquired in Open Spaces and Natural Areas land target areas		1,438	392	1,117
Business-type activities:				
Solid Waste:				
Recycling Information Center calls/hits on website (4)		136,178	135,789	138,438
Students reached in elementary and secondary school presentations		58,413	42,767	46,636
Regional recovery rate (1)		56.5%	57.9%	59.3%
Hazardous waste net cost per pound	$	0.95	0.77	0.93
Gallons of recycled paint produced		121,207	134,548	157,957
Latex paint revenue	$	1,037,583	948,328	997,290
PaintCare revenue (management of post-consumer paint)	$	-	1,097,559	1,382,882
Oregon Zoo (2):				
Adult admission price	$	10.50	10.50	10.50
Annual attendance		1,634,978	1,536,303	1,597,475
Volunteer hours		166,890	156,997	150,035
Enterprise revenue as percentage of operating revenue		62.9%	64.0%	64.1%
Contributions and donations as percent of total revenue		6.0%	7.0%	4.0%
MERC:				
Annual attendance				
Oregon Convention Center		505,371	524,388	732,982
Portland Expo Center		420,616	390,333	506,508
Portland'5 Centers for the Arts (3)		778,691	769,468	844,750
Number of events/performances				
Oregon Convention Center		98	88	80
Portland Expo Center		98	93	114
Portland'5 Centers for the Arts (3)		931	877	878
Capacity				
Occupancy rate (75% considered maximum)				
Oregon Convention Center		43%	46%	42%

*Not available

(1) 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.

(2) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, in governmental activities.

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

(4) In November of 2018, the Recycling Information updated the phone system moving from a Cisco-VOIP system supported by Metro's information services department to a cloud-based hosted service (aka interaction routing strategy) managed by CenturyLink. The data tracking for last F/Y was split between these two systems and tracked similarly, but with some differences.

Source: Various Metro departments.

2013	2014	2015	2016	2017	2018	2019
2,779	2,739	2,918	3,079	3,019	3,207	3,122
Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
AAA	AAA	AAA	AAA	AAA	AAA	AAA
75,279	78,635	81,943	70,467	65,305	77,675	67,245
813,194	739,324	719,804	850,623	847,453	1,027,604	993,133
3,188	3,034	4,472	3,370	5,508	2,841	3,459
10,357	9,384	14,385	15,349	15,083	12,080	10,576
398	234	361	180	507	183	246
130,110	147,389	147,875	146,708	169,444	184,084	231,000
31,636	26,591	44,482	45,150	51,519	54,723	42,998
62.2%	64.2%	59.8%	60.4%	48.0%	49.5%	N/A*
0.93	0.89	0.97	1.04	1.04	1.13	0.99
158,421	199,192	243,341	220,016	203,421	176,489	201,895
1,147,907	1,258,303	1,360,872	1,286,638	1,149,852	1,064,213	1,205,964
1,303,797	1,131,360	1,521,246	1,567,449	1,481,844	1,650,050	1,507,071
11.50	11.50	11.50	14.95	14.95	17.95	22.95
1,683,442	1,514,192	1,560,035	1,494,316	1,549,394	1,704,918	1,529,078
130,993	158,551	130,065	98,722	91,911	93,174	78,113
62.4%	60.4%	61.2%	59.5%	62.6%	70.2%	68.5%
3.0%	2.4%	2.0%	3.8%	6.2%	6.2%	4.9%
661,283	581,195	633,047	632,823	624,538	619,068	697,923
429,613	466,213	381,169	398,705	385,184	392,760	471,400
785,277	743,560	876,819	928,151	946,691	958,064	917,425
95	88	81	74	70	77	70
110	154	112	121	109	114	121
952	906	967	964	971	946	983
46%	44%	51%	58%	48%	45%	51%

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

	Fiscal Year		
	2010	2011	2012
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	7	7	8
Acres (including acres acquired using Natural areas bond proceeds)	1,957	1,957	2,207
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	7,745	7,745	7,668
Natural areas acquired using bond proceeds	27	27	27
Acres	2,465	2,838	4,032
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
Oregon Zoo (1):			
Acres	65	65	65
Buildings and exhibits	71	73	73
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.

(1) In fiscal year 2016, Metro began reporting the activities of the Zoo in the Oregon Zoo enterprise fund. Prior to this, activities of the Zoo were reported as part of the General Fund, in governmental activities.

Source: Various Metro departments.

2013	2014	2015	2016	2017	2018	2019
1	1	1	1	1	1	1
110,000	110,000	110,000	110,000	196,960	196,960	196,960
162	162	162	162	162	162	162
485	485	485	485	485	485	485
8	8	8	8	8	8	8
2,207	2,207	2,305	2,305	2,305	2,305	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
7,668	7,684	7,684	7,684	7,684	7,684	7,684
27	27	27	27	27	27	27
4,430	4,647	4,910	5,090	5,596	5,778	6,024
2	2	2	2	2	2	2
1	1	1	1	1	1	1
1	1	1	1	1	1	1
65	65	65	65	65	65	65
71	67	67	67	68	68	68
1	1	1	1	1	1	1
907,000	907,000	907,000	907,000	907,000	907,000	907,000
800	800	800	716	716	791	791
1	1	1	1	1	1	1
330,000	330,000	330,000	330,000	333,000	333,000	333,000
2,256	2,256	2,256	2,256	2,556	2,556	2,556

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		Collections in subsequent fiscal years	Total collections to date		Total uncollected taxes for the fiscal year
		Tax collections	Percentage of levy		Tax collections	Percentage of levy	
2010	$ 53,137,308	$ 49,982,313	94.1 %	$ 1,454,584	$ 51,436,897	96.8 %	$ 2,699,142
2011	51,113,288	48,209,584	94.3	1,166,655	49,376,239	96.6	2,524,787
2012	40,461,529	38,168,544	94.3	860,005	39,028,549	96.5	2,718,087
2013	53,097,952	50,317,145	94.8	1,792,208	52,109,353	98.1	2,846,442
2014	61,068,522	57,913,674	94.8	1,353,724	59,267,398	97.1	3,122,857
2015	63,625,056	60,524,636	95.1	1,236,398	61,761,034	97.1	3,256,373
2016	56,981,126	54,251,668	95.2	831,865	55,083,533	96.7	3,355,651
2017	61,417,731	58,526,399	95.3	676,712	59,203,111	96.4	3,523,722
2018	66,623,193	63,459,709	95.3	521,096	63,980,805	96.0	3,392,641
2019	80,232,825	76,823,359	95.8	-	76,823,359	95.8	2,184,005

(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
Taxable Property Values
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Real Market Value (1)	Total Assessed Valuation (AV)	Urban Renwal Excess	AV used to Calculate Rates (2)
		Metro – Total Area		
2010	$ 208,123,520,973	$ 127,491,891,101	$ 6,824,416,166	$ 120,667,474,935
2011	196,930,643,603	131,057,532,855	6,703,067,043	124,354,465,812
2012	186,113,692,723	134,726,718,334	6,813,436,761	127,913,281,573
2013	182,115,877,804	137,952,858,654	7,117,486,446	130,835,372,208
2014	191,403,168,645	143,016,215,233	6,911,680,698	136,104,534,535
2015	211,844,217,262	149,658,475,167	7,196,823,537	142,461,651,630
2016	232,729,794,715	157,332,876,813	7,692,366,115	149,640,510,698
2017	266,256,751,631	164,726,153,314	8,800,597,517	155,925,555,797
2018	299,124,101,408	173,009,992,753	9,598,803,019	163,411,189,734
2019	326,072,241,004	179,748,438,545	10,330,532,400	169,417,906,145
		Portion of Metro Located in Multnomah County		
2010	$ 104,037,809,015	$ 58,604,681,647	$ 4,751,822,133	$ 53,852,859,514
2011	100,581,687,913	60,307,166,969	5,039,772,399	55,267,394,570
2012	94,398,806,299	61,937,120,961	5,151,161,165	56,785,959,796
2013	92,813,634,950	63,238,726,207	5,323,183,349	57,915,542,858
2014	97,169,032,640	65,397,982,385	5,552,059,852	59,845,922,533
2015	107,182,217,862	68,400,496,894	5,690,908,219	62,709,588,675
2016	118,439,572,417	71,365,034,261	6,080,696,726	65,284,337,535
2017	138,109,555,282	74,755,397,687	6,804,941,684	67,950,456,003
2018	157,192,504,703	78,638,078,635	7,438,667,311	71,199,411,324
2019	171,296,770,318	81,401,405,120	7,939,555,685	73,461,849,435
		Portion of Metro Located in Washington County		
2010	$ 63,920,741,444	$ 42,307,096,557	$ 618,930,288	$ 41,688,166,269
2011	60,514,716,319	43,432,392,813	193,090,521	43,239,302,292
2012	58,085,653,520	44,766,571,918	201,432,245	44,565,139,673
2013	56,826,665,878	46,038,212,248	213,290,719	45,824,921,529
2014	60,172,881,111	47,774,596,085	278,476,700	47,496,119,385
2015	66,641,438,168	49,956,068,958	328,606,130	49,627,462,828
2016	72,210,640,850	53,190,401,212	308,315,912	52,882,085,300
2017	80,476,887,028	55,606,866,466	528,351,591	55,078,514,875
2018	89,533,841,337	58,356,654,076	660,442,801	57,696,211,275
2019	97,859,133,163	60,798,329,166	802,404,836	59,995,924,330
		Portion of Metro Located in Clackamas County		
2010	$ 40,164,970,514	$ 26,580,112,897	$ 1,453,663,745	$ 25,126,449,152
2011	35,834,239,371	27,317,973,073	1,470,204,123	25,847,768,950
2012	33,629,232,904	28,023,025,455	1,460,843,351	26,562,182,104
2013	32,475,576,976	28,675,920,199	1,581,012,378	27,094,907,821
2014	34,061,254,894	29,843,636,763	1,081,144,146	28,762,492,617
2015	38,020,561,232	31,301,909,315	1,177,309,188	30,124,600,127
2016	42,079,581,448	32,777,441,340	1,303,353,477	31,474,087,863
2017	47,670,309,321	34,363,889,161	1,467,304,242	32,896,584,919
2018	52,397,755,368	36,015,260,042	1,499,692,907	34,515,567,135
2019	56,916,337,523	37,548,704,259	1,588,571,879	35,960,132,380

(1) Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

(2) Assessed value of property in Metro on which the Permanent Rate is applied to derive ad valorem property taxes, excluding urban renewal, exempt property within enterprise zones and any other offsets.

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

METRO
Property Tax Rates by Type of Levy
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Permanent Rate	Local Option Levy Rate	General Obligation Bond Levy Rate (1)	Total Rate
2010	$ 0.0966	$ -	$ 0.3437	$ 0.4403
2011	0.0966	-	0.3146	0.4112
2012	0.0966	-	0.2202	0.3168
2013	0.0966	-	0.4140	0.5106
2014	0.0966	0.0960	0.2768	0.4694
2015	0.0966	0.0960	0.2683	0.4609
2016	0.0966	0.0960	0.1982	0.3908
2017	0.0966	0.0960	0.2057	0.3983
2018	0.0966	0.0960	0.2203	0.4129
2019	0.0966	0.0960	0.2827	0.4753

(1) General obligation (GO) bond levy rate is a calculation of total GO levy divided by Assessed Value used to calculate rates.

METRO

Principal Property Tax Taxpayers Within the District by County
(amounts expressed in thousands)

June 30, 2019

Unaudited

Taxpayer account	Type of business		Assessed valuation	Percent of total valuation
MULTNOMAH COUNTY				
Port of Portland	Marine and aviation facilities	$	638,097	0.87 %
Portland General Electric Co	Electric utility		555,851	0.76
Alaska Airlines Inc	Air Travel		487,260	0.66
CenturyLink	Telecommunications		396,936	0.54
PacifiCorp (PP&L)	Electric utility		368,415	0.50
Weston Investment Co LLC	Nonresidential construction		278,307	0.38
AT&T, Inc	Telecommunications		256,269	0.35
Comcast Corporation	Telecommunications		256,204	0.35
Boeing Company	Air Travel		254,646	0.35
Southwest Airlines Co	Air Travel		232,663	0.32
All other taxpayers	-		69,737,202	94.93
	Total	$	73,461,850	100.00 %
WASHINGTON COUNTY				
Intel	Computer electronics	$	2,078,052	3.46 %
Nike, Inc	Athletic apparel		1,093,542	1.82
Portland General Electric Co	Electric utility		562,421	0.94
Pacific Realty Associates	Real estate		393,579	0.66
Northwest Natural Gas Co	Natural gas utility		363,828	0.61
Comcast Corporation	Telecommunications		256,677	0.43
Verizon Communications	Telecommunications		235,898	0.39
Genentech Inc	Biotechnology		212,360	0.35
Lam Research Corporation	Semiconductor production equipment		169,942	0.28
PPR Washington Square LLC	Retail shopping mall		149,777	0.25
All other taxpayers	-		54,479,848	90.81
	Total	$	59,995,924	100.00 %
CLACKAMAS COUNTY				
Portland General Electric Co	Electric utility	$	330,439	0.92 %
General Growth Properties Inc	Real estate		267,365	0.74
Fred Meyer Stores Inc #63	Retailer		215,469	0.60
Shorenstein Properties LLC	Real estate		214,424	0.60
PCC Structurals Inc	Metal castings and machining		156,567	0.44
Northwest Natural Gas Co	Natural gas utility		150,209	0.42
Comcast Corporation	Telecommunications		99,203	0.28
Meadows Road LLC	Real estate		89,593	0.25
CenturyLink	Telecommunications		88,026	0.24
ROIC Oregon LLC	Real estate		81,482	0.23
All other taxpayers	-		34,267,355	95.31
	Total	$	35,960,132	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 subject to the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

MOSSADAMS

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 *Oregon Minimum Audit 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 and the provision of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Oregon Secretary of State, 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, 2019, and the related notes to the financial statements, which collectively Metro's basic financial statements, and have issued our report thereon dated November 20, 2019. Our report includes a reference to other auditors who audited the financial statements of the Oregon Zoo Foundation, a discretely presented component unit, as described in our report on Metro's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Compliance and Other Matters

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, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules OAR 162-10-0000 to 162-010-0330 of the Minimum Standards for Audits of Oregon Municipal Corporations, 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- The accounting records and related internal control structure.
- The use of various depositories to secure the deposit of public funds.
- The requirements relating to debt.
- The requirements relating to the preparation, adoption, and execution of the annual budgets for fiscal years 2020 and 2019.
- The requirements relating to insurance and fidelity bond coverage.
- The appropriate laws, rules and regulations pertaining to programs funded wholly or partially by other governmental agencies.

- The statutory requirements pertaining to the investment of public funds.
- The requirements pertaining to the awarding of public contracts and the construction of public improvements.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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.

For Moss Adams LLP
Eugene, Oregon
November 20, 2019

MOSSADAMS

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 units, each major fund, and the aggregate remaining fund information of Metro as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively Metro's basic financial statements, and have issued our report thereon dated November 20, 2019. 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. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of The Oregon Zoo Foundation were not audited in accordance with Government Auditing Standards.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

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.*

Metro's Response to the Finding

Metro's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. Metro's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 *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 20, 2019

MOSSADAMS

Report of Independent Auditors on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Metro Council and Metro Auditor
Portland, Oregon

Report on Compliance for the Major Federal Program

We have audited Metro's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Metro's major federal program for the year ended June 30, 2019. Metro's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Metro's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of Metro's compliance.

Opinion on the 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 its major federal program for the year ended June 30, 2019.

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 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Moss Adams, LLP

Eugene, Oregon
November 20, 2019

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.U01	15-CS-11062200-006	$ 5,990
Columbia River Gorge National Scenic Area	N/A	18-PA-11062200-005	8,213
Passed through the Clackamas River Basin Council:			
Stewardship Agreement	10.U02	18-SA-11060600-011	134,004
Total U.S. Department of Agriculture			148,208
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 #19-12338	3,802
Planning Assistance to States - Water Resources Development Act	12.110	WDFW #18-11898	60,000
Total U.S. Department of Defense			63,802
U. S. DEPARTMENT OF THE INTERIOR			
Bureau of Land Management-			
Direct Programs:			
Recreation Resource Management; Cooperative Agreements	15.243	L18AC00115-0001	45,000
Fish and Wildlife Management Assistance	15.608	F19AP00251-0001-NCDO	20,200
Fish and Wildlife Service-			
Passed through The Peregrine Fund Inc and Oregon Department of Fish & Wildlife:			
Wildlife Restoration Grant Program	15.611	ODFW #351-17	97,327
Total Fish and Wildlife Cluster			97,327
Passed through Oregon Department of Parks and Recreation:			
Cooperative Endangered Species Conservation Fund	15.615	FY18-E28TW13OZ	12,232
Cooperative Endangered Species Conservation Fund	15.615	FY17-E28TW10 OZ	26,584
Cooperative Endangered Species Conservation Fund	15.615	FY18-E6-67	10,258
Cooperative Endangered Species Conservation Fund	15.615	FY17-E6-69	2,463
Subtotal Cooperative Endangered Species Conservation Fund			51,537
Passed through Oregon State Marine Board:			
Clean Vessel Act	15.616	N/A	1,800
Clean Vessel Act	15.616	Agreement No. 1592	103,790
Endangered Species Conservation-Recovery Implementation Funds	15.657	F15PX02563	33,316
Endangered Species Conservation-Recovery Implementation Funds	15.657	F17AC00620	22,929
Endangered Species Conservation-Recovery Implementation Funds	15.657	F17AP00909	20,000
Subtotal Endangered Species Conservation-Recovery Implementation Funds			76,245
Passed through Oregon Parks and Recreation:			
Outdoor Recreation Acquisition, Development and Planning	15.916	NPS 41-01582	141,024
Total U.S. Department of the Interior			536,922

(Continued)

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 Cluster-			
Passed through Oregon Department of Transportation:			
2019 Planning & 2017 Planning Carryover Funds	20.205	ODOT # 32954.03	1,909,415
2019 STP & 2017 STP Carryover Funds	20.205	ODOT # 32954.03	1,304,525
2019 Technical Studies (Sec 5303) & 2017 Carryover Funds	20.205	ODOT # 32954.03	448,899
2018 Next Corridor STP & 2017 Carryover Funds	20.205	ODOT # 32954.03	319,906
2019 TSMO STP & 2018 Carryover Funds	20.205	ODOT # 32954.03	87,549
Drive Less Connect Program	20.205	ODOT # 30843	36,881
Transportation Options 2018 - 2020	20.205	ODOT # 32516	180,592
Economic Value Atlas Planning Study	20.205	ODOT # 30681-02	84,301
Livable Streets Policy and Guidebook Update	20.205	ODOT # 31401	3,548
Total Highway Planning and Construction Cluster			4,375,616
Federal Transit Administration-			
Federal Tranist - Capital Investment Grants-			
Direct Programs:			
Southwest Corridor Equitable Development Strategy (SWEDS)	20.500	OR-2017-013-00	280,380
Passed through to subrecipients:			
Center for Intercultural Organizing Total	*20.500*	*935354 Total*	*15,572*
Community Partners For Affordable Total	*20.500*	*935351 Total*	*4,753*
Mercy Corps NW Total	*20.500*	*935268 Total*	*24,926*
Proud Ground Total	*20.500*	*935281 Total*	*22,429*
The Immigrant & Refugee Community Total	*20.500*	*935283 Total*	*32,551*
Federal Transit Formula Grants-			
Direct Programs:			
Surface Transportation Funds			
Regional Travel Options (RTO)	20.507	OR-2018-020-00	1,967,527
Passed through to subrecipients:			
Beaverton School District 48 Total	*20.507*	*934625 Total*	*45,943*
City of Milwaukie Total	*20.507*	*934627 Total*	*7,500*
City of Portland Total	*20.507*	*934628 Total*	*245,016*
City of Tigard Total	*20.507*	*934629 Total*	*129,337*
Clackamas Community College Total	*20.507*	*934630 Total*	*47,697*
Community Cycling Center Total	*20.507*	*934632 Total*	*57,531*
Multnomah County Total	*20.507*	*934634 Total*	*127,462*
Oregon Walks Total	*20.507*	*933658 Total*	*6,508*
Oregon Walks Total	*20.507*	*934635 Total*	*58,598*
Portland Community College Total	*20.507*	*934636 Total*	*60,899*
Ride Connection Inc Total	*20.507*	*934637 Total*	*177,312*
South Waterfront TMA Total	*20.507*	*934638 Total*	*13,460*
The Street Trust Community Fund Total	*20.507*	*934626 Total*	*63,190*
Tri Met Total	*20.507*	*931908 Total*	*19,161*
Washington Park Transportation Total	*20.507*	*934633 Total*	*71,758*
West Columbia Gorge Chamber of Commerce Total	*20.507*	*933351 Total*	*13,094*
Westside Transportation Alliance Inc Total	*20.507*	*934639 Total*	*97,718*
Total Federal Transit Cluster			2,247,908
Total U.S. Department of Transportation			6,623,524
U. S. Environmental Protection Agency			
Metro Coalition Assessment Grant	66.818	BF-01J23701-0	184,525
Total U.S. Environmental Protection Agency			184,525
Total Expenditures of Federal Awards			**$ 7,556,980**

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, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 the Uniform Guidance wherein certain types of expenses are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where applicable. 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 – ELECTION OF DE MINIMUS INDIRECT RATE

During the current year end, June 30, 2019, Metro did not elect to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: 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 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs and type of auditor's report issued on compliance for major federal programs:

CFDA Number(s)	*Name of Federal Program or Cluster*	*Type of Auditor's Report Issued on Compliance for Major Federal Programs*
20.500, 20.507	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: $ 750,000

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

Section II - Financial Statement Findings

FINDING 2019-001 – Capital Assets, Significant Deficiency in Internal Control over Financial Reporting

Criteria or specific requirement:

GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* states capital assets should be depreciated over their estimated useful lives. Depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational manner.

Section II – Financial Statement Findings (continued)

Condition:

Three conditions existed as a result of our audit procedures. First, Metro did not have adequate internal control procedures in place to ensure asset lives were correctly entered into the system. Secondly, due to a system limitation, Metro did not have adequate internal control procedures in place to periodically review assets placed in service to verify such assets were appropriately transferred from construction in progress. Finally, it was noted that Metro did not perform an inventory observation of capital assets during the current or prior years.

Context:

As it relates to the first condition, during our analysis of depreciation expense, we identified two items where the useful life was not appropriately entered or applied by the system. The first asset was a building placed in service in 2017 but was entered into the system with an in service date of 2010, leading to over depreciation. The second asset had a useful life of 120 months, but the system was depreciating the asset over 12 months. An adjustment posted by management to correct this error over adjusted depreciation and removed too much depreciation expense.

As it relates to the second condition, we noted that various capital assets were incorrectly transferred out of work in process prior to them being completed which lead to a classification error.

As it relates to the third condition, no inventory observation had been performed.

Effect:

The effect of the first condition resulted in errors identified totaling $3,763,584 for the Oregon Zoo Fund and $630,300 for the Solid Waste Fund. The errors identified for the Oregon Zoo Fund were the result of too much depreciation expense being recognized in the current year whereas the errors identified for the Solid Waste Fund were the result of too little depreciation expense being recognized in the current year.

There was no impact on the change in net position as a result of the second condition; however, an adjustment was posted by management to correct the classification between work in process assets and other capital assets.

Cause:

Metro did not have adequate internal controls in place to review capital assets being placed in service.

Recommendation:

We recommend a control be implemented to ensure review of the asset life once it has been entered into the capital assets management system to ensure the asset lives are correct. We further recommend assets being transferred from construction in progress be periodically reviewed to ensure asset lives are assigned and depreciated appropriately once the construction in progress is placed in service.

Views of responsible officials: Metro understands and concurs with this finding.

Section III – Federal Award Findings and Questioned Costs

None noted

FINDING 2018-001 – Capital Assets, Significant Deficiency in Internal Control over Financial Reporting

Criteria or specific requirement:

GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, states capital assets should be depreciated over their estimated useful lives. Depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational manner.

Condition:

Two conditions existed as a result of our audit procedures. First, Metro did not have adequate internal control procedures in place to ensure asset lives were correctly entered into the system. Secondly, Metro did not have adequate internal control procedures in place to periodically review assets placed in service to verify such assets were appropriately transferred from construction in progress.

Context:

As it relates to the first condition, during our internal control testing procedures, we randomly selected 29 items for testing to ensure the useful life appeared appropriate. During our testing, we identified two items where the useful life was not appropriately updated from 12 months, the system's default useful life. The two errors identified were assets that should have been depreciated over 180 and 360 months, respectively.

As it relates to the second condition, during our analysis of depreciation expense, we identified several opinion units where assets that were included in construction in progress had actually been placed in service prior to 2018. This resulted in a catch-up depreciation entry recorded in the current year.

Effect:

The effect of the two conditions resulted in errors identified totaling $4,827,451 for the Oregon Zoo Fund and $1,033,077 for the Solid Waste Fund. The errors identified for the Oregon Zoo Fund were the result of too much depreciation expense being recognized in the current year whereas the errors identified for the Solid Waste Fund were the result of too little depreciation expense being recognized in the current year.

Cause:

Metro did not have adequate internal controls in place to review capital assets being placed in service.

Recommendation:

We recommend a control be implemented to ensure review of the asset life once it has been entered into the capital assets management system to ensure the asset lives are correct. We further recommend assets being transferred from construction in progress be periodically reviewed to ensure asset lives are assigned and depreciated appropriately once the construction in progress is placed in service.

Views of responsible officials: Metro understands and concurs with this finding.

Current Status: Unresolved, see finding 2019-001

FINDING 2018-002 – Payroll, Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement:

Hours worked by employees must be calculated appropriately based on actual hours worked and those hours should be approved by the employee's supervisor.

Condition:

Two conditions existed as a result of our audit procedures. First, during our payroll testing, we noted hours reported in Metro's timekeeping system, Kronos, did not agree with hours reported in Metro's general ledger system, PeopleSoft. Hours are transferred from Kronos to PeopleSoft. Periodically, PeopleSoft will adjust the number of hours worked on a project in order to compensate for the variation of hours in each pay period or an unusual work schedule.

Secondly, Metro did not have the appropriate controls in place to ensure timecards are reviewed and approved prior to the employee being paid.

Context:

As it relates to the first condition, we randomly selected 25 employees and recalculated total pay using hours reported in Kronos and the employee's hourly rate. Of the 25 employees tested, we identified variances greater than $0.50 in 14 of the 25 tested. As a result of our testing as noted above, we identified four instances where the grant was overcharged for a total of $95.60 and ten instances where the grant was undercharged for a total of $264.11.
As it relates to the second condition, we randomly selected 45 employees for testing. Of the 45 timecards tested, we noted there was not proper approval of timecards for three of the items tested.

Effect:

Metro could overcharge or undercharge a Federal grant for hours worked if there are differences in total hours reported in Kronos versus hours reported in PeopleSoft or if there are hours inappropriately recorded on an employee's timecard that is not reviewed prior to the employee being paid.

Cause:

Metro did not have the adequate controls in place to verify hours worked per Kronos agreed to hours worked to PeopleSoft, nor does Metro have adequate controls in place to ensure employee's timecards are approved prior to payment.

Recommendation:

We recommend Metro implement controls to ensure no adjustments can be made to the hours reported in Kronos when transferred to PeopleSoft. We further recommend Metro establish a control to verify the hours agree between systems each pay period. Finally, we recommend timecards be reviewed prior to the employee being paid. This documentation should be maintained for audit trail purposes. If obtaining documentation of review prior to payroll being paid is not possible, we recommend a lookback be performed and documentation of review be obtained subsequent to the processing of payroll. If this occurs, we recommend limiting the amount of time that passes between the payment of payroll and the approval of hours.

Views of responsible officials: Metro understands and concurs with this finding.

Current Status: Resolved

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

Corrective Action Plan

To the Metro Council and Residents of the Metro Region:

Finding: 2019-001 – Capital Assets, Significant Deficiency in Internal Control over Financial Reporting

Corrective Action Plan: Metro will continue to implement policies and procedures to strengthen the internal controls over the accounting for capital assets. We will update our internal control procedures to periodically 1) review and ensure capital asset lives were correctly entered into the system, 2) review and ensure that the completed construction in progress assets are placed in service on the correct dates and properly classified by asset category, and 3) establish a process by which assets are inventoried on a periodic basis.

Position of Responsible Official: Brian Kennedy, Chief Financial Officer

Anticipated Completion Date: June 30, 2020

Respectfully submitted,

Brian Kennedy
Chief Financial Officier

Metro