

# Popular Annual Financial Report

for the fiscal year ended June 30, 2021

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# FY 2020-21 Popular Annual Financial Report

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The information in this report is drawn from Metro's Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2021.  
Please review the ACFR online at [www.oregonmetro.gov/financial-reports](http://www.oregonmetro.gov/financial-reports) or email [finance@oregonmetro.gov](mailto:finance@oregonmetro.gov).

**Letter  
from  
Metro's  
Chief  
Operating  
Officer**



Dear residents of the Metro region,

I am pleased to present the Popular Annual Financial Report for the fiscal year ending June 30, 2021. This report is part of our continuing effort to increase the transparency of Metro's financial information. It also provides insight into how we make decisions and set priorities.

This report is an overview of Metro's expenditures and revenues for the fiscal year. A more complete report of all Metro funds and financial statements is in our Annual Comprehensive Financial Report, which can be found at [www.oregonmetro.gov/financial-reports](http://www.oregonmetro.gov/financial-reports) or by emailing [finance@oregonmetro.gov](mailto:finance@oregonmetro.gov).

The budget for fiscal year 2021 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. It was developed before the magnitude of the COVID-19 pandemic was fully understood and was modified multiple times during the year as the agency adapted to the changing circumstances.

In Fiscal Year 2020-21, Metro's work included a focus on livability in the region, investing in core services and initiatives such as refreshing the region's 2040 vision with an updated plan for housing, employment, and land use, implementing voter-approved affordable housing, supportive housing services and parks measures, and working with partners to improve the market for plastics recycling and increase the composting of food scraps.

The organization also continues to deliver on and implement our goals for equity, diversity and inclusion. Council has made increasing the diversity of our workforce, increasing the percentage and dollar value of the contracts we award to minority and women owned, 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.

Statewide shutdowns and distancing rules acutely impacted several of Metro's key functions; operations at the Oregon Zoo, Oregon Convention Center, Portland's 5 Centers for the Arts, and Portland EXPO Center were all curtailed. This budget stabilized their finances while recognizing major increases in activity in other areas, such as an 80% increase in self-haul traffic at Metro's transfer stations.

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.

Fiscal Year 2020-21 was rife with difficult circumstances and even more difficult decisions. Metro modified the budget throughout the year to maintain the financial health of the organization and to provide services to greater Portland that shape the future and make life better today.

If you have any questions about the report please contact Brian Kennedy at [brian.kennedy@oregonmetro.gov](mailto:brian.kennedy@oregonmetro.gov) or Caleb Ford at [caleb.ford@oregonmetro.gov](mailto:caleb.ford@oregonmetro.gov).

Sincerely,

A handwritten signature in black ink, appearing to read "A. Madrigal", written over a light blue horizontal line.

Marissa Madrigal  
Chief Operating Officer

## Metro Council and Leadership

Metro is the only regional government agency in the U.S. whose governing body is directly elected by the region's voters. The Metro Council consists of a president who is elected region wide and six councilors who are elected by district every four years in nonpartisan races.

The Metro Council provides regional governance and leadership by fulfilling Metro's mission of crossing city limits and county lines to work with communities to create a vibrant and sustainable region for all. As the governing body of Metro, the Council develops long range plans for existing and future Metro activities, and assures the financial integrity of the agency.

The Metro Auditor is elected by the region and is responsible for engaging the external independent financial auditing firm while focusing staff efforts on performance audits.

The Chief Operating Officer (COO) serves at the pleasure of the Council and provides leadership and management authority to agency staff by implementing the Council's policy directives, goals and objectives. The COO and Deputy COO enforce Metro ordinances, provide day-to-day management of Metro's resources, programs, enterprise businesses, facilities and workforce and prepare the budget for Council consideration.



Metro Council, from left, first row: Metro Council President Lynn Peterson, Councilors Shirley Craddick, and Mary Nolan. From left, second row: Councilors Christine Lewis, Gerritt Rosenthal, and Juan Carlos González. From left, bottom row: Councilor Bob Stacey.

Elected officials	Position	Service began	Current term expires
Lynn Peterson	Metro Council President	January 2019	January 2023
Shirley Craddick	Councilor- District 1	January 2011	January 2023
Christine Lewis	Councilor- District 2	January 2019	January 2023
Gerritt Rosenthal	Councilor- District 3	January 2021	January 2025
Juan Carlos González	Councilor- District 4	January 2019	January 2023
Mary Nolan	Councilor- District 5	January 2021	January 2025
Bob Stacey	Councilor- District 6	January 2013	**
Brian Evans	Metro Auditor	January 2015	January 2023

Appointed officials	Position
Marissa Madrigal	Chief Operating Officer
Carrie MacLaren	Metro Attorney

\*\* As of December 2021, Bob Stacey resigned from Council.

## Overview of Audited Results

The following summary highlights are taken directly from the Management Discussion and Analysis section of the Annual Comprehensive Financial Report (ACFR) for the fiscal year ending June 30, 2021.

- Metro's assets and deferred outflows of resources exceed its liabilities and deferred inflows of resources (also defined as net position) by \$631,847,736 at June 30, 2021, which reflects a decrease of 5.7 percent or \$38,457,093 over the prior fiscal year.
- Metro completed the fiscal year with its governmental funds reporting combined fund balances of \$975,286,854. Of the total amount of governmental combined fund balance, \$25,371,310 or 2.6 percent, is considered available for spending at Metro's discretion (*unassigned* fund balance).
- At the end of fiscal year 2021, unrestricted spendable fund balance (the total of the committed, assigned and unassigned components of fund balance) in the general fund totaled \$25,678,072 and represents 28.0 percent of total general fund expenditures.
- Metro's total outstanding long-term liabilities increased \$58,111,145 or 5.1 percent during the current fiscal year. This reflects less debt issuance than the historical average, with only a full faith and credit borrowing of \$27.5 million to fund the Supportive Housing tax implementation.
- In March of 2020 the Governor of the State of Oregon issued an emergency order declaring a state of emergency as a result of a global pandemic related to the COVID-19 pandemic. In compliance with that order, Metro closed the Oregon Zoo, Oregon Convention Center, EXPO, and the Portland's Performing Arts Centers, as well as many park facilities. Additionally, office workers were directed to telework and access to office facilities was restricted. These closures led to significant layoffs for both the visitor venues and support service departments mid-year and all departments were asked to reduce programs and spending where possible.
- Program revenues of Metro's business-type activities (Solid Waste, Oregon Zoo and MERC operations) totaled \$124,492,504, down \$37,207,528 or 23.0 percent, attributable to the necessary pandemic-related closure of the MERC venues. Solid Waste revenues increased 7.3 percent to a total of \$77,517,801, as construction activity and tonnage increased.

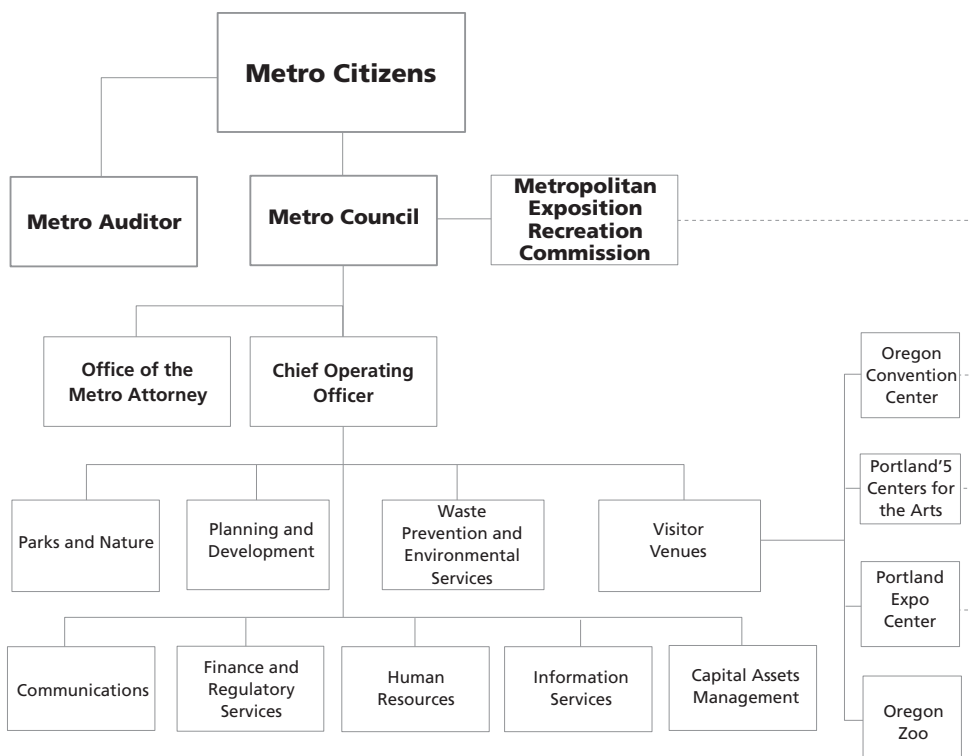
## What is Metro

Few metropolitan areas can boast the combined advantages found in the Portland metropolitan area. Thriving communities, cultural amenities, economic vitality, scenic beauty and healthy natural ecosystems make this a great place to live, work and play.

For the region's leaders and community alike, nurturing this livability is a constant quest. Metro plays a unique and leading role in that effort. 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 this 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. Metro, the only directly elected regional governing body in the United States, is governed by a president, elected region wide, and six councilors elected by district.

Its home rule charter, approved by the voters in 1992 and amended in 2000, grants broad powers, primarily for regional land use and transportation planning, but also for issues of metropolitan concern. The charter also insists that the Metro Council be elected, visible and accountable.

Metro embodies the region's commitment to maintain and enhance the livability and sustainability of the region. A regional approach simply makes sense when it comes to protecting natural areas, caring for parks, providing affordable housing and supportive housing services, planning for the future of our neighborhoods, managing garbage disposal and increasing recycling. Metro manages world-class facilities such as the Oregon Zoo, which contributes to conservation and education, and the Oregon Convention Center, which benefits the region's economy.



## Metro Council Priorities

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. The Metro Council has directed Metro to use the outcomes to guide its strategic decision-making.



In addition, Metro is guiding budgetary decisions with its Strategic Recovery Framework, embodying Metro's values of Safety, Public Service, and Resilience through the organization-wide guiding principles of Racial Justice, Climate Justice and Resilience, and Shared Prosperity. Each of Metro's departments is applying that framework to day-to-day decision making and creating high level department specific goals in concert with budget development. These goals help each department to look ahead and identify key opportunities to make progress on the desired outcomes and ensure that decisions made today will be sustainable and strategic for the next three to five years.



## Balance Sheet (Statement of Net Position)

The government-wide Statement of Net Position reflects a healthy financial condition as of June 30, 2021.

The assets of Metro exceeded its liabilities by \$631 million at the close of the fiscal year. This statement is presented as a high level summary overview of net position. For greater detail, please see the complete ACFR, available for download at [www.oregonmetro.gov/financial-reports](http://www.oregonmetro.gov/financial-reports).

**Assets:** Resources currently owned by Metro, which have future economic value that can be measured and can be expressed in dollars.

**Deferred outflows of resources:** Expenses incurred, but applicable to a future period.

**Liabilities:** Present obligations that require payment of cash in a certain stated time period.

**Deferred inflows of resources:** Income received, but applicable to a future period.

**Net position:** The extent to which Metro's assets exceeds its liabilities in a stated time period.

### Metro - Statement of Net Position

	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019
<b>Assets</b>			
Current assets	\$ 1,108,986,309	\$ 1,156,368,959	\$ 988,188,064
Capital assets	725,114,956	712,928,496	688,192,337
<b>Total assets</b>	<b>1,834,101,265</b>	<b>1,869,297,455</b>	<b>1,676,380,401</b>
<b>Total deferred outflows of resources</b>	<b>45,032,124</b>	<b>38,001,534</b>	<b>37,016,768</b>
<b>Liabilities</b>			
Current and other liabilities	43,506,627	90,258,226	46,711,923
Long-Term liabilities	1,197,986,944	1,139,875,799	1,023,107,315
<b>Total liabilities</b>	<b>1,241,493,571</b>	<b>1,230,134,025</b>	<b>1,069,819,238</b>
<b>Total deferred inflows of resources</b>	<b>5,792,082</b>	<b>6,860,135</b>	<b>6,399,641</b>
<b>Net Position</b>	<b>\$ 631,847,736</b>	<b>\$ 670,304,829</b>	<b>\$ 637,178,290</b>



# Income Statement (Statement of Activities)

The government-wide Statement of Activities reports all financial activity for the fiscal year.

This statement presents high level summary information about how Metro’s net position changed during the fiscal year as a result of all financial activity (i.e. revenues and expenses). For greater detail, please see the complete ACFR, available for download at [www.oregonmetro.gov/financial-reports](http://www.oregonmetro.gov/financial-reports).

Metro - Statement of Activities			
	FY 2020-21	FY 2019-20	FY 2018-19
Revenues	\$ 297,140,362	\$ 372,509,848	\$ 350,567,260
Expenses	335,597,457	339,383,309	319,016,468
Increase (decrease) in Net Position	(38,457,095)	33,126,539	31,550,792
Net Position, Beginning of year	670,304,831	637,178,290	605,627,498
<b>Net Position, End of Year</b>	<b>\$ 631,847,736</b>	<b>\$ 670,304,829</b>	<b>\$ 637,178,290</b>



The Metro Council unanimously adopted the annual budget for FY 2021-22 on June 17, 2021. To best illustrate trends, below are the fiscal year budget amounts for the most recently adopted budget compared with previous fiscal years.

For more information on Metro's annual budget, please visit [www.oregonmetro.gov/metro-budget](http://www.oregonmetro.gov/metro-budget).

## Metro - Adopted Budget Information

	FY 2021-22	FY 2020-21	FY 2019-20
Personnel Services	\$ 123,577,464	\$ 121,541,935	\$ 122,466,433
Materials and Services	657,351,139	354,633,498	374,825,025
Debt Service	95,242,966	81,358,360	90,822,789
Transfers	76,501,442	50,467,463	45,610,343
<b>Annual Operating Budget</b>	952,673,011	608,001,256	633,724,590
Capital Outlay	51,255,354	62,108,129	100,326,036
Reserves	115,711,522	94,540,171	106,877,157
Ending fund balance	439,747,017	670,047,318	507,926,111
<b>TOTAL</b>	<b>\$1,559,386,904</b>	<b>\$ 1,434,696,874</b>	<b>\$1,348,853,894</b>



# Financial Policies

Metro's financial policies establish basic principles to guide Metro's elected officials and staff in carrying out their financial duties and fiduciary responsibilities. Metro's financial policies shall be reviewed annually by the Council and shall be published in the adopted budget. The Chief Financial Officer shall establish procedures to implement the policies established in the adopted budget.

## **Accounting, auditing and financial reporting**

Metro shall annually prepare and publish an Annual Comprehensive Financial Report including financial statements and notes prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board. An independent financial and grant compliance audit shall be performed annually in accordance with generally accepted auditing standards.

## **Budgeting and financial planning**

Metro shall maintain fund balance reserves that are appropriate to the needs of each fund. Targeted reserve levels shall be established and reviewed annually as part of the budget process. Use of fund balance to support budgeted operations in the General Fund, an operating fund, or a central service fund shall be explained in the annual budget document; such explanation shall describe the nature of the budgeted reduction in fund balance and its expected future impact. Fund balances in excess of future needs shall be evaluated for alternative uses. Metro shall prepare, present and adopt its annual budget in accordance with Oregon Local Budget Law.

Metro staff shall regularly monitor actual revenues and expenditures and report to Council at least quarterly on how they compare to budgeted amounts, to ensure compliance with the adopted budget. Any significant changes in financial status shall be timely reported to the Council.

## **Capital asset management**

Metro shall budget for the adequate maintenance of capital equipment and facilities and for their orderly replacement, consistent with longer-term planning for the management of capital assets.

## **Cash management and investments**

Metro shall manage its investment portfolio with the objectives of safety of principal as the highest priority, liquidity adequate to needs as the second highest priority and yield from investments as its third highest priority.

## **Debt management**

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 shall strive to obtain the highest credit ratings to ensure that borrowing costs are minimized and Metro's access to credit is preserved.

## **Revenues**

Metro shall estimate revenues through an objective, analytical process. Metro shall also strive to maintain a diversified and balanced revenue system to protect it from short-term fluctuations in any one revenue source.

## Revenue Overview (Budgetary Basis)

Metro's revenues come from a variety of sources.

**Charges for services:** The largest part of Metro's revenues comes from fees and charges for goods and services established to recoup from its customers the cost of providing those goods and services to them.

**Grants and Contributions:** The primary planning functions of the agency — Planning and Development and the Research Center — receive grant funding from federal, state and local grants to fund most of the transportation planning and modeling programs. Both the zoo and Metro's Parks and Environmental Services also receive grants for capital projects, ongoing work and operations. Metro also receives donations for the zoo, parks and cemeteries. In addition to the above revenues, Metro receives revenue from both state and local agencies. Among these are transient lodging tax receipts from Multnomah County, funds from the City of Portland to support the Portland's 5 Centers for the Arts, state marine fuel tax revenues and a portion of the recreational vehicle registration fees passed through Multnomah County from the State of Oregon to support the regional parks.

**Property Taxes:** Metro has a permanent property tax rate of \$0.0966 per \$1,000 of assessed value. This rate cannot even be changed by the voters. Metro also receives property tax revenues from voter-approved levies. The five-year Parks and Natural Areas Local Option Levy is \$0.0960 per \$1,000 and the outstanding debt levies assess another \$0.4071 per \$1,000. The average homeowner with \$200,000 assessed value/\$250,000 market value spends approximately \$119.94 annually in property taxes assessed by Metro.

**Excise Tax:** This tax is paid by users of Metro facilities and services in accordance with Metro Charter and Metro Code. It supports the costs of general government activities, such as the Council Office and elections expense. It also supports various planning, parks and venue activities.

**Construction Excise Tax:** This is a tax assessed on construction permits issued by local cities and counties in the Metro region. The tax is assessed at 0.12 percent of the value of the improvements for which a permit is sought, unless the project is exempted from the tax. For example, for improvements valued at \$250,000, the tax will be \$300. The construction excise tax then funds a competitive grant program to provide cities and counties with the planning resources necessary to prepare land for development.

**Income Tax:** In May 2020, voters in greater Portland approved Measure 26-210 to help end homelessness across the greater Portland region. The measure included two separate taxes that expire at the end of 10 years unless extended by voters:

- A 1% marginal personal income tax on taxable income above \$125,000 for individuals and \$200,000 for those filing jointly, and
- A 1% business income tax on net income for businesses with gross receipts above \$5 million.

Collections for these taxes began in April 2021 and the first tax returns are due April 2022. For more information on Metro's Supportive Housing Services please visit [www.oregonmetro.gov/supportivehousing](http://www.oregonmetro.gov/supportivehousing)

**Investment earnings:** Metro receives interest earnings on invested cash balances.

**Other Revenues:** Any other revenue Metro receives that doesn't fall into the above categories.

**Metro - Revenue Overview**

	FY 2020-21	FY 2019-20	FY 2018-19
Charges for Services	\$ 109,386,929	\$ 144,286,307	\$ 174,779,792
Operating & Capital Grants & Contributions	42,182,632	54,617,242	58,484,492
Property Taxes	106,520,166	114,101,431	79,370,064
Excise Taxes	18,704,633	16,916,905	18,587,682
Business Income Taxes	173,875		
Personal Income Taxes	1,350,598		
Construction Excise Tax	3,318,783	3,627,232	3,583,093
Investment Earnings	13,562,955	22,544,402	6,891,713
Other Revenues	99,611	78,520	151,779
Other Financing Sources: Bond Proceeds	27,500,000	210,922,405	655,430,335
<b>TOTAL</b>	<b>\$ 322,800,182</b>	<b>\$ 567,094,445</b>	<b>\$ 997,278,950</b>



# Expenditure Overview (Budgetary Basis)

Metro appropriates for expenditures at a very high level, hence there are a number of categories that roll up into those appropriations. The major categories are listed and defined below.

**Personnel Services:** These are expenditures for salaries, wages and related expenses for Metro employees. These expenses include employee-related benefit costs such as health and welfare, pension contributions, as well as fringe benefits.

**Materials and Services:** These expenses are for contractual and other services, materials, supplies and other charges.

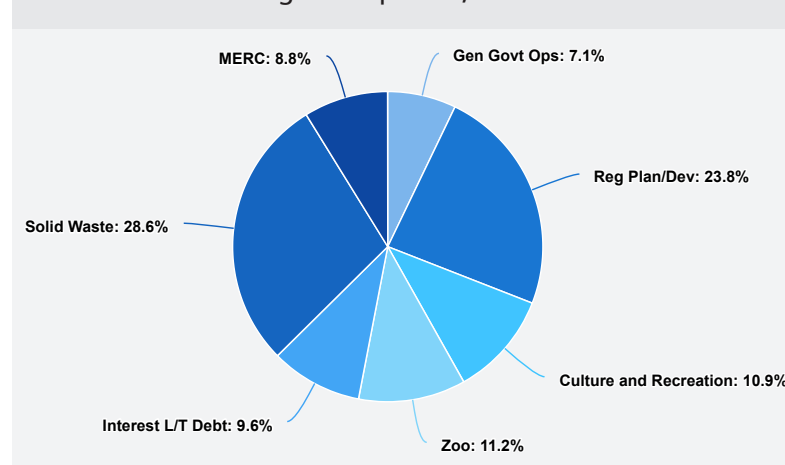
**Debt service:** This category is for payment on general obligation, full faith and credit, pension obligation, and dedicated tax revenue bonds sold for the Metro Regional Center, the Natural Areas program, the Portland Expo Center, the Oregon Zoo and the Oregon Convention Center Hotel project, and Affordable Housing and Supportive Housing Services.

**Capital outlay:** These funds are for land acquisitions and major capital improvement projects at various facilities.

**Metro - Expenditure Overview**

	FY 2020-21	FY 2019-20	FY 2018-19
Personnel Services	\$ 94,148,995	\$ 110,599,511	\$ 106,654,378
Materials and Services	170,412,320	165,103,688	175,704,686
Debt Service	85,104,103	90,822,787	54,528,766
Capital Outlay	26,533,413	39,516,476	31,594,665
<b>TOTAL</b>	<b>376,198,831</b>	<b>\$ 406,042,462</b>	<b>\$ 368,482,495</b>

**Metro Function/Program Expenses, Fiscal Year 2021**



## Debt Overview

Metro uses long and short-term debt to finance capital projects and some capital equipment. In March 2020, 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 ration, significantly broad tax base and the strength of its financial policies.

Metro has a relatively low level of outstanding debt. Currently, there are thirteen outstanding debt issues, totaling \$1,007,425,000.

	Original Amount	Original Issue Date	Principal Outstanding	Final Maturity
<b>GENERAL OBLIGATION BONDS (Property tax funded)</b>				
General Obligation Bonds				
Natural Areas 2012A Series	\$75,000,000	5/23/2012	\$38,720,000	6/1/2026
Natural Areas 2018 Series	28,105,000	5/15/2018	10,665,000	6/1/2026
Natural Areas, 2020A Series	110,000,000	4/30/2020	110,000,000	6/1/2040
Natural Areas, 2020B Series	90,000,000	4/30/2020	74,385,000	6/1/2030
Oregon Zoo Infrastructure 2012A Series	65,000,000	5/23/2012	33,390,000	6/1/2028
Oregon Zoo Infrastructure 2018 Series	10,000,000	5/15/2018	7,495,000	6/1/2028
Affordable Housing 2019 Series	652,800,000	5/15/2019	626,085,000	6/1/2038
<b>TOTAL GENERAL OBLIGATION BONDS OUTSTANDING</b>			<b>\$900,740,000</b>	
<b>FULL FAITH AND CREDIT BONDS (General revenue funded)</b>				
Full Faith and Credit Refunding Bonds				
2013 Series	12,600,000	2/26/2013	\$2,715,000	8/1/2022
2016 Series	7,385,000	9/7/2016	3,840,000	12/1/2024
Full Faith and Credit				
2018 Series	13,290,000	5/24/2018	13,290,000	6/1/2033
2021 Series	27,500,000	2/9/2021	23,815,000	6/1/2023
<b>TOTAL FULL FAITH &amp; CREDIT BONDS OUTSTANDING</b>			<b>\$43,660,000</b>	
<b>PENSION OBLIGATION BONDS (Department assessments funded)</b>				
Limited Tax Pension Obligation Bonds				
Series 2005	24,290,000	9/23/2005	\$14,180,000	6/1/2028
<b>TOTAL PENSION OBLIGATION BONDS OUTSTANDING</b>			<b>\$14,180,000</b>	
<b>DEDICATED TAX REVENUE BONDS (Transient Lodging Tax funded)</b>				
Dedicated Tax Revenue Bonds				
OCC Hotel Project, Series 2017	52,260,000	8/8/2017	\$48,845,000	6/15/2047
<b>TOTAL DEDICATED TAX REVENUE BONDS OUTSTANDING</b>			<b>\$48,845,000</b>	
<b>GRAND TOTAL – METRO DEBT OUTSTANDING</b>			<b>\$1,007,425,000</b>	





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.**  
[oregonmetro.gov](http://oregonmetro.gov)

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### **Metro Council President**

Lynn Peterson

### **Metro Councilors**

Shirley Craddick, District 1

Christine Lewis, District 2

Gerritt Rosenthal, District 3

Juan Carlos González, District 4

Mary Nolan, District 5

Bob Stacey, District 6

### **Auditor**

Brian Evans

